# Table of Contents

[Table of Contents - 1 -](#_heading=h.gjdgxs)

[Chapter 07 Managing change and innovation - 2 -](#_heading=h.30j0zll)

[Chapter 07 MCQs end here. - 14 -](#_heading=h.1fob9te)

[Chapter 08 Planning Work Activities - 15 -](#_heading=h.3znysh7)

[Chapter 08 MCQs end here - 24 -](#_heading=h.2et92p0)

[Chapter 09 Managing Strategy - 25 -](#_heading=h.tyjcwt)

[Chapter 09 MCQs ends here. - 38 -](#_heading=h.3dy6vkm)

[Chapter 10 Entrepreneurial Ventures - 39 -](#_heading=h.1t3h5sf)

[Chapter 10 MCQs end here. - 49 -](#_heading=h.4d34og8)

# Chapter 07 Managing change and innovation

MCQs, Multiple Choice Questions

**1) Organizational change can best be defined as \_\_\_\_\_\_\_\_.**

1. rethinking the organization's target markets
2. innovation that affects employees and customers
3. a "cleaning house" of the top executives
4. **any alteration of people, structure, or technology**

Answer: D

**2) Alison has an idea for improving the efficiency of her work area. When she approached her supervisor, she was asked to shepherd the idea through the approval, implementation, and evaluations processes. Alison has become a \_\_\_\_\_\_\_\_.**

1. supervisor
2. **change agent**
3. group leader
4. job coach

Answer: B

**3) In organizations, people who act as catalysts and assume the responsibility for managing the change process are called \_\_\_\_\_\_\_\_.**

1. change masters
2. **change agents**
3. change champions
4. change generators

Answer: B

**4) Outside consultants are more likely to initiate \_\_\_\_\_\_\_\_ organizational changes than insiders are.**

**A) drastic**

1. mild
2. acceptable
3. trivial

Answer: A

**5) Organizations need change because \_\_\_\_\_\_\_\_.**

1. the future is unpredictable
2. the environment is stable
3. **external and internal factors create the forces for change**
4. employees get bored with the status quo

Answer: C

**6) The Sarbanes-Oxley Act is an example of which of the following forces of change?**

1. Internal change
2. Technological change
3. **External change**
4. Organizational strategy change

Answer: C

**7) The technology change in the manufacturing process of New Ideas, Inc.'s products to make the process more efficient is the result of a competitor lowering its price. Therefore, it was a(n) \_\_\_\_\_\_\_\_ force of change.**

1. **external**
2. internal
3. marketplace
4. economic

Answer: A

**8) First he was all about innovation. Next it was efficiency. Now Snyder's strategy is customer responsiveness. These changes in strategy are indicative of \_\_\_\_\_\_\_\_ force of change.**

A) external

1. **internal**
2. marketplace
3. economic

Answer: B

**9) When the employees express their concern about their bonus checks, which of the following types of forces of change is in play?**

A) External force of change

1. Labor market force of change
2. **Internal force of change**
3. Social force of change

Answer: C

**10) Which one of the following is an example of changing consumer preferences?**

A) Cell phone cameras have improved with each version of the phone.

1. Employers with at least 50 employees must offer health care plans.
2. A recession has caused an increase in unemployment.
3. **The colors in home fashions change every year.**

Answer: D

**11) Which one of the following represents a change in technology?**

**A) Most business communication involves email.**

1. Electricity is produced by generating plants that burn coal.
2. Bold, bright colors in clothing and wall paint have largely replaced neutrals.
3. The participation rate of the U.S. labor force is at its lowest point in the last 40 years.

Answer: A

**12) Sales are down; unemployment is up. Evergreen Park Homes can no longer support its current level of production. Evergreen is facing a change in \_\_\_\_\_\_\_\_.**

1. government regulations
2. technology
3. consumer preferences
4. **the economy**

Answer: D

**13) Falling interest rates are an example of which external force?**

1. Change in composition of workforce
2. Change in employee attitudes
3. Technological change
4. **Economic change**

Answer: D

**14) Bullseye, a large discount retailer, discovered it could not compete with the world's largest retailer and has repositioned itself as a more upscale discount department store. This move represents a change in \_\_\_\_\_\_\_\_.**

1. consumer preferences
2. **organizational strategy**
3. technology
4. the economy

Answer: B

**15) During his first year of employment, Arnold saw mostly white male faces in his plant. Now he sees women and men of all ages and ethnicities. Communication has become challenging. Arnold has noticed a change in the \_\_\_\_\_\_\_\_.**

1. lifestyle choices
2. **workforce composition**
3. employment laws
4. employee attitudes

Answer: B

**16) Increasing the numbers of employed women and minorities forces managers to pay attention to what change factor?**

1. Organizational strategy
2. **Changes in the composition of the workforce**
3. New equipment
4. Changing technology

Answer: B

**17) Which one of the following represents a change in technology?**

1. **Hand-held calculators replaced pencil and paper in the workplace.**
2. Brenda exchanged her broken iPhone 4 for an iPhone 5.
3. Wooden desks were replaced by steel ones with composite tops.
4. Brownstone Corp. carpeted the tile floors in its office areas.

