Management & Organization Module 6 (06-MGMT-ORG) – Strategy Practice Exam (Sample)

Study Guide

Everything you need from our exam experts!

Questions

1. **Which of the following describes how financial performance is viewed in a balanced scorecard?**
   - A. Only a historical reflection of past profits
   - B. As one of several perspectives that influence overall strategy
   - C. As the only indicator of organizational success
   - D. Separate from customer satisfaction and internal processes

2. **Which strategy is Ren's Cakes planning to use by opening more bakeries in the country?**
   - A. The stability strategy
   - B. The retrenchment strategy
   - C. The growth strategy
   - D. The acquisition strategy

3. **What strategy is best highlighted by a company producing specialized products for a limited market segment?**
   - A. A diversification strategy
   - B. A divestment strategy
   - C. A focus strategy
   - D. A cost leadership strategy

4. **What kind of techniques are used to conduct a PEST analysis?**
   - A. Internal audits and performance reviews
   - B. Comparative studies of market competitors
   - C. Collecting data on external environmental factors
   - D. Surveys of employee satisfaction

5. **Brand equity plays a crucial role in a business because it can:**
   - A. Reduce consumer loyalty
   - B. Enhance overall market competitiveness
   - C. Segregate target customers
   - D. Directly correlate with employee performance

6. **What does a small market share in a fast-growing sector indicate in the BCG matrix?**
   - **A. Stars**
   - **B. Cash cows**
   - **C. Question marks**
   - **D. Dogs**

7. **Which strategy did ClipKlik use to maintain its market share after BoundStar launched its smartphone?**
   - **A. A response strategy**
   - **B. An amalgamation strategy**
   - **C. A recovery strategy**
   - **D. An acquisition strategy**

8. **Which role does technology play in strategic management?**
   - **A. It increases employee turnover**
   - **B. It hinders operational efficiency**
   - **C. It enables innovation and improves efficiency**
   - **D. It limits access to customer data**

9. **What does market segmentation entail?**
   - **A. Analyzing competitors' strategies**
   - **B. Dividing a market into sub-groups based on characteristics**
   - **C. Developing a single marketing campaign for all customers**
   - **D. Predicting future market trends**

10. **Which of the following terms refers to the actions taken by managers that do not align with the intended strategy of a company?**
   - **A. Strategic alignment**
   - **B. Strategic dissonance**
   - **C. Competitive inertia**
   - **D. Competitive strategy**

Answers

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

Explanations

1. Which of the following describes how financial performance is viewed in a balanced scorecard?

A. Only a historical reflection of past profits

B. As one of several perspectives that influence overall strategy

C. As the only indicator of organizational success

D. Separate from customer satisfaction and internal processes

Financial performance in a balanced scorecard is viewed as one of several perspectives that influence overall strategy. This approach emphasizes that financial metrics, while important, alone do not provide a comprehensive view of an organization's performance or its strategic positioning. Instead, the balanced scorecard integrates financial performance with other critical perspectives such as customer satisfaction, internal processes, and learning and growth. This holistic view allows organizations to align their operational activities to their strategic goals more effectively. By considering financial performance alongside these other aspects, organizations can create a more balanced approach to measuring success. It helps in recognizing that improving financial results often depends on factors like customer loyalty, employee engagement, and operational efficiency. This interconnectedness ensures that strategies are developed with a broader scope, making organizations more adaptable and resilient in dynamic markets.

2. Which strategy is Ren's Cakes planning to use by opening more bakeries in the country?

A. The stability strategy

B. The retrenchment strategy

C. The growth strategy

D. The acquisition strategy

Ren's Cakes is planning to open more bakeries across the country, which aligns directly with a growth strategy. This type of strategy focuses on increasing the organization's market share, expanding the customer base, and enhancing sales through various methods, including opening new locations. By establishing more bakeries, Ren's Cakes is actively pursuing growth and improving its presence in the market, catering to a wider audience and potentially increasing its revenue. A growth strategy is essential for businesses looking to thrive, especially in competitive industries. It demonstrates ambition and adaptability to market trends and consumer demands. Opening new locations is a typical approach companies use when they see opportunities for growth, either due to increasing demand or the desire to tap into new geographic markets.

