

## Chapter 1

- 1) The goal of strategic management is to
  - A) achieve competitive advantage.
  - B) maintain competitive advantage.
  - C) achieve and maintain competitive advantage.**
  - D) eliminate competitive advantage
  - E) eliminate and abolish competitive advantage.
  
- 2) Strategic management focuses on integrating management, \_\_\_\_\_, and information systems to achieve organizational success.
  - A) marketing
  - B) finance/accounting
  - C) production/operations
  - D) research and development
  - E) all of the above**
  
- 3) What can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?
  - A) Strategy formulation
  - B) Strategy evaluation
  - C) Strategy implementation
  - D) Strategic management**
  - E) Strategic leading
  
- 4) \_\_\_\_\_ is used to refer to strategic formulation, implementation and evaluation, with \_\_\_\_\_ referring only to strategic formulation.
  - A) Strategic planning; strategic management
  - B) Strategic planning; strategic processing
  - C) Strategic management; strategic planning**
  - D) Strategic management; strategic processing
  - E) Strategic implementation; strategic focus
  
- 5) During what stage of strategic management are a firm's specific internal strengths and weaknesses determined?
  - A) Formulation**
  - B) Implementation
  - C) Evaluation
  - D) Feedback
  - E) Goal-setting
  
- 6) An important activity in \_\_\_\_\_ is taking corrective action.
  - A) strategy evaluation**
  - B) strategy implementation
  - C) strategy formulation
  - D) strategy leadership
  - E) all of the above

7) What step in the strategic development process involves mobilizing employees and managers to put strategies into action?

- A) Formulating strategy
- B) Strategy evaluation
- C) Implementing strategy**
- D) Strategic advantage
- E) Competitive advantage

8) What types of skills are especially critical for successful strategy implementation?

- A) Interpersonal**
- B) Marketing
- C) Technical
- D) Conceptual
- E) Thinking

9) Which phase of strategic management is called the action phase?

- A) Strategy formulation
- B) Strategy implementation**
- C) Strategy evaluation
- D) Allocating resources
- E) Measuring performance

10) \_\_\_\_\_ is not a strategy-implementation activity.

- A) Taking corrective actions**
- B) Establishing annual objectives
- C) Devising policies
- D) Allocating resources
- E) Motivating employees

11) Strategy evaluation is necessary because

- A) internal and external factors are constantly changing.**
- B) the SEC requires strategy evaluation.
- C) success today is a guarantee of success tomorrow.
- D) the IRS requires strategy evaluation.
- E) firms have limited resources.

12) Which statement best describes intuition?

- A) It represents the marginal factor in decision-making.
- B) It represents a minor factor in decision-making integrated with analysis.
- C) It should be coupled with analysis in decision-making.**
- D) It is better than analysis in decision-making.
- E) It is management by ignorance.

- 13) \_\_\_\_\_ and \_\_\_\_\_ are external forces transforming business and society today.
- A) E-commerce; strategy
  - B) E-commerce; globalization**
  - C) Strategy; globalization
  - D) Corporate culture; stakeholders
  - E) Stakeholders; strategy
- 14) Anything that a firm does especially well compared to rival firms is referred to as
- A) competitive advantage.**
  - B) comparative advantage.
  - C) opportunity cost.
  - D) sustainable advantage.
  - E) an external opportunity.
- 15) The three original broadcast networks captured about \_\_\_\_\_ of the prime-time audience in 1978, but today their combined market share is less than \_\_\_\_\_.
- A) 75%/40%
  - B) 75%/25%
  - C) 90%/50%**
  - D) 90%/25%
  - E) 100%/40%
- 16) The fact that Apple has no manufacturing facilities of its own
- A) has caused it to build up massive debt on its balance sheet.
  - B) has enabled it to remain financially lean with virtually no long-term debt.**
  - C) has been problematic for Apple in terms of debt.
  - D) illustrates that having more fixed assets than rival firms can provide major competitive advantages in a global recession.
  - E) means that it is in the same position as Sony.
- 17) \_\_\_\_\_ allows firms to sell products, advertise, purchase supplies, bypass intermediaries, track inventory, and eliminate paperwork.
- A) Social networking
  - B) E-commerce**
  - C) Blogging
  - D) Video sites
  - E) None of the above
- 18) The Internet has transferred power from \_\_\_\_\_ to \_\_\_\_\_.
- A) businesses, individuals**
  - B) governments, businesses
  - C) individuals, businesses
  - D) businesses, governments
  - E) individuals, governments

19) The trends in newspaper circulation in the United States provide support for which statement?

- A) Sustainable competitive advantage is easy to maintain.
- B) Several firms can have similar competitive advantages.
- C) Some products are relatively immune to changes in the external environment.
- D) Most competitive advantages are hard to sustain.**
- E) Competition is generally good for companies and consumers.

20) The one factor that has most significantly impacted the nature and core of buying and selling in nearly all industries has been

- A) the Internet.**
- B) political borders.
- C) corporate greed.
- D) customer and employee focus.
- E) the government.

21) Which individuals are most responsible for the success and failure of an organization?

- A) Strategists**
- B) Financial planners
- C) Personnel directors
- D) Stakeholders
- E) Human resource managers

22) The first step in strategic planning is generally

- A) developing a vision statement.**
- B) establishing goals and objectives.
- C) making a profit.
- D) developing a mission statement.
- E) determining opportunities and threats.

23) What are enduring statements of purpose that distinguish one business from other similar firms?

- A) Policies
- B) Mission statements**
- C) Objectives
- D) Rules
- E) Employee conduct guidelines

24) An organization's vision statement

- A) is a constant reminder to its employees of why the organization exists.
- B) broadly charts the future direction of an organization.
- C) addresses the basic question: "What is our business?"
- D) answers the question: "What do we want to become?"**
- E) none of the above

25) Usually, external opportunities and threats are

- A) **uncontrollable by a single organization.**
- B) controlled by governments.
- C) not as important as internal strengths and weaknesses.
- D) key functions in strategy implementation.
- E) key functions in strategy exploitation.

26) Specific results an organization seeks to achieve in pursuing its basic mission are

- A) strategies.
- B) rules.
- C) **objectives.**
- D) policies.
- E) tenets.

27) Internal \_\_\_\_\_ are activities in an organization that are performed especially well.

- A) opportunities
- B) competencies
- C) **strengths**
- D) management
- E) factors

28) What are the means by which long-term objectives will be achieved?

- A) **Strategies**
- B) Strengths
- C) Weaknesses
- D) Policies
- E) Opportunities

29) Long-term objectives should be all of the following *except*

- A) measurable.
- B) **continually changing.**
- C) reasonable.
- D) challenging.
- E) consistent.

30) \_\_\_\_\_ can best be described as short-term in nature.

- A) Mission statements
- B) Tenure
- C) **Annual objectives**
- D) Strategies
- E) Management

31) In which phase of strategic management are annual objectives especially important?

- A) Formulation
- B) Control
- C) Evaluation
- D) Implementation**
- E) Management

32) What are guides to decision making?

- A) Laws
- B) Rules
- C) Policies**
- D) Objectives
- E) Goals

33) The strategic-management process

- A) occurs once a year.
- B) is a sequential process.
- C) is a continuous process.**
- D) applies mostly to companies with sales greater than \$100 million.
- E) applies mostly to small businesses.

34) Which of the following is not included in the strategic management model?

- A) Measure and evaluate performance
- B) Perform internal research to identify customers**
- C) Establish long-term objectives
- D) Implement strategies
- E) Develop mission and vision statements

35) Strategic management enables an organization to \_\_\_\_\_, instead of just responding to threats in its business environment.

- A) be proactive**
- B) determine when the threat will subside
- C) avoid the threats
- D) defeat their competitors
- E) foresee into the future

36) The act of strengthening employees' sense of effectiveness by encouraging and rewarding them for participating in decision-making and exercising initiative and imagination is referred to as

- A) authoritarianism.
- B) proaction.
- C) empowerment.**
- D) transformation.
- E) delegation.

37) How do line managers become "owners" of the strategy?

- A) By attending top manager meetings
- B) By executing plans formulated by other people
- C) By involvement in the strategic-management process**
- D) By becoming a shareholder of the firm
- E) By buying off top managers

38) The changes that occurred when Robert Iger took over the reigns at Disney demonstrate which current trend in organizations?

- A) Increased formalization of the strategic management process
- B) Increased structuring of strategic management
- C) Increased decentralizing of strategic management**
- D) Increased emphasis on strategic planning
- E) Increased central planning of the strategic management process

39) According to research, organizations using strategic management are \_\_\_\_\_ than those that do not.

- A) more profitable**
- B) more complex
- C) less profitable
- D) less static
- E) less complex

40) According to Greenley, strategic management offers all of these benefits *except*:

- A) it provides an objective view of management problems.
- B) it creates a framework for internal communication among personnel.
- C) it encourages a favorable attitude toward change.
- D) it maximizes the effects of adverse conditions and changes.**
- E) it gives a degree of discipline and formality to the management of a business.

41) What is not a reason given for poor or no strategic planning in organizations?

- A) Waste of time
- B) Being content with success
- C) Firefighting
- D) Poor reward structure
- E) Trust of management**

42) All of these are pitfalls an organization should avoid in strategic planning *except*:

- A) using plans as a standard for measuring performance.**
- B) using strategic planning to gain control over decisions and resources.
- C) failing to involve key employees in all phases of planning.
- D) too hastily moving from mission development to strategy formulation.
- E) being so formal in planning that flexibility and creativity are stifled.

43) What is not a pitfall an organization should avoid in strategic planning?

- A) Failing to communicate the plan to employees
- B) Involving all managers rather than delegating planning to a "planner"**
- C) Top managers not actively supporting the strategic planning process
- D) Doing strategic planning only to satisfy accreditation or regulatory requirements
- E) Failing to create a collaborative climate supportive of change

44) Which of the following statements is false?

- A) Open-mindedness is an important guideline for effective strategic management.
- B) Strategic management must become a self-perpetuating socialist mechanism.**
- C) No organization has unlimited resources.
- D) Strategic decisions require trade-offs.
- E) Strategic management must be a self-reflective learning process.