Answer: A

**18) Labor strikes are an example of which of the following internal change factors?**

1. Workforce composition
2. New equipment
3. **Employee attitudes**
4. Organizational strategy

Answer: C

**25) Fuel prices keep spiraling upward so recreational vehicle manufacturers are being pressured to produce lighter units that can be pulled by smaller trucks. This situation is representative of \_\_\_\_\_\_\_\_.**

1. **a driving forces**
2. a social force
3. a restraining force
4. an economic force

Answer: A

**26) The two metaphors commonly used to describe the two views of the change process are \_\_\_\_\_\_\_\_.**

1. smooth water and troubled water
2. **calm waters and white-water rapids**
3. shallow water and falling water
4. burning bridge and water over the dam

Answer: B

**27) In the \_\_\_\_\_\_\_\_ metaphor, change is normal and expected and managing it is a continual process.**

1. calm waters
2. **white-water rapids**
3. smooth water
4. water over the dam

Answer: B

**28) Business had been humming along just fine until the Great Recession hit. Benton Industries adjusted by laying off employees until the recession ended then hired them back. Then it was back to business as usual. This is an example of the \_\_\_\_\_\_\_\_ metaphor.**

1. shallow water
2. **calm waters**
3. white-water rapids
4. falling water

Answer: B

**29) Lewin's three-step process is consistent with the \_\_\_\_\_\_\_\_ theory of organizational change.**

A) white-water rapids

1. shallow waters
2. smooth waters
3. **calm waters**

Answer: D

**30) According to Kurt Lewin, which of the following is a stage in the change process?**

A) Restraining

1. Driving
2. Processing
3. **Unfreezing**

Answer: D

**31) According to Kurt Lewin, increasing the driving forces is a means of \_\_\_\_\_\_\_\_.**

**A) unfreezing**

1. changing
2. restraining
3. refreezing

Answer: A

**32) The unfreezing step of the change process can be thought of as \_\_\_\_\_\_\_\_.**

1. changing to a new state
2. sustaining a change over time
3. changing the organizational structure
4. **preparing for the needed change**

Answer: D

**33) According to Lewin, which of the following is the objective of refreezing?**

1. Directing behavior away from the change
2. Hindering the existing equilibrium
3. Eliminating the need for future change
4. **Stabilizing the new situation**

Answer: D

**34) "If it's not one thing, it's another. We just get used to doing things one way and suddenly that's not good enough anymore. It's a new machine here, a new manager there, changing customer demands-it never ends!" This is an example of the \_\_\_\_\_\_\_\_ metaphor.**

1. water over the dam
2. calm waters
3. **white-water rapids**
4. falling water

Answer: C

**35) New Ideas, Inc., focuses on new ideas, uses technology that changes frequently, and has strong competition in the market. This situation describes what metaphor of change?**

1. A shallow water metaphor
2. A falling water rapid metaphor
3. A rapid water metaphor
4. **A white-water rapids metaphor**

Answer: D

**36) The appropriate order for the three-step change process is \_\_\_\_\_\_\_\_.**

1. unfreezing, refreezing and changing
2. changing, unfreezing and refreezing
3. **unfreezing, changing and refreezing**
4. there is no absolute order

Answer: C

**37) Many managers realize that today's business environment consists of \_\_\_\_\_\_\_\_.**

1. predictability and stability
2. very little disruptive change
3. **continuous disruptions**
4. mostly calm waters

Answer: C

**42) Organizational change is any alteration of \_\_\_\_\_\_\_\_.**

1. **people, structure, or technology**
2. structure, management, or goals
3. technology, goals, or management
4. rules, procedures, or management

Answer: A

**43) During the great recession, average household discretionary income declined. Families sought less expensive alternatives for luxury items. Producers adjusted by offering lighter-weight, lower-cost items. These producers changed their \_\_\_\_\_\_\_\_.**

1. **strategies**
2. structures
3. people
4. technology

Answer: A

**44) Colin believes his organization could be more profitable if it could respond to customers more quickly so he has decided to remove some management layers and increase the remaining managers' span of control. These would be considered changes in \_\_\_\_\_\_\_\_.**

1. structural design
2. structural process
3. degree of centralization
4. **structural components**

Answer: D

**45) Structural component changes include \_\_\_\_\_\_\_\_.**

1. **combining departmental responsibilities**
2. changing work processes
3. changing attitudes
4. changing behavior