3. What strategy is best highlighted by a company producing specialized products for a limited market segment?

A. A diversification strategy

B. A divestment strategy

C. A focus strategy

D. A cost leadership strategy

The focus strategy is highlighted when a company produces specialized products tailored to meet the needs of a specific market segment. This approach allows the company to gain a competitive advantage by understanding the unique preferences and demands of a niche market. By concentrating its resources and efforts on this limited segment, the company can offer differentiated products or services that are not readily available from competitors catering to a broader audience. This strategy tends to attract customers who are looking for specialized offerings, leading to increased customer loyalty and potentially higher margins compared to companies that operate with broader market appeal. In essence, focusing on a niche market allows for deeper customer relationships and expertise in the specific area of specialization, ultimately driving success in that particular segment.

4. What kind of techniques are used to conduct a PEST analysis?

A. Internal audits and performance reviews

B. Comparative studies of market competitors

C. Collecting data on external environmental factors

D. Surveys of employee satisfaction

In conducting a PEST analysis, the primary focus is on collecting data regarding the external environmental factors that can impact an organization. PEST stands for Political, Economic, Social, and Technological factors, which are all elements that pertain to the broader environment outside of the company. By gathering relevant information on these external forces, organizations can identify potential opportunities and threats that could influence strategic planning. This technique contrasts with the other choices, which focus on different aspects of analysis. Internal audits and performance reviews primarily assess internal organizational health and effectiveness rather than external environmental factors. Comparative studies of market competitors look at competition and market positioning but do not provide a comprehensive understanding of the broader environment. Similarly, surveys of employee satisfaction focus on the internal perceptions and experiences of employees, making them irrelevant for a PEST analysis. Therefore, collecting data on external environmental factors is the essence of what makes a PEST analysis valuable for strategic decision-making.

5. Brand equity plays a crucial role in a business because it can:

A. Reduce consumer loyalty

B. Enhance overall market competitiveness

C. Segregate target customers

D. Directly correlate with employee performance

Brand equity significantly enhances overall market competitiveness because it offers a distinct advantage that can differentiate a company's products or services from those of its competitors. When a brand has strong equity, it is more recognizable and trusted by consumers, leading to increased customer loyalty. This loyalty can translate into repeat purchases and word-of-mouth referrals, which ultimately bolster market position. Strong brand equity means that a business is more likely to command a premium price, as customers may be willing to pay more for a brand they perceive as high quality or that they are emotionally attached to. Additionally, businesses with high brand equity can leverage this advantage in negotiations with retailers and distributors, creating more favorable terms or better visibility in stores. In contrast, the other options do not accurately reflect the true impact of brand equity. For instance, it does not reduce consumer loyalty; in fact, it enhances it. It also does not segregate target customers, as effective branding aims to attract and unify customers around a common identity. Furthermore, although employee performance may be influenced by a strong brand presence, it is not a direct correlation but rather a secondary effect of the brand's marketplace success and the organizational culture it fosters. Brand equity primarily serves as a foundational element for competitive advantage in the marketplace, driving sales and growth

6. What does a small market share in a fast-growing sector indicate in the BCG matrix?

A. Stars

B. Cash cows

C. Question marks

D. Dogs

In the BCG matrix, a small market share in a fast-growing sector is identified as a "Question mark." This classification represents a business unit or product that has low market share but is operating in a rapidly growing market. The key characteristic of "Question marks" is their potential for growth; they may become "Stars" if they gain a higher market share as the market expands. However, they also carry the risk of not achieving significant market position, which can lead to underperformance. In summary, "Question marks" are entities that require careful analysis and strategic investment decisions, as their future as successful contributors to the organization will depend largely on how effectively they can increase their market share in the face of growth opportunities. The other classifications in the BCG matrix (such as "Stars," "Cash cows," and "Dogs") reflect different scenarios related to market share and industry growth potential.

