

MGT603- Strategic Management
Final term examination
Spring 2010
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Time: 90 min
Marks: 69

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

Concentric Diversification involves heading towards which of the following?

- ▶ **Adding new, but related, products or services** **P 80**
- ▶ Adding new, unrelated products or services
- ▶ Regrouping through cost and asset reduction
- ▶ Adding unrelated products or services for new customers

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

First step in strategic planning

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

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

Long-term objectives includes all of the following EXCEPT:

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

The Nature of Long-Term Objectives:

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

Question No: 5 (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
- ▶ 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: 6 (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: 7 (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

Question No: 8 (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

Investment decision

The investment decision, also called capital budgeting, is the allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization.

Question No: 9 (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** P 73
- ▶ Managerial support role
- ▶ Analytical supporting role

Question No: 10 (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** P79

Question No: 11 (Marks: 1) - Please choose one
 The purpose of an external audit is to prepare a list of which of the following?

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

Question No: 12 (Marks: 1) - Please choose one
 Defensive strategies include all of the following EXCEPT:

- ▶ Retrenchment
- ▶ **Acquisition**
- ▶ Divestiture
- ▶ Liquidation

Question No: 13 (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

Divestiture

THE Selling a division or part of an organization is called divestiture. Divestiture often is used to raise capital for further strategic acquisitions or investments. Divestiture can be part of an overall retrenchment strategy to rid an organization of businesses that are unprofitable, that require too much capita

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

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

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

Input Stage

Formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage.

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

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

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

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

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

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

Conservative quadrant. In this quadrant

Quadrant II

Market development

Market penetration

Product development

Horizontal integration

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

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

- ▶ Increase in revenues
- ▶ **Market share** **P64**
- ▶ Return on Investment
- ▶ Cash flow statement

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

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

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

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

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

- ▶ It is one-dimensional to view every business as a star, cash cow, dog or question mark
- ▶ **BCG can not be developed if a firm has at least less than three years data**
- ▶ The businesses that fall in the centre of BCG matrix can not be classified
- ▶ Other variables such as size of market and competitive advantages are not considered

Limitations OF BCG MATRIX

1. Viewing every business as a star, cash cow, dog, or question mark is overly simplistic.
2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.
3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.
4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

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

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

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

IE Matrix divided into three major regions.

Grow and build
Hold and maintain
Harvest or divest

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

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

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

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In quadrant III strategies sequence

Quadrant III
Retrenchment
Concentric diversification
Horizontal diversification
Conglomerate diversification
Liquidation

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

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

- ▶ I
- ▶ II
- ▶ III
- ▶ **IV**

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Quardant-4

The company's strong competitive situation and slow market growth. Finally, Quadrant IV businesses have a strong competitive position but are in a slow-growth industry.

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

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

- ▶ This refers to preference assigned to the internal and external factors
- ▶ **This refers to relative importance of the internal and external factors** P 75
- ▶ This refers to the insignificance of the internal and external factors
- ▶ This refers to the relative size of the internal and external factors

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

Which of the following is a Functional level objective?

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

Fictional level Objective

Examples of functional marketing objectives" might include:

We aim to build customer database of at least 250,000 households within the next 12 months

- We aim to achieve a market share of 10%
- We aim to achieve 75% customer awareness of our brand in our target markets

Both corporate and functional objectives need to conform to the commonly used SMART criteria.

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

All of the following are the examples of promotion decision EXCEPT:

- ▶ Personal selling
- ▶ **Volume discounts** P 133
- ▶ Public relations
- ▶ Advertising

Marketing communication decisions include:

- Sales promotions
- Public relations & publicity
- Marketing communications budget
- Promotional strategy (push, pull)
- Advertising
- Personal selling & sales force

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

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

- ▶ Debt Financing
- ▶ Combination financing
- ▶ **Raising equity**
- ▶ Borrowing

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

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

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

There are six steps in performing pro forma financial analysis:

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

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

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

- ▶ Financial budgeting
- ▶ TOWS analysis

▶ **Projected financial statement**

P 136

- ▶ External analysis

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Pro forma projected financial statement

Is a central strategy-implementation technique because it allows an organization to examine the expected results of various actions and approaches

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

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

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

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

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

- ▶ Liquidating firms

▶ **Acquiring firms**

P #139

- ▶ Venturing firms

- ▶ Small firms

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

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

- ▶ Two
- ▶ Three
- ▶ Four
- ▶ **Five**

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

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

- ▶ **Consistency**

P 145

- ▶ Consonance

- ▶ Feasibility

- ▶ Advantage

Consistency: Strategy

Present inconsistent goals and policies. Conflict and interdepartmental bickering symptomatic of managerial disorder and strategic inconsistency

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

While evaluating a strategy, corrective actions are almost always needed EXCEPT:

- ▶ **When external and internal factors have not significantly changed**
- ▶ When the firm is not progressing satisfactorily toward objectives
- ▶ When the firm has not achieved the stated organizational goals
- ▶ When there are differences between desired results and achieved results

Corrective actions are almost always needed except when

(1) External and internal factors have not significantly changed and

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

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

- ▶ Customer support
- ▶ **Packaging**
- ▶ Repair services
- ▶ Installation

Service activity of Porter's supply chain model

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

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

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

- ▶ Marketing and Sales
- ▶ Outbound Logistics
- ▶ **Firm Infrastructure** P 147
- ▶ Inbound Logistics

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

Which of the following statement is TRUE about Inbound Logistics?

- ▶ **It includes receiving, storing, inventory control & transportation planning** P 147
- ▶ It includes machining, packaging, assembly, equipment maintenance & testing
- ▶ It includes activities required to deliver the finished product to the customers' end
- ▶ It includes the activities that maintain and enhance the product's value

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

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

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

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

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

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

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

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

▶ Product quality consideration

▶ Union consideration

▶ **Environmental consideration**

▶ Customer consideration

Environmental consideration

Product design, manufacturing, transportation, customer use, packaging, product disposal, and corporate rewards and sanctions should reflect environmental considerations

Question No: 39 (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

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

Alternative strategy is decided in decision stage of Strategy-Formulation Framework.

Which matrix is used in this stage to serve this purpose?

▶ BCG Matrix

▶ SPACE Matrix

▶ IE Matrix

▶ **QSPM Matrix**

The Quantitative Strategic Planning Matrix (QSPM):

The last stage of strategy formulation is decision stage. In this stage it is decided that which way is most appropriate or which alternative strategy should be select. This stage contains QSPM that is only tool for objective evaluation of alternative strategies.

Question No: 41 (Marks: 1) - Please choose one

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

▶ IFE, EFE and QSPM matrix

▶ IFE, IE and BCG matrix

▶ **IFE, CPM and EFE matrix**

- ▶ EFE, IE and CPM matrix

INPUT STAGE

The formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage

Question No: 42 (Marks: 1) - Please choose one

Identify a case when a firm should adopt aggressive strategies.