Answer: A

**46) If Kelly were to consider enhancing productivity by giving greater authority to her subordinates and increasing formalization, she would be considering \_\_\_\_\_\_\_\_ changes.**

**A) structural**

1. technological
2. people
3. strategy

Answer: A

**47) A company that decides to decentralize its sales procedures is managing \_\_\_\_\_\_\_\_ changes.**

A) technological

1. people
2. strategy
3. **structural**

Answer: D

**48) After Body-Met acquired Uni-Dyne, the company reorganized around geographic divisions instead of function. This action represents changes in \_\_\_\_\_\_\_\_**

1. strategy
2. structural components
3. **structural design**
4. people

Answer: C

**49) Which type of change might include a shift from a functional to a product structure?**

1. **A structural design changes**
2. A structural component changes
3. A technological change
4. A people change

Answer: A

Chapter 07 MCQs end here.

# Chapter 08 Planning Work Activities

**Q1 - The effect of planning on managers is that it forces them to \_\_\_\_\_\_\_\_.**

1. generate higher profits
2. **anticipate and respond to change**
3. eliminate uncertainty
4. work at cross purposes

Answer: B

**Q2 \_\_\_\_\_\_\_\_ involves defining the organization's goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate work activities.**

A) Execution

B) Logistics

**C) Planning**

D) Operations

Answer: C

**3) Which one of the following is among the reasons why managers should plan?**

**A) When work activities are coordinated around plans, inefficiencies become obvious.**

B) Uncertainty can be eliminated and the organization can be insulated from change with planning.

C) Planning eliminates the need to set goals.

D) Planning eliminates the need to measure work effort.

Answer: A

**4) Which one of the following is true of the impact of formal planning on organizational performance?**

**A) Formal planning is associated with positive financial results.**

B) Organizations that formally plan invariably outperform those that don't plan.

C) The amount of planning done is more important to high performance than the quality of planning and implementation.

D) Companies can start seeing the impact of formal planning on performance about a year after starting the planning process.

Answer: A

**5) When formal planning fails to lead to higher performance, which one of the following is most likely to be the reason for the failure?**

A) A participative style of planning was used.

B) Managers were allowed too much autonomy.

C) The company emphasized the control function over other functions.

**D) External forces constrain managers' options.**

Answer: D

**15) Which aspect of planning refers to documents that outline how results are to be achieved?**

A) Goals

**B) lans**

C) Objectives

D) Performance guidelines

Answer: B

**016) Goals are different from plans because \_\_\_\_\_\_\_\_.**

A) goals identify specific steps that the organization needs to achieve, and plans identify the overall mission of the organization

B) goals describe financial objectives, and plans describe objectives related to social responsibility

C) goals are important only for small companies, and plans are important only for large companies

**D) goals are desired outcomes, and plans describe how those outcomes will be accomplished** Answer: D

**17) Which one of the following statements is true regarding an organization's plans?**

**A) Plans can differ based on time frame.**

B) Almost all plans are strategic plans.

C) Strategic plans may result in unethical behaviors by employees.

D) Long-term success is ensured if managers emphasize operational plans.

Answer: A

**18) Most companies' plans can be classified as either \_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_.**

A) strategic; financial

B) operational; tactical

C) social; economic

**D) strategic; operational**

Answer: D

**19) Organizational plans can be classified on the basis of their \_\_\_\_\_\_\_\_.**

A) usefulness

**B) frequency of use**

C) suitability

D) attainability

Answer: B

**20) Strategic plans are usually \_\_\_\_\_\_\_\_.**

A) short term, directional, and standing

B) short term, specific, and standing

**C) long term, directional, and single use**

D) long term, specific, and standing

Answer: C

**21) \_\_\_\_\_\_\_\_ plans apply to the entire organization and establish the organization's overall goals.**

A) Departmental

**B) Strategic**

C) Operational

D) Long-term

Answer: B

**22) Operational plans are usually \_\_\_\_\_\_\_\_.**

A) short term, directional, and standing

**B) short term, specific, and standing**

C) long term, directional, and single use

D) long term, specific, and standing

Answer: B

**23) Plans that encompass only the production or the sales goals of a company are termed \_\_\_\_\_\_\_\_ plans.**

**A) operational**

B) strategic

C) informal

D) financial

Answer: A

**24) Mr. Slabaugh wants to formulate a plan that lays out general guidelines for his employees and leaves room for interpretation. Which one of the following types of plans would best suit his requirement?**

A) Informal

B) Specific

**C) Directional**

D) Standing

Answer: C

**25) Williamson is the owner of a small company that sells corporate gifts through an online store. Business has slowed down in recent months and he realizes that the organization must move in a different direction if it is to survive. He has reset some of the company's overall goals and wants to develop a plan to achieve those goals. He is anticipating the business environment to be volatile for the next few years. Considering the above information, it can be determined that his plan must be \_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_.**

