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KANPUR UNIVERSITY'S

QUESTION BANK

BUSINESS POLICY

Based On NEP 2020

B.COM [H] II SEM

- 400+ MCQs
- Brief and Intensive Notes

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SYLLABUS

Unit I	Strategic Management, Concept of strategy, Dimension of strategic decision, Levels of strategy, Strategy from modes, Overview of process of strategic planning & management.
Unit II	"Mission" vision, objective setting, Business definitions, summary statement of strategy, Deducing strategy fraction & endeavours.
Unit III	Formulation of strategy, Components of environment & Environmental analysis, analysis of internal capabilities using different approaches, Strengths, Weakness, Opportunities, Threats (SWOT Analysis).
Unit IV	Strategic alternatives for growth, stable combinations & inter-national strategies. Choice of Strategies, Generic Business Strategies, Portfolio Analysis, Overview of Implementation Aspects.

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UNIT- I

Nature Scope and Evolution of Business Policy

BUSINESS POLICY-

It is the study of functions and responsibility of management. It encompasses the guidelines developed by an organization defining the limits within which the decisions are taken by the subordinates.

FEATURES-

1. Specific and Dynamic
2. Clear
3. Reliable and uniform
4. Appropriate
5. Simple
6. Inclusive and Comprehensive
7. Flexible
8. Stable

IMPORTANCE-

1. Clarity of objectives
2. Financial Benefits
3. Minimizes the resistance to change
4. Prevention of problems
5. Competitive Advantage
6. High employee motivation

PARADIGMS – EVOLUTION OF BUSINESS POLICIES

- AD-HOC POLICY MAKING (1930'S)
- INTEGRATED MANAGEMENT (1930-1940)
- STRATEGIC INTENT(1960 - 1980)
- STRATEGIC MANAGEMENT (1980 ONWARDS)

FORECASTING

It is the process of making predictions about future events based on past and present data.

IMPORTANCE

1. Key to planning
2. Basis for control
3. Means of Co-ordination
4. Facing environmental changes
5. Executive Development

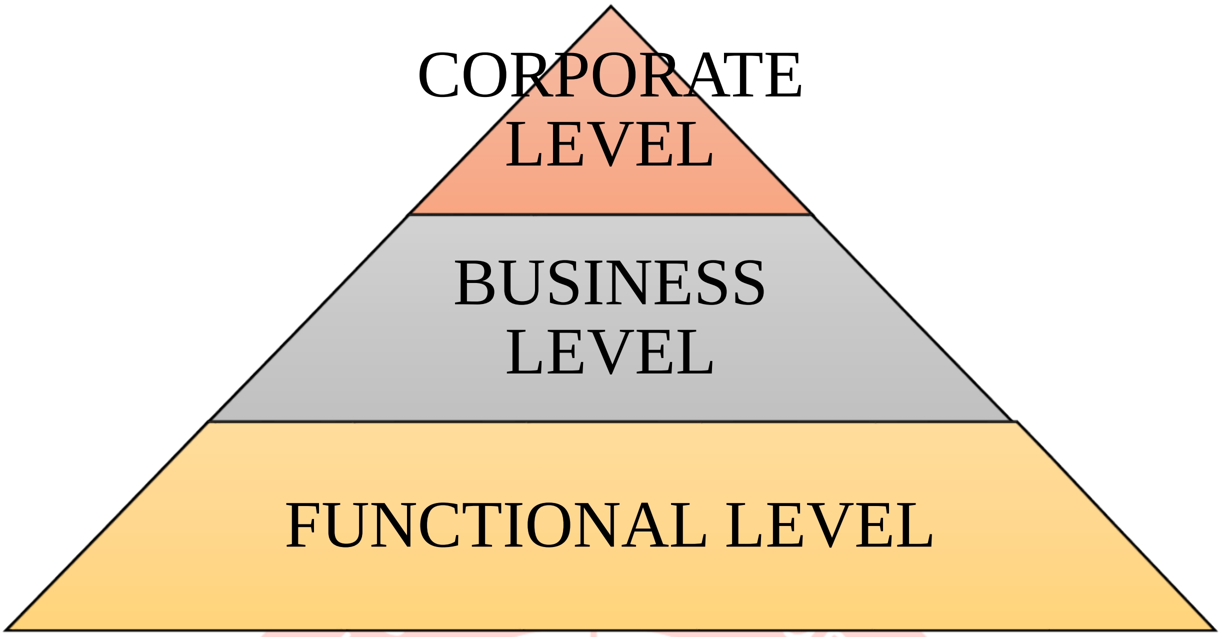
LIMITATIONS

1. Based on Assumptions
2. Not absolute truth
3. Expensive Technique
4. Time consuming

STRATEGY FORMULATION:-

Strategy Formulation is an analytical process of selection of the best suitable course of action to meet the organizational objectives and vision. It is one of the steps of the strategic management process. The strategic plan allows an organization to examine its resources, provides a financial plan and establishes the most appropriate action plan for increasing profits.

It is examined through SWOT analysis. SWOT is an acronym for strength, weakness, opportunity and threat. The strategic plan should be informed to all the employees so that they know the company's objectives, mission and vision. It provides direction and focus to the employees.



Levels of Strategy

- **Corporate Level-** This level outlines what you want to achieve that is growth, stability , acquisition and retrenchment.
- **Business Level –** This level answers the question of how are you going to compete . It plays role in those organization which have smaller units of business and each is considered as the strategic business unit (SBU).
- **Functional Level –** This level concentrates on hoe an organization is going to grow. It defines daily actions including allocation of resources to deliver corporate and business level strategies.

STEPS OF STRATEGY FORMULATION -

1. Establishing Organisational Objectives
2. Analysis of Organisational Environment
3. Forming quantitative goals
4. Objectives in context with divisional plans
5. Performance Analysis
6. Selection of Strategy

- **Establishing Organizational Objectives:** This involves establishing long-term goals of an organization. Strategic decisions can be taken once the organizational objectives are determined.
- **Analysis of Organizational Environment:** This involves SWOT analysis, meaning identifying the company's strengths and weaknesses and keeping vigilance over competitors' actions to understand opportunities and threats.
- **Forming quantitative goals:** Defining targets so as to meet the company's short-term and long-term objectives. Example, 30% increase in revenue this year of a company.
- **Objectives in context with divisional plans:** This involves setting up targets for every department so that they work in coherence with the organization as a whole.
- **Performance Analysis:** This is done to estimate the degree of variation between the actual and the standard performance of an organization.
- **Selection of Strategy:** This is the final step of strategy formulation. It involves evaluation of the alternatives and selection of the best strategy amongst them to be the strategy of the organization.

Strategy formulation process is an integral part of strategic management, as it helps in framing effective strategies for the organization, to survive and grow in the dynamic business environment.

Strategic Planning –

It is the process of deciding all the objectives of the organisation or changes in these objectives all the resources used to attain these objectives and all the policies that govern the acquisition, use and disposition of the resources.

Strategic Management –

It is a set of decisions and actions resulting in the formation and implementation of strategies designed to achieve the objectives of the organisation.

FEATURES –

1. Comprehensive approach
2. Future oriented
3. Goal oriented
4. Systematic approach
5. On – going process
6. It covers all the functional areas and levels of management.

POLICY – A business policy is a formal statement that outlines the rules , regulations and processes that guide the behaviour and decision – making of employees within an organisation . It establishes a framework for consistency , ensuring that everyone is on the same page when it comes to the key aspects of the business.

TACTICS – Tactics in business are small plans or micro – strategies that help develop an organisation's operations. Generally they are more actionable plans that support the overall business strategy.

STRATEGY	TACTICS	POLICY
1. Planning aspects	1. Doing aspect.	1. Guiding aspect
2. Focuses on “Why to do?”	2. Focuses on “How to do?”	2. Rules- How to do it
3. Long Term - Documented	3.Short Term – Non Documented	3. Very Long term – Documented and signed by people.
4. Competition and Business Environment	4.Competition and Business Environment	4.Mostly only limited to internal resources
5. Can be changed with lot of thought.	5. Very frequently changed.	5. Conservative and difficult to change.
6.Related to goals	6. Related to goals	6.Related to vision

STRATEGY	POLICY
1.It provides the direction in which resources in organisation are to apply	1. Policy is the guide line to thinking and actions of the decision makers.
2. It is the rule for making decisions.	2.Policy is the contingent decision
3. It requires executive decisions.	3.Policy can be delegated
4. It is the action plan.	4. It is the action principle.
5. Strategy involves strategic decision making.	5. Policy relates with routine work.

TACTICS	STRATEGY
1. It is comparatively for short term period.	1. Strategy is for long term period.
2. Narrow scope	2. Wide scope
3. It is formulated by individuals and meant for fix time period or fix schedule.	3. It is formulated by top level executives and it is an on – going process.
4. Tactics focuses on employment of resources.	4. Strategy focuses on deployment of resources.
5. Tactics relatively has lesser degree of uncertainty.	5. Strategy has a higher degree of uncertainty as numerous factors are unknown.
6.Internally oriented	6.Externally oriented

MULTIPLE CHOICE QUESTIONS-

1. Which of the following is not a characteristics of strategic management that makes it different from other types of management?

a. It is interdisciplinary.

b. It has an external focus.

c. It has an internal focus.

d. It concerns the present direction of the organisation.

2. Which of the following is not a major element of the strategic management process?

a. Formulating strategy

b. Implementing strategy

c. Evaluating strategy

d. Assigning administrative tasks

3. Which one of the following is at the core of strategic management?

a. Choosing which organisational objectives to focus on.

b. Being alert for opportunities to change work responsibilities.

c. Adapting the organisation to a changing external environment.

d. Choosing whether to make decisions autocratically or on the basis of a participation.

