UNIVERSITY OF MUMBAI
(MU EXAM MISSION- 2020)
Cluster No. 9
Lead College: Madanbhai Sura Institute of Business Management, Khed, Ratnagiri 415709

1	Mandar Education Society's Rajaram Shinde College of Master of Business Adminstration, Chiplun, Dist.Ratnagiri.
2	Sahyadri Institute of Management & Research, Sawarde. Dist.Ratnagiri.
3	Mahatma Edu.Soc.'s Pillai's HOC Institute of Management Studies & Research, Khalapur Dist. Raigadh
4	Prabhakar Patil Education Society's Institute of Management Studies, Alibag, Dist. Raigadh.
5	Navkokan Education Society's Institute of Management Studies, Chiplun, Dist.Ratnagiri.
6	Rajendra Mane College of Engineering and Technology Ambav, Devrukh, Dist.Ratnagiri.
7	**Lead College:-** Sahjeevan Shikshan Sanstha's Madanbhai Sura Institute of Business Management, Khed, Dist.Ratnagiri.

SUBJECT- STRATEGIC MANAGEMENT (SEMESTER- 3)
MCQ SAMPLE QUESTION

1. Above-average returns are:
   a. higher profits than the firm earned last year.
   b. higher profits than the industry average over the last 10 years.
   c. profits in excess of what an investor expects to earn from a historical pattern of performance of the firm.
   d. profits in excess of what an investor expects to earn from other investments with a similar level of risk.

2. The strategic management process is
   a. set of activities that will assure a temporary advantage and average returns for the firm.
   b. a decision-making activity concerned with a firm's internal resources, capabilities, and competencies, independent of the conditions in its

externalenvironment.1

c. process directed by top-management with input from other stakeholders that seeks to achieve above-average returns for investors through effective us of the organization's resources.

d. the full set of commitments, decisions, and actions required for the firm to achieve above-average returns and strategic competitiveness.

3. In the resource-based model, which of the following factors would be considered a key to organizational success?

   a. unique market niche
   b. weak competition
   c. economies of scale
   d. skilled employees

4. All of the following are resources of an organization EXCEPT

   a. an hourly production employee's ability to catch subtle quality defects in products.
   b. oil drilling rights in a promising region.
   c. weak competitors in the industry.
   d. a charity's endowment of $400 million.

5. The resource-based model of the firm argues that

   a. all resources have the potential to be the basis of sustained competitive advantage.
   b. all capabilities can be a source of sustainable competitive advantage.
   c. the key to competitive success is the structure of the industry in which the firm competes.
   d. resources and capabilities that are valuable, rare, costly to imitate, and non-substitutable form the basis of a firm's core competencies.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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 products substitute.

12. Internal analysis enables a firm to determine what the firm
   a. can do.
   b. should do.
   c. will do.
   d. might do.

13. An external analysis enables a firm to determine what the firm
   a. can do.
   b. should do.
   c. will do.
   d. might do.

14. Compared to tangible resources, intangible resources are
   a. of less strategic value to the firm.
   b. not the focus of strategic analysis.
   c. a more potent source of competitive advantage.
   d. more likely to be reflected on the firm's balance sheet.

15. Which of the following is a true statement about capabilities?
   a. Capabilities emerge over time through complex interactions of tangible and intangible resources.
   b. Valuable capabilities are based almost entirely on tangible resources.
   c. Capabilities based on human capital are more vulnerable to obsolescence than other intangible capabilities because of the tendency for employee knowledge to become outdated.

d. The link between firm financial performance and capabilities is dependent on whether the capabilities are based on tangible or intangible resources.

16. To be a core competency, a capability must satisfy all of the following criteria EXCEPT:
   a. be technologically innovative.
   b. be hard for competing firms to duplicate.
   c. be without good substitutes.
   d. be valuable to customers.

17. Capabilities that other firms cannot develop easily are classified as
   a. costly to imitate.
   b. rare.
   c. valuable.
   d. no substitutable.

18. Costly-to-imitate capabilities can emerge for all of the following reasons EXCEPT
   a. lack of scientific transference.
   b. social complexity.
   c. unique historical conditions.
   d. causal ambiguity.

19. Gamma, Inc., has struggled for industry dominance with Ardent, Inc., its main competitor, for years. Gamma has gathered and analyzed large amounts of competitive intelligence about Ardent. It has observed as much of the firm's internal functioning and technology as it can legally, yet Gamma cannot understand why ABC has a competitive advantage over it. The source of ABC's success is

   a. impregnable.
   b. causally ambiguous.
   c. rationally obscure.

d. elusive

20. firms that achieve competitive parity can expect to:
   a. earn below-average returns.
   b. earn average returns.
   c. earn above-average returns.
   d. initially earn above-average returns, declining to average returns.