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

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

Question No: 43 (Marks: 1) - Please choose one

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

▶ **I** P 107

- ▶ II
- ▶ III
- ▶ IV

Question No: 44 (Marks: 1) - Please choose one

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

- ▶ By geographic area
- ▶ **By customer** P 119
- ▶ By product
- ▶ By process

Question No: 45 (Marks: 1) - Please choose one

How can an ESOP empower employees?

- ▶ **It empowers employees to work as owners**
- ▶ It empowers employees to make financial plan
- ▶ It empowers employees to assess customer's needs
- ▶ It empowers employees to give training to other workers

Employee stock ownership plan (ESOP)

ESOP are corporations owned in whole or in part by their employees. Employees are usually given a share of the corporation after a certain length of employment or they can buy shares at any time.

Question No: 46 (Marks: 1) - Please choose one

Which of these is not a correct step in product positioning?

- ▶ Select key criteria that effectively differentiate products or services in the industry
- ▶ **Position your firm in the middle of the map**
- ▶ Plot major competitors' products or services in the resultant matrix
- ▶ Identify areas in the positioning map where the company's products or services could be most competitive in the given target market

The following steps are required in product positioning:

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

Question No: 47 (Marks: 1) - Please choose one

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

- ▶ Most quantitative criteria are geared to annual objectives rather than long-term objectives
- ▶ **These ratios use qualitative data for evaluating strategies which often is not available**
- ▶ Different accounting methods can provide different results on many quantitative criteria
- ▶ Intuitive judgments are almost always involved in deriving quantitative criteria

Question No: 48 (Marks: 1) - Please choose one

Which of the following is MOST appropriate about financial ratios?

- ▶ **Compare a firm's performance with competitors**
- ▶ Compare a firm's performance with suppliers
- ▶ Compare a firm's performance with non-financial ratios
- ▶ Compare a firm's performance with business standards

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PAPER NO 2

MGT603- Strategic Management

Question No: 1 (Marks: 1) - Please choose one
What is meant by Focused Differentiation?

- ▶ Concentrating on a particular feature of a product or service to achieve differentiation
- ▶ Concentrating on differentiation as the primary means of achieving competitive advantage
- ▶ **Providing a high perceived value product to a selected market segment which justifies a substantial price premium**
- ▶ Simultaneously seeking to achieve differentiation and a price lower than that of competitors

Question No: 2 (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: 3 (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: 4 (Marks: 1) - Please choose one

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

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

▶ Firm will devote its attention towards the maximization of shareholders value
Question No: 5 (Marks: 1) - Please choose one

Which of the following statement is correct about distinctive competence?

- ▶ Is usually tied closely to the ability of a company's manufacturing capability and/or its proprietary technology and know-how
- ▶ Nearly always resides in the ability of the company's assets on its balance sheet rather than in its people
- ▶ Is better suited in helping companies defend against external threats than in pursuing external market opportunities
- ▶ **Is a unique thing that a firm does really well and that quality or attribute sets it aside from its competitors**

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

Which of the following is NOT a situation when an organization should use an unrelated diversification strategy (horizontal diversification)?

- ▶ 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: 8 (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

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

Defensive strategies include all of the following EXCEPT:

- ▶ Retrenchment
- ▶ **Acquisition**
- ▶ Divestiture
- ▶ Liquidation

Question No: 10 (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: 11 (Marks: 1) - Please choose one

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

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

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

Which of the following is the first step in developing an IFE Matrix?

- ▶ Summing the weighted scores for each variable
- ▶ **Identifying the organization's strengths and weaknesses**
- ▶ Identifying the organization's functions of business
- ▶ Determining the lead strategist

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

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

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

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

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

- ▶ Environmental stability and industry strength
- ▶ Industry strength and competitive advantage
- ▶ **Competitive advantage and financial strength**
- ▶ Financial strength and environmental stability

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

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

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

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

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

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

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

Which one of the following is an example of place decisions?

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

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

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

- ▶ SO
- ▶ WO
- ▶ SW
- ▶ **WT**

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

Which of these is TRUE about strategy implementation?

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

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

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

- ▶ Aggressive
- ▶ Defensive
- ▶ Competitive
- ▶ **Offensive**

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

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

- ▶ Debt appears to be the best financing alternative
- ▶ Stock would be the best financing alternative
- ▶ **Combination of debt and stock is the best financial alternative**
- ▶ Dividends must be considered before concluding

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

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

- ▶ Financial budgeting
- ▶ TOWS analysis

▶ **Projected financial statement**

- ▶ External analysis

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

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

- ▶ Overprotection of resources
- ▶ Organizational politics
- ▶ Vague strategy targets

▶ **Ability to take risks**

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

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

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

▶ **Development of financial plan**

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

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

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

▶ **Prepare the projected income statement**

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

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

- ▶ Marketing and Sales
- ▶ Outbound Logistics

▶ **Firm Infrastructure**

- ▶ Inbound Logistics

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

How can an ESOP empower employees?

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

- ▶ It empowers employees to make financial plan
- ▶ It empowers employees to assess customer's needs
- ▶ It empowers employees to give training to other workers

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

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

▶ **Forward integration**

- ▶ Backward integration
- ▶ Related diversification
- ▶ Unrelated diversification

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

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

- ▶ Vertical Integration
- ▶ **Strategic business units**
- ▶ Joint venture
- ▶ None of the given options

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

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

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

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

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

- ▶ Strategy
- ▶ **Culture**
- ▶ Mission
- ▶ Objectives

Question No: 33 (Marks: 1) - Please choose one
Which of the following is NOT a key financial ratio?

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

Question No: 34 (Marks: 1) - Please choose one
What is the appropriate time frame for strategy-evaluation activities?

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

Question No: 35 (Marks: 1) - Please choose one
Which of the following are the two internal dimensions represented on the axes of the SPACE Matrix?

- ▶ **Environmental stability and industry strength**
- ▶ Industry strength and competitive advantage
- ▶ Competitive advantage and financial strength
- ▶ Financial strength and environmental stability

Question No: 36 (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

Question No: 37 (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

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Question No: 38 (Marks: 1) - Please choose one
Identify which of the following are mostly based on a firm's external assessment according to Richard Rumelt.

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

Question No 39 (Marks: 1) - Please choose one
Which of the following is defined as having alternative plans that can be put into effect if certain key events do not occur as expected?

- ▶ Corporate agility
- ▶ Scenario planning
- ▶ Forecasting
- ▶ **Contingency planning**

Question No: 40 (Marks: 1) - Please choose one
In the Boston Consulting Group (BCG) growth-share matrix, which strategy in the matrix describes large generation of cash and heavy investment needed to grow and maintain competitive positioning but net cash flow is usually modest?

▶ **Stars**

- ▶ Dogs
- ▶ Cash cows
- ▶ Question marks

Question No: 41 (Marks: 1) - Please choose one
What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-2, +3)?

Aggressive

Conservative

Competitive

Defensive

Question No: 42 (Marks: 1) - Please choose one
Distribution includes which of the following?