4. The corporate level is where top management directs

a. All employees for orientation

b. Its efforts to stablize recruitment needs

c. Overall strategy for the entire organisations

d. Overall sales projections

5. The three organisational levels are:

a. Corporate level, business level, functional level

b. Corporate level, business unit level, functional level

c. Corporate strategy level, business unit level, functional level

d. . Corporate strategy level, business level, specialist level

6. What terms refers to the processes of determining the longterm objectives of an organization?

a. Strategic planning

b. Tactical planning

c. Operational planning

d. Contingency planning

7. What are guides to decision making?

a. Laws

b. Rules

c. Policies

d. Procedures

8. What are the means by which long-term objectives will be achieved?

a. Strategy

b. Strength

c. Weakness

d. Policy

9. Which of the following is action-oriented?

a. Policy

b. Objective

c. Goal

d. Strategy

10. The fundamental purpose for the existence of any organization is described by its

a. Business mission

b. Strategic management

c. Business policy

d. Corporate strategy

11. SBU refers to _______

a. Strategy & Business Units

b. Structural Business Units

c. Standby Business Units

d. Strategic Business Units

12. Which of the following defines how each individual business unit will attempt to achieve its mission?

a. Corporate strategy

b. Business strategy

c. Functional strategy

d. National strategy

13. Strategic management process activate in the sequence of

a. Environmental scanning, Strategy formulation, Implementation, Control and Evolution

b. Strategy formulation, Environmental scanning, Implementation, Control and Evolution

c. Environmental scanning, Strategy implementation, Formulation, Control and Evolution

d. Strategy formulation, Implementation, Control, Evolution, Environmental scanning

14. Forecasting tools can be broadly categorized into two groups.

a. Qualitative, Operational

b. Quantitative, Operational

c. Qualitative, Quantitative

d. Regression and time series analysis

15. Which among the following is not a limitation of forecasting?

a. Based on assumptions

b. Always accurate

c. Time consuming

d. Expensive

16. Which of the following best describes tactics in the context of business policy?

a. Long-term strategic decisions

b. Short-term actions to achieve strategic goals

c. Overall direction and scope of an organization

d. Market analysis and research

17.Which of the following is NOT a characteristic of effective tactics?

a. Flexibility

b. Consistency

c. Responsiveness

d. Alignment with strategy

18. Which of the following is a limitation of quantitative forecasting methods?

a. They are time-consuming

b. They rely heavily on expert judgment

c. They are highly subjective

d. They assume that the future will be similar to the past

19. Which of the following is a characteristic of a good forecasting technique?

a. It is complex and difficult to understand

b. It provides a single, definitive forecast

c. It is based on a combination of quantitative and qualitative data

d. It is applied without consideration of the specific context or industry

20. Who is called the Father of Strategic Management?

a. Chandler

b. Igor Ansoff

c. Michael Porter

d. John Nash

21. What is the starting point of Strategic Intent?

a. Goal

b. Objective

c. Vision

d. Mission

22. Hierarchy of Strategic Intent:

a. Vision > Mission > Goals > Objectives > Plans

b. Mission > Vision > Goals > Objectives > Plans

c. Plans > Vision > Mission > Goals > Objectives

d. Goals > Vision > Mission > Objectives > Plans

23. Which of the following is not a major element of the strategic management process?

a. Formulation strategy

b. Implementing strategy

c. Evaluating strategy

d. Assigning administrative tasks

24. Competitive advantage can be best described as

a. Increased efficiency

b. What sets an organisation apart

c. A strength and the organisations

d. Intangible resources

25. An organisation strategy ___

a. Remains set in place longer than the mission and objectives

b. Generally forms over a period of time as events unfold

c. Trends to be formed at the same time the mission is developed

d. None

26. The primary focus of strategic management is

a. Strategic analysis

b. Strategy formulation

c. Total organisation

d. None

27. The corporate level is where top management directs

a. All employees for orientation

b. Its efforts to stabilise recruitment needs

c. Overall strategy for the entire organisation

d. Overall sales projections

28. Low cost, Differentiation and Focus are examples of

a. Corporate strategies

b. Operational strategies

c. Business strategies

d. Functional strategies

29. The word tactics is most likely to be associated with

a. Business strategy

b. Corporate strategy

c. Operational strategy

d. All of the above

30. Strategic Management handles

a. External issues

b. Administrational issues

c. Internal issues

d. Management issues

31. Strategic business units

a. Are found in one-business organisations

b. Carry out strategies assigned by the CEO

c. Implement the marketing function's strategic planning and management decisions

d. Develop their own unique way of competing

32. McDonalds is deciding whether to expand into manufacturing kitchen equipment in China. At what level is this decision likely to be made? a. Business

b. Corporate

c. Functional

d. International

33. What is the primary focus of policy?

a. Short-term goals

b. Long-term objectives

c. Immediate actions

d. Tactical maneuvers

34. Which of the following is a characteristic of strategy?

a. Detailed action plans

b. Flexibility and adaptability

c. Tactical execution

d. Short-term orientation

35. What is the main purpose of tactics?

a. Achieve long-term goals

b. Set organizational objectives

c. Implement strategic plans

d. Execute specific actions

36. Which level of decision-making involves policy formulation?

a. Operational

b. Tactical

c. Strategic

d. Functional

37.What distinguishes policy from strategy?

a. Scope

b. Flexibility

c. Time horizon

d. Tactical execution

38. 67Which of the following is a tactical objective?

a. Increase market share by 10%

b. Expand into a new geographic region

c. Improve brand reputation

d. Reduce production costs by 15%

39. What is a common characteristic of strategic decisions?

a. Routine nature

b. Short-term focus

c. High level of uncertainty

d. Immediate implementation

40. Which level of decision-making involves day-to-day operations?

a. Tactical

b. Strategic

c. Policy

d. Functional

41. What is the primary consideration in tactical planning?

a. Long-term objectives

b. Competitive analysis

c. Short-term actions

d. Market trends

42. Which of the following is a strategic goal?

a. Increase employee productivity

b. Reduce customer complaints

c. Enter a new market segment

d. Enhance product quality

43. What is the primary focus of policy implementation?

a. Detailed plans

b. Immediate actions

c. Long-term goals

d. Tactical maneuvers

44. Which level of decision-making involves resource allocation?

a. Tactical

b. Strategic

c. Policy

d. Functional

45. What distinguishes strategy from tactics?

a. Time horizon

b. Scope

c. Flexibility

d. Tactical execution

46. Which of the following is a characteristic of tactical decisions?

a. High level of uncertainty

b. Long-term orientation

c. Routine nature

d. Strategic focus

47. What is the primary focus of strategic planning?

a. Short-term objectives

b. Operational efficiency

c. Long-term direction

d. Tactical execution

48. Which level of decision-making involves goal setting?

a. Operational

b. Tactical

c. Strategic

d. Functional

49. What is a characteristic of policy?

a. Flexibility

b. Detailed action plans

c. Short-term focus

d. Tactical execution

50. Which of the following is a tactical maneuver?

a. Market segmentation analysis

b. Competitive pricing strategy

c. Customer relationship management

d. Product development planning

UNIT - II

STRATEGIC MANAGEMENT PROCESS

Mission:

The mission statement serves as the foundation of an organization's identity and purpose. It answers questions such as "Why does the organization exist?" and "What is its core reason for being?" It often encapsulates the primary activities or services offered by the organization and the beneficiaries it serves.

A well-crafted mission statement should be clear, concise, and inspiring, providing a sense of direction for employees, customers, and other stakeholders.

ADVANTAGES

*Purpose and Direction

*Alignment

*Inspiration and Motivation

*Differentiation

*Strategic Decision -Making

*Stakeholder Engagement

*Adaptability

*Accountability

DISADVANTAGES

*Rigidity

*Narrow Focus

*Lack of Alignment

*Resistance to Change

*Stifled Innovation

*Strategic Tunnel Vision

*Misalignment with Stakeholder Needs

*Difficulties in Measurement

Vision:

The vision statement paints a picture of the desired future state that the organization aims to achieve. It outlines the organization's long-term goals, aspirations, and ultimate destination.

Unlike the mission statement, which focuses on the present, the vision statement focuses on the future, inspiring stakeholders to work towards a common goal.

An effective vision statement should be ambitious yet achievable, motivating stakeholders to strive for excellence and innovation.

ADVANTAGES

*Guidance and Direction

*Inspiration and Motivation

*Strategic Alignment

*Decision-Making Framework

*Differentiation and Competitive Advantage

*Stakeholder Engagement

*Innovation and Creativity

*Long-Term Sustainability

DISADVANTAGES

*Disconnect with Reality

*Lack of Clarity

*Resistance to Change

*Short -Term Focus

*Complacency

*Stifled Innovation

*Unintended Consequences

*Limited Flexibility

Components of Vision

Core Ideology

1. Core Value
2. Core purpose

Envisioned Future

1.Long term audaciuos goal
2. Vivid description of achievements

DIFFERENCE BETWEEN VISION AND MISSION STATEMENT

S.No.	Vision Statement	Mission Statement
1	The Vision statement discusses the *desired position* of the company in *future*	The Mission statement talks about the company's business, *purpose* and the *approach* to pursue them
2	The Vision Statement remains *same* till the company survives	The Mission Statement *may change* if required by the company
3	The Vision Statement is made to *inspire*	The Mission Statement is made to *inform*
4	The Vision Statement shows the company's *future aspirations*	The Mission Statement explains the company's *core purpose*
5	The Vision statement talks about something to be *accomplished*	The Mission statement talks about something to the *pursued* for that accomplishment
6	The Vision statement is aimed to motivate the *employees* and the *relevant stakeholders* to see the value in their efforts	The Mission statement is aimed at both *employees* and *customers*

Objective Setting:

Objectives are specific, measurable targets that support the organization's mission and vision. They provide a roadmap for achieving desired outcomes and help to translate the organization's strategic direction into actionable goals.

Objectives should be **SMART**: Specific, Measurable, Achievable, Relevant, and Time-bound. This ensures clarity and accountability, making it easier to track progress and evaluate success.

Objectives can span various areas of the organization, including financial performance, customer satisfaction, employee engagement, operational efficiency, and innovation.

Features of Objectives

∗Specificity

∗Measurability

∗Achievability

∗Relevance

∗Time -bound

∗Aligned with Stakeholder Needs

∗Strategic Alignment

∗Flexibility

Business Definitions:

Business definitions clarify key terms or concepts relevant to the organization's operations, industry, or strategy. They ensure that everyone within the organization shares a common understanding of important terminology, which is essential for effective communication and decision-making.

Examples of business definitions may include defining market segments, customer demographics, product categories, competitive landscape, and performance metrics.

Summary Statement of Strategy:

The summary statement of strategy provides a concise overview of the organization's overall approach or plan of action for achieving its mission, vision, and objectives.

It highlights the key strategic priorities, initiatives, and resource allocations that will drive success. This statement serves as a guiding beacon for decision-making and resource allocation throughout the organization.

The summary statement of strategy should be clear, compelling, and easy to understand, ensuring alignment and buy-in from all stakeholders.