A) operational; directional; rigid

B) informal; unwritten; flexible

C) strategic; general; rigid

**D) strategic; directional; flexible**

Answer: D

**26) Long-term plans are defined as those with a time frame beyond \_\_\_\_\_\_\_\_.**

A) seven years

B) one year

**C) five years**

D) three years

Answer: C

**27) Short-term plans are those covering \_\_\_\_\_\_\_\_ or less.**

A) three years

**B) one year**

C) six months

D) five years

Answer: B

**28) \_\_\_\_\_\_\_\_ plans are clearly defined and leave no room for interpretation.**

A) Directional

B) Stated

C) Long-term

**D) Specific**

Answer: D

**29) Todd Miller, CEO of Miller's Grocery, has determined that all stores should be well maintained both inside and out. This is an example of a \_\_\_\_\_\_\_\_.**

**A) directional plan**

B) specific plan

C) financial goal

D) social goal

Answer: A

**30) What plans are preferable when uncertainty is high in the business environment?**

A) Standing plans

**B) Directional plans**

C) Operational plans

D) Long-term plans

Answer: B

**31) Which of the following is an example of a single-use plan?**

A) Affirmative action hiring policies of a company.

**B) A plan developed to install a new computer network.**

C) The procedure to be followed for firing low-performing employees.

D) A plan developed to ensure worker safety at the company's facilities.

Answer: B

**32) A standing plan is \_\_\_\_\_\_\_\_.**

**A) an ongoing plan that provides guidance for activities performed repeatedly**

B) a plan that stands in place of a preferred plan in case of the failure of the latter

C) a one-time plan specifically designed to meet the needs of a unique situation

D) a flexible plan that sets out general guidelines for company strategy

Answer: A

**33) Which one of the following is an example of a standing plan?**

A) A retail chain's plan to counter the entry of a new competitor.

B) A plan developed to address a sudden, unanticipated surge in demand.

**C) A fire escape policy establishing practices to be followed in an emergency.**

D) A plan to cope with radical changes in the political environment.

Answer: C

**41) When uncertainty is high, plans should be \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_.**

**A) specific; flexible**

B) directional; standing

C) short-term; directional

D) general; informal

Answer: A

**42) The commitment concept says that plans should \_\_\_\_\_\_\_\_.**

**A) extend far enough to meet those commitments made when the plans were developed**

B) be done for as long a time period as possible

C) be done for as short a time period as possible

D) not commit to specifically meeting the goals made when the plans were developed Answer: A

**43) Top executives are mainly involved in \_\_\_\_\_\_\_\_ planning.**

A) functional

B) operational

**C) strategic**

D) departmental

Answer: C

**44) \_\_\_\_\_\_\_\_ planning dominates managers' planning efforts at lower levels of the organization.**

A) Strategic

B) Organization-wide

**C) Operational**

D) Directional

Answer: C

**45) The commitment concept states that the more the current plans affect future commitments, the \_\_\_\_\_\_\_\_.**

A) shorter the time horizon to implement the plans.

B) faster management needs to finalize and adopt the plans.

**C) longer the time frame for which management should plan.**

D) less control management over timing.

Answer: C

**46) The rapid pace of technological change suggests that managers \_\_\_\_\_\_\_\_.**

A) can do little now given the future uncertainty

B) should not worry about long range plans

C) should not commit large sums of money to long-term projects

**D) need to be very flexible**

Answer: D

**52) In \_\_\_\_\_\_\_\_, goals set by top managers flow down through the organization and become subgoals for each organizational area.**

A) management by objectives

B) management by observation

**C) traditional goal setting**

D) traditional planning

Answer: C

**53) Which one of the following is an assumption associated with traditional goal setting?**

A) Employees will be more motivated to try to attain goals that they helped set.

B) Clarity and specificity are preserved as the goals filter down through organizational levels.

**C) Top managers know what is best because they see the "big picture."**

D) Managers and employees together develop goals.

Answer: C

**54) Which one of the following is a problem associated with traditional goal setting?**

A) Top level managers tend to define the organization's goals in very narrow terms.

**B) Transition of strategic goals into departmental, team, and individual goals is difficult.**

C) It can result in the formation of a means-ends chain.

D) Goals set are invariably easily accomplished.

Answer: B

**55) A problem associated with traditional goal setting is that \_\_\_\_\_\_\_\_.**

A)the narrowly defined goals inhibit a manager's ability to interpret them

B)the high degree of reliance on employees for developing goals is not suited to many situations

**C)clarity is lost as the goals make their way down from the top of the organization to lower-levels**

D) it promotes the growth of a flatter organizational structure and threatens organizational efficiency

Answer: C

**56) Which one of the following statements is true of traditional goal setting?**

A) Traditional goal setting assumes that employees know best and employs a bottom-up approach of setting organizational goals.