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

Question No: 43 (Marks: 1) - Please choose one
Mission of a business is the foundation of all of the following EXCEPT:

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

Question No: 44 (Marks: 1) - Please choose one
Managerial disorder and strategic deviation will appear if there is power struggle and conflicts among the departments of organization. The situation negates which one of the Rumelt's criteria?

- ▶ **Consistency**
- ▶ Consonance
- ▶ Feasibility
- ▶ Advantage

Question No: 45 (Marks: 1) - Please choose one
Input stage of strategy formulation framework includes developing which of the following set of matrices?

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

Question No: 46 (Marks: 1) - Please choose one
Retained earnings are obtained by subtracting which of the two items?

- ▶ **Dividends from Net Income**
- ▶ EBIT from Net Income
- ▶ Taxes from EBIT
- ▶ Interest Expense from EBIT

Question No: 47 (Marks: 1) - Please choose one

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

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

Question No: 48 (Marks: 1) - Please choose one

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

- ▶ **Environmental stability and industry strength**
- ▶ Industry strength and competitive advantage
- ▶ Competitive advantage and financial strength
- ▶ Financial strength and environmental stability

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PAPER NO 3

FINAL TERM EXAMINATION
Spring 2010
MGT603- Strategic Management
By ADNAN AWAN
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Time: 90 min
Marks: 69

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

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

- ▶ Sum of equity and earnings method
- ▶ **Price-earnings ratio method**
- ▶ Long-term asset method
- ▶ outstanding shares method

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

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

- ▶ We sell packaged pineapples
- ▶ The firm deals in beverages
- ▶ Stationery is our product
- ▶ Company manufactures food items

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

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

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Question No: 4 (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

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Question No: 5 (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

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

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

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

Question No: 7 (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

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

Sana has spent a day in a session where the future of her company was discussed. The people involved were trying to determine what the role of their company was as the 21st

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

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

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

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

- ▶ Computer information systems
- ▶ Marketing P 61
- ▶ Production/operations
- ▶ Research and development

Marketing

Marketing can be described as the process of defining, anticipating, creating, and fulfilling customers' needs and wants for products and services.

There are seven basic functions of marketing:

Question No: 10 (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

Question No: 11 (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

Question No: 12 (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:

market penetration may be an especially effective strategy are Current markets not saturated Usage rate of present customers can be increased significantly Market shares of competitors declining while total industry sales increasing

Question No: 13 (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

New products to present markets: product development a. Advantage Product development forces competition to innovate, new comers to the market might be discouraged.

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

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

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

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

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

- ▶ Strength
- ▶ Weakness
- ▶ Opportunity
- ▶ **Threat**

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

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

- ▶ Environmental stability and industry strength
- ▶ Industry strength and competitive advantage
- ▶ **Competitive advantage and financial strength**
- ▶ Financial strength and environmental stability

SPACE Matrix

SPACE Matrix represent two internal dimensions financial strength and competitive

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

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

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

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

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

- ▶ It is one-dimensional to view every business as a star, cash cow, dog or question mark
- ▶ BCG can not be developed if a firm has at least less than three years data
- ▶ The businesses that fall in the centre of BCG matrix can not be classified
- ▶ Other variables such as size of market and competitive advantages are not considered

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

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

- ▶ Market penetration
- ▶ Conglomerate diversification
- ▶ Joint venture
- ▶ Retrenchment

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

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

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

Quardant-4

Quardant-4 contains that company's strong competitive situation and slow market growth. Finally, Quadrant IV businesses have a strong competitive position but are in a slow-growth industry. These firms have the strength to launch diversified programs into more promising growth areas.

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

Which of the following is a Functional level objective?

- ▶ Achieving return on investment of at least 15%
- ▶ Aiming to achieve a market share of 10% p113
- ▶ Attaining operating profit of over Rs.10 million
- ▶ Increase earnings per share by at least 10% every

Functional level Objective

E.g. specific objectives for marketing activities

Examples of functional marketing objectives” might include:

1. We aim to build customer database of at least 250,000 households within the next 12 months
2. We aim to achieve a market share of 10%
3. We aim to achieve 75% customer awareness of our brand in our target markets

Both corporate and functional objectives need to conform to the commonly used SMART criteria.

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

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

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

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

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

- ▶ Confrontation
- ▶ Resistance
- ▶ Diffusion
- ▶ Avoidance

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

Restructuring is also known as:

- ▶ Up-sizing
- ▶ Delaying
- ▶ Diversifying
- ▶ Integrating

Delaying

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

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

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

- ▶ Benchmarking
- ▶ Reengineering
- ▶ E-engineering
- ▶ Restructuring

Restructuring

Restructuring is concerned primarily with shareholder well-being rather than employee well-being.

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

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

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

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

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

- ▶ Earnings per share
- ▶ Return on stockholders' equity
- ▶ Debt-to-equity ratio
- ▶ **Capital budgeting**

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

Which one of the following statement is TRUE about EBIT (Earnings Before Interest and Taxes)?

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

EBIT

An indicator of a company's profitability, calculated as revenue minus expenses, excluding tax and interest. EBIT is also referred to as operating earnings

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

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

- ▶ Debt financing
- ▶ Combination financing
- ▶ **Raising equity**
- ▶ Borrowing

Cost of capital

Cost of capital is interest rates. In a high interest rate environment, debt is not attractive but stock issuance

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

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

- ▶ Liquidating firms
- ▶ **Acquiring firms**
- ▶ Venturing firms
- ▶ Small firms

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

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

- ▶ Transferring complex technology
- ▶ Adapting processes to local markets
- ▶ Adjusting process to local raw materials
- ▶ **Make sure the availability of resource**

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

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

- ▶ **Differentiation of inputs**
- ▶ Industry growth
- ▶ Diversity of competitors
- ▶ Switching costs

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

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

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

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

Strategy evaluation is based on which of the following?

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

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

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

- ▶ Most qualitative criteria are geared to long-term objectives rather than annual objectives
- ▶ **Different accounting methods can provide different results on many quantitative criteria**
- ▶ Intuitive judgments are never involved in deriving quantitative criteria
- ▶ Qualitative data to be evaluated for measuring performance is often not available

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

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

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

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

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

- ▶ Product quality consideration
- ▶ Union consideration
- ▶ **Environmental consideration**
- ▶ Customer consideration

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

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

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

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

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

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

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

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

- ▶ **Goal**
- ▶ Strategy
- ▶ Policy
- ▶ Procedure

Question No: 41 (Marks: 1) - Please choose one

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

- ▶ **It summarizes the basic input information needed to formulate strategies**
- ▶ It focuses on generating feasible alternative strategies
- ▶ It involves a single technique

- ▶ It is based on assumptions

Input Stage, Stage 1

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

Question No: 42 (Marks: 1) - Please choose one

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

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

Question No: 43 (Marks: 1) - Please choose one

"Establishing annual objectives" refers to which of the following activities?

