

**BACHELOR OF MANAGEMENT STUDIES**

**S.Y.BMS**

**SEMESTER III**

**STRATEGIC MANAGEMENT**

**SAMPLE QUESTIONS**

1. The fundamental purpose for the existence of any organization is described by its
  - a. policies
  - b. mission
  - c. procedures
  - d. strategy
  
2. The fundamental purpose of an organization's mission statement is to
  - a. create a good human relations climate in the organization
  - b. define the organization's purpose in society
  - c. define the operational structure of the organization
  - d. generate good public relations for the organization
  
3. The acronym SWOT stands for
  - a. Special Weapons for Operations Timeliness
  - b. Services, Worldwide Optimization, and Transport
  - c. Strengths Worldwide Overcome Threats
  - d. Strengths, Weaknesses, Opportunities, and Threats
  
4. Which of the following is not a characteristic of strategic management that makes it different from other types of management?
  - a. It is interdisciplinary.
  - b. It has an external focus.
  - c. It has an internal focus.
  - d. It concerns the present direction of the organization.
  
5. Which of the following is an issue considered in developing corporate strategies?
  - a. What business(es) are we in?
  - b. What direction are we going?

- c. What resources do we have to implement our strategies?
  - d. What businesses are we in and what to do with those businesses?
6. Which of the following is NOT a major element of the strategic management process?
- a. Formulating strategy
  - b. Implementing strategy
  - c. Evaluating strategy
  - d. Assigning administrative tasks
7. Competitive advantage can best be described as:
- a. increased efficiency.
  - b. what sets an organization apart.
  - c. a strength of the organization.
  - d. intangible resources.
8. \_\_\_\_\_ is the foundation of blue ocean strategy.
- a. Innovation
  - b. Value creation
  - c. Value innovation
  - d. value cost trade-off
9. The various organizational routines and processes that determine how efficiently and effectively the organization transforms its inputs into outputs are called:
- a. strengths.
  - b. core competencies.
  - c. capabilities.
  - d. customer value.
10. When defining strategic management the most important thing to remember is that it is:
- a. Not as easy as you think
  - b. Mainly the province of senior managers
  - c. A living evolving process
  - d. More conceptual than practical
11. An organisation's strategy:
- a. remains set in place longer than the mission and objectives
  - b. generally forms over a period of time as events unfold

- c. tends to be formed at the same time the mission is developed and objectives are formulated
- d. is usually conceived at a single time when managers sit down and work out a comprehensive strategic plan for the next 3-5 years

12. The primary focus of strategic management is:

- a. strategic analysis
- b. the total organisation
- c. strategy formulation
- d. strategy implementation.

13. Which of the following is not an advantage of strategic management?

- a. It provides organisations with a clearer sense of direction and purpose
- b. It helps improve the political, economic, social and technological environment of the organisation
- c. It helps orientate management decisions to relevant environmental conditions
- d. It helps organisations be proactive rather than reactive

14. Which of the following defines what business or businesses the firm is in or should be in?

- a. Business strategy
- b. Corporate strategy
- c. Functional strategy
- d. National strategy

15. Which of the following defines how each individual business unit will attempt to achieve its mission?

- a.
- a. Corporate strategy
- b. Functional strategy
- c. National strategy
- d. Business strategy

16. Which of the following focuses on supporting the corporate and business strategies?

- a. Competitive strategy
- b. Corporate strategy
- c. Operational strategy
- d. National strategy

17. Which one of the following is not a primary task of strategic managers?

- a. Establishing strategic objectives
- b. Developing the steps to follow in implementing operational level plans
- c. Defining the business and developing a mission
- d. Developing a strategy

18. The task of strategy choice involves:

- a. developing plans and activities which will improve the organisation's performance and competitive position
- b. determining how the organisation can be more market and efficiency oriented
- c. monitoring whether the organisation is achieving good financial performance
- d. keeping the organisation free of debt

19. Which one of the following is at the core of strategic management?

- a. Choosing which organisational objectives to focus on
- b. Being alert for opportunities to change work responsibilities
- c. Adapting the organisation to a changing external environment
- d. Choosing whether to make decisions autocratically or on the basis of participation

20. The corporate level is where top management directs:

- a. all employees for orientation
- b. its efforts to stabilize recruitment needs
- c. overall strategy for the entire organization
- d. overall sales projections

b.

