CIMA STRATEGIC MANAGEMENT (E3) PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. **In Carroll's CSR Pyramid, which level corresponds to philanthropic activities such as being a good citizen?**
   A. Philanthropic
   B. Ethical
   C. Legal
   D. Economic

2. **Which of the following is a drawback of scenario planning related to the number of scenarios?**
   A. Many scenarios may not occur.
   B. Costly and inaccurate.
   C. Cultural distortion.
   D. Risk of self-fulfilling prophecy.

3. **Which statement best describes system thinking in management?**
   A. The need for staff to see a particular problem as part of the wider whole.
   B. Focusing on the most immediate issue.
   C. Optimizing a single department for performance.
   D. Relying solely on rigid rules without context.

4. **In Carroll's CSR Pyramid, which level focuses on the economic imperative to earn profits?**
   A. Philanthropic
   B. Ethical
   C. Legal
   D. Economic

5. **Which of the following is a drawback of scenario planning?**
   A. Costly and inaccurate.
   B. Cultural distortion (people get carried away).
   C. Risk of self-fulfilling prophecy (manifest).
   D. Many scenarios may not occur.

6. Which competitor profile is described as always responding aggressively?

A. Laid back
B. Selective
C. Tiger
D. Stochastic

7. Which of the following is NOT a primary activity in Porter's value chain?

A. Service
B. Inbound logistics
C. Marketing and sales
D. Human resource management

8. Which of the following is listed as a source of critical success factors?

A. Industry the business is in
B. Company and its situation in industry
C. Environment
D. Temporary organisational factors

9. Which concept describes focusing on stakeholder needs in turn rather than all at once?

A. Rigid planning
B. Simultaneous attention
C. Hierarchical prioritization
D. Focus on stakeholder needs in turn

10. In the Ansoff Matrix, which growth strategy corresponds to existing product and existing market?

A. Market Development
B. Product Development
C. Diversification
D. Market Penetration

Answers

1. A
2. A
3. A
4. D
5. A
6. C
7. D
8. C
9. D
10. D

Explanations

1. In Carroll's CSR Pyramid, which level corresponds to philanthropic activities such as being a good citizen?

A. Philanthropic

B. Ethical

C. Legal

D. Economic

In Carroll's CSR Pyramid, the level that covers voluntary, discretionary contributions to society—actions beyond what is required by law or expected by ethical norms—is the philanthropic level. This includes being a good citizen, supporting community projects, charitable giving, and other activities aimed at the broader social good without a mandate. It sits above the ethical, legal, and economic levels because those lower levels reflect obligations that the business is expected or required to meet, whereas philanthropy is truly voluntary. So, philanthropic activities align with being a good citizen.

2. Which of the following is a drawback of scenario planning related to the number of scenarios?

A. Many scenarios may not occur.

B. Costly and inaccurate.

C. Cultural distortion.

D. Risk of self-fulfilling prophecy.

Scenario planning helps organisations explore a range of plausible futures by varying key drivers and uncertainties. The drawback tied to the number of scenarios is that having many scenarios often means many futures may never occur. This can waste time and resources, clutter the analysis, and make it harder to extract clear, actionable insights for decision-making. In practice, a small, focused set of distinct, plausible scenarios—enough to stress-test strategies without overwhelming the process—tends to be more useful. Other issues like costliness and inaccuracy, cultural distortion, or the risk of self-fulfilling prophecy are real risks in scenario work, but they relate to broader pitfalls of the method rather than the sheer number of scenarios.

3. Which statement best describes system thinking in management?

A. The need for staff to see a particular problem as part of the wider whole.

B. Focusing on the most immediate issue.

C. Optimizing a single department for performance.

D. Relying solely on rigid rules without context.

Systems thinking in management focuses on seeing problems within the whole system, recognizing how different parts are interconnected and how changes ripple through processes, departments, and stakeholders over time. The statement that staff should view a problem as part of the wider whole captures that holistic perspective, encouraging consideration of interdependencies, longer-term effects, and potential unintended consequences. This approach helps avoid suboptimization, where improving one area harms the overall performance because effects aren't considered across the system. By contrast, focusing on the most immediate issue is too narrow, optimizing a single department can undermine the overall organization, and relying on rigid rules without context ignores how real-world systems adapt and respond to feedback.

4. In Carroll's CSR Pyramid, which level focuses on the economic imperative to earn profits?

A. Philanthropic

B. Ethical

C. Legal

D. Economic

The economic responsibility is the foundation of Carroll's CSR Pyramid, focusing on earning profits and ensuring the business remains financially viable. This bottom level holds that profitability is essential for the company to survive, generate returns for shareholders, and provide resources that enable the firm to support its other social commitments. Profits aren't just about money; they fund operations, growth, and the capacity to contribute to society over time. The other levels address different expectations: legal compliance with laws, ethical conduct beyond legal requirements, and philanthropic activities that go beyond what is required. So, the level that centers on making profits as a primary objective is the economic one.