45) All of the following are guidelines for effective strategic planning *except*:

- A) it should be simple and nonroutine.
- B) it should be a learning process for all managers and employees.
- C) it should be a paper process more than a people process.**
- D) it should not disregard qualitative information.
- E) it should not be a formal system for control.

46) What is not a guideline given for effective strategic planning?

- A) Continually strengthen the "good ethics is good business" policy.
- B) It should not include jargon or arcane planning language.
- C) It should not be too formal, predictable, or rigid.
- D) It should welcome bad news.
- E) It should be controlled by "technicians."**

47) Which of the following statements is false?

- A) No organization can pursue all the strategies that potentially could benefit the firm.
- B) Most organizations today recognize that strategic-management concepts and techniques can enhance the effectiveness of decisions.
- C) A key role of strategists is to facilitate continuous organizational learning and change.
- D) Effective strategic planning should accept the assumptions underlying the current corporate strategy.**
- E) Even the most technically perfect strategic plan will serve little purpose if it is not implemented.

48) Terms such as *objectives*, *mission*, *strengths*, and *weaknesses* were first formulated to address problems

- A) on the battlefield.**
- B) in the boardroom.
- C) on the trading floor.
- D) in the military hierarchy.
- E) in interpersonal relationships.

49) According to *Webster's New World Dictionary*, \_\_\_\_\_ is "the science of planning and directing large-scale military operations, of maneuvering forces into the most advantageous position prior to actual engagement with the enemy."

- A) competitive advantage
- B) war
- C) strategy**
- D) formulation
- E) business

50) Business or military success is

- A) generally the happy result of accidental strategies.
- B) undermined by the element of surprise.
- C) the product of both attention to changing external and internal conditions and the insightful adaptations to those conditions.**
- D) unrelated to external conditions.
- E) none of the above.

51) Superior strategy formulation and implementation \_\_\_\_\_ an opponent's superiority in numbers and resources.

- A) are irrelevant to
- B) are not enough to surmount
- C) can overcome**
- D) can lead to
- E) unite

52) A strong \_\_\_\_\_ heritage underlies the study of strategic management.

- A) military**
- B) government
- C) political
- D) social
- E) cultural

53) Military strategy is based on an assumption of \_\_\_\_\_, whereas business strategy is based on an assumption of \_\_\_\_\_.

- A) conflict; cooperation
- B) conflict; competition**
- C) cooperation; conflict
- D) competition; conflict
- E) cooperation; competition

54) Both business and military organizations must \_\_\_\_\_ and \_\_\_\_\_ to be successful.

- A) be impervious to change; continually improve
- B) adapt to change; continually improve**
- C) shun change; stay the course
- D) be impervious to change; stay the course
- E) none of the above

55) The strategic-management process is becoming more widely used by

- A) small firms.
- B) nonprofit institutions.
- C) governmental organizations.
- D) multinational conglomerates.
- E) all of the above**

56) Organizations should take a(n) \_\_\_\_\_ approach in their industry.

- A) adversarial rather than a collegial
- B) collegial rather than an adversarial
- C) reactive rather than a proactive
- D) proactive rather than a reactive**
- E) cooperative rather than a competitive

57) The strategic-management process represents a(n) \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ approach for determining an enterprise's future direction.

- A) logical; systematic; subjective
- B) intuitive; disorganized; subjective
- C) logical; systematic; objective**
- D) intuitive; disorganized; objective
- E) intuitive; systematic; subjective

## Chapter 2

58) All of the following are mentioned as places where vision and mission statements can often be found *except*:

- A) SEC reports.**
- B) annual reports.
- C) customer service agreements.
- D) supplier agreements.
- E) business plans.

59) According to recent studies, what percent of companies have used a mission statement sometime in the past five years?

- A) 15%
- B) 30%
- C) 60%
- D) 75%
- E) 90%**

60) Which of these basic questions should a vision statement answer?

- A) What is our business?
- B) Who are our employees?
- C) What are our challenges?
- D) What do we want to become?**
- E) Who are our competitors?

61) Which type of statement should be created first and foremost?

- A) Strategic
- B) Vision**
- C) Objectives
- D) Mission
- E) Competitive advantage

62) The ideal length of a vision statement is

- A) one page.
- B) several paragraphs.
- C) one sentence.**
- D) several sentences.
- E) as long as is necessary to convey the message.

63) Who is referred to as "the father of modern management?"

- A) Deming
- B) Peters
- C) Drucker**
- D) McGinnis
- E) Smith

64) What is the first step in the comprehensive strategic-management model?

- A) Developing vision and mission statements**
- B) Performing external audits
- C) Performing internal audits
- D) Measuring and evaluating performance
- E) Establishing long-term objectives

65) According to the comprehensive strategic-management model, which step needs to be completed immediately following the establishment of long-term objectives?

- A) Developing vision and mission statements
- B) Performing external audits
- C) Performing internal audits
- D) Generating, evaluating, and selecting strategies**
- E) Measuring and evaluating performance

66) The purpose of a mission statement is to declare all of these *except*

- A) a reason for being.
- B) an annual financial plan.**
- C) a statement of purpose.
- D) a statement of beliefs.
- E) whom it wants to serve.

67) As indicated in the strategic-management model, a clear \_\_\_\_\_ is needed before alternate strategies can be formulated and implemented.

- A) long-term objective
- B) short-term objective
- C) policy
- D) mission statement**
- E) evaluation strategy

68) A business's mission is the foundation for all of the following *except*:

- A) priorities.
- B) strategies.
- C) plans.
- D) employee wage rates.**
- E) work assignments..

69) The mission statement answers which question?

- A) What is our business?**
- B) How can we improve ourselves?
- C) What do we want to become?
- D) Who are our stakeholders?
- E) How can we increase profitability?

70) The vision statement answers which question?

- A) What is our business?
- B) How can we improve ourselves?
- C) What do we want to become?**
- D) Who are our stakeholders?
- E) How can we increase profitability?

71) In the process of developing a mission statement, it is important to involve

- A) as few managers as possible.
- B) as many managers as possible.**
- C) upper-level management only.
- D) lower-level management only.
- E) the board of directors only.

72) The process of developing a vision and mission statement often includes which of these as the first activity?

- A) Requesting that managers modify the current document
- B) Asking managers to read selected articles about mission statements**
- C) Asking managers to prepare a mission statement for the organization
- D) Having a brainstorming session on whether the organization should have a mission statement
- E) Merging several mission statements into one document

73) After a draft mission statement has been developed, it is important to

- A) ask managers to read several articles about mission statements as background information.
- B) vote on the mission statement.
- C) ask managers to prepare a mission statement for the organization.
- D) ask managers to seek support for the mission statement from their subordinates.
- E) request modifications, additions and deletions to the mission statement.**

74) What can be used to promote unbiased views and to manage the development of the mission statement more effectively?

- A) An internal group
- B) A committee of managers
- C) Command-and-control
- D) Surveys
- E) An outside facilitator**

75) According to Campbell and Yeung, what is/are most likely associated with behavior and the present?

- A) Mission**
- B) Values
- C) Long-term objectives
- D) Vision
- E) Possibilities

76) A study by Rarick and Vitton found that firms with a formalized mission statement have \_\_\_\_\_ the average return on shareholders' equity compared to those firms without a formalized mission statement.

- A) one-quarter
- B) half
- C) twice**
- D) three times
- E) five times

77) *Business Week* reports that firms using mission statements have a \_\_\_\_\_ percent higher return on certain financial measures than those without such statements.

- A) 10
- B) 15
- C) 30**
- D) 57
- E) 54

78) King and Cleland recommend that organizations carefully develop a written mission statement for all of the following reasons *except*

A) to provide a basis for allocating organizational resources.

B) to establish a general tone or organizational climate.

C) to ensure unanimity of purpose within the organization.

**D) to ensure a command-and-control structure.**

E) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization.

79) When developing a mission statement, what is needed before people can focus on specific strategy formulation activities?

A) Negotiation

B) Compromise

C) Eventual agreement

D) A and B only

**E) All of the above**

80) What is the best time to develop a mission statement?

A) Before a business is opened

**B) When the firm is successful**

C) When the firm is in financial trouble

D) When the firm is in legal trouble

E) When the firm encounters competition

81) A change in mission always leads to changes in

A) objectives.

B) strategies.

C) organization.

D) behavior.

**E) all of the above.**

82) Which group would be classified as stakeholders?

A) Governments

B) Creditors

C) Suppliers

D) Employees

**E) All of the above**

83) All stakeholders

**A) have claims and concerns about an organization, but these claims and concerns vary.**

B) have the same claims and concerns about an organization.

C) have ownership rights in an organization.

D) have the same voting rights in an organization.

E) have environmental concerns as their top priority.

84) A good mission statement has

- A) an employee orientation.
- B) a customer orientation.**
- C) a shareholder orientation.
- D) an environmental orientation.
- E) a profit orientation.

85) The potential for creative growth in an organization can be limited by

- A) an overemphasis on stakeholders.
- B) not enough emphasis on stakeholders.
- C) a mission statement that is too general.
- D) a mission statement that is too specific.**
- E) a mission statement that is too dynamic.

86) An overly general mission statement that \_\_\_\_\_ could be dysfunctional.

- A) does not exclude any strategy alternatives**
- B) encourages management creativity
- C) excludes all diversification
- D) endorses the consideration of feasible potential strategies
- E) allows for the generation and consideration of a range of alternative objectives

87) The general public is especially interested in \_\_\_\_\_, whereas stockholders are more interested in \_\_\_\_\_.

- A) environmental concerns; social responsibility
- B) social responsibility; the treatment of employees
- C) the treatment of employees; environmental concerns
- D) profitability; social responsibility
- E) social responsibility; profitability**

88) In order to appeal to its diverse stakeholders, an effective mission statement should be

- A) inflammatory.
- B) provocative.
- C) contentious.
- D) reconciliatory.**
- E) dysfunctional.

89) In developing a mission statement, arousing emotion

- A) is not a benefit.
- B) is futile.
- C) is important.**
- D) should be avoided if possible.
- E) is counterproductive.