B) Evaluation of performance is carried out concurrently with the flow of goals through the organization.

C) Goals defined narrowly by top managers need to be made more directional as they flow down through the organization.

**D) Managers at each level define goals and apply their own interpretations and biases as they make them more specific.**

Answer: D

Chapter 08 MCQs end here

# Chapter 09 Managing Strategy

**1) The CEO is meeting with his top managers to determine how best to compete successfully in the company's market. This group is developing the company's \_\_\_\_\_\_\_\_.**

**A) strategy**

B) competitive advantage

C) strengths and weaknesses

D) opportunities and threats

Answer: A

**2) The top managers of the corporation are meeting to discuss how they will compete in their chosen markets and how they will attract and satisfy customers. These managers are discussing \_\_\_\_\_\_\_\_.**

A) the business models

**B) strategy**

C) their competitive advantage

D) core competencies

Answer: B

**3) A \_\_\_\_\_\_\_\_ describes the rationale of how a company is going to make money.**

A) mission statement

**B) business model**

C) SWOT analysis

D) core competency

Answer: B

**4) The CEO and his top managers have asked themselves two important questions:**

**a. do customers value what the company is providing; and**

**b. Can the company make money doing that? This group is developing a \_\_\_\_\_\_\_\_.**

A) strategy

B) competitive advantage

**C) business model**

D) BCG matrix

Answer: C

**5) The main reason strategic management is important is \_\_\_\_\_\_\_\_.**

A) it allows an organization to anticipate economic recessions

**B) it can make a difference in how well an organization performs**

C) it reduces uncertainty

D) it simplifies the environment

Answer: B

**12) Defining the organizational mission forces managers to identify what \_\_\_\_\_\_\_\_.**

A) its competitive advantage is

**B) the organization is in business to do**

C) its capabilities are

D) pending legislation will affect the organization

Answer: B

**13) Managers perform an external analysis so that they know about \_\_\_\_\_\_\_\_.**

A) the firm's basic beliefs and ethical priorities

**B) what the competition is doing**

C) what vendors want

D) their organization's core competencies

Answer: B

**14) Patrick expects each person he hires for his online business to be involved in studying trends involving new technology, competitors, and customers. These employees are involved in \_\_\_\_\_\_\_\_.**

**A) external analysis**

B) internal analysis

C) economic analysis

D) industry analysis

Answer: A

**15) When an organization is analyzing its labor supply, it is studying its \_\_\_\_\_\_\_\_.**

A) regulatory environment

B) internal environment

**C) external environment**

D) economic environment

Answer: C

**16) \_\_\_\_\_\_\_\_ are positive trends in the external environment.**

A) Strengths

B) Threats

C) Weaknesses

**D) Opportunities**

Answer: D

**17) Computer peripherals provider Ascent plans to enter a new market in another country. Which one of the following represents a threat for Ascent?**

A) Ascent's profit margin in the previous year was its lowest on record and it will require long-term planning to improve margins.

B) Ascent lacks the resources to enter the market on its own and has to find a partner in the new market.

**C) Ascent will have to plan its entry carefully as the laws in the country do not favor foreign businesses.**

D) Ascent needs to improve its service capabilities in the new country as this is an important source of revenue.

Answer: C

**18) A study of the external environment allows a manager to understand the \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_ for the organization.**

A) threats; weaknesses

B) strengths; weaknesses

C) strengths; opportunities

**D) opportunities; threats**

Answer: D

**19) Brutus' Fried Chicken patented the recipe for the spices used in the coating of the chicken. The patent protection lasts for 17 years. Brutus' Fried Chicken will view this patent protection as a(n) \_\_\_\_\_\_\_\_.**

A) threat until the patent expires

**B) opportunity during the time of the patent protection**

C) weakness because the patent cannot be renewed

D) cost of doing business

Answer: B

**20) Casey majored in marketing and really enjoyed studying market research as a subject. Through research on the Internet and in the university library, she discovers that this industry appears to have significant positive trends in employment. She interprets this as a(n) \_\_\_\_\_\_\_\_.**

A) weakness

B) threat

C) strength

**D) opportunity**

Answer: D

**21) Casey realizes that she has a personal characteristic that suggests she is not comfortable interacting with strangers. She interprets this as a(n) \_\_\_\_\_\_\_\_ if she is to get a job as a salesperson.**

A) threat

B) strength

**C) weakness**

D) opportunity

Answer: C

**22) Helen, the owner of Crazy Cupcakes, is conducting a SWOT analysis of her company. Which one of the following represents an opportunity for expansion?**

**A) There has been a trend toward personalized cupcakes for a variety of occasions.**

B) The production process was found to be highly efficient and wastage was kept to a minimum.