21. The three organizational levels are:

- a. corporate level, business level, functional level
- b. corporate level, business unit level, functional level
- c. corporate strategy level, business unit level, functional level
- d. corporate strategy level, business level, specialist level

22. Which of the following is an example of competing on quick response?

- a. a firm produces its product with less raw material waste than its competitors
- b. a firm offers more reliable products than its competitors
- c. a firm's products are introduced into the market faster than its competitors'
- d. a firm's research and development department generates many ideas for new products

23. Which one of the following is NOT included in the Porter's Five Forces model:

- a. Potential development of substitute products
- b. Bargaining power of suppliers
- c. Rivalry among stockholders
- d. Rivalry among competing firms

24. What is meant by the term 'Stakeholder'?

- a. A person who is not related with a business.
- b. A person who is related with a business.
- c. A person who owns a business.
- d. A person who purchases the shares of a business.

25. The goal of the organization's \_\_\_\_\_ is to capture the hearts and minds of employees, challenge them, and evoke their emotions and dreams.

- a. vision
- b. mission
- c. culture
- d. strategy

26. A firm's mission

- a. is a statement of a firm's business in which it intends to compete and the customers which it intends to serve.
- b. is an internally-focused affirmation of the organization's financial, social, and ethical goals.

c.

c. is mainly intended to emotionally inspire employees and other stakeholders.

d. is developed by a firm before the firm develops its vision.

27. The environmental segments that comprise the general environment typically will NOT include

a. demographic factors.

b. sociocultural factors.

- c. substitute products or services.
- d. technological factors.

28. An analysis of the economic segment of the external environment would include all of the following EXCEPT

- a. interest rates.
- b. international trade.
- c. the strength of the U.S. dollar.
- d. the move toward a contingent workforce.

29. Product differentiation refers to the:

- a. ability of the buyers of a product to negotiate a lower price.
- b. response of incumbent firms to new entrants.
- c. belief by customers that a product is unique.
- d. fact that as more of a product is produced the cheaper it becomes per unit.

30. Which of the following is NOT an entry barrier to an industry?

- a. expected competitor retaliation
- b. economies of scale
- c. customer product loyalty
- d. bargaining power of suppliers

31. Strategic management involves the \_\_\_\_\_, directing, \_\_\_\_\_ and controlling of a company's strategy-related decisions and actions.

- a. Financing; marketing
- b. Planning; financing
- c. Planning; organizing
- d. Marketing; planning

32. A strategy is a company's

- a. Value statement
- b. Pricing policy
- c. Game Plan to outsmart competitor
- d. Long-term objective

33. Switching costs refer to the:

- a. cost to a producer to exchange equipment in a facility when new technologies emerge.
- b. cost of changing the firm's strategic group.
- c. one-time costs suppliers incur when selling to a different customer.

d. one-time costs customers incur when buying from a different supplier.

34. New entrants to an industry are more likely when (i.e., entry barriers are low when...)

- a. it is difficult to gain access to distribution channels.
- b. economies of scale in the industry are high.
- c. product differentiation in the industry is low.
- d. capital requirements in the industry are high.

35. Suppliers are powerful when:

- a. satisfactory substitutes are available.
- b. they sell a commodity product.
- c. they offer a credible threat of forward integration.
- d. they are in a highly fragmented industry.

36. The highest amount a firm can charge for its products is most directly affected by

- a. expected retaliation from competitors.
- b. the cost of substitute products.
- c. variable costs of production.
- d. customers' high switching costs.

37. All of the following are forces that create high rivalry within an industry EXCEPT

- a. numerous or equally balanced competitors.
- b. high fixed costs.
- c. fast Industry growth.
- d. high storage costs.