7. Which strategy did ClipKlik use to maintain its market share after BoundStar launched its smartphone?

A. A response strategy

B. An amalgamation strategy

C. A recovery strategy

D. An acquisition strategy

The strategy that ClipKlik employed to maintain its market share after the launch of BoundStar's smartphone was a response strategy. This approach typically involves reacting to competitive threats in a way that protects or enhances a company's market position. When BoundStar introduced its smartphone, it likely posed a significant challenge to ClipKlik's market presence. By using a response strategy, ClipKlik could implement measures such as adjusting pricing, enhancing features, increasing marketing efforts, or improving customer service to retain existing customers and attract new ones. This type of strategy enables businesses to adapt to changes in the competitive landscape and effectively counteract the impact of rivals' moves, thus securing their market share. Contextually, other strategies, such as amalgamation, recovery, or acquisition, would not align as closely with the scenario of directly responding to a competitor's new product introduction. Amalgamation might imply merging with another entity, recovery might denote bouncing back from a decline, and acquisition involves purchasing another company, none of which directly address the immediate response to a competitive launch.

8. Which role does technology play in strategic management?

A. It increases employee turnover

B. It hinders operational efficiency

C. It enables innovation and improves efficiency

D. It limits access to customer data

Technology plays a crucial role in strategic management by enabling innovation and improving operational efficiency. Organizations leverage advanced technologies to streamline processes, enhance productivity, and respond rapidly to market changes. This capability allows companies to develop new products and services, improve existing offerings, and gain a competitive edge. By implementing technological tools such as data analytics, organizations can gather valuable insights into customer preferences, market trends, and operational performance. This information empowers strategic decision-making and helps in identifying opportunities for growth and improvement. Furthermore, technology facilitates better communication and collaboration across teams, leading to more effective execution of strategic initiatives. In contrast, the other choices do not accurately reflect the positive impact of technology on strategic management. Rather than increasing employee turnover, technology can enhance job roles and employee satisfaction when used effectively. It does not inherently hinder operational efficiency; in fact, it often does the opposite by automating tasks and optimizing resource allocation. Additionally, rather than limiting access to customer data, technology typically enhances data accessibility, enabling organizations to improve customer relationship management and tailor their strategies accordingly.

9. What does market segmentation entail?

A. Analyzing competitors' strategies

B. Dividing a market into sub-groups based on characteristics

C. Developing a single marketing campaign for all customers

D. Predicting future market trends

Market segmentation is the process of dividing a broader market into distinct sub-groups of consumers who exhibit similar characteristics, behaviors, or needs. This approach allows businesses to tailor their marketing efforts and products to specific segments, thereby improving their relevance and effectiveness. By understanding the unique preferences of different groups, organizations can create targeted marketing strategies that resonate better with each segment, ultimately leading to increased customer satisfaction and loyalty. For example, a company that produces athletic shoes might segment the market based on factors such as age, gender, income level, or specific athletic activities (like running, basketball, or soccer). This segmentation enables the company to design and promote products that appeal directly to the interests and needs of each targeted group, rather than using a one-size-fits-all approach. In contrast, analyzing competitors' strategies involves understanding what other companies are doing in the market but does not focus on identifying specific customer segments. Developing a single marketing campaign for all customers ignores the diversity of consumer preferences, which can dilute the effectiveness of marketing efforts. Predicting future market trends, while important for strategic planning, does not capture the essence of segmentation itself, which is primarily concerned with the current state of the market and its varied customer bases.

10. Which of the following terms refers to the actions taken by managers that do not align with the intended strategy of a company?

A. Strategic alignment

B. Strategic dissonance

C. Competitive inertia

D. Competitive strategy

The term that refers to actions taken by managers that do not align with the intended strategy of a company is strategic dissonance. Strategic dissonance occurs when there is a divergence between the actions of an organization and its stated strategic goals. This misalignment can lead to inefficiencies, wasted resources, and ultimately hinder the organization's ability to achieve its objectives. Understanding strategic dissonance is essential because it highlights the importance of coherence between strategy formulation and execution. When managers make decisions that contradict the overarching strategy, it can confuse employees, dilute efforts, and diminish overall performance and strategic effectiveness. By contrast, strategic alignment describes a scenario where actions and strategies are in harmony, supporting organizational goals. Competitive inertia reflects a reluctance to change strategies in response to market dynamics, while competitive strategy pertains to the plans and approaches an organization takes to achieve a competitive advantage in the marketplace. These concepts are related to strategic management but do not specifically address the misalignment of managerial actions with intended strategies like strategic dissonance does.