

MULTIPLE CHOICE QUESTIONS

1. Which strategy is implemented after the failure of turnaround strategy?
 - (a) Expansion strategy
 - (b) Diversification strategy
 - (c) Divestment strategy
 - (d) Growth strategy
2. Retrenchment strategy in the organization can be explained as
 - (a) Reducing trenches (gaps) created between individuals.
 - (b) Divesting a major product line or market.
 - (c) Removal of employees from job through the process of reorganization.
 - (d) Removal of employees from job in one business to relocate them in other business
3. An organisation diversifies in backward sequence in the product chain and enters specific product/process to be used in existing products. It is:
 - (a) Forward diversification.
 - (b) Vertical diversification.
 - (c) Horizontal diversification.
 - (d) Reactive diversification.
4. Corporate strategy includes:
 - (i) expansion and growth, diversification, takeovers and mergers
 - (ii) Vertical and horizontal integration, new investment and divestment areas
 - (iii) determination of the business lines

From the combinations given below select a correct alternative:

 - (a) (i) and (ii)
 - (b) (i) and (iii)
 - (c) (ii) and (iii)
 - (d) (i), (ii) and (iii)
5. Vertical integration may be beneficial when
 - (a) Lower transaction costs and improved coordination are vital and achievable through vertical integration.
 - (b) Flexibility is reduced, providing a more stationary position in the competitive environment.
 - (c) Various segregated specializations will be combined.
 - (d) The minimum efficient scales of two corporations are different.

6. 'Stability strategy is a _____ strategy.
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| (a) SBU level | (b) Corporate level |
| (c) Business level | (d) Functional level |
7. Conglomerate diversification is another name for which of the following?
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|-------------------------------|---------------------------------|
| (a) Related diversification | (b) Unrelated diversification |
| (c) Portfolio diversification | (d) Acquisition diversification |
8. Diversification primarily helps to:
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|------------------------|------------------|
| (a) Reduce competition | (b) Reduce risk |
| (c) Reduce taxes | (d) Reduce costs |
9. If suppliers are unreliable or too costly, which of these strategies may be appropriate?
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|----------------------------|--------------------------|
| (a) Horizontal integration | (b) Backward integration |
| (c) Market penetration | (d) Forward integration |
10. The SK Clothing Company (SK) is a manufacturer of a wide range of clothing. Fashion is one of the five divisions of SK. Fashion is operating in a market with high growth and is a market leader. By next year, it is predicted to have 10% of the market share in a growing market. Fashion should be classified as either of the following according to the BCG matrix.
- | | |
|--------------|-------------------|
| (a) Star | (b) Dog |
| (c) Cash cow | (d) Question Mark |
11. A beverage company has more than 500 soft drink brands, but none of them is anywhere close to its premium brand One Sip in awareness, revenue and profits. As per BCG's Matrix, One Sip brand for the beverage company is?
- | | |
|--------------|-------------------|
| (a) Star | (b) Dog |
| (c) Cash cow | (d) Question mark |
12. SK Pvt Ltd has seventeen factories, nine of which they recently gave to other producers on lease. This has increased their cash inflows to a great extent, and they are enjoying this surplus by investing the same in financial assets. Such a strategy can be termed as which of the following?
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|------------|-------------|
| (a) Divest | (b) Harvest |
| (c) Hold | (d) Build |
13. In context to the BCG matrix, which of the following statements is not correct?
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|---|
| (a) The BCG assumes that all products will grow and mature. |
| (b) The BCG can be used to examine a company's current product portfolio |
| (c) A company with only cash cows and dogs has limited long-term prospects. |
| (d) All of the above |
14. When there is impact of strategy implementation on strategy formulation it can be referred as?
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|-----------------------|-------------------------|
| (a) Backward Linkages | (b) Forward Linkages |
| (c) Vertical Linkages | (d) Horizontal Linkages |