38. According to the five factors model, an attractive industry would have all of the following characteristics EXCEPT:

- a. low barriers to entry.
- b. suppliers with low bargaining power.
- c. a moderate degree of rivalry among competitors.
- d. few good product substitutes.

39. Internal analysis enables a firm to determine what the firm

- a. can do.
- b. should do.
- c. will do.

d. might do.

40. An external analysis enables a firm to determine what the firm

- a. can do.
- b. should do.
- c. will do.
- d. might do.

41. \_\_\_\_\_ is/are the source of a firm's \_\_\_\_\_, which is/are the source of the firm's \_\_\_\_\_.

- a. Resources, capabilities, core competencies
- b. Capabilities, resources, core competencies
- c. Capabilities, resources, above average returns
- d. Core competencies, resources, competitive advantage

42. In the airline industry, frequent-flyer programs, ticket kiosks, and eticketing are all examples of capabilities that are

- a. rare.
- b. causally ambiguous.
- c. socially complex.
- d. valuable.

43. Firms with few competitive resources are more likely

- a. to not respond to competitive actions.
- b. respond quickly to competitive actions.
- c. delay responding to competitive actions.
- d. respond to strategic actions, but not to tactical actions.

44. Competitors are more likely to respond to competitive actions that are taken by

- a. differentiators.
- b. larger companies.
- c. first movers.
- d. market leaders.

45. What can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?

- a. Strategy formulation
- b. Strategy evaluation

- c.
- d.

- c. Strategy implementation
- d. Strategic management

46. Which of the following is not a cultural product?

- a. Rites
- b. Emotions
- c. Rituals
- d. Sagas

47. Which individuals are most responsible for the success and failure of an organization?

- a. Strategists
- b. Financial planners
- c. Personnel directors
- d. Stakeholders

48. Which of the following is an element of a firm's remote external environment?

- a. Competition
- b. Political agencies
- c. Suppliers
- d. Trade union

49. Long-term objectives should be all of the following except:

- a. measurable.
- b. continually changing.
- c. reasonable.
- d. challenging.

50. What are guides to decision making?

- a. laws
- b. rules
- c. policies
- d. procedur
- e

- a.
- b.

c.

d.

51. According to Greenley, strategic management offers all of these benefits except that

- a. it provides an objective view of management problems.
- b. it creates a framework for internal communication among personnel.
- c. it encourages a favorable attitude toward change.
- d. it maximizes the effects of adverse conditions and changes.

52. The vision and mission statement can often be found

- a. in the SEC report.
- b. in annual reports.
- c. on customer receipts.
- d. on supplier invoices.

53. Which group would be classified as a stakeholder?

- a. Communities
- b. Banks
- c. Suppliers
- d. Employees

54. The process of performing an external audit needs to include:

- a. only top level managers, as it's a planning function.
- b. as many managers and employees as possible.
- c. primarily front-line supervisors
- d. between 15 to 20 managers for it to be valid

55. Which of the following is not a stage of strategy formulation techniques?

- a. Formulation Framework
- b. Matching stage
- c. External factor evaluation
- d. Decision stage

56. ST Strategies is an important strategy to

- a. Match weakness with opportunities of the firm
- b. Overcome external threats
- c. Obtain benefit from its resources
- d. Overcome its weakness and reducing threats

c.

d.

57. The immediate external environment includes:

a. Divisions

b. S. B. U. s

c. Competitors

d. Management

58. The \_\_\_\_\_ comprises economic and social conditions, political priorities and technological developments, all of which must be anticipated, monitored, assessed and incorporated into the executive's decision making.

a. Internal environment

b. Task environment

c. Operating environment

d. Societal environment

59. It refers to formal and informal rules, regulations and procedures that complement the company structure

a. Strategy

b. Systems

c. Environment

d. All of the above

60. Micro environment is the ..... environment of a company.

a. Working

b. Human

c. External

d. Internal

- c.
- d.