90) According to McGinnis, a mission statement should be all of the following *except*:

- A) **it should be specific enough to control creative growth.**
- B) it should be stated in clear terms.
- C) it should distinguish an organization from all others.
- D) it should define what an organization is.
- E) it should serve as a framework for evaluating both current and prospective activities.

91) An effective mission statement is all of the following *except*:

- A) it reflects judgments about future growth directions that are based upon forward-looking external and internal analyses.
- B) it provides useful criteria for selecting among alternative strategies.
- C) it provides a basis for generating and screening strategic options.
- D) **it is static in orientation.**
- E) it should be enduring.

92) Good mission statements identify the \_\_\_\_\_ of a firm's products to its customers.

- A) **utility**
- B) price
- C) profit margin
- D) demand
- E) popularity

93) Which of these examples of a mission statement's focus area does *not* identify the utility of the firm's products to its customers?

- A) AT&T focuses on communication rather than telephones.
- B) **Exxon/Mobil focuses on oil and gas rather than energy.**
- C) Union Pacific focuses on transportation rather than railroads.
- D) Universal Studios focuses on entertainment rather than movies.
- E) Starbucks focuses on the café experience rather than coffee.

94) All of the following utility statements are relevant in developing a mission statement *except*:

- A) Do not offer me shoes. Offer me comfort for my feet and the pleasure of walking.
- B) Do not offer me furniture. Offer me comfort and the quietness of a cozy place.
- C) **Do not offer me ideas, emotions, ambience, feelings, and benefits. Offer me things.**
- D) Do not offer me books. Offer me hours of pleasure and the benefit of knowledge.
- E) Do not offer me clothes. Offer me attractive looks.

95) According to a classic description of the purpose of a business, it is the \_\_\_\_\_ who determines what a business is.

- A) marketing department
- B) middle-management
- C) CEO
- D) **customer**
- E) strategist

96) What a \_\_\_\_\_ is decisive and determines what a business is, and what the customer buys and considers value is \_\_\_\_\_.

- A) business thinks it produces; never a product
- B) business thinks it produces; what a product or service does for him or her
- C) customer thinks s/he is buying; always a product**
- D) customer thinks s/he is buying; always utility
- E) business thinks a customer wants; never what a product or service does for him or her

97) An effective mission statement should do all of the following *except*:

- A) include monetary amounts, numbers, percentages and ratios.**
- B) be inspiring.
- C) reveal that the firm is environmentally responsible.
- D) identify the utility of a firm's products.
- E) be reconciliatory.

98) The following excerpt from a mission statement illustrates which of the nine essential components of a mission statement?

"We believe our first responsibility is to the doctors, nurses, patients, mothers, and all others who use our products and services."

- A) Markets
- B) Customers**
- C) Concern for Employees
- D) Concern for Public Image
- E) Technology

99) Which of the following illustrates the self-concept component of a mission statement?

- A) To earn our customer's loyalty, we listen to them, anticipate their needs, and act to create value in their eyes.
- B) We are committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of our employees.**
- C) Our emphasis is on North American markets, although global opportunities will be explored.
- D) To compensate its employees with remuneration and fringe benefits competitive with other employment opportunities in its geographical area and commensurate with their contributions toward efficient corporate operations.
- E) In this respect, the company will conduct its operations prudently and will provide the profits and growth which will assure our ultimate success.

100) Effective mission statements can vary in

- A) length.
- B) content.
- C) format.
- D) specificity.
- E) all of the above**

101) Which component of a mission statement addresses the firm's distinctive competence or major competitive advantage?

- A) Technology
- B) Philosophy
- C) Concern for public image
- D) Customers
- E) Self-concept**

102) Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?

- A) Technology
- B) Philosophy**
- C) Concern for public image
- D) Customers
- E) Self-concept

103) Which question(s) are answered in an effective mission statement?

- A) What is the purpose of our organization?
- B) What is our company philosophy or self-concept?
- C) What technology will we employ to achieve our objectives?
- D) Who are the firm's customers?
- E) All of the above**

104) Which of the following is not one of the nine recommended components of a mission statement?

- A) Strategies**
- B) Self-concept
- C) Concern for employees
- D) Markets
- E) Customers

105) Effective and carefully planned mission statements

- A) require major changes every few months.
- B) require major changes every few years.
- C) never require revision.
- D) become ineffective in the first year.
- E) stand the test of time.**

### Chapter 3

106) \_\_\_\_\_ is not part of an external audit.

- A) Analyzing competitors
- B) Analyzing financial ratios**
- C) Analyzing available technologies
- D) Studying the political environment
- E) Analyzing social, cultural, demographic and geographic forces

107) Identifying and evaluating key social, political, economic, technological and competitive trends and events comprise

- A) developing an effective mission statement.
- B) conducting an internal audit.
- C) performing an external audit.**
- D) formulating strategy.
- E) implementing strategy.

108) The process of performing an external audit needs to include

- A) only top level managers, as it is a planning function.
- B) as many managers and employees as possible.**
- C) primarily front-line supervisors.
- D) between 15 to 20 managers for it to be valid.
- E) stockholders and external government agencies.

109) To perform an external audit, a company first must

- A) get an approval from the Securities and Exchange Commission.
- B) perform an internal audit.
- C) gather competitive intelligence and information about external trends.**
- D) hire a consultant to develop a comprehensive strategic plan.
- E) all of the above

110) Freund emphasizes that key external factors should be all of these *except*:

- A) important to achieving long-term and annual objectives.
- B) measurable.
- C) relatively few in number.**
- D) applicable to all competing firms.
- E) hierarchical in the sense that some will pertain to the overall company while others will be more narrowly focused.

111) The I/O approach to competitive advantage advocates that external factors are \_\_\_\_\_ internal factors in a firm achieving competitive advantage.

- A) less important than
- B) as important as
- C) more important than**
- D) more common than
- E) less common than

112) According to I/O theorists, which of the following contributes *least* to firm performance?

- A) Economies of scale
- B) Barriers to market entry
- C) Product differentiation
- D) Internal resources**
- E) Level of competitiveness

113) Which type of trend is exemplified by the increasing number of two-income households in America?

- A) Social
- B) Economic**
- C) Cultural
- D) Technological
- E) Historical

114) What happens when interest rates rise?

- A) Discretionary income increases
- B) The demand for discretionary goods increases
- C) Discretionary income is unchanged
- D) The demand for discretionary goods decreases**
- E) discretionary income increases and the demand for discretionary goods decreases

115) What effect do trends in the dollar's value have on companies in different industries and in different locations?

- A) Significant and equal
- B) Marginal and equal
- C) Significant and unequal**
- D) Insignificant and unequal
- E) No significant impact

116) In general, what happens to American goods in overseas markets when there is a strong dollar?

- A) They are less expensive.
- B) They are more attractive.
- C) They are cheaper.
- D) They are more expensive.**
- E) They are desirable.

117) It is predicted that the United States will have how many racial or ethnic majorities by the year 2075?

- A) None**
- B) One
- C) Two
- D) Three
- E) Five

118) Which of the states below has the youngest average population?

- A) Florida
- B) Utah**
- C) West Virginia
- D) Maine
- E) Pennsylvania

119) Which of the states below has the oldest average population?

- A) Idaho
- B) Texas
- C) Alaska
- D) Maine**
- E) California

120) Hawaii, California, and \_\_\_\_\_ already have no majority race or ethnic group.

- A) New York
- B) New Jersey
- C) New Hampshire
- D) New Mexico**
- E) all of the above

121) Who are the world's longest-living people?

- A) Americans
- B) Mexicans
- C) Indians
- D) Filipinos
- E) Japanese**

122) Americans were on the move in a population shift to \_\_\_\_\_, but the recession and housing bust nationwide has slowed migration throughout the United States.

- A) the Frostbelt
- B) the South and West**
- C) the Northeast and Midwest
- D) the Midwest and South
- E) Canada

123) Japan's elderly population ratio is \_\_\_\_\_ percent.

- A) 13
- B) 17**
- C) 19
- D) 22
- E) 65

124) When an industry relies heavily on government contracts, which forecasts can be the most important part of an external audit?

- A) Economic
- B) Political**
- C) Technological
- D) Competitive
- E) Multinational

125) Changes in which of the following can significantly affect firms?

- A) Patent laws
- B) Antitrust legislation
- C) Tax rates
- D) Lobbying activities
- E) All of the above**

126) Many economists say the current rash of trade constraints will make it \_\_\_\_\_ for global economic growth to recover from the global recession.

- A) easier
- B) impossible
- C) harder**
- D) more likely
- E) less difficult

127) \_\_\_\_\_ perhaps has instituted the most protectionist measures in recent months by raising tariffs on most imports and subsidizing its own exports.

- A) Russia**
- B) The United States
- C) The EU
- D) India
- E) Switzerland

128) Who is Japan's largest trading partner?

- A) Mexico
- B) China**
- C) U.S.
- D) U.K.
- E) Germany

129) All of the following are political, governmental, and legal variables that can represent key opportunities or threats to organizations *except*:

- A) special tariffs.
- B) environmental protection laws.
- C) world oil, currency, and labor markets.
- D) legislation on equal employment.
- E) population changes by race, age, sex, and level of affluence.**

130) Technological advancements can create new \_\_\_\_\_ advantages that are more powerful than existing advantages.

- A) economic
- B) social
- C) environmental
- D) competitive**
- E) comparative

131) Which of the following sectors of the economy would be most impacted by technological developments?

- A) Forestry
- B) Pharmaceuticals**
- C) Textiles
- D) Metals
- E) Paper

132) Collecting and evaluating information on competitors is essential for successful

- A) internal analysis.
- B) strategy evaluation.
- C) strategy formulation.**
- D) strategy implementation.
- E) strategy management.

133) In 2008, which company had the dominant market share in the beverages industry?

- A) Schweppes
- B) Coca-Cola**
- C) Anheuser-Busch
- D) Pepsi Bottling
- E) Molson Coors Brewing

134) Which of the following is not a characteristic that describes the most competitive companies in America?

- A) Divestiture is essential to growth.**
- B) People make a difference.
- C) Innovate or evaporate.
- D) There is no substitute for quality and no greater threat than failing to be cost-competitive on a global basis.
- E) Whether it's broke or not, fix it.