21. Business-level strategies detail commitments and actions taken to provide value to customers and gain competitive advantage by exploiting core competencies in

   a. the selection of industries in which the firm will compete.
   b. specific product markets.
   c. primary value chain activities.
   d. particular geographic locations.

22. The three dimensions of a firm's relationships with customers include all the following EXCEPT
   a. exclusiveness.
   b. affiliation.
   c. richness.
   d. reach

23. A cost leadership strategy targets the industry's ____ customers.
   a. most typical
   b. poorest
   c. least educated
   d. most frugal

24. When the costs of supplies increase in an industry, the low-cost leader
   a. may continue competing with rivals on the basis of product features.

b. will lose customers as a result of price increases.
c. will be unable to absorb higher costs because cost-leaders operate on very narrow profit margins.
d. may be the only firm able to pay the higher prices and continue to earn average or above- average returns.

25. Multimarket competition occurs when firms
a. sell different products to the same customer.
b. have a high level of awareness of their competitors' strategic intent.
c. simultaneously enter into an attack strategy.
d. compete against each other in several geographic or product markets.

26. Competitive dynamics refers to the
a. circumstances where competitors are aware of the degree of their mutual interdependence resulting from market commonality and resource similarity.
b. set of competitive actions and competitive responses the firm takes to build or defend its competitive advantages and to improve its market position.
c. total set of actions and responses taken by all firms competing within a market.
d. ongoing set of competitive actions and competitive responses between competitors as they maneuver for advantageous market position.

27. 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.

28. Which of the following would be an example of a strategic action?

a. a "two movies for the price of one" campaign by Blockbuster Video
b. use of product coupons by a local grocer
c. entry into the European market by Home Depot
d. fare increases by Southwest Airlines

29. The chief disadvantage of being a first mover is the
a. high degree of risk.
b. high level of competition in the new marketplace.
c. inability to earn above-average returns unless the production process is very efficient.
d. difficulty of obtaining new customers.

30. Ninety percent of Wm. Wrigley Company's total revenue comes from chewing gum. This is an example of
a. market commonality.
b. standard-cycle markets.
c. economies of scale.
d. market dependence.

31. All competitive advantages do not accrue to large sized firms. A major advantage of smaller firms is that they
a. are more likely to have organizational slack.
b. can launch competitive actions more quickly.
c. have more loyal and diverse workforces.
d. can wait for larger firms to make mistakes in introducing innovative products.

32. A sustained or sustainable competitive advantage requires that:
a. the value creating strategy be in a formulation stage.
b. competitors implement the strategy.
c. other companies not be able to duplicate the strategy.
d. average returns be earned by the company.

33. An integrated and coordinated set of commitments and actions

designed to exploit core competencies and gain a competitive advantage in a specific product market is a definition of:

a. business strategy.
b. core competencies.
c. sustained competitive advantage.
d. strategic mission.

34. In evaluating its customers, which of the following is NOT a relevant question?

a. How will core competencies meet the customer's needs?
b. Who is the customer?
c. What are the customers' needs?
d. How will our top management team interact with the customer?

35. Customer needs are related to the:

a. characteristics that can be used to subdivide a large market into segments.
b. set of values exhibited by a group of customers.
c. use of core competencies to implement a strategy.
d. benefits and features of a good or service that customers want to purchase.

36. A company using a narrow scope in its business strategy is:

a. following a cost leadership business strategy.
b. focusing on a broad array of geographic markets.
c. limiting the group of product segments served.
d. likely to earn only average returns.

37. A cost leadership strategy provides goods or services with features that are:

a. acceptable to customers.
b. unique to the customer.
c. highly valued by the customer.
d. able to meet unique needs of the customer

38. When the costs of supplies increase in an industry, the low-cost leader may:
   a. continue competing with rivals on the basis of product features.
   b. lose customers as a result of price increases.
   c. make it difficult for new entrants to the industry to achieve above-average returns.
   d. be the only firm able to pay the higher prices and continue to earn average or above- average returns.

39. The risks of a cost leadership strategy include:
   a. becoming "stuck in the middle."
   b. production and distribution processes becoming obsolete
   c. the ability of competing firms to provide similar features in a product.
   d. customers deciding the product isn't worth what the firm must charge for it.