Deducing Strategy Fraction & Endeavours:

Deducing strategy involves breaking down the overarching strategy into smaller, actionable components or initiatives. This process helps to translate the high-level strategic direction into specific tasks, projects, or programs that can be implemented.

Strategy fractionation entails identifying the critical elements or components of the strategy and determining how they will be executed. This may involve prioritizing initiatives, allocating resources, and defining timelines and responsibilities.

Endeavours represent the specific efforts or actions that support the implementation of the strategy. These could include activities such as launching new products or services, entering new markets, improving operational processes, investing in technology, or developing talent.

Features

*Strategic Alignment

*Clarity and Precision

*Measurability

*Responsibility Assignment

*Resource Allocation

*Risk Management

*Flexibility and Adaptability

*Communication and Collaboration

*Continuous Improvement

MULTIPLE CHOICE QUESTIONS

1. What does a mission statement primarily define?

- A) Short-term financial goals
- B) Long-term vision of the company
- C) Organizational structure
- D) Employee performance metrics

2. What is the key purpose of a mission statement?

- A) To outline daily operational tasks
- B) To communicate the company's purpose and reason for existence
- C) To specify quarterly financial targets
- D) To provide employee biographies

3. Who is primarily responsible for crafting a mission statement?

- A) Shareholders
- B) Middle management
- C) Top management and key stakeholders
- D) External consultants

4. Which of the following is NOT typically included in a mission statement?

- A) Core values
- B) Financial projections
- C) Purpose of the organization
- D) Target market

5. How often should a mission statement be revisited and revised?

- A) Quarterly

- B) Annually

- C) Only when there's a change in leadership

- D) As needed to ensure alignment with organizational goals

6. What role does simplicity play in a well-defined mission statement?

- A) It fosters complexity and confusion

- B) It ensures clarity and understanding

- C) It limits the organization's growth potential

- D) It focuses solely on short-term objectives

7. How does a well-defined mission statement contribute to organizational culture?

- A) By introducing ambiguity and confusion

- B) By providing a shared sense of purpose

- C) By focusing solely on short-term financial gains

- D) By micromanaging daily tasks

8. What is the primary focus of a mission statement?

- A) Short-term operational tasks

- B) Quarterly performance metrics

- C) Long-term strategic objectives

- D) Employee biographies

9. Which of the following is a characteristic of a well-defined mission statement?

- A) Vagueness and ambiguity
- B) Irrelevance to the organization's goals
- C) Specificity and relevance
- D) Constant change

10. How does a well-crafted mission statement aid in decision-making?

- A) It introduces ambiguity and confusion
- B) It provides a framework for evaluating opportunities and risks
- C) It limits the organization's growth potential
- D) It focuses solely on short-term financial gains

11. What role does a mission statement play in attracting and retaining talent?

- A) It fosters a sense of confusion among employees
- B) It provides clarity about the organization's purpose and values
- C) It limits employee creativity and innovation
- D) It focuses solely on short-term financial gains

12. What is the significance of having a clear mission statement?

- A) It fosters confusion and misunderstanding among stakeholders
- B) It ensures alignment and understanding of organizational goals
- C) It discourages transparency and accountability
- D) It focuses solely on short-term objectives

13. Which statement best describes the purpose of a mission statement?

- A) To confuse stakeholders with conflicting messages
- B) To provide detailed instructions for daily tasks
- C) To clearly define the organization's purpose and scope
- D) To prioritize short-term financial gains

14. How does a well-defined mission statement contribute to stakeholder engagement?

- A) It fosters transparency and accountability
- B) It discourages involvement and collaboration
- C) It limits access to strategic information
- D) It focuses solely on short-term financial gains

15. What is the primary purpose of regularly reviewing and updating a mission statement?

- A) To limit the organization's growth potential
- B) To ensure alignment with changing market conditions and strategicgoals
- C) To introduce ambiguity and confusion
- D) To focus solely on short-term financial gains

16. Which of the following is NOT a characteristic of an effective mission statement?

- A) Ambiguity
- B) Specificity
- C) Relevance to the organization's goals

- D) Inspirational language

17. How does a well-crafted mission statement contribute to organizational performance?

- A) It introduces ambiguity and confusion
- B) It fosters alignment and focus among stakeholders
- C) It discourages transparency and accountability
- D) It focuses solely on short-term objectives

18. What role does a mission statement play in guiding strategic decisions?

- A) It introduces ambiguity and confusion
- B) It provides a framework for evaluating opportunities and risks
- C) It limits the organization's growth potential
- D) It focuses solely on short-term financial gains

19. How does a well-defined mission statement contribute to organizational identity?

- A) It fosters confusion and misunderstanding among stakeholders
- B) It ensures alignment and understanding of organizational goals
- C) It discourages transparency and accountability
- D) It focuses solely on short-term objectives

20. What is the primary focus of a mission statement?

- A) Short-term operational tasks
- B) Quarterly performance metrics
- C) Long-term strategic objectives

- D) Employee biographies

21. What is the primary purpose of a vision statement?

- A) To outline short-term financial goals
- B) To provide detailed instructions for daily tasks
- C) To inspire and guide the organization's long-term aspirations
- D) To focus solely on quarterly sales targets

22. Which of the following best defines a vision statement?

- A) A detailed plan for achieving quarterly objectives
- B) A statement describing the organization's core values and beliefs
- C) A statement outlining the company's annual revenue targets
- D) A compelling description of the organization's future state or desiredoutcome

23. What does a vision statement primarily focus on?

- A) Short-term operational tasks
- B) Long-term goals and aspirations
- C) Quarterly performance metrics
- D) Daily financial targets

24. Which of the following is NOT a characteristic of a well-defined vision statement?

- A) Inspirational language
- B) Ambiguity

- C) Clarity and specificity

- D) Alignment with organizational values

25. Who among the following is primarily responsible for crafting a vision statement?

- A) Shareholders

- B) Middle managers

- C) Top management and key stakeholders

- D) External consultants

26. Which statement aligns with the purpose of a vision statement?

- A) "To achieve short-term financial gains for shareholders"

- B) "To provide innovative solutions that enhance customer satisfaction"

- C) "To minimize employee engagement for cost-saving purposes"

- D) "To maximize quarterly profits at any cost"

27. What role does a vision statement play in strategic management?

- A) It focuses solely on short-term objectives

- B) It provides a roadmap for long-term success

- C) It micromanages daily operational tasks

- D) It sets quarterly performance targets

28. Which of the following statements best reflects the scope of a vision statement?

- A) It outlines specific tactics for achieving short-term objectives

- B) It encompasses the organization's long-term aspirations and desiredfuture state
- C) It solely focuses on financial targets for the next quarter
- D) It details daily tasks for employees

29. How often should a vision statement be revisited and revised?

- A) Quarterly
- B) Annually
- C) Only when there's a change in top management
- D) Regularly to ensure alignment with organizational goals and values

30. Which of the following is NOT a potential benefit of a well-crafted vision statement?

- A) Providing clarity and direction for employees
- B) Enhancing customer satisfaction
- C) Encouraging unethical behavior
- D) Fostering a sense of purpose and motivation among stakeholders

31. Which statement best describes the purpose of a vision statement?

- A) Outlining short-term financial targets
- B) Describing the organization's current state
- C) Inspiring and guiding long-term aspirations
- D) Providing instructions for daily tasks

32. Who is typically responsible for creating a vision statement?

- A) Shareholders

- B) Middle management
- C) Top management and key stakeholders
- D) External consultants

33. Which of the following is NOT a characteristic of an effective vision statement?

- A) Ambiguity
- B) Inspirational language
- C) Clarity and specificity
- D) Alignment with organizational values

34. How often should a vision statement be reviewed and revised?

- A) Quarterly
- B) Annually
- C) Only when there's a change in leadership
- D) Regularly to ensure alignment with organizational goals and values

35. What is the primary purpose of objective setting in business policy?

- A) To confuse employees with conflicting goals
- B) To ensure long-term success by setting clear targets
- C) To micromanage daily activities
- D) To avoid setting any goals at all

36. Which of the following best defines objective setting?

- A) Establishing vague and ambiguous goals

- B) Setting short-term financial targets only

- C) Defining specific, measurable, and achievable goals

- D) Ignoring strategic priorities and long-term objectives

37. How often should objectives be reviewed and updated?

- A) Quarterly

- B) Annually

- C) Only when there's a change in leadership

- D) Regularly to ensure alignment with strategic goals

38. What role do objectives play in strategic management?

- A) They focus solely on short-term gains

- B) They provide guidance for daily operational tasks

- C) They help align organizational efforts with strategic priorities -

D) They set quarterly financial targets

39. Which of the following is NOT a characteristic of well-defined objectives?

- A) Ambiguity

- B) Specificity

- C) Measurability

- D) Achievability

40. Who is typically responsible for setting objectives within an organization?

- A) Shareholders
- B) Middle management
- C) Top management and key stakeholders
- D) External consultants

41. What is the significance of setting both short-term and long-term objectives?

- A) It ensures quick wins without considering long-term sustainability
- B) It helps maintain focus on immediate priorities only
- C) It balances immediate needs with long-term strategic goals
- D) It confuses employees with conflicting goals

42. How do measurable objectives contribute to organizational success?

- A) They allow for subjective evaluation of performance
- B) They enable objective assessment of progress and performance
- C) They focus solely on qualitative aspects of performance
- D) They discourage accountability and transparency

43. What role does flexibility play in objective setting?

- A) It limits the organization's ability to adapt to changing circumstances
- B) It ensures rigidity in goal achievement
- C) It allows for adjustments to goals based on changing conditions
- D) It promotes adherence to outdated objectives

44. Which statement best describes the purpose of objective setting?

- A) To create confusion among employees
- B) To ensure alignment with short-term financial goals
- C) To establish clear targets for performance and success
- D) To focus solely on long-term strategic objectives

45. How do well-defined objectives contribute to organizational performance?

- A) They introduce ambiguity and confusion
- B) They provide a clear direction and focus for employees
- C) They discourage accountability and transparency
- D) They prioritize short-term gains over long-term success

46. Who is primarily responsible for ensuring that objectives are aligned with strategic goals?

- A) Shareholders
- B) Middle management
- C) Top management and key stakeholders
- D) External consultants

47. Which of the following is a characteristic of effective objective setting?

- A) Ambiguity
- B) Complexity
- C) Measurability

- D) Lack of accountability

48. How do regularly reviewed objectives contribute to organizational agility?

- A) They discourage adaptation to changing circumstances
- B) They foster rigidity and resistance to change
- C) They enable organizations to adjust to changing conditions moreeffectively
- D) They prioritize short-term gains over long-term sustainability

49. What is the significance of aligning objectives with organizational values?

- A) It introduces ambiguity and confusion
- B) It fosters a sense of purpose and motivation among employees
- C) It discourages transparency and accountability
- D) It prioritizes short-term gains over long-term success

50. What is a business definition?

- A) A detailed financial forecast
- B) A comprehensive list of daily tasks
- C) A clear and concise statement defining the scope and purpose of theorganization
- D) A set of quarterly performance targets

-

UNIT - III

Business Environment:-

The term "business environment" refers to the combination of internal and external factors that affect a company's operations and performance.

