

MULTIPLE CHOICE QUESTIONS

CHOOSE THE ONE STATEMENT THAT BEST ANSWERS THE FOLLOWING QUESTIONS

1-The level of interest rates is most important in determining demand for which of the following products?

- A) toothpaste
- B) the purchase of a house
- C) magazine subscriptions
- D) the term-life insurance market

2-When the United States steel industry persuaded the President to impose a 30 percent tariff on imports of foreign steel into the U.S., the intensity of rivalry in the U.S. steel market:

- A) was increased.
- B) was reduced.
- C) stayed the same.
- D) increased the intensity of rivalry in the foreign marketplace

3-The trend toward greater health consciousness has created a(n) \_\_\_\_\_ for the tobacco industry.

- A) strength
- B) weakness
- C) opportunity
- D) threat

4-Falling barriers to international trade \_\_\_\_\_ profitability in the domestic country.

- A) decrease
- B) increase
- C) encourage the same level of
- D) has no effect on

5-Planning includes:

- A) suggesting problems
- B) group consensus
- C) allocating responsibility
- D) strategizing

6-Which of the following is NOT included in "organizing" as a part of management?

- A) choosing goals
- B) deciding who within the organization will perform what tasks
- C) deciding where decisions will be made
- D) choosing who reports to whom

7-The collective skills and motivations of a firm's employees is called as

- A) employee skill base
- B) human capital
- C) human equity
- D) working capital

8-General managers are found at the \_\_\_\_\_ level.

- A) corporate and business
- B) divisional
- C) sub-unit
- D) outside

9-A manager that is responsible for human resources is a \_\_\_\_\_ manager

- A) corporate general
- B) business-level general
- C) functional
- D) frontline

10-Because GE is organized into different divisions, one for each business, it is known as a:

- A) poorly managed firm
- B) multidivisional enterprise
- C) multi-business unit
- D) multi-corporate concern

11-A BP manager who is in charge of an oil-drilling rig, manned by people who explore for oil in the North Sea is a:

- A) corporate-level manager
- B) business-level manager
- C) functional manager
- D) frontline manager

12-The first step in becoming a manager is usually:

- A) getting a formal degree in management
- B) being successful at a specialist task
- C) doing volunteer work to demonstrate a love of people
- D) doing the most unpleasant jobs to show willingness to work

13-The most demanding issues that managers encounter in their first year on the job all have to do with:

- A) learning the financial ratios of their department
- B) people challenges
- C) learning to interface with the government
- D) learning to scan the environment for things that would influence their business strategy

14-A successful person in which of the following positions may be promoted to a management position?

- A) an accounting professional
- B) an engineer
- C) a scientist
- D) All of the above may lead to successful management positions.

15-Mintzberg's management roles include:

- A) decisional, entrepreneurial, and visionary roles.
- B) decisional, collaborative, and informational roles.
- C) decisional, collaborative, and visionary roles.
- D) decisional, entrepreneurial, and informational roles.

16-As a figurehead, a manager will do which of the following?

- A) represent the company at community events
- B) articulate a strategic vision for the organization
- C) scan the environment
- D) deliver specific information to individuals and groups located outside their department or organization

17-Conceptual skills are paramount in

positions

- A) top management
- B) mid-level management
- C) functional management
- D) frontline management

18-One of the major reasons that superior performance is difficult for all businesses to attain is:

- A) government regulation
- B) competition with rivals for scarce resources
- C) increasing market share
- D) technology

19-Which of the following is a likely outcome of an enterprise that follows a successful differentiation strategy?

- A) It can charge more than rivals but still register significant sales.
- B) It can earn high profits.
- C) It can charge a similar price to rivals and gain market share.
- D) It can do any of the above.

20-A unique strength that rivals lack is called a:

- A) distinctive competency.
- B) legacy constraint.
- C) scope advantage.
- D) horizontal advantage.

21-Prior investments in a particular way of doing business that are difficult to change and limit a firm's ability to imitate a successful rival are called:

- A) distinctive incompetencies.
- B) legacy constraints.
- C) barriers to imitation.
- D) diseconomies of scope.

22-Cost advantages derived from a large sales volume are called economies of:

- A) scope.
- B) location.
- C) scale.
- D) density.

