

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

Study Guide



Everything you need from our exam experts!

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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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

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- 1. What key financial aspect is typically associated with 'question marks' in the BCG matrix?**
 - A. Strong cash flow**
 - B. Stable profits**
 - C. Potential for growth but requires investment**
 - D. No potential for future growth**

- 2. In response to major losses, what strategy did Masceo implement by laying off employees and closing refineries?**
 - A. The stability strategy**
 - B. The growth strategy**
 - C. The retrenchment strategy**
 - D. The acquisition strategy**

- 3. What strategy is being employed when a company stops producing certain products to focus on less capital-intensive options?**
 - A. The stability strategy**
 - B. The growth strategy**
 - C. The retrenchment strategy**
 - D. The acquisition strategy**

- 4. What does competitive inertia refer to?**
 - A. The resistance to change in an organization's strategy.**
 - B. The ability to react quickly to market changes.**
 - C. The alignment of employee skills with strategic goals.**
 - D. The sustainable nature of competitive advantage.**

- 5. What is the focus of the stability strategy in corporate planning?**
 - A. Rapid expansion into new markets**
 - B. Maintaining existing market presence**
 - C. Innovation and product development**
 - D. Cost reduction initiatives**

- 6. What type of industry-level strategy is Renee Farm employing by selling genetically modified products to health-conscious customers?**
- A. A diversification strategy**
 - B. A focus strategy**
 - C. A divestment strategy**
 - D. An adaptive strategy**
- 7. 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**
- 8. What does the threat of new entrants measure in the context of Porter's five industry forces?**
- A. A measure of the intensity of competitive behavior among companies in an industry**
 - B. A measure of how easily customers can find substitutes for an industry's products or services**
 - C. A measure of the degree to which barriers to entry make it easy or difficult for new companies to enter**
 - D. A measure of the influence customers have on the firm's pricing**
- 9. What are strategic reference points primarily associated with in an organization?**
- A. Financial outcomes and profitability**
 - B. Internal routines, decision-making processes, and cultures**
 - C. Market trends and external competitions**
 - D. Employee satisfaction and turnover rates**
- 10. Which term measures the intensity of competitive behavior among companies in an industry?**
- A. Bargaining power of firms**
 - B. Character of the rivalry**
 - C. Threat of new entrants**
 - D. Threat of substitute products**

Answers

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

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Explanations

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1. What key financial aspect is typically associated with 'question marks' in the BCG matrix?

A. Strong cash flow

B. Stable profits

C. Potential for growth but requires investment

D. No potential for future growth

In the BCG matrix, 'question marks' represent products or business units that have a low market share in a rapidly growing industry. They present a unique positioning where there is significant potential for growth; however, reaching that potential typically necessitates a considerable investment of resources. This investment is aimed at increasing market share because, without financial commitment, these units may not convert into 'stars' - those with high market share in high-growth industries. The key financial aspect associated with 'question marks' is their potential for growth that hinges on strategic investment. Companies must carefully evaluate whether to invest heavily in these areas or to divest, as the outcome of this decision can significantly impact overall business strategy and resource allocation. In contrast, other options depict scenarios that do not accurately capture the essence of question marks, such as having strong cash flows or stable profits, which are more characteristic of 'cash cows' or 'stars.' Additionally, the concept of having no potential for future growth does not apply to question marks, as they are defined by their potential for becoming significant contributors to the company's portfolio with the right investment strategy.

2. In response to major losses, what strategy did Masceo implement by laying off employees and closing refineries?

A. The stability strategy

B. The growth strategy

C. The retrenchment strategy

D. The acquisition strategy

The chosen strategy that Masceo implemented by laying off employees and closing refineries is the retrenchment strategy. This strategy is typically employed by companies to stabilize their operations during times of financial distress or significant losses. By reducing the workforce and closing facilities, the organization seeks to cut costs and improve its financial performance. The goal of retrenchment is often to streamline operations, focus on core business areas, and ultimately return to profitability. It serves as a corrective measure to address inefficiencies or overextension within the company. This approach reflects a recognition of the need for significant changes in response to adverse conditions, as opposed to merely sustaining the current level of operations, which would align with a stability strategy, or pursuing growth or acquisitions. Overall, the retrenchment strategy represents a decisive action to stabilize the organization by managing resources in a more efficient manner to navigate through challenging times.