FACTORS:-

SWOT Analysis:-

S- Strength
W- Weakness
O- Opportunity
T- Threat

SWOT analysis is a strategic planning tool used by organizations to identify and evaluate their Strengths, Weaknesses, Opportunities, and Threats. It provides a structured framework for assessing internal capabilities and external factors that can impact the business.

Here's a breakdown of each component:

1. **Strengths**:
   - Internal attributes or resources that give the organization a competitive advantage.
   - Examples include strong brand reputation, loyal customer base, innovative products or services, talented workforce, efficient operations, and financial stability.
2. **Weaknesses**:
   - Internal factors that hinder the organization's performance or competitive position.
   - These could include limited resources, outdated technology, poor management, lack of market presence, high production costs, or inadequate infrastructure.
3. **Opportunities**:
   - External factors or market conditions that present favorable circumstances for growth or improvement.
   - Opportunities may arise from changes in consumer behavior, emerging markets, technological advancements, industry trends, partnerships, or regulatory changes.
4. **Threats**:
   - External factors that pose risks or challenges to the organization's success.
   - Threats can come from competitors, economic downturns, changing consumer preferences, technological disruptions, regulatory changes, or supply chain disruptions.

Conducting a SWOT analysis involves gathering relevant data, conducting internal and external assessments, and brainstorming with key stakeholders to identify factors in each category. Once the analysis is complete, organizations can use the insights gained to develop strategic plans, set objectives, allocate resources, and make informed decisions to achieve their goals and navigate the business environment effectively.

PESTEL Analysis:-

P- Political Factors
E- Economic Factors
S- Social Factors
T- Technological Factors
E- Ecological Factors
L- Legal Factors

PESTEL analysis is a framework used by organizations to assess and analyze the external macro-environmental factors that can impact their business operations and strategic decision-making. The acronym stands for Political, Economic, Social, Technological, Environmental, and Legal factors.

Here's a breakdown of each component:

1. **Political Factors**:
 - This includes government policies, regulations, stability, and political trends that can affect business operations.
 - Examples include taxation policies, trade tariffs, government stability, political ideologies, and regulations related to employment, health, safety, and consumer protection.

2. **Economic Factors**:
 - Economic conditions such as inflation rates, exchange rates, GDP growth, interest rates, and unemployment levels influence consumer spending patterns, investment decisions, and overall business activity.

3. **Social Factors**:
 - Social factors encompass demographic trends, cultural norms, lifestyle changes, consumer preferences, and societal attitudes.
 - Examples include population demographics, education levels, income distribution, family structures, health consciousness, and trends in fashion, entertainment, and leisure activities.

4. **Technological Factors**:
 - Technological advancements and innovations impact product development, production processes, distribution channels, communication methods, and overall industry competitiveness.
 - Examples include automation, artificial intelligence, digitalization, Internet of Things (IoT), mobile technologies, and advancements in renewable energy.

5. **Environmental Factors**:

- Environmental concerns such as climate change, sustainability practices, resource depletion, pollution, and waste management regulations are increasingly important for businesses.

- Companies are under pressure to adopt environmentally friendly practices, reduce carbon footprints, minimize waste generation, and comply with environmental regulations.

6. **Legal Factors**:

- Legal factors encompass laws, regulations, and legal frameworks that govern business operations and industry practices.
- Examples include employment laws, intellectual property rights, competition laws, health and safety regulations, data protection laws, and product labeling requirements.

By analyzing these six categories of external factors, organizations can gain insights into the broader business environment, identify potential opportunities and threats, and make informed strategic decisions to navigate challenges and capitalize on emerging trends.

BCG Matrix:-

The BCG (Boston Consulting Group) Matrix is a strategic management tool used to analyze a company's portfolio of products or business units based on their market growth rate and relative market share. Developed by the Boston Consulting Group, this matrix helps businesses allocate resources effectively by categorizing products or business units into four quadrants:

1. **Stars:**
- Products or business units with high market share in high-growth markets.
- Stars typically require significant investment to maintain their growth momentum and strengthen their market position.

2. **Cash Cows:**
- Products or business units with high market share in low-growth or mature markets.
- They require minimal investment to maintain their market share and profitability.

3. **Question Marks (or Problem Children):**
- Products or business units with low market share in high-growth markets.
- Question marks require significant investment to increase their market share and become stars.
- They may have the potential to become stars if investment and strategic efforts are successful, but they also carry a higher risk of failure.

4. **Dogs:**
- Products or business units with low market share in low-growth markets.
- Dogs typically generate low profits or even incur losses due to their weak market position.

The BCG Matrix provides a visual representation of a company's portfolio and helps management prioritize resource allocation decisions. It encourages businesses to balance their portfolio by investing in high-potential products or business units (stars and question marks) while leveraging cash cows to fund growth initiatives and generate cash flows. Additionally, it highlights areas of concern, such as dogs, that may require strategic actions to improve performance or minimize losses.

PORTER's Five Forces Model:-

1) Threats Of New Entrance
2) Buyers Power
3) Suppliers Power
4) Threats Of Substitution
5) Competitive Rivalry

Porter's Five Forces model, developed by Michael Porter, is a framework used to analyze the competitive intensity and attractiveness of an industry. It helps businesses understand the forces shaping their industry and devise strategies to position themselves advantageously.

The five forces are:

1. **Threat of New Entrants:**

- This force assesses the ease with which new competitors can enter the industry and compete with existing firms.
- Factors influencing the threat of new entrants include barriers to entry such as high capital requirements, economies of scale, brand loyalty, access to distribution channels, government regulations, and proprietary technology.

2. **Bargaining Power of Buyers:**

- The bargaining power of buyers refers to the ability of customers to negotiate prices, demand quality improvements, or switch to alternative products or suppliers.
- High buyer power can result in price pressure and reduced profitability for suppliers, while low buyer power gives suppliers more control over pricing and terms.

3. **Bargaining Power of Suppliers:**

- This force assesses the ability of suppliers to influence the prices, terms, and quality of inputs they provide to businesses.
- High supplier power can lead to higher input costs and reduced profitability for buyers, while low supplier power allows buyers to negotiate favorable terms and prices.

4. **Threat of Substitute Products or Services:**

- The threat of substitutes refers to the availability of alternative products or services that can fulfill the same or similar customer needs.
- A high threat of substitutes can limit pricing power and market share for existing products or services, while a low threat allows firms to maintain their competitive position more easily.

5. **Intensity of Competitive Rivalry:**

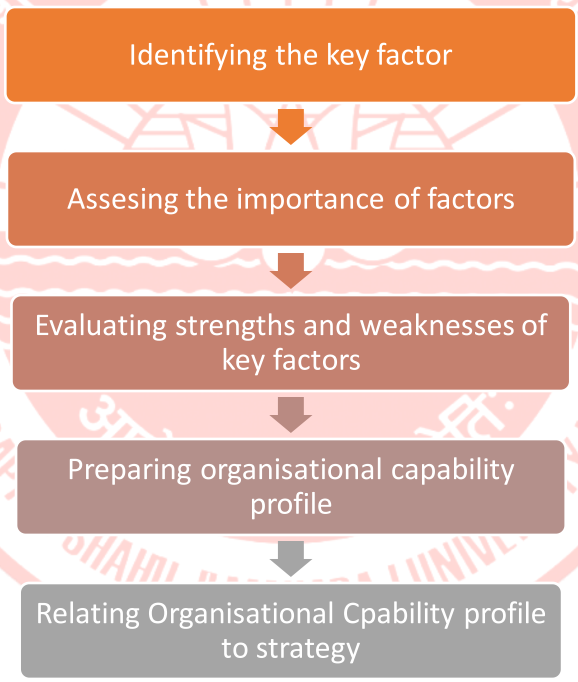
- This force examines the level of competition among existing firms in the industry.
- Factors contributing to competitive rivalry include the number and diversity of competitors, industry growth rates, differentiation among competitors' products or services, excess capacity, and exit barriers.

By analyzing these five forces, businesses can identify the sources of competition and assess the overall attractiveness of an industry. This understanding enables firms to develop strategies to enhance their competitive position, such as differentiation, cost leadership, strategic alliances, or diversification. Additionally, the model helps businesses anticipate changes in the competitive landscape and proactively respond to emerging threats and opportunities.

<u>Analysis Of Internal Resources:-</u>

Organisational Analysis is a process of evaluating systematically an organistaions capacity which can give it a competitive advantage in market.

<u>Process Of Organisational Analysis:-</u>



<u>Methods Of Organisational Analysis:-</u>

1) **Internal Analysis**
2) **Comparative Analysis**
3) **Comprehensive Analysis**
4) **SWOT Analysis**

1) **<u>Internal Analysis:-</u>**

   VRIO Analysis

   V- Valuable, **R-** Rare, **I-** Inimitable, **O-** Organised for usage.

A) Value chain analysis:-

It is a set of interlinked and value creating activities performed by an organization. It is used to measure how each activity in the chain creator value.

B) Quantitative analysis:-

a) Financial analysis:-

- Ratio analysis
- Economic value added analysis

b) Non-financial analysis:-

- Labour Turnover
- Absenteeism
- Production cycle

C) Qualitative analysis:-

These are the aspect which cannot be expressed in quantitative terms such as corporate image, employee moral, learning ability, etc.