- ▶ It is a top-level activity
- ▶ It is a centralized activity
- ▶ It is a decentralized activity
- ▶ It is a centralized-decentralized activity

Question No: 44 (Marks: 1) - Please choose one

Which pay strategy is Not a form of incentive compensation?

- ▶ Bonus system
- ▶ Hourly wage
- ▶ Gain sharing
- ▶ Profit sharing

Question No: 45 (Marks: 1) - Please choose one

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

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

Question No: 46 (Marks: 1) - Please choose one

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

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

Question No: 47 (Marks: 1) - Please choose one

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

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

Question No: 48 (Marks: 1) - Please choose one

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

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

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PAPER NO 4

**MGT603- Strategic Management
FINAL TERM EXAMINATION
Fall 2008**

**BY ADNAN AWAN
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Question No: 1 (Marks: 1) - Please choose one

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

- ▶ **If both technical progress and market growth are fast** PAGE 141
- ▶ If technology is changing slowly but the market is growing fast
- ▶ If the technical progress is slow, market growth the rate is moderate
- ▶ If technology is changing rapidly and the market is growing slowly

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

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

- ▶ Policy
- ▶ Procedure
- ▶ Goal
- ▶ **Strategy**

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

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

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

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

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

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

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

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

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

- ▶ The absence of

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

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

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

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

Assigning 1 rating to a key external factor indicates that:

- ▶ Response is average
- ▶ **Response is poor** PAGE 44
- ▶ Response is superior
- ▶ Response is above average

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

What is the difference between CPM and EFE?

- ▶ **CPM includes both internal and external issues** PAGE 46
- ▶ The weight and total weighted score mean opposite
- ▶ CPM ratings range from 1 to 10
- ▶ CPM is performed only for the large businesses

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

Which of the following can be the strength of an organization?

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

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

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

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

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

Which of the followings involves the substantial modification of existing product the creation of new but related products that can be marketed to current customer through established channels?

- ▶ Innovation
- ▶ Differentiation
- ▶ **Product development**
- ▶ Market development

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

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

- ▶ **Join venture**
- ▶ Acquisition
- ▶ Liquidation
- ▶ Retrenchment

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

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

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

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

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

- ▶ BCG, SPACE, QSPM matrix
- ▶ **BCG, SPACE, TWOS Matrix PAGE 110**
- ▶ SPACE, TWOS and IFE matrix

- ▶ BCG, SPACE, EFE Matrix

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

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

- ▶ SPACE
- ▶ **QSPM PAGE 110**
- ▶ IFE
- ▶ CPM

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

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

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

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

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

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

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

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

- ▶ **A financially weak and highly competitively firm**
- ▶ A financially strong and highly competitively firm
- ▶ A Financially strong firm but competitively weak
- ▶ A financially as well as competitively weak firm

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

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

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

Investment decision

Investment decision is allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization.

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

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

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

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

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

- ▶ **This refers to preference assigned to the internal and external factors PAGE 110**
- ▶ This refers to relative importance of the internal and external factors
- ▶ This refers to the insignificance of the internal and external factors
- ▶ This refers to the relative size of the internal and external factors

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

What can be the limitation of QSPM?

- ▶ Only a few strategies can be evaluated simultaneously
- ▶ The cost of doing the analysis is very high
- ▶ **Intuitive judgments and educated assumption are required PAGE 111**
- ▶ It requires equal participation of everyone in organization

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

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

- ▶ Basic allocation decision
- ▶ Contingency mechanisms
- ▶ **Primary allocation mechanism PAGE 116**
- ▶ None of the given options

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

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

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

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

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

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

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

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

- ▶ Vertical Integration
- ▶ Strategic business units
- ▶ Joint venture
- ▶ **None of the given options**

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

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

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

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

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

- ▶ **Incurring costs PAGE 127**
- ▶ Adding value
- ▶ Disburse expense
- ▶ None of the given options

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

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

- ▶ Improvement of the bottom line
- ▶ An increase in training costs
- ▶ An increase in productivity
- ▶ A decrease in complaints

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

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

- ▶ **Small firms**
- ▶ Large firms
- ▶ Medium-size firms
- ▶ All of the given options

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

All of the following are the requirements for successful segmentation EXCEPT:

- ▶ Segment is large enough to be profitable
- ▶ **Homogeneity between the segments PAGE 129**
- ▶ Segments are accessible and actionable
- ▶ Heterogeneity between segments

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

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

- ▶ Positioning
- ▶ Segmentation
- ▶ **Marketing PAGE 129**
- ▶ Targeting

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

Which of the following statements is FALSE about mass marketing?

- ▶ **Mass marketing reduces costs through economies of scale by the increased volume**
- ▶ Mass marketing does not try to please all customers with same offering
- ▶ Mass marketing allows economies of scale to be realized through mass production
- ▶ Mass Marketing means attempting to sell the same product to a wider audience

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

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

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

Annual objectives

Annual objective are short-term milestones that organizations must achieve to reach long-term objectives.

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

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

- ▶ **Three**
- ▶ Four
- ▶ Five
- ▶ Two

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

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

- ▶ Differentiation of inputs
- ▶ Industry growth
- ▶ Diversity of competitors
- ▶ **Switching costs PAGE 144**

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

What is the purpose of strategy evaluation?

- ▶ Increase the budget annually
- ▶ **Alert management of problems PAGE 145**

- ▶ Make budget changes
- ▶ Evaluate employees' performance

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

All of the following are the examples of technology development EXCEPT:

- ▶ Research and Development
- ▶ **Quality management PAGE 147**
- ▶ Process automation
- ▶ Design and redesign

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

Strategy evaluation is based on which of the following?

- ▶ Quantitative and empirical criteria
- ▶ Empirical and qualitative criteria
- ▶ Qualitative and objective criteria
- ▶ **Qualitative and quantitative criteria PAGE 153**

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

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

- ▶ **These are geared to annual objective**
- ▶ These are geared to short-term objective
- ▶ These are geared to long-term objective
- ▶ These are geared to social objectives

Question No: 41 (Marks: 1) - Please choose one

What is the basis for quantitative financial evaluation?

- ▶ The EPS/EBIT Analysis
- ▶ Capital Asset Pricing Model
- ▶ **Financial ratios PAGE 151**
- ▶ Present value analysis

Question No: 42 (Marks: 1) - Please choose one

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

- ▶ Independent auditors
- ▶ **Financial auditors PAGE 155**
- ▶ Government auditors
- ▶ Internal auditors

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MGT603- Strategic Management
FINAL TERM EXAMINATION Fall 2008
By ADNAN AWAN
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Question No: 1 (Marks: 1) - Please choose one
Strategic management integrates all of the following areas EXCEPT:

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

Question No: 2 (Marks: 1) - Please choose one
Strategist is an individual who is involved in the strategic management process, thus may be known as:

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

Strategists

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

Question No: 3 (Marks: 1) - Please choose one
A desired future state that the organization attempts to realize. Identify the term relevant to the given statement.