40. A differentiation strategy provides products that customers perceive as having:
   a. acceptable features.
   b. features of little value relative to the value provided by the low-cost leader's product.
   c. features for which the customer will pay a low price.
   d. features that are non-standardized for which they are willing to pay a premium.

41. When implementing a focus strategy, the firm seeks:
   a. to be the lowest cost producer in an industry.
   b. to offer products with unique features for which customers will pay a premium.
   c. to avoid being stuck in the middle.
   d. to serve the specialized needs of a market segment

42. Assessments of the long-term attractiveness of each industry

represented in a diversified company's lineup of businesses should be based on

a. A complete value-chain analysis of each industry
b. Whether the industries have the same kinds of driving forces
c. How many companies in each industry are making money and how many are losing money?
d. Quantitative industry attractiveness scores derived from rating each industry on several relevant attractiveness measures (weighted according to their relative importance in determining overall attractiveness)

43. The chief purpose of calculating quantitative industry attractiveness scores for each industry a company has diversified into is to

a. Determine which industry is the biggest and fastest growing
b. Get in position to rank the industries from most competitive to least competitive
c. Provide a basis for drawing analysis-based conclusions about the attractiveness of the industries a company has diversified into, both individually and as a group and further to provide an indication of which industries offer the best and worst long-term prospects
d. All of the above

44. A weighted industry attractiveness assessment is generally analytically superior to an unweighted assessment because

a. A weighted ranking identifies which industries offer the best/worst long-term profit prospects
b. An unweighted ranking doesn't discriminate between strong and weak industry driving forces and industry competitive forces
c. It does a more accurate job of singling out which industry key success factors are the most important
d. An unweighted ranking doesn't help identify which industries have the easiest and hardest value chains to execute

e. The various measures of attractiveness are not likely to be equally important in determining overall attractiveness

45. When industry attractiveness ratings are calculated for each of the industries a multi-business company has diversified into, the results help indicate

a. Which industries appear to be the best and worst ones to be in and the attractiveness of all the industries as a group from the standpoint of the company's long-term performance
b. Which industries have attractive key success factors and which industries have unattractive key success factors
c. Which industries have the biggest economies of scale and which industries have the greatest economies of scope and the overall potential for cost reduction in the industries as a group
d. All of the above

46. Calculating quantitative attractiveness ratings for the industries a diversified company has invested in

a. Allows a company to rank the competitive advantage opportunities in each industry from best to worst
b. Helps identify which industries have the best/worst prospects for revenue growth
c. Identifies which industry has the best/worst value chain from the standpoint of cost reduction potential
d. Provides a basis for deciding whether a diversified company has good prospects for growth and profitability, given the attractiveness ratings of the industries in which it has business interests

47. A weighted competitive strength analysis of a diversified company's business units is conceptually stronger than an unweighted analysis because

a. It provides a more accurate assessment of the strength of cross-business strategic fits

b. It provides better indication of which business units have the best strategy (vis-à-vis the rival in their respective industry)
c. The different measures of competitive strength are unlikely to be equally important
d. All of the above

48. The value of determining the relative competitive strength of each business a company has diversified into is
    a. To have a quantitative basis for identifying which businesses have large/small competitive advantages or competitive disadvantages vis-à-vis the rivals in their respective industries
    b. To have a quantitative basis for rating them from strongest to weakest in terms of contributing to the corporate parent's revenue growth
    c. To compare resource strengths and weaknesses, business by business
    d. To have a quantitative basis for rating them from strongest to weakest in contending for market leadership in their respective industries

49. The most important strategy-making guidance that comes from drawing a 9-cell industry attractiveness-competitive strength matrix is
    a. Which businesses in the portfolio have the most potential for strategic fit and resource fit
    b. Why cash cow businesses are more valuable than cash hog businesses
    c. That corporate resources should be concentrated on those businesses enjoying both a higher degree of industry attractiveness and competitive strength and that businesses having low competitive strength in relatively unattractive industries should be looked at for possible divestiture

d. All of the above

50. One of the most significant contributions to strategy-making in diversified companies that the 9-cell industry attractiveness/competitive strength matrix provides is

a. Identifying which businesses have strategies that should be continued, which business have strategies that need fine-tuning and which businesses have strategies that need major overhaul
b. That businesses having the greatest competitive strength and positioned in the most attractive industries should have the highest priority for corporate resource allocation and that competitively weak businesses in relatively unattractive industries should have the lowest priority and perhaps even be considered for divestiture
c. Pinpointing what strategies are most appropriate for businesses positioned in the four corners of the matrix (although the matrix reveals little about the best strategies for businesses positioned in the remainder of the matrix
d. None of above