2) <u>Comparative Analysis:-</u>

A) Historical analysis
B) Industry norm
C) Bench Marking

3) <u>Comprehensive Analysis:-</u>

A) Key factor rating
B) Balance Scorecard
C) SWOT analysis

Major Strategy Option:-

Corporate level strategies may be classified as follows:-

1.Growth/ Expansion Strategy:-

- Concentration strategy
- Integration strategy
- Diversification strategy
- Co-operation strategy

2.Stability Strategy:-

- No change strategy
- Pause and proceed with caution strategy
- Profit strategy

3.Retrenchment Strategy:-

- Restructuring strategy
- Liquidation strategy
- Disinvestment strategy

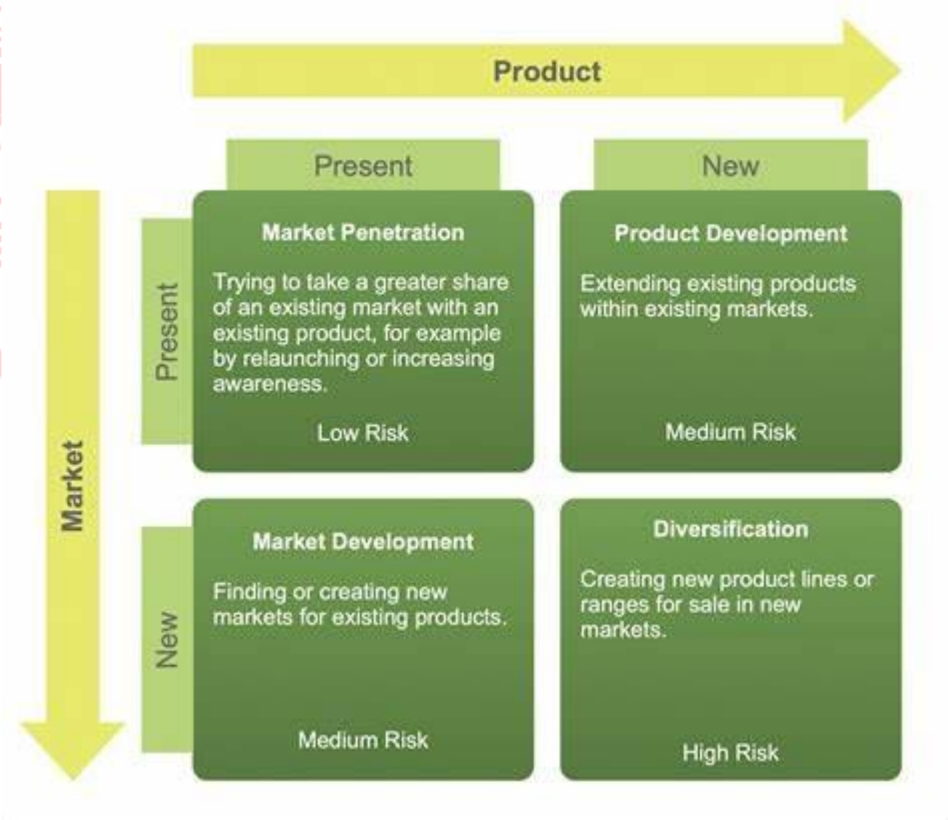
4.Combination Strategy:-

- Simultaneous Combination
- Sequential Combination
- Simultaneous cum Sequential Combination

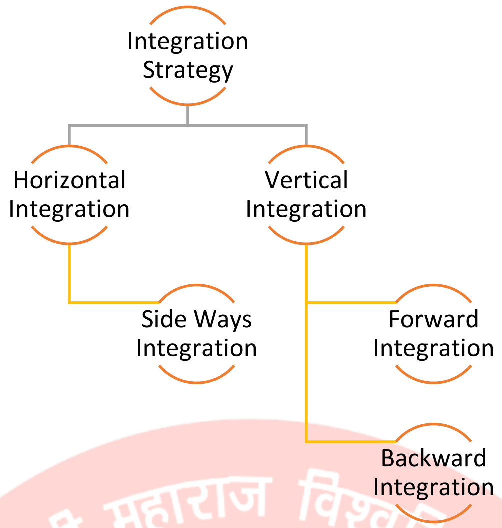
Concentration strategy:-

Also known as intensification strategy or concentric strategy.
Under this strategy company confess it self to doing what it is best in doing.

Ansoff's Product Market Matrix:-



Integration Strategy:-



Integration strategy refers to a strategic approach in which a company seeks to consolidate different parts of its value chain, either horizontally or vertically, to gain greater control, efficiency, and competitive advantage.

There are two main types of integration strategies: horizontal integration and vertical integration.

1. **Horizontal Integration:**

- Horizontal integration involves the acquisition or merger of companies that operate in the same or similar stages of the production process or offer similar products or services.
- The goal of horizontal integration is to consolidate market share, increase economies of scale, reduce competition, and potentially gain pricing power.

2. **Vertical Integration:**

- Vertical integration involves expanding the company's operations into different stages of the value chain, either backward (toward suppliers) or forward (toward customers).
- Backward integration occurs when a company acquires or controls its suppliers, securing access to critical inputs, reducing costs, and ensuring quality and timeliness of supply.

Diversification Strategy:-

Diversification strategy is a strategic approach in which a company expands its business activities into new products, services, or markets that are different from its existing offerings. The goal of diversification is to spread risk, capitalize on growth opportunities, and enhance long-term sustainability by reducing dependence on a single product or market.

There are two main types of diversification: related diversification and unrelated diversification.

1. **Related Diversification:**

- Related diversification involves entering new markets or industries that are related or complementary to the company's existing business activities.
- Companies pursue related diversification to leverage existing capabilities, resources, and synergies across different business units, thereby achieving economies of scope.

2. **Unrelated Diversification:**

- Unrelated diversification involves entering new markets or industries that are unrelated or different from the company's existing business activities.
- Companies pursue unrelated diversification to spread risk across diverse business lines, capitalize on opportunities in unrelated markets, and reduce dependency on a single industry or market segment.

Co-Operation Strategy:-

Cooperation strategy, also known as cooperative strategy, involves collaborative efforts between two or more organizations to achieve mutual goals, leverage complementary strengths, and create synergies. Cooperation can take various forms, ranging from informal partnerships to formal agreements and alliances.

1. **Strategic Alliances:**

- Strategic alliances are formal agreements between two or more organizations to collaborate on specific projects, ventures, or activities while retaining their independence.
- Alliances can take various forms, including joint ventures, research and development partnerships, marketing alliances, distribution agreements, and supply chain partnerships.
- Strategic alliances allow companies to access new markets, technologies, or resources, share risks and costs, and leverage each other's strengths and capabilities.

2. **Joint Ventures:**

- Joint ventures (JVs) are collaborative business entities formed by two or more companies to pursue a common objective or project.
- Joint ventures involve shared ownership, management, and financial investment by the participating organizations.
- Joint ventures are often used to enter new markets, develop new products, or undertake large-scale projects that require pooling of resources and expertise.

Stability Strategies:-

Stability strategies are essentially methods or approaches that businesses employ to maintain their current position without significant changes in their operations, products, or markets. They're typically chosen when the environment is stable, and the organization aims to sustain its current level of performance rather than pursuing aggressive growth or major changes.

Retrenchment Strategy:-

Retrenchment strategy is a strategic approach adopted by organizations facing significant challenges or crises, aimed at improving financial performance and organizational efficiency through cost-cutting, restructuring, and downsizing. It involves reducing the scope of the business, eliminating non-core activities, and focusing on core competencies to restore profitability and competitiveness. Retrenchment strategies are typically implemented in response to declining performance, financial distress, market saturation, or changes in the business environment.

Corporate Restructuring:-

Corporate restructuring refers to significant changes made to the organizational structure, operations, or ownership of a company with the aim of improving its efficiency, competitiveness, and financial performance. Restructuring initiatives are often undertaken in response to internal or external pressures, such as declining profitability, changes in market conditions, technological disruptions, or shifts in strategic priorities.

Disinvestment Strategy:-

Disinvestment strategy, also known as divestment strategy, involves the deliberate reduction or elimination of certain business units, subsidiaries, or assets by a company. This strategic move can be motivated by various factors, such as improving financial performance, focusing on core business areas, reducing debt, unlocking shareholder value, or responding to changes in the competitive landscape.

Liquidation Strategy:-

Liquidation strategy is a course of action undertaken by a company to wind down its operations and sell off its assets in order to pay off its creditors and shareholders. It typically occurs when a company is insolvent or unable to meet its financial obligations, and continuing operations is no longer viable. Liquidation may be voluntary, initiated by the company's management or stakeholders, or involuntary, initiated by creditors through bankruptcy proceedings.

Combination Strategy:-

A combination strategy, also known as a mixed strategy or hybrid strategy, involves integrating multiple strategic approaches or elements into a cohesive and synergistic strategy. Instead of relying solely on a single strategic approach, organizations adopt a combination of different strategies to leverage their strengths, mitigate weaknesses, and capitalize on opportunities. Combination strategies allow companies to adapt to complex and dynamic business environments by blending elements of different strategic approaches to achieve their objectives.

Simultaneous Combination:-

Simultaneous combination strategy, also known as simultaneous hybrid strategy, involves implementing multiple competitive strategies simultaneously across different business units, product lines, or market segments within the same organization. Instead of choosing between differentiation, cost leadership, or focus strategies, companies pursue a combination of these strategies concurrently to address diverse market needs and gain a competitive advantage.

Sequential Combination:-

Sequential combination strategy involves implementing different strategic approaches in a sequential manner, where one strategy is pursued initially, followed by another strategy at a later stage. This approach allows organizations to adapt to changing circumstances, build upon previous successes, and address different phases of their business lifecycle.

Simultaneous Cum Sequential Combination:-

Simultaneous cum sequential combination strategy involves integrating multiple strategic approaches simultaneously and sequentially over time to achieve organizational objectives. This approach combines the benefits of simultaneous implementation for immediate impact and sequential adjustments to adapt to changing circumstances or capitalize on emerging opportunities.