135) A systematic and ethical process for gathering and analyzing information about the competition's activities and general trends to further a business's own goals is called

- A) unethical business practice.
- B) artificial intelligence.
- C) competitive intelligence.**
- D) information sharing.
- E) competitive advantage.

136) \_\_\_\_\_ is not a basic mission of a competitive intelligence program.

- A) To provide a general understanding of an industry
- B) To provide a general understanding of a company's competitors
- C) To identify industry executives who could be hired by the firm**
- D) To identify areas where competitors are vulnerable and to assess the impact strategic actions would have on competitors
- E) To identify potential moves a competitor might make that would endanger a firm's position in the market

137) Which statement about business intelligence is least accurate?

- A) Intelligence gathering is an unethical business practice.
- B) Running an intelligence program requires many people.
- C) Running an intelligence program requires many computers and other resources.
- D) Collecting intelligence about competitors violates antitrust laws.
- E) Business intelligence is not equal to espionage.**

138) The responsibilities of a director of competitive analysis include all of the following *except*:

- A) researching special issues.
- B) disseminating information on a timely basis.
- C) recognizing what information is important and who needs to know.
- D) corporate espionage.**
- E) analyzing data.

139) *Market commonality* can be defined as

- A) the number and significance of markets that a firm competes in with rivals.**
- B) the number and significance of points in common a firm has with its rivals.
- C) the extent to which the type of a firm's internal resources are comparable to a rival.
- D) the extent to which the amount of a firm's internal resources are comparable to a rival.
- E) none of the above

140) Intensity of competition \_\_\_\_\_ in lower-return industries.

- A) is lowest
- B) is non-existent
- C) is highest**
- D) is not important
- E) fluctuates

141) What is not one of Michael Porter's five competitive forces?

- A) New entrants
- B) Rivalry among existing firms
- C) Bargaining power of unions**
- D) Bargaining power of suppliers
- E) Bargaining power of buyers

142) According to Porter, what is usually the most powerful of the five competitive forces?

- A) Potential development of substitute products
- B) Bargaining power of suppliers
- C) Bargaining power of consumers
- D) Rivalry among competing firms**
- E) Potential entry of new competitors

143) Whenever new firms can easily enter a particular industry, the intensity of competitiveness among firms tends to

- A) stay the same.
- B) increase.**
- C) decrease.
- D) neutralize.
- E) fluctuate.

144) If suppliers are unreliable or too costly, which of these strategies may be appropriate?

- A) Horizontal integration
- B) Backward integration**
- C) Market penetration
- D) Forward integration
- E) Concentric diversification

145) What level of bargaining power do consumers have when the products being purchased are standard or undifferentiated?

- A) Marginal
- B) Low
- C) High**
- D) Negative
- E) Negligible

146) The Internet has made it \_\_\_\_\_ for firms to gather, assimilate, and evaluate information.

- A) easier**
- B) harder
- C) more expensive
- D) less clear-cut
- E) more time-consuming

147) What are educated assumptions about future trends and events called?

- A) Guesses
- B) Forecasts**
- C) Facts
- D) Statistics
- E) Premonitions

148) Without assumptions, planning would be

- A) impossible.**
- B) easier.
- C) difficult.
- D) inexpensive.
- E) intuitive.

149) Unpublished sources of external strategic information include all of the following *except*:

- A) abstracts.**
- B) customer surveys.
- C) market research.
- D) speeches at professional and shareholders' meetings.
- E) conversations with stakeholders.

150) Which of the following is *not* a published source of external strategic information?

- A) periodicals
- B) television programs**
- C) journals
- D) reports
- E) directories

151) Standard and Poor's *Industry Surveys* include all of the following sections *except*:

- A) Historic Environment.**
- B) Industry Trends.
- C) How to Analyze a Company.
- D) Glossary of Industry Information.
- E) Comparative Company Financial Analysis.

152) A total weighted score of \_\_\_\_\_ in an EFE Matrix indicates that the firm's strategies are not capitalizing on opportunities or avoiding external threats.

- A) 0.0
- B) 1.0**
- C) 2.5
- D) 3.3
- E) 4.0

153) What is the first step in designing an EFE Matrix?

- A) Identifying key external factors in the industry**
- B) Summing the weighted score for each competitor
- C) Calculating the sales of each competitor
- D) Drawing the horizontal and vertical lines for the matrix
- E) Determining four competitors

154) What is the range for a firm's total weighted score in an External Factor Evaluation Matrix?

- A) 0 to 5
- B) 0 to 4
- C) 1 to 5
- D) 1 to 4**
- E) 0 to 10

155) One difference between CPM and EFE is that

- A) **CPM includes both internal and external issues.**
- B) the weights and total weighted scores have different meanings.
- C) CPM ratings range from 1 to 10.
- D) CPM is performed only for the company, whereas EFE is performed for both the company and its competitors.
- E) CPM is only used in small firms.

#### Chapter 4

156) A firm's strengths that cannot be easily matched or imitated by competitors are called

- A) internal audits.
- B) **distinctive competencies.**
- C) external audits.
- D) special properties.
- E) internal properties.

157) Who should perform an internal audit?

- A) A private auditing firm
- B) The organization's accounting department
- C) **Representative managers and employees from throughout the organization**
- D) A team of top-level managers
- E) The chief executive officer

158) \_\_\_\_\_ exemplifies the complexity of relationships among the functional areas of business.

- A) Government audit
- B) External audit
- C) **Financial ratio analysis**
- D) Environmental scanning
- E) Distribution strategy

159) The three all-encompassing internal resource categories used in the Resource-Based View are physical resources, human resources and

- A) financial resources.
- B) shareholder resources.
- C) **organizational resources.**
- D) natural resources.
- E) technological resources.

160) Organizational resources include all of the following *except*:

- A) **employee training.**
- B) firm structure.
- C) planning processes.
- D) information systems.
- E) copyrights.

161) Empirical indicators are resources that are either rare, hard to imitate, or  
A) expensive.  
B) inexpensive.  
C) easily substitutable.  
**D) not easily substitutable.**  
E) inefficient.

162) A pattern of behavior developed by an organization as it learns to cope with its problems of external adaptation and internal integration that has worked well enough to be considered valid and to be taught to new members as the correct way to perceive, think and feel is called  
A) dysfunctional behavior.  
B) groupthink.  
C) behavior modification.  
**D) organizational culture.**  
E) internal audit effect.

163) Which of the following were *not* mentioned as an example of cultural products?  
A) Rites  
**B) Emotions**  
C) Rituals  
D) Sagas  
E) Symbols

164) A standardized set of behaviors used to manage anxieties is called a  
A) folktale.  
B) rite.  
C) metaphor.  
**D) ritual.**  
E) value.

165) What is the term for a historical narrative describing the unique accomplishments of a group and its leaders, usually in heroic terms?  
A) Rite  
**B) Saga**  
C) Story  
D) Myth  
E) Folktale

166) Life-directing attitudes that serve as behavioral guidelines are called  
**A) values.**  
B) rites.  
C) beliefs.  
D) metaphors.  
E) legends.

167) Any object, act, event, quality, or relation used to convey meaning is known as a

- A) myth.
- B) rite.
- C) value.
- D) symbol.**
- E) metaphor.

168) Metaphors are

- A) several rites connected together.
- B) shorthand of words used to capture a vision or to reinforce old or new values.**
- C) narratives based on true events.
- D) fictional stories.
- E) any objects, acts, events, qualities, or relations used to convey meaning.

169) What is the essential bridge between the present and the future that increases the likelihood of achieving desired results?

- A) Motivating
- B) Planning**
- C) Controlling
- D) Staffing
- E) Organizing

170) All of the following are basic duties of a manager *except*:

- A) staffing.
- B) planning.
- C) consolidating.**
- D) organizing.
- E) motivating.

171) Which of the following does the text call an up-front investment in success?

- A) Planning**
- B) Organizing
- C) Motivating
- D) Staffing
- E) Controlling

172) Which function of management includes areas such as job design, job specification, job analysis and unity of command?

- A) Planning
- B) Organizing**
- C) Motivating
- D) Staffing
- E) Controlling

173) Who does a planning horizon of two to five years apply to?

- A) **Top management**
- B) General management
- C) Middle management
- D) Lower management
- E) All levels of management

174) Synergy

- A) is the  $2 + 2 = 5$  effect.
- B) can result in powerful competitive advantages.
- C) can be developed by an organization through planning.
- D) exists when everyone pulls together as a team that knows what it wants to achieve.
- E) **all of the above**

175) Which management function includes breaking tasks into jobs, combining jobs to form departments and delegating authority?

- A) Motivating
- B) Staffing
- C) **Organizing**
- D) Controlling
- E) Planning

176) Which function of management is concerned with span of control and chain of command?

- A) Planning
- B) **Organizing**
- C) Controlling
- D) Directing
- E) Evaluating

177) Which of the following is the process of influencing people to accomplish specific objectives?

- A) Staffing
- B) **Motivating**
- C) Planning
- D) Controlling
- E) Organizing

178) \_\_\_\_\_, perhaps the most important word in management, is a major component in motivation.

- A) Forecasting
- B) Organizational structure
- C) Recruiting
- D) Management development
- E) **Communication**

179) Staffing involves all of these activities *except*:

- A) recruiting.
- B) transferring.
- C) customer analysis.**
- D) managing union relations.
- E) training and developing.

180) Which function of management includes all of those activities undertaken to ensure actual operations conform to planned operations?

- A) Planning
- B) Organizing
- C) Motivating
- D) Staffing
- E) Controlling**

181) The first step in the controlling function of management is to

- A) take corrective actions.
- B) restrict breaks employees take.
- C) evaluate expense reports.
- D) establish performance standards.**
- E) measure individual and organizational performance.

182) All of the following are key questions that can reveal internal strengths and weaknesses in the management department *except*:

- A) Is the organization's structure appropriate?
- B) Are reward and control mechanisms effective?
- C) Are the organization's products positioned well among competing products?**
- D) Does the firm use strategic management concepts?
- E) Do managers delegate authority well?

183) Opportunity analysis is one of the basic functions of

- A) marketing.**
- B) finance/accounting.
- C) computer information systems.
- D) production/operations.
- E) research and development.