- ▶ Policy
- ▶ Procedure
- ▶ **Goal**
- ▶ Strategy

Question No: 4 (Marks: 1) - Please choose one
Which of the following business actions is NOT considered to be unethical?

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

Question No: 5 (Marks: 1) - Please choose one
Which type of trend can be exemplified by the increase in average level of education in a society?

- ▶ Cultural
- ▶ Technological

- ▶ Economic
- ▶ **Social**

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

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

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

Investment decision

Investment decision is allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization.

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

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

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

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

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

- ▶ Marketing
- ▶ Research and development
- ▶ Production
- ▶ Management information system
- ▶ **Reference from Google Books**

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

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

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

Data

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

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

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

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

Question No: 11 (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

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

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

- ▶ When an organization has grown so large so quickly that major internal reorganization is needed
- ▶ **When sales of current products would increase intensively by adding the new related products**
- ▶ When revenues from current products/services would increase significantly by adding the new unrelated products
- ▶ When current products are in maturity stage of the product life cycle

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

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

- ▶ Output
- ▶ **Input**
- ▶ Decision
- ▶ Matching

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

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

- ▶ **Input stage**
- ▶ Output stage
- ▶ Matching stage
- ▶ Decision stage

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

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

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

Matching stage

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

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

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

Select correct option:

- ▶ SO Strategy
- ▶ WnO Strategy
- ▶ WT Strategy
- ▶ ST Strategy

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

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

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

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

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

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

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

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

- ▶ The firm falling in Quadrant I of Grand Strategy Matrix

- ▶ The firm falling in Quadrant II of Grand Strategy Matrix
- ▶ The firm falling in Quadrant III of Grand Strategy Matrix
- ▶ **The firm falling in Quadrant IV of Grand Strategy Matrix**

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

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

- ▶ Sum total attractiveness scores
- ▶ **Total attractiveness scores**
- ▶ Weighted scores
- ▶ Total weighted scores

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

Which of the following is a Functional level objective?

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

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

Which of the following is a Corporate level objective?

- ▶ Getting 75% customer awareness of company s brand in target markets
- ▶ **Increasing earnings per share by at least 10%**
- ▶ Building customer database of at least 250,000 companies
- ▶ Achieving a 10% share of International market

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

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

- ▶ Specific
- ▶ **Measurable**
- ▶ Achievable
- ▶ Relevant

Measurable

Measurable an objective should be capable of measurement so that it is possible to determine whether (or how far) it has been achieved

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

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

conflict will resolve itself. The statement describes which of the conflict resolution mood?

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

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

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

- ▶ Avoidance
- ▶ Confrontation
- ▶ Resistance
- ▶ Diffusion

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

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

- ▶ Because structure depicts how goals will be established
- ▶ Because structure dictates how authorities will be delegated
- ▶ Because structure dictates how resources will be obtained
- ▶ Because structure dictates how financial resources are spent
- ▶ Organizational structure dictates how resources are allocated and how objectives are established in a firm.

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

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

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

Question No: 28 (Marks: 1) - Please choose one Of the following,

Which one is least likely to be considered an advantage presented by a matrix organizational structure?

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

Advantages of a matrix structure

Advantages of a matrix structure are that project objectives are clear, there are many channels of communication, workers can see visible results of their work, and shutting down a project can be accomplished relatively easily.

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

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

- ▶ E-Engineering
- ▶ Re-engineering
- ▶ **Restructuring**
- ▶ Benchmarking

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

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

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

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

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

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

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

Production processes typically constitute of what percentage of firm s total assets?

- ▶ **More than 70 %**
- ▶ More than 65 %
- ▶ More than 60 %
- ▶ More than 55 %

Production processes

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

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

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

- ▶ They can be served with the same marketing strategy
- ▶ **They usually require different marketing strategies (EK, vuZs,10 Feb,2011)**
- ▶ They are always in different geographic locations
- ▶ There is heterogeneity within the segment in its needs

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

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

- ▶ Demographic
- ▶ Psychographic
- ▶ Behavioral
- ▶ Geographic

Demographic Segmentation Some demographic segmentation variables include:

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

Question No: 35 (Marks: 1) - Please choose one
Which variable would be considered as a part of pricing decisions?

- ▶ Warranty
- ▶ Bundling
- ▶ Safety
- ▶ Functionality

Question No: 36 (Marks: 1) - Please choose one
Which of the following statement is TRUE about 'firm infrastructure' as a support activity of Michael Porter's value chain model?

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

Firm Infrastructure

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

Question No: 37 (Marks: 1) - Please choose one
Which of the following statement is correct about human resource management?

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

- ▶ It Includes technology development to support the value chain activities like Process automation
- ▶ It includes the activities associated with recruiting and development of employees and managers
- ▶ It includes general management, planning management, legal, finance, accounting, public affairs

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

All of the following are the cost drivers of Porter s supply chain activities EXCEPT:

- ▶ Capacity utilization
- ▶ Timing of market entry
- ▶ Economies of scale
- ▶ Firm's infrastructure

Porter supply chain

Cost drivers related to value chain activities:

1. Economies of scale.
2. Learning.
3. Capacity utilization.
4. Linkages among activities.
5. Interrelationships among business units.
6. Degree of vertical integration.
7. Timing of market entry.
8. Firm's policy of cost or differentiation.
9. Geographic location.
10. Institutional factors regulation, union activity, taxes

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

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

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

Difficulty in strategy evaluation

1. Increase in environment's complexity
2. Difficulty predicting future with accuracy
3. Increasing number of variables
4. Rate of obsolescence of plans

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

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

- ▶ They are strategy-oriented
- ▶ They are action-oriented

- ▶ They are control-oriented
- ▶ They are information-oriented

Controls

Control need to be action-oriented rather than information oriented.

Question No: 41 (Marks: 1) - Please choose one

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

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

Question No: 42 (Marks: 1) - Please choose one

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

- ▶ Independent auditors
- ▶ **Financial auditors**
- ▶ Government auditors
- ▶ Internal auditors

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PAPER NO 6

FINALTER EXAMINATION
MGT603- Strategic Management
Spring 2010
BY ADNAN AWAN
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Time: 90 min
Marks: 69

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**

External opportunities

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.

Question No: 3 (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: 4 (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: 5 (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**

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

Distribution includes which of the following?