MULTIPLE CHOICE QUESTIONS

1. Which of the following is NOT an external factor affecting the business environment?
   a) Technological advancements
   b) Market demand
c) Organizational culture
   d) Government regulations

2. Economic conditions, political stability, and legal regulations are examples of ___________ factors influencing the business environment.
   a) Internal
b) External
   c) Market
   d) Customer

3. Which of the following is NOT a component of the PESTEL analysis framework?
   a) Political
   b) Economic
   c) Social
d) Enterprise

4. SWOT analysis stands for:
   a) Strengths, Weaknesses, Objectives, Threats
   b) Sales, Workforce, Operations, Technology
   c) Strategy, Wealth, Opportunities, Tactics
d) Strengths, Weaknesses, Opportunities, Threats

5. The BCG Matrix categorizes products into:
a) Four quadrants based on their market share and profitability
   b) Three categories based on their production cost
   c) Five segments based on their distribution channels
   d) Two groups based on their brand reputation

6. Porter's Five Forces model does NOT include which of the following factors?
   a) Bargaining power of buyers
   b) Threat of new entrants
   c) Availability of substitutes
d) Economic growth rate

7. Market growth rate and relative market share are two dimensions used in the:
a) BCG Matrix
b) SWOT Analysis
c) PESTEL Analysis
d) Porter's Five Forces Analysis

8. Which of the following is NOT a step in conducting a PESTEL analysis?
a) Identifying political factors
b) Analyzing competitors' strategies
c) Assessing economic factors
d) Evaluating technological factors

9. In a SWOT analysis, opportunities and threats are factors from which dimension?
a) External environment
b) Internal environment
c) Market demand
d) Technological advancements

10. Which of the following is NOT a dimension of the BCG Matrix?
a) Market growth rate
b) Product life cycle
c) Relative market share
d) Cash generation capability

11. Which of the following is NOT a force in Porter's Five Forces model?
a) Threat of new entrants
b) Bargaining power of suppliers
c) Competitive rivalry
d) Market demand

12. Which of the following best describes the purpose of conducting a PESTEL analysis?
a) To assess a company's internal strengths and weaknesses
b) To identify opportunities and threats in the external environment
c) To evaluate market demand for the company's products
d) To analyze competitors' strategies and market share

13. Which of the following strategies involves categorizing products into four quadrants based on their market growth rate and relative market share?
a) Differentiation strategy
b) Cost leadership strategy
c) Market segmentation strategy
d) BCG Matrix strategy

14. In Porter's Five Forces model, which force assesses the likelihood of new competitors entering the market?
a) Bargaining power of buyers
b) Threat of substitutes
c) Threat of new entrants
d) Competitive rivalry

15. What is the primary purpose of the SWOT analysis framework?
a) To identify strengths and weaknesses of competitors
b) To evaluate the company's financial performance
c) To assess internal strengths and weaknesses, as well as external opportunities and threats
d) To analyze the company's supply chain management

16. Which of the following is NOT considered an internal resource of a company?
A) Financial assets
B) Suppliers
C) Human capital
D) Intellectual property

17. What term refers to the process of evaluating an organization's strengths and weaknesses?
A) SWOT analysis
B) PESTLE analysis
C) Competitive analysis
D) Resource audit

18. Which of the following is an example of a tangible resource?
A) Brand reputation
B) Customer loyalty
C) Patented technology

D) Manufacturing facilities

19. Which aspect of internal analysis focuses on the skills, knowledge, and expertise of employees?
A) Financial analysis
B) Human resource management
C) Technological capabilities
D) Strategic planning

20. What term refers to the unique assets and capabilities that provide a company with a competitive advantage?
A) Core competencies
B) External factors
C) Market trends
D) Operational efficiencies

21. Which of the following is an example of a core competency?
A) High employee turnover
B) Advanced manufacturing technology
C) Generic marketing strategies
D) Limited distribution channels

22. What type of resource includes the company's patents, trademarks, and copyrights?
A) Financial resources
B) Technological resources
C) Intellectual property
D) Physical assets

23. The VRIO framework is used to assess:
A) External market trends
B) Internal resources and capabilities
C) Competitive pricing strategies
D) Global economic conditions

24. What does the "V" stand for in the VRIO framework?
A) Value
B) Vision
C) Vitality
D) Venture

25. What aspect of the VRIO framework assesses whether a resource is rare compared to competitors?
A) Rarity
B) Value
C) Imitability
D) Organization

26. Which of the following is NOT a criterion in the VRIO framework?
A) Rarity
B) Imitability
C) Organization
D) Opacity

27. Which of the following is an example of an intangible resource?
A) Machinery
B) Inventory
C) Brand reputation
D) Production facilities

28. What term refers to the process of identifying and assessing the organization's resources and capabilities?
A) Market segmentation
B) Environmental scanning
C) Internal analysis
D) Competitive benchmarking

29. Which of the following is an example of a capability rather than a resource?
A) Patented technology
B) Skilled workforce
C) Financial reserves
D) Manufacturing equipment

30. What aspect of internal analysis involves evaluating the efficiency and effectiveness of business processes?
A) Financial analysis
B) Operational performance
C) Market share
D) Competitive positioning

31. Which of the following is NOT a component of Porter's Generic Strategies?
A) Cost Leadership
B) Differentiation
C) Focus
D) Diversification

32. What is the primary focus of a cost leadership strategy?
A) Offering unique products at premium prices
B) Providing products at the lowest possible cost
C) Focusing on a specific niche market
D) Maintaining high-quality standards

33. Which strategy focuses on targeting a narrow segment of the market?
A) Cost Leadership
B) Differentiation
C) Focus
D) Integration

34. Which strategy aims to create unique products or services that are valued by customers?
A) Cost Leadership
B) Differentiation
C) Focus
D) Integration

35. What is SWOT analysis primarily used for in strategic planning?
A) Identifying internal strengths and weaknesses
B) Analyzing competitor strategies
C) Predicting market trends
D) Setting financial targets

36. Which of the following is a characteristic of a Blue Ocean Strategy?
A) Focusing on intense competition within existing markets
B) Targeting niche markets with highly specialized products
C) Creating new market spaces uncontested by competitors
D) Diversifying product offerings to minimize risk

37. What does the BCG Matrix assess?
A) Market attractiveness and business strengths
B) Competitive intensity and market potential
C) Product lifecycle stages and market share
D) Revenue and profit margins

38. Which strategy involves combining two or more businesses to achieve strategic goals?
A) Cost Leadership
B) Differentiation
C) Integration
D) Diversification

39. Which of the following is an example of vertical integration?
A) A company expands its product line to include related products
B) A company acquires suppliers or distributors
C) A company targets a specific niche market
D) A company focuses on reducing production costs

40. What is the purpose of a strategic alliance?
A) To increase competition in the industry
B) To eliminate competitors
C) To collaborate with other firms for mutual benefit
D) To acquire new technology

41. What does the Ansoff Matrix assess?
A) Market attractiveness and business strengths
B) Competitive intensity and market potential
C) Product lifecycle stages and market share
D) Growth strategies based on market and product options

42. Which strategy involves entering new markets with existing products?
A) Market Penetration
B) Market Development
C) Product Development
D) Diversification

43. What is the main objective of market penetration?
   A) To develop new products for existing markets
   B) To enter new markets with existing products
   C) To increase market share within existing markets
   D) To diversify into unrelated industries

44. Which of the following is an example of backward integration?
   A) A clothing retailer opens new stores in different regions
   B) An automobile manufacturer acquires a tire manufacturing company
   C) A software company develops a new operating system
   D) A restaurant chain expands its menu offerings

45. What does the term "core competency" refer to in strategic management?
   A) Unique capabilities that provide a competitive advantage
   B) Basic skills required for operational efficiency
   C) Financial resources available for strategic investments
   D) Market share within a specific industry

46. Which strategy involves reducing the number of products or services offered?
   A) Market Penetration
   B) Market Development
   C) Product Development
   D) Product Rationalization

47. What is the primary objective of diversification?
   A) To focus on a specific niche market
   B) To reduce risks by entering unrelated industries
   C) To increase market share within existing markets
   D) To eliminate competitors

48. Which of the following is a limitation of Porter's Five Forces framework?
   A) It focuses solely on internal factors.
   B) It does not account for the impact of technology.
   C) It overlooks the importance of customer preferences.
   D) It assumes a static industry structure.

49. What is the purpose of scenario planning in strategic management?
   A) To predict future market trends with certainty
   B) To identify and analyze potential future events and their impacts
   C) To establish short-term financial targets
   D) To develop strategic alliances with competitors

50. Which of the following is NOT a characteristic of a successful strategic plan?
   A) Flexibility to adapt to changing circumstances
   B) Alignment with the organization's mission and values
   C) Overly complex and difficult to understand
   D) Clear objectives and action plans

UNIT – IV

CHOICE OF STRATEGY

CONCEPT – Strategic choice is the decision to select from among the alternative grand strategies considered , the strategy which will best meet the enterprise objective.

STEPS-

Focusing on strategic alternatives

Evaluating strategic alternatives

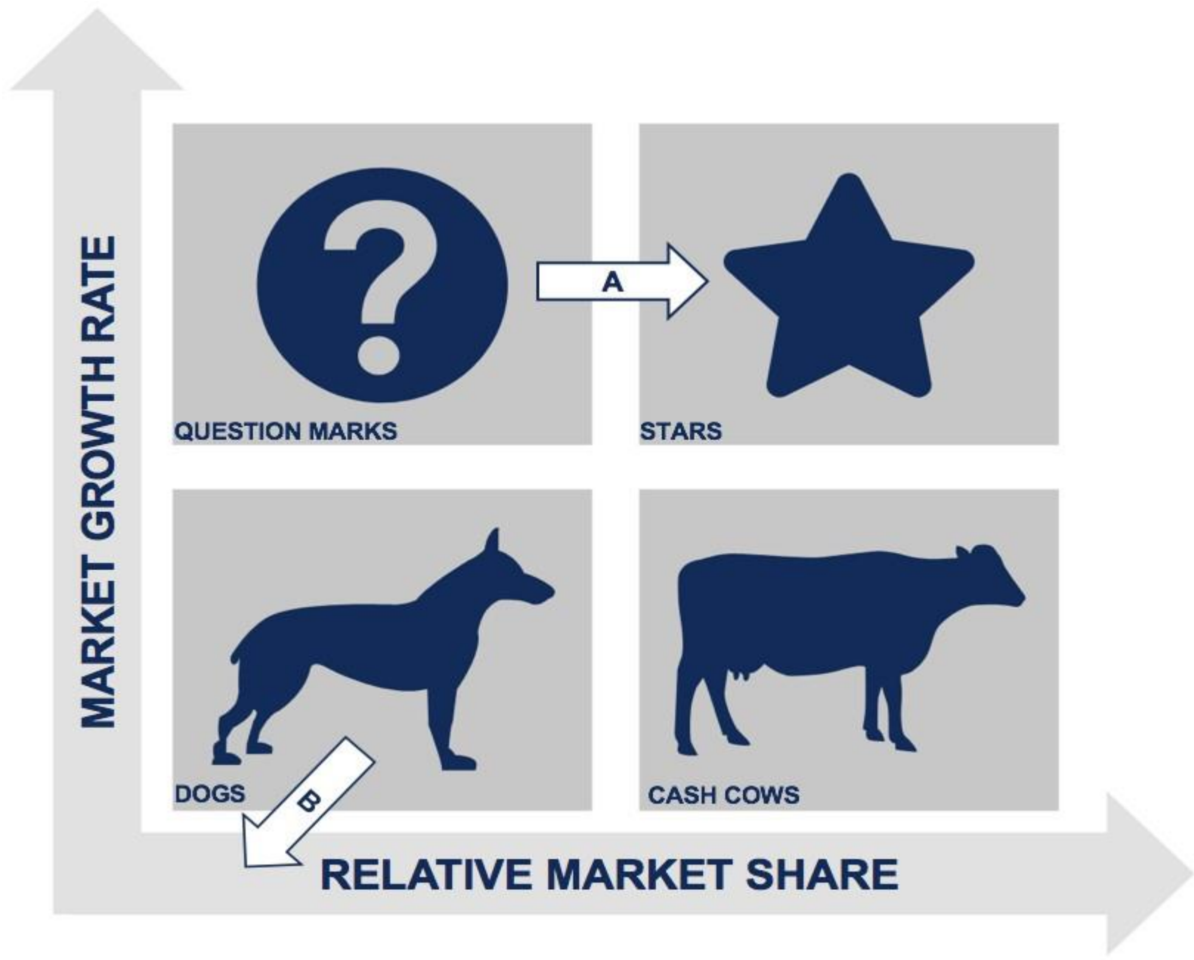
Considering decision factors
1.OBJECTIVE FACTORS
2.SUBJECTIVE FACTORS