184) \_\_\_\_\_ can reveal the demographic characteristics of an organization's customers.

- A) Customer profiling**
- B) Test marketing
- C) Market development
- D) The vision statement
- E) Telemarketing

185) All of the following are basic functions of marketing *except*:

- A) **value chain analysis.**
- B) customer analysis.
- C) product and service planning.
- D) pricing.
- E) distribution.

186) Selling includes all of these marketing activities *except*:

- A) advertising.
- B) dealer relations.
- C) **customer analysis.**
- D) publicity.
- E) sales promotion.

187) One aspect of ads in a recession is that they

- A) **take more direct aim at competitors.**
- B) do not mention competitors.
- C) allude to competitors in a positive light.
- D) are less combative.
- E) none of the above

188) What marketing function includes test marketing?

- A) Selling products/services
- B) Pricing
- C) Customer analysis
- D) **Product/service planning**
- E) Distribution

189) The Robinson-Patman Act affects a company's

- A) **pricing methods.**
- B) trucking methods.
- C) production costs.
- D) employee costs.
- E) culture.

190) Distribution includes

- A) customer analysis.
- B) pricing.
- C) **warehousing.**
- D) advertising.
- E) test marketing.

191) Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

- A) Does the firm have an effective sales organization?
- B) Is our product quality good?
- C) Are markets segmented effectively?
- D) Are the firm's products and services priced appropriately?
- E) Does the firm have good liquidity?**

192) Which of these is the allocation and reallocation of capital and resources to projects, products, assets and divisions of an organization?

- A) Investment decision**
- B) Dividend decision
- C) Financing decision
- D) Restructuring decision
- E) Strategic decision

193) Which of the three finance/accounting decisions concerns determining the best capital structure for the firm and includes examining various methods by which the firm can raise capital?

- A) Investment
- B) Dividend
- C) Financing**
- D) Capital budgeting
- E) Implementation

194) What category of ratios measures a firm's ability to meet maturing short-term obligations?

- A) Profitability
- B) Liquidity**
- C) Leverage
- D) Activity
- E) Growth

195) What category of ratios includes return on total assets and return on stockholders' equity?

- A) Leverage
- B) Activity
- C) Profitability**
- D) Growth
- E) Liquidity

196) What category of ratios measures how effectively a firm can maintain its economic position in the growth of the economy and industry?

- A) Profitability
- B) Liquidity
- C) Leverage
- D) Activity
- E) Growth**

197) Which ratio would be considered an activity ratio?

- A) Debt-to-equity
- B) Net profit margin
- C) Average collection period**
- D) Earnings per share
- E) Current ratio

198) Which ratio is calculated by dividing profit before interest and taxes by total interest charges?

- A) Inventory turnover
- B) Fixed assets turnover
- C) Total assets turnover
- D) Debt-to-equity ratio
- E) Times-interest-earned ratio**

199) The times-interest-earned ratio would be classified as a(n)

- A) activity ratio.
- B) leverage ratio.**
- C) profitability ratio.
- D) liquidity ratio.
- E) growth ratio.

200) According to Roger Schroeder, which of the following is not a basic function of production management?

- A) Capacity
- B) Inventory
- C) Workforce
- D) Transportation**
- E) Quality

201) \_\_\_\_\_ management deals with inputs, transformations and outputs that vary across industries and markets.

- A) Marketing
- B) Financial
- C) Research and Development
- D) Production/operations**
- E) Distribution

202) In most industries, the major costs of producing a product or service are incurred within

- A) marketing.
- B) management.
- C) research and development.
- D) operations.**
- E) management information systems.

203) Where is the largest seaport, in terms of ship container traffic processed annually?

- A) Hong Kong
- B) Shanghai
- C) Singapore**
- D) Los Angeles
- E) New York

204) \_\_\_\_\_ is a commonly used approach to determine R&D budget allocations.

- A) Financing as many project proposals as possible
- B) Using the percentage of sales method
- C) Budgeting for R&D about what competitors spend
- D) Deciding how many successful new products are needed
- E) All of the above**

205) Which of the following ties all business functions together and provides the basis for all managerial decisions?

- A) Management
- B) Marketing
- C) Information**
- D) Technology
- E) Workforce

206) An effective information management system \_\_\_\_\_ information in such a way that it answers important operating and strategic questions.

- A) collects
- B) codes
- C) stores
- D) synthesizes
- E) all of the above**

207) \_\_\_\_\_ become(s) \_\_\_\_\_ only when they are evaluated, filtered, condensed, analyzed and organized for a specific purpose, problem, individual, or time.

- A) Information; data
- B) Information; material
- C) Data; information**
- D) Data; competitive advantages
- E) Competitive advantages; material

208) The process whereby a firm determines the costs associated with organizational activities from purchasing raw materials to manufacturing products to marketing those products is called

- A) the resource-based approach.
- B) value chain analysis.**
- C) strategic cost analysis.
- D) the internal factor evaluation matrix.
- E) cost-benefit analysis.

209) The initial step to implementing value chain analysis is  
A) attaching a cost to each discrete activity.  
B) establishing costs in terms of time.  
C) establishing costs in terms of money.  
D) converting the cost data into information by looking for competitive cost strengths and weaknesses.  
**E) dividing a firm's operations into specific activities or business processes.**

210) Which of the following is the first step in developing an IFE Matrix?  
A) Determining the organization's structure  
B) Summing the weighted scores for each variable  
**C) Identifying the organization's strengths and weaknesses**  
D) Identifying the organization's functions of business  
E) Determining the lead strategist

211) The IFE Matrix should be \_\_\_\_\_ in multidivisional firms.  
**A) constructed for each division**  
B) all-inclusive  
C) constructed only for the major divisions  
D) developed before the EFE Matrix  
E) revised monthly

## Chapter 5

212) Long-term objectives are needed at which level(s) in an organization?  
A) Corporate  
B) Divisional  
C) Functional  
**D) All of the above**  
E) None of the above

213) Financial objectives involve all of the following *except*:  
A) growth in revenues.  
**B) larger market share.**  
C) higher dividends.  
D) greater return on investment.  
E) a rising stock price.

214) What principle is based on the belief that the true measure of a really good strategist is the ability to solve problems?  
**A) Managing by crisis**  
B) Managing by objectives  
C) Managing by extrapolation  
D) Managing by exception  
E) Managing by hope

215) What principle is built on the idea that there is no general plan for which way to go and what to do?

- A) Managing by crisis
- B) Managing by extrapolation
- C) Managing by objectives
- D) Managing by hope
- E) Managing by subjectives**

216) All of the following are listed among the "softer" factors in the Balanced Scorecard *except*:

- A) customer service.
- B) employee morale.
- C) product quality.
- D) business ethics.
- E) stockholder equity.**

217) Which level of strategy is most likely *not* present in small firms?

- A) Corporate/company
- B) Functional
- C) Divisional**
- D) Operational
- E) All of the above are present in small firms.

218) Microsoft opening its own retail stores is an example of which type of strategy?

- A) Forward integration**
- B) Backward integration
- C) Horizontal integration
- D) Related diversification
- E) Unrelated diversification

219) Cadbury PLC selling its Australian drinks business to Asahi Breweries Ltd. of Japan is an example of which type of strategy?

- A) Related diversification
- B) Unrelated diversification
- C) Retrenchment
- D) Divestiture**
- E) Liquidation

220) Burger King opening its first restaurant in Japan is an example of which type of strategy?

- A) Forward integration
- B) Backward integration
- C) Horizontal integration
- D) Market development**
- E) Product development

221) Which of the following is most likely *not* included in the functional level of a small company?

- A) Finance
- B) Marketing
- C) R&D
- D) Department managers**
- E) Human resource managers

222) Integration strategies are sometimes collectively referred to as which of the following categories of strategies?

- A) Horizontal integration
- B) Diversification
- C) Vertical integration**
- D) Stuck-in-the-middle
- E) Hierarchical integration

223) Web sites that sell products directly to consumers are examples of which type of strategy?

- A) Backward integration
- B) Product development
- C) Forward integration**
- D) Horizontal integration
- E) Conglomerate diversification

224) The percent of McDonalds' restaurants actually owned by the McDonalds corporation is approximately

- A) 23 percent.**
- B) 35 percent.
- C) 43 percent.
- D) 55 percent.
- E) 63 percent.

225) Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?

- A) Conglomerate diversification
- B) Forward integration
- C) Concentric diversification
- D) Backward integration**
- E) Horizontal diversification

226) Backward integration is effective in all of these *except*

- A) when an organization competes in an industry that is growing rapidly.
- B) when an organization has both capital and human resources to manage the new business of supplying its own raw materials.
- C) when an organization needs to acquire a needed resource quickly.
- D) when the advantage of stable prices are not important.**
- E) when present suppliers have high profit margins.

227) What refers to a strategy of seeking ownership of, or increased control over a firm's competitors?

- A) Forward integration
- B) Conglomerate diversification
- C) Backward integration
- D) Horizontal integration**
- E) Concentric diversification

228) In which situation would horizontal integration be an especially effective strategy?

- A) When an organization can gain monopolistic characteristics in a particular area or region without being challenged by the federal government for "tending substantially" to reduce competition.**
- B) When an organization competes in a slowing industry.
- C) When decreased economies of scale provide major competitive advantages.
- D) When an organization has neither the capital nor human talent needed to successfully manage an expanded organization.
- E) When competitors are succeeding due to managerial expertise or having particular resources an organization possesses.

229) Which strategy seeks to increase market share of present products or services in present markets through greater marketing efforts?

- A) Market penetration**
- B) Forward integration
- C) Market development
- D) Backward integration
- E) Product development

230) When a domestic company first begins to export to India, it is an example of

- A) horizontal integration.
- B) backward integration.
- C) forward integration.
- D) concentric diversification.
- E) market development.**

231) Which strategy generally entails large research and development expenditures?

- A) Market penetration
- B) Retrenchment
- C) Forward integration
- D) Product development**
- E) Divestiture

232) All of the following situations are conducive to market development *except*:

- A) **when an organization competes in a high-growth industry.**
- B) when an organization is very successful at what it does.
- C) when new untapped or unsaturated markets exist.
- D) when an organization has excess production capacity.
- E) when an organization's basic industry is becoming rapidly global in scope.