- 15.** Mr. S was heading the Global Biscuits SBU for SK's Ltd. and he got an email congratulating him for being promoted as the head of the entire business of SK's in India. Which of the following statements is true about Mr. S's position?
- (a) Greg was a business level manager but now he is a corporate level manager
 - (b) Greg was a functional level manager but now he is a corporate level manager
 - (c) Greg was a business level manager and now also he is a business level manager
 - (d) Greg was a corporate level manager and now also he is a corporate level manager
- 16.** Dogs in BCG Matrix be minimised through?
- (a) Converting to Cash Cows
 - (b) Liquidating or Divesting
 - (c) Foreign Direct Investment Opportunity
 - (d) Bad Debt Writing off
- 17.** Which of the following is not a type of diversification strategy?
- (a) Vertical diversification.
 - (b) Concentric diversification.
 - (c) Conglomerate diversification.
 - (d) Co-generic diversification
- 18.** Under BCG an SBU with products having little market share but in an attractive industry is referred to as:
- (a) Cash cow
 - (b) Star
 - (c) Dog
 - (d) Question mark
- 19.** What will happen in case many new businesses enter a market?
- (a) Barriers to entry will rise.
 - (b) Competitive rivalry will intensify.
 - (c) Capacity of industry will fall.
 - (d) Industry will become more lucrative
- 20.** An organisation acquiring its supplier is an example of:
- (a) Horizontal integrated diversification.
 - (b) Forward integrated diversification.
 - (c) Backward integrated diversification.
 - (d) Conglomerate diversification
- 21.** Which of the following is not true for SBUs
- (a) It is relevant for multi-product, multi-business enterprises.
 - (b) It provides for more control at enterprise level with centralised strategic planning.
 - (c) A SBU has its own set of competitors.
 - (d) SBUs can be created for units at distant geographical locations.
- 22.** Acquisition of another organisation that was using your product in their manufacturing is:
- (a) Horizontal integrated diversification
 - (b) Forward integrated diversification
 - (c) Backward integrated diversification
 - (d) conglomerate diversification
- 23.** A tool by which management identifies and evaluates the various businesses that make up a company is termed as:
- (a) Value Chain Analysis
 - (b) Portfolio Analysis
 - (c) Competition Analysis
 - (d) Strategic Analysis

24. SK Ltd. has identified that all three of its main products are at the maturity phase of the product life cycle. Which of the following is SK Ltd. likely to be experiencing due to this?
- (a) High, but declining sales
 - (b) Growing numbers of competitors
 - (c) Product diversification and differentiation strategies
 - (d) Adoption of price skimming strategies
25. SK is a fast-food brand and has been facing a lot of competition from American brands and has decided to not go very aggressive but to just preserve market share? Which of the strategies SK is following?
- (a) Build
 - (b) Hold
 - (c) Harvest
 - (d) Divest
26. Strategy evaluation is difficult on account of following trends, except:
- (a) There is a dramatic increase in the environment's complexity.
 - (b) It is difficult to predict the future
 - (c) Firms have unlimited resources.
 - (d) Obsolescence is rapid.
27. Acquisition of a company producing readymade garments by a company manufacturing yarn is
- (a) Horizontal integration
 - (b) Horizontal Diversification
 - (c) Forward integration
 - (d) Backward integration
28. Which of the following can be used in a retrenchment strategy?
- (a) Reducing assets.
 - (b) Operational improvement.
 - (c) Cutting cost.
 - (d) All of the above.
29. Conglomerate diversification can also be explained as:
- (a) Merger
 - (b) Combination strategy
 - (c) Related diversification
 - (d) Unrelated diversification
31. When two organizations combine to increase their strength and financial gains along with reducing competition is called _____.
- (a) Hostile takeover
 - (b) Liquidation
 - (c) Merger
 - (d) Acquisition
32. SK Company, a car manufacturer is buying up a supplier so that it gets a dedicated supplier with both guaranteed quality and price. The material could be manufactured when required by SK Company leading to lower inventory levels. Which strategy has SK Company adopted?
- (a) Backward integration
 - (b) Forward integration
 - (c) Conglomerate diversification
 - (d) Horizontal integrated diversification