Choosing from among the strategic alternatives

PORTFOLIO ANALYSIS –

A. BCG MODEL
B. STOP –LIGHT STRATEGY MODEL
C. PRODUCT/MARKET EVOLUTION MODEL
D. DIRECTIONAL POLICY MATRIX
E. STRATEGIC POSITION AND ACTION EVOLUTION (SPACE) MATRIX

BCG MODEL - The Boston Consulting Group (BCG) growth-share matrix is a planning tool that uses graphical representations of a company's products and services in an effort to help the company decide what it should keep, sell, or invest more in.



1. **Stars:** Products or business units with high market share in fastgrowing industries. These are seen as promising and profitable, often requiring substantial investment to support their growth.

2. **Cash Cows:** These have a high market share in a low-growth industry. They generate more cash than what is needed to maintain the business, often funding other business units.

3. **Question Marks:** They are in high-growth markets but have a low market share. They require significant investment to improve their market position.

4. **Dogs:** These have a low market share in low-growth markets. They typically generate just enough cash to maintain themselves without being major profit centers.

STOP – LIGHT STRATEGY MODEL –

GE Nine Cell Matrix

Industry Attractiveness	Business Unit Strength		
	Strong	Average	Weak
High	*Grow*	*Grow*	*Hold*
Medium	*Grow*	*Hold*	*Harvest*
Low	*Hold*	*Harvest*	*Harvest*

Three zones of three cells each are made, indicating different combinations represented by green, yellow and red colors. So it is also called 'Stoplight Strategy Matrix', similar to the traffic signal. The green zone suggests you to 'go ahead', to grow and build, pushing you through expansion strategies.

This matrix combines two dimensions industry attractiveness and the competitive strength of a business unit into matrix.

PRODUCT/MARKET EVOLUTION MATRIX MODEL-

It refers to the tool for determining the position of the product in the market based on market development and competitive position. It provides an overview of the stages of product growth in the market. A business develops a strategy based on the market position of its product.

DIRECTIONAL POLICY MATRIX-

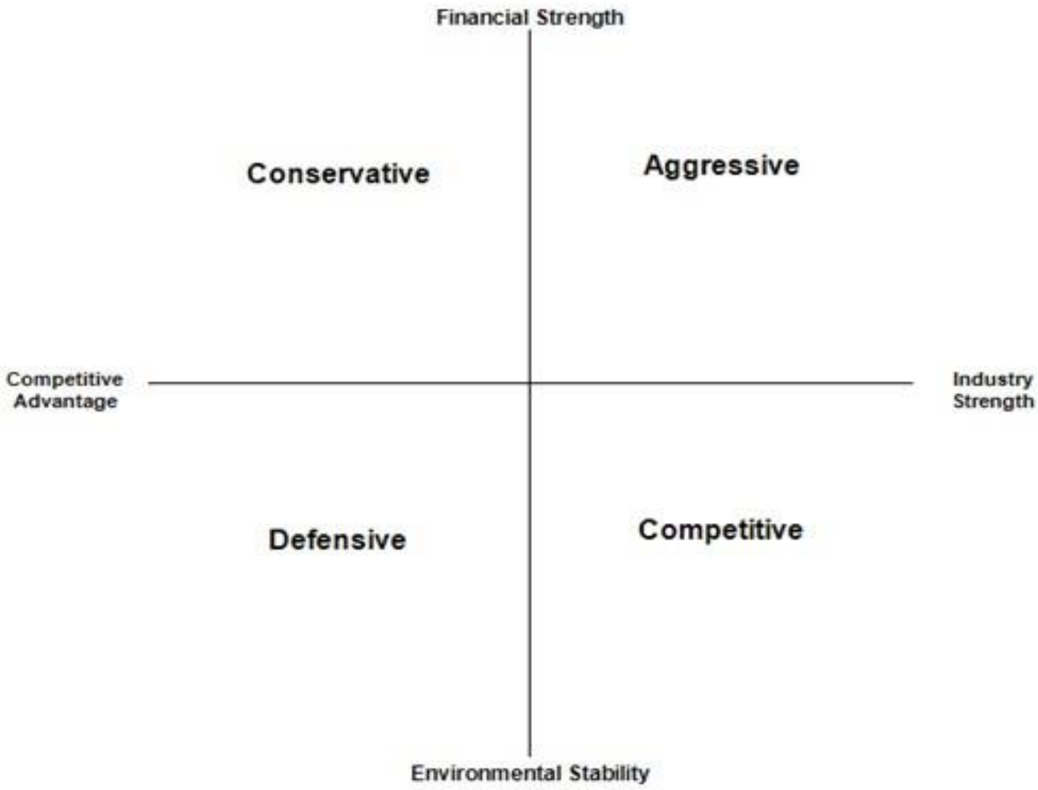
The Directional Policy Matrix. The Directional Policy Matrix measures the attractiveness of a segment and the capability of the organisation to support that segment. Through a DPM, an organization will understand the segment it should invest in and the direction it should take.

PROSPECTS FOR SECTOR PROFITABILITY

ENTERPRISES COMPETITIVE CAPABILITIES	UNATTRACTIVE	AVERAGE	ATTRACTIVE
WEAK	DISINVEST	PHASED WITHDRAWAL	DOUBLE OR QUIT
AVERAGE	PHASED WITHDRAWAL	CUSTODIAL GROWTH	TRY HARDER
STRONG	CASH GENERATION	GROWTH LEADER	LEADER

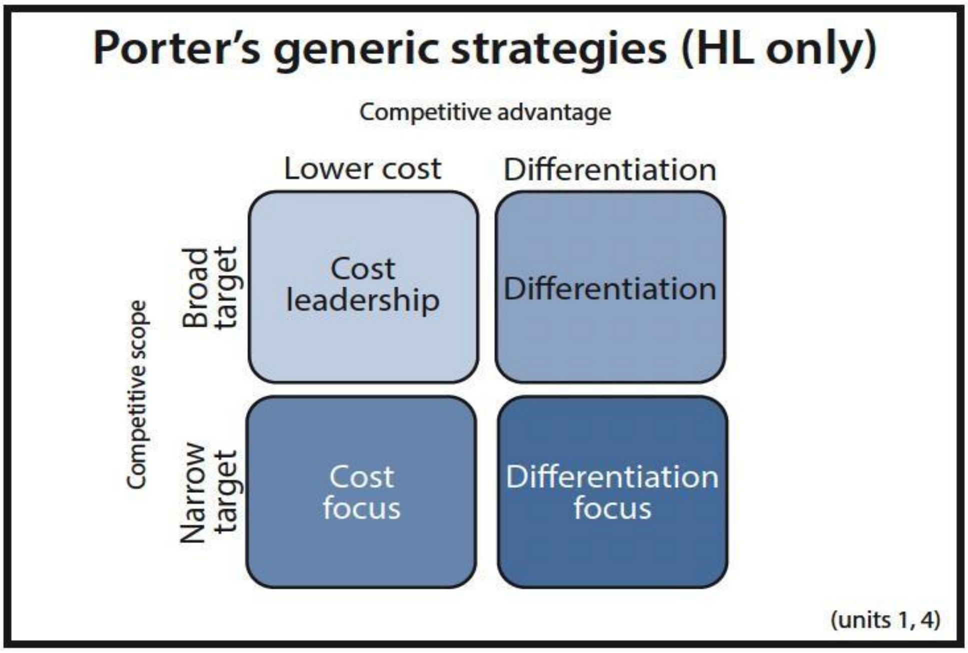
STRATEGIC POSITION AND ACTION EVOLUTION (SPACE) MATRIX-

The SPACE matrix is formed of both internal and external dimensions of strategic importance to organization. The internal dimension is described by competitive advantage and financial stability. The external dimension is described by environmental stability and industry strength.



GENERIC BUSINESS STRATEGY –

A generic strategy is a general way of positioning a firm within an industry. Focusing on one generic strategy allows executives to concentrate on the core elements of firms' business-level strategies and avoid competing in the markets better served by other generic strategies.



CONCEPT AND NATURE OF STRATEGY IMPLEMENTATION-

Strategy implementation is the process of turning your strategic plan into action. Whether you're executing a new marketing plan to increase sales or introducing a new work management software to increase efficiency—your plan is only as valuable as the implementation.