61. Strategy-formulation concepts and tools

- a. Do not differ greatly for different size and type of organizations
- b. Differ greatly for different size and type of organizations
- c. Do not differ greatly for profit or nonprofit organizations but differ in small and large organizations
- d. None of the mentioned options

62. Annual objectives

- a. Are not critical to success
- b. Serve as guidelines for action, directing and channeling efforts and activities of organization members
- c. Are not important for employee motivation and identification
- d. Do not provide a basis for organizational design

63. Annual objectives

- a. Need not to be consistent
- b. Should be easily achievable
- c. Should be measurable
- d. Should be confidential and not to be communicated throughout the organization

64. Which of the following resources is used by all organizations to achieve desired objectives?

- a. Financial resources,
- b. Physical resources,
- c. Human resources
- d. All of the mentioned options

65. Strategic management is

- a. A pure science.
- b. Based mainly on intuition.
- c. Needed mainly when organizational performance falls.
- d. Based on the use of quantitative and qualitative information.

66. Large-scale, future-oriented plans, for interacting with the competitive environment to achieve company objectives refers to its

- a. Strategy
- b. Goals
- c. Competitive analysis

- c.
- d.
- d. Dynamic policies

67. Strategic issues require which level of management decisions?

- a. Operative
- b. Top
- c. Front-line
- d. Middle

68. Which of these basic questions should a vision statement answer?

- a. What is our business?
- b. Who are our employees?
- c. Why do we exist?
- d. What do we want to become?

69. \_\_\_\_\_ is not part of an external audit.

- a. Analyzing competitors
- b. Analyzing financial ratios
- c. Analyzing available technologies
- d. Studying the political environment

70. Strategic management process activate in the sequence of \_\_\_\_\_

- a. Environmental scanning, Strategy formulation, Implementation, control and evaluation
- b. Strategy formulation, Environmental scanning, Implementation, control and evaluation
- c. Environmental scanning, Strategy Implementation, formulation, control and evaluation
- d. Strategy formulation, Implementation, control, evaluation, Environmental scanning

71. KAPKAL Power's interested to achieve a 10 percent return on equity (ROE) in their core electric utility, 14 percent ROE on water resource operations, and 15 percent ROE on support businesses. It is \_\_\_\_\_

- a. Mission
- b. Strategy
- c. Objective
- d. Policy

72. "A possible and desirable future state of an organization" is called:

- c.
- d.

- a. Mission
- b. Vision
- c. Strategy implementation
- d. None of above

73. Strategic decisions are based on what managers \_\_\_\_\_, rather than on what they \_\_\_\_\_.

- a. Know; forecast
- b. React to; anticipate
- c. Forecast; know
- d. Compromise with; analyze

74. "To improve economic strength of society and function as a good corporate citizen on a local, state, and national basis in all countries in which we do business". This is a mission statement that contains:

- a. Self-concept
- b. Economic concern
- c. Products or Services
- d. Concern for Public Image

75. Strategic-management audit is known as:

- a. Environmental scanning
- b. Strategy formulation
- c. Strategy control
- d. Strategy evaluation

76. Forecasting tools can be broadly categorized into two groups. Those are:

- a. Qualitative, Operational
- b. Quantitative, Operational
- c. Qualitative, Quantitative
- d. Regression and time series analysis

77. \_\_\_\_\_ identifies a firm's major competitors and their particular strengths and weaknesses in relation to a sample firm's strategic position.

- a. Competitive Profile Matrix
- b. External Factor Evaluation matrix
- c. Internal Factor Evaluation Matrix
- d. Boston consulting group matrix

- c.
- d.

78. Organizing means an identifiable group of people contributing their efforts towards the attainment of same goal. It is important at the time of:

- a. Environmental scanning
- b. Strategy formulation
- c. Strategy Implementation
- d. Strategy evaluation

79. In a turbulent and competitive free enterprise environment, a firm will succeed only if it takes a(n) \_\_\_\_\_ stance towards change.