3. What strategy is being employed when a company stops producing certain products to focus on less capital-intensive options?

- A. The stability strategy**
- B. The growth strategy**
- C. The retrenchment strategy**
- D. The acquisition strategy**

The retrenchment strategy is characterized by a company's decision to reduce its overall scope and scale, often involving the withdrawal from certain product lines or markets that require significant capital investment. By stopping the production of certain products, the company can redirect its resources towards less capital-intensive options that may yield better returns or align more closely with its core competencies. This approach is often undertaken when a company seeks to enhance its efficiency, reduce costs, and improve profitability during challenging economic times or when facing intense competition. This strategy is not about maintaining current operations without significant changes, as seen in a stability strategy, nor is it focused on growth through new markets or products, which aligns with the growth strategy. Additionally, the acquisition strategy involves acquiring other companies or products rather than scaling back. Thus, the retrenchment strategy allows a company to streamline its operations and focus on areas where it can compete more effectively and efficiently.

4. What does competitive inertia refer to?

- A. The resistance to change in an organization's strategy.**
- B. The ability to react quickly to market changes.**
- C. The alignment of employee skills with strategic goals.**
- D. The sustainable nature of competitive advantage.**

Competitive inertia refers to the resistance to change in an organization's strategy. This concept highlights how organizations may become entrenched in their existing strategies and routines, making it difficult for them to adapt to new market conditions or challenges. When a company experiences competitive inertia, it may fail to recognize shifts in consumer preferences, technological advancements, or competitive dynamics, ultimately hindering its ability to innovate or evolve. Understanding competitive inertia is crucial for strategists and managers because it emphasizes the need for organizations to remain agile and open to change, ensuring they do not fall behind in a rapidly evolving market. While other options touch on aspects of organizational capabilities and strategic alignment, they do not capture the essence of what competitive inertia entails, which is primarily about the reluctance or inability to adjust strategy in response to external pressures.

5. What is the focus of the stability strategy in corporate planning?

- A. Rapid expansion into new markets**
- B. Maintaining existing market presence**
- C. Innovation and product development**
- D. Cost reduction initiatives**

The stability strategy in corporate planning is centered around maintaining an organization's current market presence and performance levels. This approach is typically adopted when a company is satisfied with its current position and aims to sustain its operations without dramatic changes or risks associated with expansion or innovation. By focusing on stability, a company prioritizes the strengthening of its existing resources, customer relationships, and market share rather than seeking to grow rapidly or significantly alter its product offerings. This type of strategy is particularly relevant in markets where the environment is stable, and the competitive landscape does not warrant aggressive shifts or new ventures. Companies employing a stability strategy often focus on optimizing their operations and enhancing efficiency to ensure consistent performance and profitability over time. This strategy can be beneficial for businesses in mature industries where growth opportunities may be limited.

6. What type of industry-level strategy is Renee Farm employing by selling genetically modified products to health-conscious customers?