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

Question No: 7 (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: 8 (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: 9 (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: 10 (Marks: 1) - Please choose one

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

- ▶ When the market is composed of many price-sensitive buyers
- ▶ When product differentiation can be easily achieved P 86
- ▶ When buyers do not care much about differences from brand to brand
- ▶ When there are a large number of buyers with significant bargaining power

Question No: 11 (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

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

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

- ▶ Innovation
- ▶ Differentiation
- ▶ Product development
- ▶ Market development

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

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

- ▶ **Input stage**
- ▶ Output stage
- ▶ Matching stage
- ▶ Decision stage

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

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

- ▶ Input
- ▶ Output
- ▶ Decision
- ▶ **Matching**

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

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

- ▶ SO
- ▶ WO
- ▶ SW
- ▶ **WT**

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

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

- ▶ Retrenchment
- ▶ **Forward integration**
- ▶ Divestiture
- ▶ Liquidation

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

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

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

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

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

- ▶ **Dog**

- ▶ Question mark
- ▶ Star
- ▶ Cash cow

Dogs

Refer to units with low market share in a mature slow-growing industry

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

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

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

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

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

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

Resource allocation

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

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

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

- ▶ **Conflict**
- ▶ Compromise
- ▶ Diffusion
- ▶ Avoidance

Conflict

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

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

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

- ▶ **Because structure depicts how goals will be established**
- ▶ Because structure dictates how authorities will be delegated

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

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

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

- ▶ The tasks, people, and technologies necessary to do the work of the business are grouped together
- ▶ Functional structures predominate in firms with single or narrow product lines
- ▶ Marketing, operations, and finance would be considered groups found within this type of structure
- ▶ **Functional structure is designed to achieve flexibility and better communication**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- ▶ Warranty

- ▶ **Bundling**
- ▶ Safety
- ▶ Functionality

Question No: 29 (Marks: 1) - Please choose one
Which one of the following is an example of place decisions?

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

Question No: 30 (Marks: 1) - Please choose one
All of the following are the examples of promotion decision EXCEPT:

- ▶ Personal selling
- ▶ **Volume discounts**
- ▶ Public relations
- ▶ Advertising

Marketing communication decisions include:

1. Promotional strategy (push, pull, etc.)
2. Advertising
3. Personal selling & sales force
4. Sales promotions
5. Public relations & publicity
6. Marketing communications budget

Question No: 31 (Marks: 1) - Please choose one
Which of the following is NOT a decision that may require finance/accounting policies?

- ▶ To extend the time of accounts receivable
- ▶ To determine an appropriate dividend payout ratio
- ▶ To use lifo, fifo or a market-value accounting approach
- ▶ **To determine the amount of product diversification**

Question No: 32 (Marks: 1) - Please choose one
At least how many R & D approaches are used for the implementation of strategy?

- ▶ Two
- ▶ **Three**
- ▶ Four
- ▶ Five

R & D approaches

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

1. First firm to market new technological products
2. Be an innovative imitator of successful products
3. Low-cost producer of similar but less expensive products

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

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

- ▶ When external and internal factors have not significantly changed
- ▶ When the firm is not progressing satisfactorily toward objectives
- ▶ When the firm has not achieved the stated organizational goals
- ▶ When there are differences between desired results and achieved results

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

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

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

Marketing and Sales

The activities associated with getting buyers to purchase the product, including: channel selection, advertising, promotion, selling, pricing, retail management

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

Outbound logistics includes which one of the following?

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

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

Which of the following is NOT a key financial ratio?

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

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

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

- ▶ They are strategy-oriented
- ▶ They are action-oriented P154
- ▶ They are control-oriented
- ▶ They are information-oriented

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

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

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

- ▶ Relative market growth of that division

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

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

- ▶ Market Penetration
- ▶ **Market Development**
- ▶ Divestiture
- ▶ Retrenchment

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

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

- ▶ Market Penetration
- ▶ **Market Development**
- ▶ Product Development
- ▶ Retrenchment

Question No: 41 (Marks: 1) - Please choose one

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

- ▶ SO
- ▶ WO
- ▶ SW
- ▶ **WT**

WT Strategies

WT strategies are defensive tactics directed at reducing internal weaknesses and avoiding external threats.

Question No: 42 (Marks: 1) - Please choose one

Which of these is TRUE about strategy implementation?

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

Question No: 43 (Marks: 1) - Please choose one

Which of the following is TRUE about Strategy formulation?

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

Question No: 44 (Marks: 1) - Please choose one

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

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

Question No: 45 (Marks: 1) - Please choose one

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

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

Question No: 46 (Marks: 1) - Please choose one

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

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

Consonance and advantage

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

Question No: 47 (Marks: 1) - Please choose one

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

- ▶ Opportunities
- ▶ External characteristics
- ▶ Organization's characteristics p154
- ▶ Competition's characteristics

Question No: 48 (Marks: 1) - Please choose one

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

- ▶ Corporate agility
- ▶ Scenario planning
- ▶ Forecasting
- ▶ Contingency planning

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PAPER NO 7

MGT603- Strategic Management
FINAL TERM EXAMINATION
Fall 2009
BY ADNAN AWAN
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Question No: 1 (Marks: 1) - Please choose one

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

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

Question No: 2 (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: 3 (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

Question No: 4 (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

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Question No: 5 (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

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

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

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

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

Question No: 7 (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

Question No: 8 (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: 9 (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: 10 (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

Pg#80 Horizontal Integration Seeking ownership or increased control over competitors

Question No: 11 (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: 12 (Marks: 1) - Please choose one

Competitive advantage based on differentiation derives from:

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

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

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

- ▶ When new channels of distribution are expensive P90
- ▶ When new untapped or unsaturated markets exist
- ▶ When an organization has excess production capacity
- ▶ When an organization's basic industry is becoming rapidly global

Question No: 14 (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 P 95
- ▶ Integration
- ▶ Differentiation
- ▶ Diversification

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

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

- ▶ WO
- ▶ SW
- ▶ ST
- ▶ WT

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

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

- ▶ Market penetration
- ▶ Market development

- ▶ Backward integration
- ▶ Retrenchment

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

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

- ▶ Growing industry
- ▶ Emerging industry
- ▶ Mature industry
- ▶ Declining industry

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

IE matrix is based on which dimensions?

- ▶ Market share and industry growth
- ▶ Financial strength and industry strength
- ▶ Weighed scores of IFE and EFE matrices P105
- ▶ Market growth and competitive position

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

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

- ▶ Market penetration and product development
- ▶ Forward integration and backward integration
- ▶ Horizontal diversification and joint venture
- ▶ Mergers and acquisitions

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

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

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

Qurdant-3

Company's weak competitive situation and slow market growth. The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions.

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

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

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

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

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

▶ Total attractiveness score

▶ **Attractiveness score**

▶ Weighted score

▶ Total weighted score

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

What can be the limitation of QSPM?

▶ Only a few strategies can be evaluated simultaneously

▶ The cost of doing the analysis is very high

▶ **Intuitive judgments and educated assumption are required**

▶ It requires equal participation of everyone in organization

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

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

▶ Annual objectives

▶ Strategies

▶ **Policies**

▶ Goals

POLICIES

Policy refers to specific guidelines, methods, procedures, rules, forms, and administrative practices established to support and encourage work toward stated goals.

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

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

▶ **Because structure depicts how goals will be established**

▶ Because structure dictates how authorities will be delegated

▶ Because structure dictates how resources will be obtained

▶ Because structure dictates how financial resources are spent

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

Which organizational structure is the most simple and economical?