233) Which strategy is appropriate when an organization competes in an industry characterized by rapid technological developments?

- A) Retrenchment
- B) **Product development**
- C) Backward integration
- D) Liquidation
- E) Market penetration

234) Adding new, related products or services for present customers is called

- A) forward integration.
- B) **related diversification.**
- C) backward integration.
- D) conglomerate diversification.
- E) unrelated diversification.

235) Which strategy should an organization use if it competes in a no-growth or a slow-growth industry?

- A) Divestiture
- B) **Related diversification**
- C) Backward integration
- D) Unrelated diversification
- E) Retrenchment

236) Qualcomm Inc.'s recent expansion beyond cell phones into desktop hardware is an example of

- A) backward integration.
- B) divestiture.
- C) retrenchment.
- D) **unrelated diversification.**
- E) forward integration.

237) Which of the following is not an example of when an organization should use an unrelated diversification strategy?

- A) When revenues derived from an organization's current products or services would increase significantly by adding the new unrelated, products.
- B) When an organization's present channels of distribution can be used to market the new products to current customers.
- C) When the new products have counter-cyclical sales patterns compared to an organization's present products.
- D) When an organization competes in a highly competitive and/or a no-growth industry.
- E) When existing markets for an organization's present products are not yet saturated.**

238) Many more firms have failed at \_\_\_\_\_ than have succeeded due to the immense challenge of managing businesses in many industries rather than in a single industry.

- A) forward integration
- B) related diversification
- C) backward integration
- D) related diversification**
- E) unrelated diversification

239) Smithfield Foods laying off 1,800 employees, closing 6 of its 40 plants, and cutting production by 10 percent in 2009 in efforts to stop the liquidity drain on the firm is an example of

- A) divestiture.
- B) backward integration.
- C) liquidation.
- D) retrenchment.**
- E) forward integration.

240) What kind of strategy is retrenchment?

- A) A turnaround or reorganization strategy**
- B) An expansion strategy
- C) A conglomerate strategy
- D) An intensive strategy
- E) An offensive strategy

241) Bankruptcy

- A) should never be used as a strategy.
- B) should be used only when one is legally forced to do so.
- C) can be an effective type of retrenchment strategy.**
- D) should only be used for large firms.
- E) should only be used for small, private firms.

242) Which chapter of the bankruptcy code applies to municipalities?

- A) Chapter 7
- B) Chapter 8
- C) Chapter 9**
- D) Chapter 12
- E) Chapter 13

243) The Family Farmer Bankruptcy Act of 1986 created which type of bankruptcy?

- A) Chapter 7
- B) Chapter 8
- C) Chapter 9
- D) Chapter 12**
- E) Chapter 13

244) The form of bankruptcy in which all the organization's assets are sold in parts for their tangible worth is

- A) Chapter 7.**
- B) Chapter 8.
- C) Chapter 9.
- D) Chapter 11.
- E) Chapter 13.

245) Retrenchment would be an effective strategy when an organization

- A) has shrunk so quickly that major internal reorganization is needed.
- B) is one of the stronger competitors in a given industry.
- C) is plagued by inefficiency, low profitability, poor employee morale and pressure from stockholders to improve performance.**
- D) has decided to capitalize on opportunities, maximize threats, take advantage of strengths and overcome weaknesses.
- E) does not have a clearly distinctive competence and has failed to meet its objectives and goals consistently over time.

246) Which term refers to selling a division of an organization?

- A) Joint venture
- B) Divestiture**
- C) Concentric diversification
- D) Liquidation
- E) Horizontal integration

247) Which strategy should be implemented when a division is responsible for an organization's overall poor performance?

- A) Backward integration
- B) Divestiture**
- C) Forward integration
- D) Cost leadership
- E) Related diversification

248) Selling all of a company's assets in parts for their tangible worth is called

- A) joint venture.
- B) divestiture.
- C) concentric diversification.
- D) liquidation.**
- E) unrelated integration.

249) Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?

- A) Integration
- B) Differentiation
- C) Diversification
- D) Cost leadership
- E) Liquidation**

250) Under which strategy would you offer products or services to a wide range of customers at the lowest price available on the market?

- A) Cost Leadership – Low Cost**
- B) Cost Leadership – Best Value
- C) Focus – Low Cost
- D) Focus – Best Value
- E) Differentiation

251) According to Porter, which strategy offers products or services to a niche group of customers at the lowest price available on the market?

- A) Cost Leadership – Low Cost
- B) Cost Leadership – Best Value
- C) Focus – Low Cost**
- D) Focus – Best Value
- E) Differentiation

252) Under which condition would a cost leadership strategy be especially effective?

- A) When there are many ways to differentiate the product or service and many buyers perceive these differences as having value.
- B) When buyer needs and uses are diverse.
- C) When few rival firms are following a similar approach
- D) When technological change is fast paced and competition revolves around rapidly evolving product features.
- E) When the products of rival sellers are essentially identical and supplies are readily available from any of several eager sellers.**

253) Under which condition would a differentiation strategy be especially effective?

A) When the target market niche is large, profitable and growing.  
**B) When technological change is fast paced and competition revolves around rapidly evolving product features.**

C) When industry leaders do not consider the niche to be crucial to their own success.

D) When the industry has many different niches and segments, thereby allowing a company to pick a competitively attractive niche suited to its own resources.

E) When few, if any, other rivals are attempting to specialize in the same target segment.

254) What occurs when two or more companies form a temporary partnership or consortium for the purpose of capitalizing on some opportunity?

A) Retrenchment

**B) A joint venture**

C) Liquidation

D) Forward integration

E) Divestiture

255) All of the following are cooperative arrangements *except*:

A) R&D partnerships.

B) joint-bidding consortia.

C) cross-licensing agreements.

D) cross-manufacturing agreements.

**E) marketing plans.**

256) Which of the following is not a reason joint ventures fail?

A) Managers who must collaborate daily in operating the venture are not involved in forming or shaping the venture.

B) The venture may not be supported equally by both partners.

C) The venture may benefit the partnering companies but may not benefit the customers who then complain about poorer service or criticize the companies in other ways.

**D) Stakeholders from both partners are equally satisfied.**

E) The venture may begin to compete more with one of the partners than the other.

257) Which strategy would be most appropriate when the distinctive competencies of two or more firms complement each other especially well?

A) Conglomerate diversification

B) Divestiture

**C) Joint venture**

D) Retrenchment

E) Integration

258) When two organizations of about equal size unite to form one enterprise, which of these occurs?

- A) Hostile takeover
- B) Merger**
- C) Acquisition
- D) LBO
- E) Divestiture

259) Mergers and acquisitions are created for all of the following reasons except to:

- A) gain new technology.
- B) reduce tax obligations.
- C) gain economies of scale.
- D) smooth out seasonal trends in sales.
- E) increase the number of employees.**

260) There are annually more than 10,000 mergers in the United States that total more than

- A) \$700 billion.**
- B) \$825 billion.
- C) \$975 billion.
- D) \$1 trillion.
- E) \$3 trillion.

261) When companies take over functional operations of other firms, such as human resources, information systems, payroll, accounting, or customer service, this is called

- A) marketing.
- B) outsourcing.**
- C) licensing.
- D) franchising.
- E) divestiture.

262) According to journalists' findings, what is a serious obstacle for many small business owners?

- A) A lack of business ethics
- B) An excess of employees and managerial staff
- C) A lack of experience in networking
- D) A lack of strategic-management knowledge**
- E) Having too many suppliers

## Chapter 6

263) Strategy analysis and choice largely involves making \_\_\_\_\_ decisions based on \_\_\_\_\_ information.

- A) long-term; short-term
- B) subjective; objective**
- C) short-term; long-term
- D) subjective; short-term
- E) objective; subjective

264) Which stage in the strategy-formulation framework focuses on generating feasible alternative strategies?

- A) Input
- B) Output
- C) Decision
- D) Throughput
- E) Matching**

265) Which stage of the strategy-formulation framework involves the Quantitative Strategic Planning Matrix?

- A) Stage 1
- B) Stage 2
- C) Stage 3**
- D) Stage 4
- E) Stage 5

266) Which strategy-formulation technique reveals the relative attractiveness of alternative strategies and thus provides an objective basis for selecting specific strategies?

- A) SWOT
- B) SPACE
- C) QSPM**
- D) IFE
- E) CPM

267) Each of the nine techniques included in the strategy formulation framework rely on the use of

- A) strictly factual data.
- B) luck.
- C) financial formulas and statistics.
- D) intuition and analysis.**
- E) synergy.

268) Which stage of the strategy-formulation framework includes an Internal-Factor Evaluation Matrix and a Competitive Profile Matrix?

- A) Input**
- B) Matching
- C) Decision
- D) Penetration
- E) Research

269) Which stage of the strategy-formulation framework contains the Internal-Factor Evaluation Matrix?

- A) **Input stage**
- B) Analysis stage
- C) Matching stage
- D) Decision stage
- E) Output stage

270) The match an organization makes between its internal resources and skills and the opportunities and risks created by its external factors can be defined as

- A) input.
- B) concept formulation.
- C) **strategy.**
- D) SWOT.
- E) weakness.

271) Which section of the SWOT Matrix involves matching internal strengths with external opportunities?

- A) The WT cell
- B) The SW cell
- C) The WO cell
- D) The ST cell
- E) **The SO cell**

272) Which strategies aim at improving internal weaknesses by taking advantage of external opportunities?

- A) SO
- B) **WO**
- C) SW
- D) ST
- E) WT

273) Which strategies use a firm's strengths to avoid or reduce the impact of external threats?

- A) SW
- B) WO
- C) SW
- D) **ST**
- E) WT

274) Which strategies are defensive tactics directed at reducing internal weaknesses and avoiding external threats?

- A) SO
- B) WO
- C) SW
- D) ST
- E) **WT**

275) How many cells are in a SWOT Matrix?

- A) Two
- B) Four
- C) Six
- D) Eight
- E) Nine**

276) Which of the following is not one of the steps involved in constructing a SWOT Matrix?