34. SK was having a tough time with its operations and wanted to restructure itself from scratch. For this, they consult a veteran in business strategy, Mr. S, who post analysis of their business said, “your dead business is worth more than alive”. What did Mr. S hint at?
- (a) Restructuring Business (b) Liquidation
(c) Business Process Re-engineering (d) Divestment
35. A rubber manufacturer starts making shoe soles and gum can be termed as?
- (a) Conglomerate Diversification (b) Concentric Diversification
(c) Horizontal Integration (d) Vertical Integration
36. The business news anchor said that “SK’s dead business is worth more than alive”. What did she hint at?
- (a) Restructuring Business (b) Liquidation
(c) Business Process Re-engineering (d) Divestment
38. Arrange divestment, liquidation, stability and turnaround strategies in order of preference for adoption by a typical organization.
- (a) Turnaround, stability, liquidation and divestment.
(b) Divestment, liquidation, stability and turnaround.
(c) Stability, turnaround, liquidation and divestment.
(d) Stability, turnaround, divestment and liquidation
39. Supply chain refers to the linkages between:
- (a) Suppliers (b) Logistics
(c) Customers (d) All the above
41. SK Limited is a full-service airline. The company is making the following decisions:
- (i) Should a ‘no-frills’, ‘low-fare’ subsidiary be set-up?
(ii) If it is set-up, how should the cabin staff be recruited?
- Which of the above decisions will be taken by corporate level managers?
- (a) Only (i) (b) Only (ii)
(c) (i) & (ii) (d) Neither (i) nor (ii)
42. A tea farm owners plan to open tea cafes in tourist spots and to sell their own premium tea to build a brand. Which of the following can this be termed as?
- (a) Backward Integration (b) Forward Integration
(c) Diversification (d) Horizontal Integration
43. SK, a honey brand, decided to start a new brand for making honey ginger candies to meet the rising demand. Identify their growth strategy?
- (a) Conglomerate Diversification (b) Concentric Diversification
(c) Vertical Integration (d) Horizontal Integration

44. Low cost, differentiation and focus are:
- (a) SBU level strategies
 - (b) Corporate level strategies
 - (c) Business level strategies
 - (d) Functional level strategies
46. _____ is a tool by which management identifies & evaluates the various businesses that make up the company.
- (a) Strategic Analysis
 - (b) Portfolio Analysis
 - (c) Market Analysis
 - (d) System Analysis
47. Which of these are low-growth, high market share businesses/product, generate cash & have low costs?
- (a) Star
 - (b) Cash-Cow
 - (c) Question-Mark
 - (d) Dog
48. Which of the following is the most risky strategy of Ansoff market product growth matrix?
- (a) Market Penetration
 - (b) Market Development
 - (c) Product Development
 - (d) Diversification
49. Which integration attempts to improve performance through ownership of more parts of the value system, making linkages internal to organization?
- (a) Vertical
 - (b) Horizontal
 - (c) Co-Centric
 - (d) Stratified
50. Which can be defined as a technique that helps strategists in taking strategic decisions with regard to individual products or businesses in a firm's portfolio?
- (a) Strategic Analysis
 - (b) Portfolio Analysis
 - (c) Market Analysis
 - (d) System Analysis
51. Which strategy has its objective of preserve market share?
- (a) Build
 - (b) Hold
 - (c) Harvest
 - (d) Divest
52. Which of these is a portfolio analysis technique that is based on the product life cycle?
- (a) BCG Growth Matrix
 - (b) Ansoff Growth Matrix
 - (c) Arthur D. Little Matrix
 - (d) General Electric Matrix
53. If a company's strategies result in superior performance it is said to have.
- (a) Core Competency
 - (b) Strategic Analysis
 - (c) Competitive Advantage
 - (d) Value Creation
54. Which strategy has its objective to increase short term cash flows regardless of long-term earning?
- (a) Build
 - (b) Hold
 - (c) Harvest
 - (d) Divest