23-When managers decide to serve a limited number of segments, or just one segment, it

are following:

- A) focus strategy
- B) broad market strategy
- C) differentiation strategy
- D) low-cost strategy

24-To successfully translate the competitive advantage that comes from successful differentiation into sustained high profitability and profit growth a manager can

- A) increase prices more than costs
- B) maintain prices
- C) moderately increase prices
- D) do any of the above

25-Toyota offers three brands of automobiles: the Scion for budget-constrained, young, entry-level buyers, Toyota for the middle market, and Lexus for the luxury end of the market. Toyota is practicing a \_\_\_\_\_ of segmentation.

- A) focus strategy
- B) broad market strategy
- C) heterogeneous strategy
- D) homogeneous strategy

26-Tiffany & Co. offers high-end jewelry to a select clientele with outstanding customer service. The competitive theme Tiffany & Co. is following is

- A) focused differentiation
- B) high cost
- C) upper echelon
- D) select differentiation

27-Which of the following could cause a firm's strategy to no longer fit its industry conditions?

- A) changing social trends
- B) shifts in market conditions
- C) government actions
- D) all of the above

28-Most strategic plans are:

- A) revised semi-annually
- B) revised monthly
- C) multiyear plans
- D) never touched once they are written

29-The plan that human resource personnel might develop for hiring a sales force to sell a new product the division has developed is called a(n):

- A) unit plan
- B) operating plan
- C) operating strategy
- D) business-level plan

30 \_\_\_\_\_ and \_\_\_\_\_ plans tend to have shorter time horizons than business plans.

- A) Operating; unit
- B) Operating; strategic
- C) Unit; strategic

D) Strategic, tactical

31-Which of the following is an example of a single-use plan?

- A) a retailer's annual fall display plan
- B) the daily work-plan for a house-cleaning service
- C) plans for establishing an organization wide intranet
- D) annual plans for closing the books of a mid-sized company

32-The steps in crisis management planning include: prevention, preparation, and

- A) containment
- B) commitment
- C) consoling
- D) correction

33-Which of the following types of planning is based on the realization that the future is inherently unpredictable?

- A) strategic planning
- B) crisis management
- C) scenario planning
- D) single-use planning

34-The strategic planning process begins with:

- A) feedback from employees
- B) defining the mission, vision, and values of the organization.
- C) performing a SWOT analysis.
- D) drafting an action plan.

35-Kodak's mission statement is to provide "customers with the solutions they need to capture, store, process, output, and communicate images—anywhere, anytime." It is an example of a good mission statement because:

- A) it focuses on the product Kodak produces
- B) it focuses on Kodak's customers
- C) a functional component is included
- D) all of the above apply

36-One strategic planning pitfall is a failure to question assumptions. What is the solution to this?

- A) decentralized planning
- B) scenario planning with a devil's advocate
- C) a link to goals and a tie to budgets
- D) role-playing

37-How can managers avoid the strategic planning pitfall of a failure to anticipate rivals' actions?

- A) decentralized planning
- B) devil's advocate planning
- C) link the plan to goals and tie it to budgets
- D) role-playing

38-The general environment includes which of the following?

- A) political and legal forces
- B) interest rates
- C) demographic forces
- D) all of the above

39-The way in which changing social mores and values affect an industry are referred to as:

- A) demographic forces
- B) social forces
- C) sociocultural forces
- D) cultural forces

40-Throughout much of the industrialized world during the last 20 years there has been a trend:

- A) toward deregulation of industries
- B) toward re regulation of industries
- C) toward government ownership of major industries
- D) toward decreasing industrial competition

#### TRUE AND FALSE

#### ANSWER BY TRUE OR FALSE THE FOLLOWING

41-The external environment constitutes everything outside a firm that might affect the ability of the enterprise to attain its goals.

42-The closer a product is to a commodity the more intense the rivalry in the industry.

43-When firms in an industry have high fixed costs and low demand there is likely to be intense rivalry and lower profits.

44-Demand for video game consoles is dependent on complementors.

45-To face declining demand one action an airline might take is to purchase more fuel-efficient jets.

46-Opportunities arise from circumstances or developments in the external environment that, if exploited through strategies, enable managers to better attain the goals of their enterprise.

47-Weaknesses arise from circumstances or developments in the external environment that may adversely affect the ability of managers to attain the goals of their enterprise.