FEATURES -

- Action – oriented
- Integrated process
- Comprehensive
- Variety of skills
- Widespread involvement

PROCESS-

- Institutionalisation of strategy
- Formulation of action plans
- Translation of general objectives into specific objectives

BARRIERS-

- Vague or poor strategy
- Lack of commitment
- Resistance to change
- Ineffective management
- Poor communication
- Power politics

MULTIPLE CHOICE QUESTIONS (MCQ) :-

1. What is the primary purpose of portfolio analysis?

A) To identify the most profitable projects

B) To determine the optimal allocation of resources

C) To evaluate the performance of individual investments

D) To assess the risk of a portfolio

2. Which of the following is not a common tool used in portfolio analysis?

A) SWOT analysis

B) BCG matrix

C) Ansoff matrix

D) GE McKinsey matrix

3. Which matrix is used for assessing the performance of a company's business units or products?

A) BCG matrix

B) Ansoff matrix

C) GE McKinsey matrix

D) SWOT matrix

4. Which of the following is a limitation of the BCG matrix?

A) It is complex and time-consuming to use

B) It does not consider market growth rate

C) It assumes that market share is the only determinant of profitability

D) It cannot be used for strategic planning

5. Which matrix is used to analyze the potential for growth in new and existing markets?

A) BCG matrix

B) Ansoff matrix

C) GE McKinsey matrix

D) SWOT matrix

6. Which of the following is an advantage of the GE McKinsey matrix over the BCG matrix?

A) It considers market growth rate

B) It is simpler to use

C) It does not require market share data

D) It can be used for individual products

7. Which of the following statements about the Ansoff matrix is true?

A) It focuses on market attractiveness and competitive position

B) It is based on the product life cycle concept

C) It helps identify growth opportunities

D) It categorizes products based on market share and growth rate

8. Which matrix is used to assess the strategic position of a company's business units or products?

A) BCG matrix

B) Ansoff matrix

C) GE McKinsey matrix

D) SWOT matrix

9. Which matrix is based on the idea that different products require different marketing, manufacturing, and research and development strategies?

A) BCG matrix

B) Ansoff matrix

C) GE McKinsey matrix

D) SWOT matrix

10. Which of the following is a key benefit of portfolio analysis?

A) It provides a clear-cut solution to strategic issues

B) It helps in diversifying risk

C) It guarantees profitability

D) It eliminates the need for market research

11. What is the primary purpose of strategy implementation?

A) To formulate long-term goals

B) To convert strategic plans into actions

C) To analyze market trends

D) To conduct competitor analysis

12. Which of the following is NOT a key element of successful strategy implementation? A) Effective leadership

B) Resource allocation

C) Continuous monitoring and evaluation

D) Strategic planning

13. Which of the following is a potential barrier to effective strategy implementation?

A) Clear communication of the strategy

B) Adequate resources

C) Resistance to change

D) Alignment of organizational culture with strategy

14. Which approach to organizational change focuses on incremental improvements and involves employees at all levels?

A) Top-down approach

B) Bottom-up approach

C) Outsourcing

D) Restructuring

15. What is the role of leadership in strategy implementation?

A) Develop strategic plans

B) Allocate resources

C) Communicate the strategy

D) All of the above

16. Which of the following is NOT a strategic alternative for growth?

A) Market penetration

B) Product development

C) Market saturation

D) Diversification

17. Stable combination strategy focuses on:

A) Maintaining current market position

B) Aggressive expansion

C) Rapid diversification

D) Market saturation

18. International strategy involves:

A) Focusing only on domestic markets

B) Expanding operations globally

C) Limiting growth opportunities

D) Exiting international markets

19. The choice of strategy depends on:

A) Company size only

B) Industry trends only

C) Company goals and external environment

D) Economic conditions only

20. Which of the following is a generic business strategy proposed by Michael Porter?

A) Growth strategy

B) Differentiation strategy

C) Diversification strategy

D) Market saturation strategy

21. Portfolio analysis involves assessing:

A) Individual products

B) Only financial performance

C) Entire range of products or businesses

D) Only market share

22. Implementation aspects of a strategy include:

A) Setting goals and objectives

B) Formulating strategies only

C) Ignoring organizational culture

D) Monitoring and controlling progress

23. Which of the following is NOT a stage in strategic planning?

A) Implementation

B) Evaluation

C) Execution

D) Formulation

24. An example of market penetration strategy is:

A) Introducing new products to new markets

B) Selling existing products in existing markets

C) Expanding into unrelated businesses

D) Diversifying product range

25. Which of the following is NOT a generic business strategy according to Michael Porter?

A) Cost leadership

B) Differentiation

C) Focus

D) Integration

26. Cost leadership strategy aims to:

A) Offer unique products or services to customers

B) Provide high-quality products at a premium price

C) Provide products or services at the lowest cost in the industry

D) Focus on a specific niche market

27. A company pursuing a cost leadership strategy

typically: A) Charges premium prices for its products.

B) Targets a specific niche market.

C) Seeks to have the lowest costs in its industry.

D) Focuses on creating unique products.

28. Which of the following is a potential drawback of a cost leadership strategy?

A) Difficulty in maintaining uniqueness

B) Inability to charge premium prices

C) Higher production costs

D) Reduced economies of scale

29. Which strategy emphasizes providing products or services at the lowest cost in the industry?

A)Cost leadership

B) Differentiation

C) Focus

D) Integration

30. Which of the following is NOT a generic business strategy according to Michael Porter?

A) Cost leadership

B) Differentiation

C) Focus

D) Integration

31. Cost leadership strategy aims to:

A) Offer unique products or services to customers

B) Provide high-quality products at a premium price

C) Provide products or services at the lowest cost in the industry

D) Focus on a specific niche market

32. Differentiation strategy focuses on:

A) Offering products or services at the lowest cost

B) Providing products or services for a specific niche market

C) Creating unique products or services that are valued by customers

D) Integrating vertically within the industry

33. The focus strategy involves:

A) Targeting a broad market with a broad product range

B) Concentrating on a narrow segment of the market

C) Pursuing both cost leadership and differentiation simultaneously

D) Outsourcing key activities to reduce costs

34. Which strategy involves serving the unique needs of a particular group of customers within a larger market?

A) Cost leadership

B) Differentiation

C) Focus

D) Integration

35. Which of the following is NOT a risk associated with a cost leadership strategy?

A) Competitors imitating the cost reduction methods

B) Customers perceiving lower quality due to low prices

C) Fluctuations in input costs affecting profitability

D) Inability to charge premium prices

36. Which strategy is most suitable for a company operating in a highly competitive market?

A) Cost leadership

B)Diffentiation

C) Focus

D) Integration

37. Which of the following statements is true regarding a

differentiation strategy?

A)It focuses on minimizing costs to compete in the market.

B) It seeks to offer unique products or services to customers.

C) It concentrates on serving a narrow segment of the market.

D) It aims to achieve the lowest production costs.

38. Which generic strategy emphasizes uniqueness in product features or brand image?

A) Cost leadership

B) Differentiation

C) Focus

D) Integration

39. A company pursuing a cost leadership strategy

typically: A) Charges premium prices for its products.

B) Targets a specific niche market.

C) Seeks to have the lowest costs in its industry.

D) Focuses on creating unique products.

40. The focus strategy can be either:

A) Cost focus or differentiation focus.

B) Broad focus or narrow focus.

C) High-cost focus or low-cost focus.

D) Market focus or product focus.

41. Which of the following is a key advantage of the focus strategy?

A) Broad market appeal

B) Lower production costs

C) High economies of scale

D) Enhanced customer loyalty

42. Which of the following is a disadvantage of a differentiation strategy?

A) Lower profit margins

B) Increased competition

C) Difficulty in maintaining uniqueness

D) Inability to target niche markets

43. The integration strategy involves:

A) Focusing on a specific niche market.

B) Collaborating with competitors to reduce costs.

C) Expanding operations to new markets.

D) Controlling multiple stages of the value chain.

44. Which of the following is NOT a characteristic of a differentiation strategy?

A) Focus on uniqueness
B) Premium pricing
C) Mass production
D) Brand loyalty

45. A company following a focus strategy might:

A) Seek to minimize costs across the entire industry.

B) Aim to serve the unique needs of a particular market segment.

C) Expand its product line to appeal to a broader audience.

D) Pursue integration opportunities with suppliers.

46. Which of the following is a potential drawback of a cost leadership strategy?

A) Difficulty in maintaining uniqueness

B) Inability to charge premium prices

C) Higher production costs

D) Reduced economies of scale

47. Strategy formulation is primarily concerned with:

A) Setting long-term objectives

B) Identifying strategic options

C) Allocating resources

D) All of the above

48. Which of the following is a key aspect of strategy implementation?

A) Crafting mission and vision statements

B) Developing organizational structure

C) Conducting SWOT analysis

D) Generating strategic alternatives

49. Strategy formulation involves:

A) Making day-to-day decisions

B) Translating strategic plans into action

C) Developing strategic plans

D) Implementing organizational policies

50. Which phase involves translating strategic plans into action?

A) Strategy formulation

B) Strategy implementation

C) Strategic evaluation

D) Strategic control

PREVIOUS YEAR QUESTION PAPER 2022-23

B.Com (Honors) 1 Year (Semester-2) Examination, 2023 (NEP)

(BCH 206) (BUSINESS POLICY)

Time: 3 hours **Maximum Marks: 75**

Note: All questions are compulsory. The word limit and division of marks is given against each section.

Section A

(5 marks each, maximum 100 words each)

QUESTION:-1

A. Define strategy and strategic management.

B. What do you mean by business policy?

C. What is corporate strategy?

D. Discuss the significance of vision of a company

E. Explain in brief about SWOT analysis

F. Why liquidation considered as a difficult and undesirable strategy? Explain.

G. Explain the various forms of corporate restructuring.

Section B

(10 marks each, maximum 250 words each)

QUESTION:-2

A. Discuss the meaning and Importance of "Mission" and "Vision" in strategic management.

Or

B. Discuss in detail about environmental analysis

QUESTION:-3

A. Describe in brief the main elements of the strategic management process.

Or

B. A stability strategy is not merely a do-nothing strategy." Discuss.

Section C

(10 marks each, maximum 250 words each)

QUESTION:-4

A. Why do human beings resist changes? How an organisation can overcome this issue. Give your answer with special reference to Kurt Lewin model.

Or

B. What is meant by resource allocation? State the issues related to the allocation of the resources for an organisation.

QUESTION:-5

A. What do you understand by Mergers & Acquisitions? What are the issues in implementing 'merger strategy' successfully?

Or

B. Write a short note on:

I. Turnaround strategy II. Life cycle analysis