▶ Strategic business unit

▶ **Functional structure**

▶ Divisional structure

▶ Matrix structure

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

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

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

▶ Organization offers a limited number of products or services

▶ Organization needs strict control over product lines

- ▶ Organization has to serve a large geographic area

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

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

- ▶ Vertical Integration
- ▶ Strategic business units
- ▶ Joint venture
- ▶ None of the given options

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

All of the following fall under the category of restructuring EXCEPT:

- ▶ Reducing number of employees
- ▶ Reducing number of shareholders P 120
- ▶ Reducing number of divisions
- ▶ Reducing number of hierarchical levels

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

Which one of the following is Educative change strategy?

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

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

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

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

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

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

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

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

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

- ▶ Brand name
- ▶ Volume discounts
- ▶ Distribution channels
- ▶ Order processing

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

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

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

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

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

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

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

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

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

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

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

- ▶ Firm's holdings
- ▶ Firm's earnings
- ▶ Firm's return on investment P139
- ▶ Firm's bringings in to the market

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

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

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

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

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

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

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

1. First firm to market new technological products

2. Be an innovative imitator of successful products
3. Low-cost producer of similar but less expensive products

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

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

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

Question No: 41 (Marks: 1) - Please choose one

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

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

Question No: 42 (Marks: 1) - Please choose one

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

- ▶ Machining, packaging, assembly, equipment maintenance & testing
- ▶ **Activities linked with getting buyers to purchase the product** P147
- ▶ Activities that maintain and enhance the product's value
- ▶ Receiving, storing, inventory control & transportation planning

Question No: 43 (Marks: 1) - Please choose one

Outbound logistics includes which one of the following?

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

Question No: 44 (Marks: 1) - Please choose one

Which of the following statement is TRUE about Inbound Logistics?

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

Question No: 45 (Marks: 1) - Please choose one

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

- ▶ Firm Infrastructure
- ▶ **Marketing and Sales**
- ▶ Technology Development

► Procurement

Question No: 46 (Marks: 1) - Please choose one

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

- Revised mission
- Revised IFE matrix
- Revised EFE matrix
- Revised EPM matrix

Question No: 47 (Marks: 1) - Please choose one

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

- Changes in the organization's management, marketing R & D, computer information system and external environment.
- Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses.
- Effectiveness of a firm's strategies in response to key opportunities and threats.
- Effectiveness of an organization's strategy in pursuing the competitive goals and managerial actions.

Question No: 48 (Marks: 1) - Please choose one

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

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

Question No: 49 (Marks: 1) - Please choose one

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

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

Question No: 50 (Marks: 1) - Please choose one

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

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

Question No: 51 (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

Differential advantage

Differentiation involves creating a product that is perceived as unique. The unique features or benefits should provide superior value for the customer

Question No: 52 (Marks: 1) - Please choose one

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

- ▶ What kind of business we should be in?
- ▶ Are we in the right field?
- ▶ Should we reshape our business?
- ▶ **All of the given options**

Question No: 53 (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

Task Environment

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

Question No: 54 (Marks: 1) - Please choose one

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

- ▶ Enhanced awareness of threats
- ▶ Reduced resistance to change
- ▶ **Increase in sales**
- ▶ Better awareness of external threats

Question No: 55 (Marks: 1) - Please choose one

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

- ▶ The WT cell
- ▶ **The SO cell**
- ▶ The SW cell
- ▶ The ST cell

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Question No: 56 (Marks: 1) - Please choose one

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

- ▶ Stars
- ▶ Dogs
- ▶ Cash cows
- ▶ Question marks

Rational:

Question No: 57 (Marks: 1) - Please choose one
Which of the following best describes “Strategy Implementation”?

- ▶ It refers to positioning forces before the action
- ▶ It focuses on effectiveness
- ▶ It requires coordination among many individuals P 112
- ▶ It requires coordination among few individuals

Question No: 58 (Marks: 1) - Please choose one
Which of the following is NOT a rule of thumb when using product positioning as a strategy-implementation tool?

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

Question No: 59 (Marks: 1) - Please choose one
There are numerous external and internal factors that can prohibit firms from achieving long-term and annual objectives. Which of the following is NOT an external factor?

- ▶ Actions by competitors
- ▶ Changes in technology
- ▶ Changes in demand
- ▶ Ineffective strategies P 150

Question No: 60 (Marks: 1) - Please choose one
According to “Linneman and Chandran”, which of the following permits quick response to change, prevents panic in crisis situations and makes managers more adaptable?

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

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PAPER NO 8

FINAL TERM EXAMINATION
Spring 2010
MGT603- Strategic Management
By ADNAN AWAN

Question No: 1 (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 s
- ▶ **All of the given options**

Strategists

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

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

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

- ▶ Should spell out how fast the company's strategy is to be implemented
- ▶ **Should be challenging and congruent among organizational units**
- ▶ Should include long-range performance targets but not short-range targets
- ▶ Should include financial performance targets but not strategic performance targets

Objectives set by a manager

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

Question No: 3 (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

Anti trust legislation

Where there is an effort to ban the monopolies. Some organizations think that monopolies should be banned.

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

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

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

Financial ratio analysis

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

Question No: 5 (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

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

Distribution includes which of the following?

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

Distribution

Distribution includes warehousing, distribution channels, distribution coverage, retail site locations, sales territories, inventory levels and location, transportation carriers, wholesaling, and retailing.

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

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

- ▶ Computer information systems
- ▶ **Marketing**
- ▶ Production/operations
- ▶ Research and development

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

“Max Rent-a-Car” is opening car rental shops in Wal-Mart stores, is an example of which type of strategy?

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

Forward integration

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

Question No: 9 (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

This strategy seeking of ownership of or increased control over a firm's competitors.

Question No: 10 (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

Horizontal Diversification:

Adding new, unrelated products or services for present customers

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

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

- ▶ Aggressive
- ▶ Defensive
- ▶ Competitive
- ▶ **Offensive**

SPACE matrix

Contains four-quadrant named aggressive, conservative, defensive, or competitive strategies

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

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

- ▶ **Environmental stability and industry strength**
- ▶ Industry strength and competitive advantage
- ▶ Competitive advantage and financial strength
- ▶ Financial strength and environmental stability

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

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

- ▶ **Environmental stability and industry strength**

- ▶ Environmental stability and competitive advantage
- ▶ Industry strength and competitive advantage
- ▶ Industry strength and Financial strength

SPACE Matrix

Space matrix represent two internal dimensions financial strength [FS] and competitive advantage [CA]) and two external dimensions (environmental stability [ES] and industry strength [IS]).

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

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

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

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

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

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

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

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

- ▶ **new investments**
- ▶ Production efficiency
- ▶ Distribution efficiency
- ▶ Product innovation

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

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

- ▶ **Star**
- ▶ Cash cow
- ▶ Question mark
- ▶ Dog

Stars

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

Question No: 18 (Marks: 1) - Please choose one
Which of the following is the first step in developing QSPM?