48-Wal-Mart is a powerful buyer because it purchases in great quantities.

49-The growth rate of the economy is an important part of the general environment in which firms do business.

50-Sociocultural forces refer to the way in which different global cultures affect an industry.

51-Political processes shape a society's laws, but this has little effect on the activities of organizations.

52-One of the most important impacts of technological change is that it can affect the barriers to entry.

- 83-Falling barriers to international trade and investment have reduced the intensity of competition.
- 84-Discontinuous change fundamentally transforms the nature of competition in the task environment.
- 85-Managers can generally predict with accuracy the nature, timing, and magnitude of change in the environment.
- 86-Intangible resources include the nonphysical assets that are the creation of managers and other employees.
- 57-Planning is a structured process for making important decisions.
- 58-An operating plan specifies goals, actions, and responsibility for individual functions.
- 59-Corporate-level strategy is concerned with deciding how the firm should compete in the industries in which it has elected to participate.
- 60-Business-level strategy is concerned with deciding which industries a firm should compete in and how the firm should enter or exit industries.
- 61-Operating strategy is concerned with the actions that should be taken at the level of individual functions, such as production, logistics, R & D, and sales, to support business-level strategy.
- 62-The planning horizon refers to how far out a plan is meant to apply.
- 63-Operating plans have a well-defined beginning and end.
- 64-Plans for attaining a one-time goal are called single-use plans.
- 65-Two types of standing plans include crisis management plans and scenario plans.
- 66-In a process known as the SWOT analysis, managers choose strategies.
- 67-Action plans are where strategic planning gets practical.
- 68-One of the pitfalls of strategic planning is the assumptions on which the plans are based turn out to be false.
- 69-Bounded rationality refers to limits in our ability to formulate and solve complex problems.
- 70-One example of cognitive bias is escalating commitment.
- 71-When managers try to maximize profits they are said to be satisficing.
- 72-Wal-Mart's diversification into the grocery business and international expansion are both examples of corporate-level strategy.
- 73-The ability to differentiate a product offering from that of rivals is a key source of

competitive advantage

74-Using a low-cost strategy is a poor idea since it always leads to low profits.

75A sustainable competitive advantage arises from a distinctive competency that rivals can easily match or imitate.

76-Without barriers to imitation or legacy constraints rivals will quickly copy any new products or processes that managers develop.

77-Business-level strategy is concerned with deciding how a firm should compete in the industries in which it has elected to participate.

78-According to Michael Porter, low-cost and differentiation strategies are generic strategies.

79-Broad low-cost and broad differentiation strategies aim to serve many segments in an industry.

80-A firm's business-level strategy encompasses three related choices: the competitive theme, how to segment the market, and which segments to serve.

81-Differentiation often raises the cost structure of the firm.

82-Not every activity in a value chain adds value to the product offering.

83-Support activities provide inputs that allow activities such as production and marketing to occur.

84-Tactics are individual actions taken to gain advantage over rivals or even to inhibit rivals from emerging in the first place.

85-Organization architecture provides the context within which the value chain takes place.

86-Only senior managers engage in formal planning.

87-Strategizing involves constantly thinking through strategic alternatives.

88-Strategizing involves thinking about how changes in the external environment impact the organization.

89-In a multidivisional enterprise, the CEO formulates strategies that span businesses.

90-The most demanding issues that managers encounter in their first year on the job "people challenges."

91-Mintzberg's three management roles include interpersonal roles, decisional roles, informational roles.

92-Entrepreneurial management behavior can only occur in small firms.

- 93-As a manager, the role of leader is distinct from the role of spokesperson
- 94-When a frontline manager welcomes new staff they are acting as a liaison.
- 95-Managers have two sets of responsibilities—agenda setting for their team, and network building within the organization.
- 96-Whereas interpersonal roles deal with people and informational roles deal with action, decisional roles deal with knowledge.
- 97-Skills, values, and motivational preferences are competencies that allow managers to perform their jobs more effectively.
- 98-The demand for technical skills diminishes as a manager is promoted up the management hierarchy.
- 99-Human skills are more important than technical and conceptual skills when it comes to distinguishing between successful and mediocre managers.
- 100-Successful managers exercise a personalized power orientation rather than a socialized power orientation.

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