- A. A diversification strategy**
- B. A focus strategy**
- C. A divestment strategy**
- D. An adaptive strategy**

Renee Farm is employing a focus strategy by specifically targeting health-conscious customers with genetically modified products. A focus strategy involves concentrating on a particular market segment, offering products or services tailored to the needs and preferences of that niche. In this case, by catering to health-conscious consumers, Renee Farm is differentiating itself within the broader agricultural industry, likely positioning its products as healthier or more specialized than conventional options. The focus strategy typically allows businesses to gain a competitive advantage by developing expertise and a strong reputation within a targeted market. By understanding the unique needs and preferences of health-conscious customers, Renee Farm can create tailored marketing messages, product features, and possibly even pricing strategies that resonate with this audience. Other strategies such as diversification involve expanding into new markets or product lines that are different from the existing business, which does not accurately reflect Renee Farm's approach. Similarly, a divestment strategy focuses on selling off parts of the business that are underperforming or no longer aligned with the core strategy, and an adaptive strategy emphasizes flexibility and responsiveness to market changes, rather than targeting a specific niche. Therefore, the focus strategy is the most appropriate descriptor of Renee Farm's business approach in this context.

7. 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.

8. What does the threat of new entrants measure in the context of Porter's five industry forces?

- A. A measure of the intensity of competitive behavior among companies in an industry**
- B. A measure of how easily customers can find substitutes for an industry's products or services**
- C. A measure of the degree to which barriers to entry make it easy or difficult for new companies to enter**
- D. A measure of the influence customers have on the firm's pricing**

The threat of new entrants in the context of Porter's five industry forces specifically assesses how the barriers to entry impact the ability of new competitors to enter an industry. When these barriers are low, it is easier for new companies to enter the market, which increases competition and potentially affects the profitability of existing firms. Barriers to entry can include factors such as economies of scale, brand loyalty, capital requirements, regulatory requirements, and access to distribution channels. High barriers deter new entrants, which protects the market share and profitability of established players. This understanding is critical because it highlights how the competitive landscape can shift with the entrance of new firms, influencing strategies that existing companies must adopt to maintain their market position. Other options focus on different aspects of competition and market dynamics but do not directly capture the definition of the threat of new entrants within Porter's framework.

9. What are strategic reference points primarily associated with in an organization?

- A. Financial outcomes and profitability**
- B. Internal routines, decision-making processes, and cultures**
- C. Market trends and external competitions**
- D. Employee satisfaction and turnover rates**

Strategic reference points are primarily associated with the internal dynamics of an organization, particularly its routines, decision-making processes, and culture. These reference points serve as benchmarks for evaluating strategic alternatives and guiding leaders in their choices, aligning their actions with the organization's values and practices. By concentrating on internal structures, strategic reference points help organizations maintain consistency in their operations, ensuring that decisions reflect established processes and foster a cohesive organizational culture. This alignment is crucial for achieving strategic objectives and sustaining competitive advantage, as it allows organizations to adapt their strategies effectively while remaining true to their core competencies. While financial outcomes, market trends, and employee satisfaction are all important factors in an organization's overall strategy, they do not capture the essence of how strategic reference points function as internal guidelines for decision-making and behavior within the organization. The focus on internal factors highlights the foundational aspects that underpin strategic direction, reinforcing the idea that successful organizations are built upon a strong alignment between their strategies and their internal capabilities and culture.

10. Which term measures the intensity of competitive behavior among companies in an industry?

- A. Bargaining power of firms**
- B. Character of the rivalry**
- C. Threat of new entrants**
- D. Threat of substitute products**

The term that best measures the intensity of competitive behavior among companies in an industry is the character of the rivalry. This concept refers to the competitive dynamics within the industry, including the degree to which companies compete for market share, pricing strategies, product differentiation, and overall market competitiveness. The character of the rivalry helps in understanding how aggressive firms are in their strategies and how they interact with one another. In the context of industry analysis, it highlights the level of competition and can significantly impact profitability and strategic decision-making. A strong rivalry can lead to price wars, increased marketing expenses, and innovation as firms strive to gain a competitive edge. Therefore, assessing the character of the rivalry is essential for evaluating the competitive landscape and formulating effective strategies. Other concepts like the bargaining power of firms, the threat of new entrants, and the threat of substitute products relate to competitive forces but do not primarily focus on the intensity of competition directly among existing firms, which is what character of the rivalry encapsulates.

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://mgmtorgstrategy.examzify.com>

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

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