C) In a taste test, Crazy Cupcakes products ranked higher than competitors in the taste and texture segments.

D) One of Crazy Cupcakes competitors has added cookies to its product line.

Answer: A

**23) Newmark RV is performing an internal analysis. Which of the following would be considered a resource?**

**A) A patent for a special design feature.**

B) A method of production not used by competitors.

C) Strongly positive reviews from existing customers.

D) Membership in RVIA, the industry association.

Answer: A

**24) Bella Vista Clothing targets teenage girls with a range of affordable ready-to-wear clothing. The company is opening two new outlets, as sales have been excellent. Which one of the following represents a strength for the company?**

A) **The company's in-house designers have a knack for identifying and popularizing fashion trends.**

B) Disposable income is rising and consumers will have more money to spend on clothes.

C) Bella Vista has excess production capacity.

D) A long-time competitor recently went out of business and Bella Vista can cut down on its advertising budget.

Answer: A

**25) A bank estimates the capabilities of its customer service employees prior to implementing a new training program designed to change their method of providing customer service. The bank is \_\_\_\_\_\_\_\_.**

A) conducting an external analysis

B) formulating its competitive strategies

**C) performing an internal analysis**

D) performing an employee audit

Answer: C

**26) An organization's financial, physical, human, and intangible assets are known as its \_\_\_\_\_\_\_\_.**

**A) resources**

B) capabilities

C) strengths

D) core competencies

Answer: A

**27) Harness International, a global wiring harness company, allows each customer to access its engineering drawings on the company's extranet, speeding up the design process for every project. Harness would consider this to be a(n) \_\_\_\_\_\_\_\_.**

A) resource

**B) capability**

C) competitive advantage

D) opportunity

Answer: B

**28) The major value-creating capabilities of the organization are known as its \_\_\_\_\_\_\_\_.**

A) strengths

B) competitive advantages

**C) core competencies**

D) resources

Answer: C

**29) The combined external and internal analyses are called \_\_\_\_\_\_\_\_.**

A) competitor analysis

B) industry analysis

C) market analysis

**D) SWOT analysis**

Answer: D

**30) After the SWOT analysis is complete, managers are ready to \_\_\_\_\_\_\_\_.**

A) begin production

B) identify competitors

**C) formulate strategies**

D) review the analysis

Answer: C

**31) The final step in the strategic management process allows an organization to understand the \_\_\_\_\_\_\_\_.**

**A) effectiveness of the strategies used**

B) implementation of the strategies

C) external environment

D) resources and capabilities it possesses

Answer: A

**41) Top-level managers are responsible for \_\_\_\_\_\_\_\_ strategies.**

A) tactical

**B) corporate**

C) competitive

D) functional

Answer: B

**42) Lower-level managers are responsible for \_\_\_\_\_\_\_\_ strategies.**

**A) functional**

B) stability

C) corporate

D) tactical

Answer: A

**43) A(n) \_\_\_\_\_\_\_\_ strategy determines what businesses a company is in or wants to be in, and what it wants to do with those businesses.**

A) competitive

B) functional

C) operating

**D) corporate**

Answer: D

**44) What are the three main types of corporate strategies?**

A) Stability, focus, and turnaround

**B) Growth, stability, and renewal**

C) Growth, cost leadership, and differentiation

D) Stability, differentiation, and focus

Answer: B

**45) A \_\_\_\_\_\_\_\_ strategy is when an organization expands the number of markets served or the products offered.**

**A) growth**

B) renewal

C) stability

D) retrenchment

Answer: A

**46) Organizations grow by using strategies of \_\_\_\_\_\_\_\_.**

**A) concentration, integration, or diversification**

B) concentration, integration, or stabilization

C) integration, diversification, or differentiation

D) integration, diversification, or functionalization

Answer: A

**47) An organization that grows using \_\_\_\_\_\_\_\_ focuses on its primary line of business and increases the number of products offered or markets served in this primary business.**

A) diversification

B) horizontal integration

C) vertical integration

**D) concentration**

Answer: D

**48) Emily's Bakery's customers have asked her to open a second location in a neighboring town offering the same menu as the original location. If Emily decides to do this, she will be following a \_\_\_\_\_\_\_\_ strategy.**

A) focus

B) differentiation

**C) concentration**

D) diversification

Answer: C

**49) In \_\_\_\_\_\_\_\_ integration, the organization becomes its own supplier so it can control its inputs.**

A) concentrated

**B) backward vertical**

C) forward vertical

D) horizontal

Answer: B

**50) Hendricks Ceramics sells items it buys from ceramic factories. If it were to purchase one of these factories, it would be engaging in \_\_\_\_\_\_\_\_ integration.**

A) forward vertical

**B) backward vertical**

C) horizontal

D) concentrated

Answer: B

**51) In \_\_\_\_\_\_\_\_ integration, the organization gains control of its outputs by becoming its own distributor.**

A) diversified

B) concentrated

C) backward vertical

**D) forward vertical**

Answer: D

**52) The French fries at Ronald's fast food business have been its most popular product. During the past year, its profits have suffered because the farm that supplies it with potatoes has increased its prices drastically. What should Ronald's do to control its production costs?**

A) Ronald's should expand its menu to include sweet potato fries.