5. Which of the following is a drawback of scenario planning?

A. Costly and inaccurate.

B. Cultural distortion (people get carried away).

C. Risk of self-fulfilling prophecy (manifest).

D. Many scenarios may not occur.

Scenario planning helps leaders test strategies against a range of plausible futures, but its real drawback lies in resources and accuracy. Building and maintaining multiple credible scenarios requires significant time, data, facilitation, and expert input, so it can be costly. Even with careful construction, the scenarios are educated guesses about uncertain futures, not precise predictions, meaning they can be inaccurate. This combination—high cost and imperfect foresight—makes cost and accuracy the most fundamental drawback. Cultural distortion can occur if participants become overly attached to dramatic scenarios, but that's a risk that can be mitigated with governance and checks. The risk of self-fulfilling prophecy exists when actions push outcomes toward a scenario, yet this is a consequence rather than the core drawback. And while many scenarios may not occur, that is an expected feature of exploring multiple futures, not a primary flaw in the technique.

6. Which competitor profile is described as always responding aggressively?

A. Laid back

B. Selective

C. Tiger

D. Stochastic

The question is about how firms react to competitors—different profiles describe different postures. The Tiger profile is defined by constant, aggressive responses to rivals' moves: quick, forceful retaliation and actions designed to deter or outperform competitors. This fits "always responding aggressively" because aggression is the default, ongoing approach rather than selective or avoidant behavior. In contrast, a laid back profile tends to avoid confrontation, a selective profile retaliates only in certain situations, and a stochastic profile reacts in an unpredictable or inconsistent way, not with a steady aggressive stance.

7. Which of the following is NOT a primary activity in Porter's value chain?

A. Service

B. Inbound logistics

C. Marketing and sales

D. Human resource management

In Porter's value chain, activities are split into primary activities that directly add value through the stages of producing and delivering a product or service, and support activities that enable those primary activities to run smoothly. The primary activities include inbound logistics (handling inputs), marketing and sales (creating demand and facilitating purchases), and service (after-sales support). Human resource management, on the other hand, is a support activity. It covers recruiting, training, compensation, and developing the organization's capabilities. While these activities are essential for enabling the primary activities to operate effectively, they do not themselves directly transform inputs into the final product or service for the customer. So, the item that is NOT a primary activity is the human resource management function.

8. Which of the following is listed as a source of critical success factors?

A. Industry the business is in

B. Company and its situation in industry

C. Environment

D. Temporary organisational factors

Critical success factors are the areas where performance must be outstanding for the business to succeed given external conditions. The external environment sets the pressures, opportunities, and constraints that determine what capabilities and activities are truly essential. Because those external forces shape what success requires, the environment is where these critical factors originate. The industry and a firm's position within it influence what those factors look like, but they are not the source itself in this framing—they're context that helps define the CSFs. Temporary organizational factors aren't enduring priorities and wouldn't form the stable set of areas a strategy must get right to win.

9. Which concept describes focusing on stakeholder needs in turn rather than all at once?

A. Rigid planning

B. Simultaneous attention

C. Hierarchical prioritization

D. Focus on stakeholder needs in turn

Focusing on stakeholder needs in turn is about sequencing engagement rather than trying to satisfy everyone at once. When resources are limited and interests clash, addressing needs one group at a time lets you prioritise, test responses, and learn from early feedback before moving on. This staged approach reduces complexity, improves accuracy of trade-offs, and helps build trust and buy-in, because you're clearly showing progress and delivering value to each group in turn. Trying to meet all needs simultaneously can stretch resources, create conflicting requirements, and slow progress. Rigid planning fixes the path, and simultaneous attention attempts to engage all groups at once, which is often impractical. Hierarchical prioritisation orders importance but doesn't inherently describe the practical sequence of addressing needs step by step.

10. In the Ansoff Matrix, which growth strategy corresponds to existing product and existing market?

A. Market Development

B. Product Development

C. Diversification

D. Market Penetration

Market Penetration is the strategy that fits when you want to grow with an existing product in an existing market. It focuses on increasing your current share of customers and volume in the same market, using tactics like more aggressive promotions, price incentives, boosting distribution and availability, or strengthening brand loyalty. Because you're leveraging an established product and an existing customer base, this approach generally carries lower risk and uses familiar capabilities. In contrast, the other options would involve either reaching new customers with the same product, developing new products for the current market, or pursuing both new products and new markets, which bring higher risk and different sets of challenges.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://cimae3.examzify.com

We wish you the very best on your exam journey. You've got this!