55. Which position of ADL matrix is comparatively rare position & in many cases is attributable to a monopoly?
- | | |
|----------------|-------------|
| (a) Dominant | (b) Tenable |
| (c) Favourable | (d) Strong |
56. Industry's economic feature & competitive structure revealed about its fundamental character & about ways in which its environment may be changing.
- | | |
|--------------------|--------------------|
| (a) A Lot, Little | (b) Little, A lot |
| (c) Nothing, A lot | (d) A Lot, Nothing |
57. The concept ADL Matrix is developed by_____.
- | | |
|--------------------|----------------------|
| (a) Igor H. Ansoff | (b) Willium F. Gluek |
| (c) Heinz Weihrich | (d) Arthur D. Little |
58. Which strategy has its objective to sell or liquidate the business because resources can be better used elsewhere?
- | | |
|-------------|------------|
| (a) Build | (b) Hold |
| (c) Harvest | (d) Divest |
59. In which position of ADL, a firm has considerable degree of freedom over its choice of strategies & often able to act without its market position?
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|---------------|-------------|
| (a) Dominant | (b) Tenable |
| (c) Favorable | (d) Strong |
60. Which of the following is also known as, Problem Child or Wild Cats?
- | | |
|-------------------|--------------|
| (a) Star | (b) Cash-Cow |
| (c) Question-Mark | (d) Dog |
61. Which of these refers to a growth strategy where he business focuses on selling existing products into existing markets?
- | | |
|-------------------------|------------------------|
| (a) Market Penetration | (b) Market Development |
| (c) Product Development | (d) Diversification |
62. Which position in ADL matrix generally comes about when industry is fragmented & no one competitor stand out clearly, result in market leaders a reasonable degree of freedom?
- | | |
|---------------|-------------|
| (a) Dominant | (b) Tenable |
| (c) Favorable | (d) Strong |
63. Which of these is a simplest way to portray a corporation's portfolio of investment?
- | | |
|----------------------------|-----------------------------|
| (a) Ansoff's Growth Matrix | (b) Product Life Cycle |
| (c) SWOT Analysis | (d) BCG Growth Share Matrix |

64. Which of these require a lot of cash to hold their share & need heavy investment with low growth potential?
 (a) Star (b) Cash-Cow
 (c) Question-Mark (d) Dog
65. Which of these refers to a strategy where the business seeks to sell its existing products into new market & this can be achieved by new product packaging, distribution channel etc?
 (a) Market Penetration (b) Market Development
 (c) Product Development (d) Diversification
66. In which position of ADL matrix companies are generally vulnerable in the face of increased competition from stronger & more proactive companies in market?
 (a) Dominant (b) Tenable
 (c) Favorable (d) Strong
67. Which of these are products or SBU that are growing rapidly & also need heavy investment to maintain their position & finance their rapid growth potential?
 (a) Star (b) Cash-Cow
 (c) Question-Mark (d) Dog
68. Which of these are low-growth, low-share businesses & products that may generate enough cash to maintain themselves but do not have much future?
 (a) Star (b) Cash-Cow
 (c) Question-Mark (d) Dog
69. Which of these refers to a growth strategy where new products is market in new markets?
 (a) Market Penetration (b) Market Development
 (c) Product Development (d) Diversification
70. General Electric Matrix does not known as _____.
 (a) Business Planning Matrix (b) Nine-Cell Matrix
 (c) Electric Model (d) S-Shaped Curve

Answer Key

1. (c)	2. (b)	3. (b)	4. (d)	5. (a)	6. (b)	7. (b)	8. (b)	9. (b)	10. (a)
11. (c)	12. (b)	13. (a)	14. (a)	15. (a)	16. (b)	17. (d)	18. (d)	19. (b)	20. (c)
21. (b)	22. (b)	23. (b)	24. (c)	25. (b)	26. (c)	27. (c)	28. (d)	29. (d)	30. (c)
31. (a)	32. (b)	33. (b)	34. (b)	35. (d)	36. (d)	37. (a)	38. (b)	39. (b)	40. (b)
41. (b)	42. (b)	43. (d)	44. (a)	45. (b)	46. (b)	47. (c)	48. (c)	49. (c)	50. (a)
51. (a)	52. (d)	53. (d)	54. (d)	55. (c)	56. (a)	57. (c)	58. (d)	59. (c)	60. (b)
61. (b)	62. (a)	63. (d)	64. (d)	65. (d)	66. (x)	67. (x)	68. (x)	69. (x)	70. (x)