**B) Ronald's should buy out the farm and become its own supplier.**

C) Ronald's should invest in more efficient fryers.

D) Ronald's should broaden its product range by introducing potato nuggets on its menu.

Answer: B

**53) In \_\_\_\_\_\_\_\_, a company grows by combining with competitors.**

A) concentrated integration

**B) horizontal integration**

C) vertical integration

D) lateral integration

Answer: B

**54) Joe's Hardware bought Moe's hardware on the other side of town. This is an example of \_\_\_\_\_\_\_\_.**

A) backward integration

B) forward integration

C) lateral integration

**D) horizontal integration**

Answer: D

Chapter 09 MCQs ends here.

# Chapter 10 Entrepreneurial Ventures

**1) Arthur has an idea. After performing a SWOT, he has identified a market that is not being served so he is planning to start a new business and introduce a new product. Arthur is a(n) \_\_\_\_\_\_\_\_.**

A) strategist

B) dreamer

**C) entrepreneur**

D) independent business developer

Answer: C

**2) People who engage in \_\_\_\_\_\_\_\_ take advantage of opportunities to create new products or services, or change existing ones.**

A) social responsibility

B) social engineering

C) venture capitalism

**D) entrepreneurship**

Answer: D

**3) Annabel operates a local hardware store that she inherited from her parents. When she took over, she updated the point-of-sale equipment and installed a customer database. Annabel is a(n) \_\_\_\_\_\_\_\_**

A) entrepreneur

B) opportunist

C) venture capitalist

**D) small business owner**

Answer: D

**4) Rob is a CPA who works out of an office in his home. His business is named "Friendly Accounting Services." Eventually Rob would like to grow his business to include partners and bookkeepers. We would classify Rob as \_\_\_\_\_\_\_\_.**

**A) self-employed**

B) an entrepreneur

C) an employee

D) a franchisee

Answer: A

**5) \_\_\_\_\_\_\_\_ is a process of changing, experimenting, transforming, and revolutionizing.**

A) Developing

B) Research

**C) Innovating**

D) Inventing

Answer: C

**6) Brandon is examining the state of the economy, the regulatory situation, social trends, and the local labor supply. This would indicate Brandon is \_\_\_\_\_\_\_\_.**

A) performing a SWOT analysis

**B) exploring the entrepreneurial context**

C) self-employed

D) a small business owner

Answer: B

**7) The purpose of examining the state of the economy, the regulatory situation, social trends, and the local labor supply is to \_\_\_\_\_\_\_\_.**

A) identify possible customers and employees

B) locate resources for use in the new business

C) determine who are the major players in the market

**D) identify opportunities and possible competitive advantages**

Answer: D

**8) Belinda has found a business opportunity she believes will be successful, but there are already a couple companies in that market. To be successful, Belinda will need to \_\_\_\_\_\_\_\_.**

**A) pinpoint a competitive advantage**

B) patent her idea

C) pursue a joint venture with them

D) write her mission statement

Answer: A

**9) Entrepreneurial firms act as \_\_\_\_\_\_\_\_ when they provide new and unique ideas that might otherwise go untapped.**

**A) agents of change**

B) process improvers

C) providers of capital

D) intellectual creators

Answer: A

**10) Entrepreneurship is important to the overall economy since entrepreneurs \_\_\_\_\_\_\_\_.**

A) push out efficient firms

B) often fail their way to success

**C) help keep markets competitive**

D) don't compete with established businesses

Answer: C

**26) Arthur Fry thought his glue was a failure because it didn't stick permanently, but when applied to small squares of paper, it became the popular Post-It ® note. Arthur Fry took advantage of \_\_\_\_\_\_\_\_.**

A) a process need

**B) the unexpected**

C) a market structure

D) changes in perception

Answer: B

27) **"Put a motor on a bicycle? You must be crazy!" Yet that is exactly what William Harley and Walter Davidson did. These two founders of the best-known American motorcycle company saw opportunity in \_\_\_\_\_\_\_\_.**