- A) List the firm's key external threats.
- B) Match internal strengths with external opportunities and record the resultant SO strategies in the appropriate cell.
- C) Match internal weaknesses with external threats and record the resultant WT strategies.
- D) List the firm's external weaknesses.**
- E) List the firm's external opportunities.

277) Which of the following is a limitation associated with a SWOT Matrix?

- A) Viewing every business as a Star, Cash Cow, Dog, or Question Mark is an oversimplification.
- B) Many businesses fall right in the middle of the matrix.
- C) The matrix has no temporal qualities.**
- D) Other variables besides relative market share position and industry growth rate in sales need to be considered.
- E) The matrix does not reflect whether or not various divisions or their industry are growing over time.

278) Which of these is *not* a SPACE Matrix quadrant?

- A) Aggressive
- B) Defensive
- C) Competitive
- D) Offensive**
- E) Conservative

279) What type of strategy would divestiture be classified as?

- A) Aggressive
- B) Defensive**
- C) Competitive
- D) Offensive
- E) Conservative

280) The two internal dimensions represented on the axes of the SPACE Matrix are

- A) stability position and industry position.
- B) industry position and internationalization.
- C) internationalization and competitive position.
- D) competitive position and financial position.**
- E) financial position and stability position.

281) What are the two external dimensions of the SPACE Matrix?

- A) **Stability position and industry position**
- B) Stability position and competitive position
- C) Industry position and competitive position
- D) Competitive position and financial position
- E) Financial position and industry position

282) The two positive-rated dimensions on the SPACE Matrix are

- A) FP and CP.
- B) CP and SP.
- C) **FP and IP.**
- D) IP and SP.
- E) FP and SP.

283) What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-2, +3)?

- A) Aggressive
- B) **Conservative**
- C) Competitive
- D) Defensive
- E) Integrative

284) In the SPACE analysis, what does a (+6, +3) strategy profile portray?

- A) **A strong industry position**
- B) An unstable environment
- C) A stable environment
- D) A weak industry position
- E) A weak financial position

285) The BCG Matrix is designed specifically to enhance which type of firm's efforts to formulate strategies?

- A) **Companies with more than one division**
- B) Large companies
- C) Companies with annual sales greater than \$1 million
- D) Companies with annual sales of less than \$1 million
- E) All companies

286) In the BCG Matrix, which element represents the industry growth rate in sales, measured in percentage terms?

- A) x-axis
- B) **y-axis**
- C) first quadrant
- D) second quadrant
- E) third quadrant

287) How would a division with a low relative market share position in a high growth industry be described?

- A) **Question Mark**
- B) Cash Cow
- C) Star
- D) Stuck-in-the-middle
- E) Dog

288) When a division of an organization has a high relative market share and is in a fast-growing industry, it is called a

- A) **Star.**
- B) Cash Cow.
- C) Cat.
- D) Question Mark.
- E) Dog.

289) A division with a high relative market share position in a low-growth industry can be described as a

- A) Star.
- B) **Cash Cow.**
- C) Question Mark.
- D) Dog.
- E) Failure.

290) Which strategy would be most appropriate for a division classified as a Dog?

- A) Market penetration
- B) Market development
- C) Product development
- D) **Retrenchment**
- E) Forward integration

291) Forward integration would be an appropriate strategy for which of the following types of divisions?

- A) Dogs
- B) Failures
- C) Question Marks
- D) Cat
- E) **Star**

292) A division that has a low relative market share position and competes in a slow-growth industry is referred to as a

- A) **Dog.**
- B) Question Mark.
- C) Star.
- D) Cash Cow.
- E) Cowboy.

293) All of the following are limitations of the BCG Matrix *except*:

A) viewing every business as a star, cash cow, dog or question mark can be an oversimplification.

**B) the Matrix requires at least three years worth of data.**

C) the Matrix does not reflect divisional or industry growth over time.

D) the Matrix does not allow a company to be classified as somewhere in between two categories.

E) variables such as size of market and competitive advantages are not considered in the Matrix.

294) Which of the following analytical tools consists of a nine-cell matrix?

A) Matching Matrix

B) Competitive Profile Matrix

C) SPACE Matrix

D) Grand Strategy Matrix

**E) Internal-External Matrix**

295) What analytical tool has four quadrants based on two dimensions: competitive position and market growth?

A) Competitive Profile Matrix

B) Internal-External Matrix

C) SPACE Matrix

**D) Grand Strategy Matrix**

E) QSPM

296) Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?

**A) I**

B) II

C) III

D) IV

E) V

297) According to the Grand Strategy Matrix, which strategy is recommended for a firm with rapid market growth and a strong competitive position?

**A) Market penetration**

B) Unrelated diversification

C) Joint venture

D) Retrenchment

E) Liquidation

298) For companies located in Quadrant III of the Grand Strategy Matrix, the first strategy recommended is

- A) extensive cost and asset reduction.**
- B) asset expansion.
- C) employee expansion.
- D) immediate liquidation of assets.
- E) divestiture.

299) Although Quadrant \_\_\_\_\_ companies are growing, according to the Grand Strategy Matrix they are unable to compete effectively, and they need to determine why the firm's current approach is ineffective and how the company can best change to improve its competitiveness.

- A) I
- B) II**
- C) III
- D) IV
- E) V

300) According to the Grand Strategy Matrix, organizations in which quadrant have a strong competitive position but are in a slow-growth industry?

- A) I
- B) II
- C) III
- D) IV**
- E) V

301) Which matrix is included in the decision stage of the strategy formulation framework?

- A) Internal Factor Evaluation Matrix
- B) Quantitative Strategic Planning Matrix**
- C) Boston Consulting Group Matrix
- D) Grand Strategy Matrix
- E) Strategic Position and Action Evaluation Matrix

302) The top row of a QSPM consists of alternative strategies derived from all of the following *except*:

- A) Grand Strategy Matrix.
- B) BCG Matrix.
- C) SPACE Matrix.
- D) CPM Matrix**
- E) IE Matrix.

303) Which analytical tool determines the relative attractiveness of various strategies based on the extent to which key external and internal critical success factors are capitalized?

- A) BCG Matrix
- B) SPACE Matrix
- C) SWOT Matrix
- D) IE Matrix
- E) QSPM**

304) Which of the following is the first step in developing a QSPM?

- A) Compute the Total Attractiveness Scores.
- B) Examine the Stage 2 matrices and identify alternative strategies the organization should consider implementing.
- C) Assign weights to each key external and internal factor.
- D) Determine the Attractiveness Scores.
- E) Make a list of the firm's key external opportunities/threats and internal strengths/weaknesses in the left column of the QSPM.**

305) What term is defined as the product of multiplying the weights by the Attractiveness Scores in each row of the QSPM?

- A) Total Attractiveness Scores**
- B) Sum Total Attractiveness Scores
- C) Weighted Scores
- D) Total Weighted Scores
- E) Factors

306) What is the highest number of strategies that can be examined at one time with the QSPM?

- A) 1
- B) 2
- C) 5
- D) 10
- E) There is no limit.**

307) Which of these is a limitation of QSPM?

- A) Only a few strategies can be evaluated simultaneously.
- B) It is prohibitively expensive.
- C) It requires intuitive judgments and educated guesses are required.**
- D) Sets of strategies must be examined in reverse order.
- E) It requires equal participation from the entire organization.

308) What includes the set of shared values, beliefs, attitudes, customs, norms, personalities, heroes and heroines that describe a firm?

- A) Strategy
- B) Culture**
- C) Mission
- D) Objectives
- E) QSPM

309) What tactic involves shifting focus from specific issues to more general ones?

- A) Equifinality
- B) Focus on Higher-Order Issues
- C) Generalization**
- D) Satisfying
- E) None of the above

310) Which tactic emphasizes that a successful outcome is more important than imposing the method of achieving it?

- A) Generalization
- B) Satisfying
- C) Focus on higher-order issues
- D) Equifinality**
- E) Specialization

311) The act of oversight and direction for an organization is referred to as

- A) corporate lawmaking.
- B) centralized control.
- C) organizational direction.
- D) establishing norms.
- E) governance.**

312) Today, boards of directors are composed mostly of

- A) outsiders.**
- B) management.
- C) union members.
- D) company employees.
- E) company stockholders.

313) All of the following are principles of good organizational governance, as established by *Business Week*, except:

- A) no directors do business with the company or accept consulting or legal fees from the firm.
- B) the audit, compensation and nominating committees are made up solely of outside directors.
- C) each director owns a large equity stake in the company, excluding stock options.
- D) at least two directors are current or former company executives.**
- E) the CEO is not also the Chairperson of the Board.

## Chapter 7

314) Strategy formulation

- A) is managing forces during the action.
- B) requires coordination among a few individuals.**
- C) is primarily an operational process.
- D) requires special motivation and leadership skills.
- E) all of the above

315) Which of these is true about strategy implementation?

- A) It is positioning forces before the action.
- B) It focuses on effectiveness.
- C) It is primarily an operational process.**
- D) It is primarily an intellectual process.
- E) It requires intuitive skills.

316) Which of the following is a management issue central to strategy implementation?

- A) Devising policies
- B) Revising reward and incentive plans
- C) Minimizing resistance to change
- D) Linking performance and pay to strategies
- E) All of the above**

317) Establishing objectives is a

- A) top-level activity.
- B) centralized activity.
- C) decentralized activity.**
- D) centralized-decentralized activity.
- E) command-and-control activity.

318) Considerable time and effort should be devoted to assuring objectives are well conceived because they represent the basis for

- A) monitoring progress toward long-term objectives.
- B) establishing divisional priorities.
- C) allocating resources.
- D) evaluating managers.
- E) all of the above**

319) Which of the following is *not* true about objectives?

- A) They should be communicated throughout the organization.
- B) They should have an appropriate time dimension.
- C) They should use terms like "maximize," "minimize," and "as soon as possible."**
- D) They should be measurable.
- E) They should be consistent.

320) Which phrase would most likely be incorporated into written objective statements?

- A) Maximize
- B) Minimize
- C) 10% increase**
- D) Adequate
- E) All of the above

321) What term is used to describe specific guidelines, methods, procedures, rules, forms and administrative practices established to support and encourage work toward stated goals?