- a. Reactive
- b. Proactive
- c. Anti-regulatory or anti-government
- d. Vision and not mission

80. Which statement best describes intuition?

- a. It represents the marginal factor in decision-making.
- b. It represents a minor factor in decision-making integrated with analysis.
- c. It should be coupled with analysis in decision-making.
- d. It is better than analysis in decision-making.

81. What are the means by which long-term objectives will be achieved? a. Strategies.

- a. Strengths
- b. Policies.
- c. Opportunities.
- d. Weaknesses

82. Which of these basic questions should a vision statement answer?

- a. What is our business?
- b. Who are our employees?
- c. Why do we exist?
- d. What do we want to become?
- e. Who are our competitors?

83. When an industry relies heavily on government contracts, which forecasts can be the most important part of an external audit.

- a. economic

- c.
- d.
- b. political
- c. technological
- d. competitive

84. \_\_\_\_\_ is not part of an external audit.

- a. Analyzing competitors
- b. Analyzing financial ratios
- c. Analyzing available technologies
- d. Studying the political environment

85. Which individuals are most responsible for the success and failure of an organization?

- a. Strategists
- b. Financial planners
- c. Personnel directors
- d. Stakeholders

86. Long-term objectives should be all of the following except:

- a. Measurable.
- b. Continually changing.
- c. Reasonable.
- d. Challenging.

87. What are guides to decision making?

- a. laws
- b. rules
- c. policies
- d. procedures

88. Which group would be classified as a stakeholder?

- a. Communities
- b. Banks
- c. Suppliers
- d. Employees

89. Typically how many strategic decision levels are in the corporate decisionmaking hierarchy?

- c.
- d.
- a. 3
- b. 4
- c. could be more than 5
- d. 2

90. Which type of trend can be exemplified by the increasing numbers of two- income households in a society?

- a. Social
- b. Economic
- c. Cultural
- d. Technological

91. External assessment is performed in which of the strategic management phase?

- a. Strategy formulation stage
- b. Strategy implementation stage
- c. Strategy evaluation stage
- d. All of the given options

92. Political variables have a significant effect on

- a. Strategy formulation and implementation
- b. Strategy formulation and evaluation
- c. Strategy implementation and evaluation
- d. Strategy formulation, implementation and evaluation

93. Strategic decisions ostensibly commit the firm for

- a. 1 -2 years
- b. The short term
- c. one years
- d. A long time, typically five years

94. Social responsibility is a critical consideration for a company's strategic decision makers since

- a. Stockholders demand it
- b. The mission statement must express how the company intends to contribute to the societies that sustain it
- c. It increases a company's profits
- d. It helps make decisions

- c.
- d.

95. "The perfect search engine would understand exactly what you mean and give back exactly what you want", this statement is included in the mission statement of an online firm and is showing which one of the following components?

- a. Self-concept
- b. Concern for public image
- c. A declaration of attitude
- d. Philosophy

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

- a. A return-on-equity is below 25% and earnings per share of less than Rs. 2.00
- b. A price set by the firm higher than its rivals
- c. A declining market share, poor product quality and few sales in market
- d. Lower revenues and profit margin and narrow product line than the market leader

97. It directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs.

- a. Marketing
- b. Opportunity analysis
- c. Research and development
- d. Management

98. "Identifying and evaluating key social, political, economic, technological and competitive trends and events". Which of the followings best describes this statement?

- a. Developing an effective mission statement
- b. Conducting an internal audit
- c. Performing an external audit
- d. Formulating strategy

99. What is the central purpose of strategic evaluation?

- a. Evaluate effectiveness of strategy to achieve organisational objectives.
- b. Evaluate effectiveness of control system to measure achievements.
- c. Evaluate effectiveness of strategies to be implemented efficiently.
- d. Evaluate effectiveness of the strategy implementation process.

100. Strategy evaluation at the \_\_\_\_\_ level involves using specific performance measures-qualitative and quantitative-for each functional area.

- a. organizational
- b. operational

c.

d.

c. functional

d. production