- ▶ **Developing a list of the firm's key external and internal factors**
- ▶ Determining the Attractiveness Scores for each strategy
- ▶ Examine the Stage 2 matrices and identify alternative strategies
- ▶ Assigning weights to each key external and internal factor

Question No: 19 (Marks: 1) - Please choose one
Advantages of a functional organization structure would include all EXCEPT which one of the following?

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

Question No: 20 (Marks: 1) - Please choose one
Which one of the following is the organizational structure that most of the medium-size organizations follow?

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

Question No: 21 (Marks: 1) - Please choose one
A divisional structure by geographic area is most appropriate in which of the following situation?

- ▶ **Organizations have similar branch facilities in dispersed areas**
- ▶ Organization offers a limited number of products or services
- ▶ Organization needs strict control over product lines
- ▶ Organization has to serve a large geographic area

Question No: 22 (Marks: 1) - Please choose one
Which of the following is best identified as being an adaptation of the divisional structure?

- ▶ Vertical Integration
- ▶ **Strategic business units**
- ▶ Joint venture
- ▶ None of the given options

Question No: 23 (Marks: 1) - Please choose one
“Performance comparison of organization business processes against an internal or external standard of recognized leaders.” Identify the term relevant to the specified statement.

- ▶ Restructuring
- ▶ Process redesign

- ▶ Reengineering
- ▶ **Benchmarking**

Question No: 24 (Marks: 1) - Please choose one
After completing an EPS/EBIT analysis, what conclusions would you make?

- ▶ **Debt appears to be the best financing alternative**
- ▶ Stock would be the best financing alternative
- ▶ Combination of debt and stock is the best financial alternative
- ▶ Dividends must be considered before concluding

Question No: 25 (Marks: 1) - Please choose one
What is a central strategy-implementation technique that allows an organization to examine the expected results of various actions and approaches?

- ▶ Financial budgeting
- ▶ TOWS analysis
- ▶ **Projected financial statement**
- ▶ External analysis

Pro forma projected

Financial statement analysis is a central strategy-implementation technique because it allows an organization to examine the expected results of various actions and approaches.

Question No: 26 (Marks: 1) - Please choose one
Retained earnings are obtained by subtracting which of the two items?

- ▶ **Dividends from Net Income**
- ▶ EBIT from Net Income
- ▶ Taxes from EBIT
- ▶ Interest Expense from EBIT

Formula

Retained Earning= Net Income – Dividends

Question No: 27 (Marks: 1) - Please choose one
XYZ Company has controlled its distributors so that no other firm can access the scarce natural resources available in the country, which are used in XYZ's production. This action is taken in order to reduce which of the following:

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

Question No: 28 (Marks: 1) - Please choose one
While evaluating a strategy, corrective actions are almost always needed EXCEPT:

- ▶ **When external and internal factors have not significantly changed**
- ▶ When the firm is not progressing satisfactorily toward objectives
- ▶ When the firm has not achieved the stated organizational goals

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

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

Outbound logistics includes which one of the following?

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

Outbound Logistics

The activities required to get the finished product at the customers Warehousing, order fulfillment, transportation, distribution management.

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

Which of the following statement is correct about operations?

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

Operations

In operation Include machining, packaging, assembly, equipment maintenance, testing and all other value-creating activities that transform the inputs into the final product.

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

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

- ▶ Firm Infrastructure
- ▶ **Marketing and Sales primary activity**
- ▶ Technology Development
- ▶ Procurement

Support activities

In support activities include Procurement, Technology Development, Human Resource Management. Firm Infrastructure

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

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

- ▶ Product quality consideration
- ▶ Union consideration
- ▶ **Environmental consideration**
- ▶ Customer consideration

Environmental considerations

Product design, manufacturing, transportation, customer use, packaging, product disposal, and corporate rewards and sanctions should reflect environmental considerations.

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

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

- ▶ What kind of business we should be in?
- ▶ Are we in the right field?
- ▶ Should we reshape our business?
- ▶ **All of the given options**

Question No: 34 (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 statement

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

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

Mission of a business is the foundation of all of the following EXCEPT:

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

Question No: 36 (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: 37 (Marks: 1) - Please choose one

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

- ▶ **Technological progress is slow and market growth is moderate**
- ▶ Technology is changing rapidly and market is growing slowly
- ▶ Technology is changing slowly and market is growing quickly

- ▶ Both technological progress and market growth rate are fast.

In-house R&D is the preferred solution.

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

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

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

- ▶ **SO**
- ▶ WO
- ▶ SW
- ▶ WT

SO Strategies

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

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

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

- ▶ Strategy
- ▶ **Culture**
- ▶ Mission
- ▶ Objectives

Organizational culture

cultural products include values, beliefs, rites, rituals, ceremonies, myths, stories, legends, sagas, language, metaphors, symbols, heroes, and heroines.

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

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

- ▶ **Cultural products can support strategies so managers can often implement changes swiftly and easily**
- ▶ Everyone in the firm should have a vote as to which strategies to implement
- ▶ Culture can dictate the choice of strategies
- ▶ Employees always welcome cultural change

Organizational culture

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

Question No: 41 (Marks: 1) - Please choose one

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

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

Factors commonly prohibit effective resource allocation

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

Question No: 42 (Marks: 1) - Please choose one
Which of the following best describes “Just in time”?

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

Just in time

The just-in-time inventory system is all about having the right material at the right time, at the right place, and in the exact amount.

Question No: 43 (Marks: 1) - Please choose one

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

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

Question No: 44 (Marks: 1) - Please choose one

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

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

Question No: 45 (Marks: 1) - Please choose one

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

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

Market segmentation

First, strategies such as market development, product development, market penetration, and diversification require increased sales through new markets and products. Market segmentation allows a firm to operate with limited resources because mass production, mass distribution, and mass advertising are not required. Finally, market segmentation decisions directly affect marketing mix variables: product, place, promotion, and price

Question No: 46 (Marks: 1) - Please choose one

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

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

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

- Is the strategy internally consistent?
- Is the strategy consistent with the environment?
- Is the strategy appropriate in view of available resources?
- Does the strategy involve an acceptable degree of risk?
- Does the strategy have an appropriate time framework?
- Is the strategy workable?

Question No: 47 (Marks: 1) - Please choose one

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

- ▶ Corporate agility
- ▶ Scenario planning
- ▶ Forecasting
- ▶ **Contingency planning**

Contingency plans

Defined as alternative plans that can be put into effect if certain key events do not occur as expected only high-priority areas require the insurance of contingency plans

Question No: 48 (Marks: 1) - Please choose one

All of the following are key financial ratios EXCEPT:

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

Financial ratios

Return on investment, Return on equity, Profit margin, Market share, Debt to equity, Earnings per share, Sales growth, Asset growth.

REMEMBER IN YOUR PRAYERS

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