- A) Long-term objectives
- B) Policies**
- C) Annual objectives
- D) Strategies
- E) Values

322) Policies

- A) let both employees and managers know what is expected of them.
- B) provide a basis for management control.
- C) allow coordination across organizational units.
- D) reduce the amount of time managers spend making decisions.
- E) all of the above**

323) Which term is best defined as a central management activity that allows for strategy execution?

- A) Avoidance
- B) Furlough
- C) Competition
- D) Resource allocation**
- E) Conflict

324) \_\_\_\_\_ is/are not a major factor that commonly prohibits effective resource allocation.

- A) Underprotection of resources**
- B) Organizational politics
- C) Vague strategy targets
- D) A reluctance to take risks
- E) A lack of sufficient knowledge

325) A disagreement between two or more parties on one or more issues is called a(n)

- A) integrated solution.
- B) conflict.**
- C) compromise.
- D) diffusion.
- E) avoidance.

326) Conflict in an organization is

- A) always bad.
- B) always good.
- C) not always bad.**
- D) a sign of bankruptcy.
- E) completely avoidable.

327) What are the three categories of approaches for managing and resolving conflict?

- A) **Avoidance, defusion and confrontation**
- B) Avoidance, apathy and defusion
- C) Ignorance, indifference and apathy
- D) Defusion, apathy and avoidance
- E) Indifference, avoidance and role-playing

328) Which approach for managing and resolving conflict involves exchanging members of conflicting parties so that each can gain an appreciation of the other's point of view?

- A) Avoidance
- B) Resistance
- C) Compliance
- D) Defusion
- E) **Confrontation**

329) Which approach for managing and resolving conflict involves ignoring the problem in hopes that the conflict will resolve itself?

- A) **Avoidance**
- B) Resistance
- C) Compliance
- D) Defusion
- E) Confrontation

330) Which approach for managing and resolving conflict involves playing down differences between conflicting parties while accentuating similarities and common interests?

- A) Avoidance
- B) Resistance
- C) Compliance
- D) **Defusion**
- E) Confrontation

331) Why do changes in company strategy often require changes in the way an organization is structured?

- A) Structure dictates how goals and objectives will be established.
- B) Structure dictates how resources will be allocated.
- C) Structure should be designed to facilitate the strategic pursuit of a firm.
- D) **All of the above**
- E) None of the above

332) What type of organizational structure do most small businesses follow?

- A) Divisional structure by product
- B) **Functional structure**
- C) Divisional structure by customer
- D) Strategic business unit
- E) Matrix structure

333) Which organizational structure is the most simple and inexpensive?

- A) Departmental
- B) Strategic business unit
- C) Functional**
- D) Decentralized
- E) Matrix

334) Medium-sized firms are more likely to use which type of structure?

- A) Divisional**
- B) Matrix
- C) SBU
- D) Functional
- E) Centralized

335) What is not one of the basic ways a divisional structure can be organized?

- A) By geographic area
- B) By product or service
- C) By customer
- D) By process
- E) By cost**

336) A divisional structure by product is most effective when

- A) special emphasis needs to be placed on specific products.
- B) an organization offers few products.
- C) an organization's products or services differ substantially.
- D) special emphasis needs to be placed on specific services.
- E) all of the above**

337) How would Hershey's current divisional structure most likely be classified?

- A) By geographic area**
- B) By product
- C) By service
- D) By customer
- E) By process

338) A divisional structure by geographic area is most appropriate when

- A) organizations have similar branch facilities located in widely dispersed areas.**
- B) an organization offers only a limited number of products or services.
- C) consumption patterns for its products and/or services are the same worldwide.
- D) the company's customers in different geographic locations have similar needs and characteristics .
- E) the firm serves one geographic area.

339) What is the best divisional structure when a few major customers are of paramount importance and many different services are provided to these customers?

- A) By geographic area
- B) By customer**
- C) By product
- D) By process
- E) By cost

340) Which organizational structure has the disadvantage of ambiguous roles for senior executives?

- A) Functional
- B) Divisional
- C) Strategic business unit**
- D) Matrix
- E) Process

341) What is the most complex form of organizational structure?

- A) Divisional
- B) SBU
- C) Matrix**
- D) Functional
- E) Geographic

342) When developing an organizational chart, you should

- A) recommend dual titles for executives.
- B) use the title "president" for the top person.
- C) make sure that the chief financial officer is not at the same level as the chief operating officer.
- D) have division presidents report to a chief operating officer.**
- E) have the controller or treasurer report directly to the president.

343) Restructuring is also referred to as

- A) reengineering.
- B) delayering.**
- C) diversifying.
- D) upsizing.
- E) integrating.

344) Which term is most often concerned primarily with shareholder well-being rather than employee well-being?

- A) Benchmarking
- B) Reengineering
- C) Product redesign
- D) Process management
- E) Restructuring**

345) Which of these involves comparing a firm against the best firms in the industry on a wide variety of performance-related criteria?

- A) Restructuring
- B) Process redesign
- C) Reengineering
- D) Delaying
- E) Benchmarking**

346) The primary benefit sought from restructuring is

- A) employee involvement.
- B) cost reduction.**
- C) increased morale.
- D) increased number of hierarchical levels in the organization.
- E) increased innovation.

347) What action involves reconfiguring or redesigning work, jobs and processes for the purpose of improving costs, quality, service and speed?

- A) Restructuring
- B) Downsizing
- C) Reengineering**
- D) Delaying
- E) Benchmarking

348) A firm uses information technology to break down functional barriers and create a work system based on business processes, products, or outputs rather than on functions or inputs in

- A) restructuring.
- B) benchmarking.
- C) reengineering.**
- D) rightsizing.
- E) delaying.

349) Which pay strategy is *not* a form of incentive compensation?

- A) Bonus system
- B) Hourly wage**
- C) Gain sharing
- D) Profit sharing
- E) All of the above are forms of incentive compensation.

350) All of the following statements regarding the recent trend in Japan of switching from seniority-based pay to performance-based approaches are true *except*:

- A) the switch is an effort to cut costs.
- B) the switch is boosting employee morale.**
- C) the switch is an effort to increase productivity.
- D) the switch opposes the traditional training of Japanese employees to cooperate rather than compete.
- E) the switch goes against decades of encouraging workers to work in groups instead of individually.

351) What pay strategy requires employees or departments to establish performance targets, which, if exceeded, result in bonuses for all members?

- A) Profit sharing
- B) Bonus system
- C) Salary
- D) Gain sharing**
- E) Hourly wage system

352) Which of these is *not* one of the tests used to determine whether a performance-pay plan will benefit an organization?

- A) Does the plan capture attention?
- B) Do employees understand the plan?
- C) Is the plan improving communications?
- D) Does the plan pay out when it should?
- E) Does the plan reduce management layers?**

353) What change strategy involves giving orders and enforcing those orders?

- A) Self-interest
- B) Educative
- C) Force**
- D) Rational
- E) Defusion

354) Resistance to change can manifest itself through

- A) absenteeism.
- B) sabotaging production machines.
- C) filing unfounded grievances.
- D) unwillingness to cooperate.
- E) all of the above**

355) A change strategy that attempts to convince people that the change is to their personal advantage is

- A) defusion.
- B) force.
- C) educative.
- D) rational.**
- E) compromise.

356) Which of the following is in keeping with the current view of organizational change?

- A) Organizational change is a project.
- B) Organizational change is a continuous process.**
- C) Organizational change is an event.
- D) Organizational change involves unfreezing behavior, changing the behavior, and then refreezing the new behavior.
- E) All of the above

357) Formal statements of organizational philosophy, charters, creeds, materials used for recruitment and selection and socialization help an organization

- A) abide by SEC laws.
- B) link culture to strategy.**
- C) set guidelines for firing.
- D) increase profits.
- E) manage conflicts between stakeholders.

358) Changing a strategy to fit an existing culture

- A) is usually less effective than changing a firm's culture to fit a new strategy.**
- B) is usually more effective than changing a firm's culture to fit a new strategy.
- C) is just as likely to be effective as changing a firm's culture to fit a new strategy.
- D) is always the best option.
- E) none of the above

359) Which of the following statements is true?

- A) The pay of the CEO of a Japanese company is about half the pay of the CEO of an American company.
- B) The CEO of a Japanese company earns more than the CEO of a European company.
- C) In Japan, individual excellence is emphasized over harmony among managers.
- D) Seniority rather than performance has been the key factor in determining pay in Japan.**
- E) All of the above

360) All of the following are ways and means for altering an organization's culture *except*:

- A) recruitment.
- B) restructuring.
- C) role modeling.
- D) retrenchment.**
- E) redesigning physical spaces/facades.

361) Aspects of an existing culture that are antagonistic to a proposed strategy should be

- A) preserved.
- B) emphasized.
- C) built upon.
- D) changed.**
- E) celebrated.

362) Just-in-time describes

- A) implementing strategies just before bankruptcy.
- B) delivering materials just as they are needed.**
- C) a scheduling method for meetings.
- D) a personnel planning method.
- E) a process for improving quality.

363) A concern in matching managers with strategy is that jobs have relatively \_\_\_\_\_ responsibilities, while people are \_\_\_\_\_ in their development.

- A) **static; dynamic**
- B) dynamic; static
- C) quick; slow
- D) exciting; dull
- E) dull; exciting

364) Approximately how many people in the United States are now part of two-career families?

- A) 2 million
- B) 8 million
- C) 21 million
- D) **60 million**
- E) 85 million

365) Of the Fortune 500 firms, how many have a woman CEO?

- A) Two
- B) Five
- C) Nine
- D) **Thirteen**
- E) Twenty-four

366) What is the stated reason for Boeing's firing of CEO Harry Stonecipher?

- A) Poor company performance
- B) Enforcing discriminatory hiring practices
- C) **Having an extramarital affair**
- D) Stealing from the company
- E) Exorbitant use of company planes

367) Which company has committed almost \$8 billion over 10 years to diversify its workforce and to use more minority suppliers?

- A) Ford Motor Company
- B) **Toyota**
- C) Coca-Cola
- D) TJX
- E) Boeing