**A) the incongruous**

B) the unexpected

C) demographics

D) changes in perception

Answer: A

**28) In the days before sterile adhesives, bandages were tied onto the patient. Next came adhesive tape with small squares of gauze attached, but making these in the doctors' office was tedious and time consuming. Finally Earle Dickson invented the Band-Aid for his wife, who needed a bandage she could apply to herself for small kitchen burns. Dickson saw \_\_\_\_\_\_\_\_.**

A) the unexpected

B) a new industry

C) new knowledge

**D) a process need**

Answer: D

**29) Before Henry Ford and Frederick W. Taylor collaborated, automobiles were built by craftsmen, one at a time. After the establishment of the assembly line, Ford was able to produce automobiles faster than his competitors but with equivalent quality and sell them for a fraction of the cost. Ford saw opportunity in \_\_\_\_\_\_\_\_.**

**A) industry structure**

B) the unexpected

C) changing perceptions

D) demographic shifts

Answer: A

**30) Recognizing the increase in birth rates since 1946, and disliking the task of changing his grandchildren's diapers, Victor Mills began developing a disposable diaper. Pampers were introduced to consumers in 1961. Mills saw an opportunity in \_\_\_\_\_\_\_\_.**

**A) changes in demographics**

B) changes in perceptions

C) new knowledge

D) the incongruous

Answer: A

**31) Decades ago only former military personnel and hoodlums sported tattoos. Today tattoos are considered an art form, giving rise to a plethora of tattoo shops. These body artists have taken advantage of changes in \_\_\_\_\_\_\_\_.**

A) demographics

B) market structure

**C) perception**

D) processes

Answer: C

**32) In 1938 Dr. Roy Plunkett discovered that a certain material became very slippery when frozen, and PTFE was invented. Under the brand Teflon, PTFE coatings were applied to a wide variety of items from spacecraft to frying pans. DuPont was able to capitalize on \_\_\_\_\_\_\_\_.**

A) the incongruous

B) the unexpected

**C) new knowledge**

D) process needs

Answer: C

**33) Which one of the following would most likely be a source for ideas for the would-be entrepreneur?**

A) Manufacturing exhibitions

B) Trade publications

**C) Personal interests and hobbies**

D) Pure research

Answer: C

**34) Dharma is examining her financial position, the market for her proposed new product, the types of ownership available to her, and the tax laws for her area to determine whether she should go forward with her new business. Dharma is conducting a \_\_\_\_\_\_\_\_ .**

A) market analysis

B) technical study

C) practicality study

**D) feasibility study**

Answer: D

**35) Before launching his new venture, Doyle is studying the potential competitors for his new product. He will want to find an answer to which one of the following questions?**

A) How do they finance their operations?

**B) What competitive advantage do they have?**

C) Where are they located?

D) How many employees do they have?

Answer: B

**36) The marketing plan becomes a part of the \_\_\_\_\_\_\_\_ section of the business plan.**

**A) description of the business**

B) executive summary

C) analysis of the context

D) supporting documentation

Answer: A

**37) Which one of the following items is found in the financial data section of the business plan?**

A) Pricing

B) Economic analysis

C) Sales tactics

**D) Pro forma cash flow analysis**

Answer: D

**38) Emily is calculating her annual revenues, balance sheets, and break even points so she can write the \_\_\_\_\_\_\_\_ section of her business plan.**

A) description of the business

B) executive summary

**C) financial data and projections**

D) analysis of the context

Answer: C

**39) Farrah has created a computer-generated mockup of her new product for inclusion in the \_\_\_\_\_\_\_\_ section of her business plan.**

**A) supporting documentation**

B) executive summary

C) analysis of the context

D) description of the business

Answer: A

**50) The first organizing decision that an entrepreneur must make is the \_\_\_\_\_\_\_\_.**

A) type of organizational culture

**B) form of legal ownership**

C) organization structure

D) assignment of duties and responsibilities

Answer: B

**51) Fallon wants total control over the decisions related to his business but is concerned that should the business fail, his personal assets are at risk. Fallon has chosen the \_\_\_\_\_\_\_\_ form of ownership.**

**A) sole proprietorship**

B) C corporation

C) general partnership

D) S corporation

Answer: A

**52) In a sole proprietorship, profits are \_\_\_\_\_\_\_\_.**

A) distributed to all partners equally

B) taxed at the prevailing business rate

**C) taxed as the owner's personal income**

D) distributed to the partners according to their level of participation

Answer: C

**53) Gaston knows he cannot be physically present at his new restaurant every hour it is open, so he has decided to share management responsibility and profits equally with two others. Gaston has formed a \_\_\_\_\_\_\_\_.**

A) joint proprietorship

B) limited liability corporation

C) limited liability partnership

**D) general partnership**

Answer: D

Chapter 10 MCQs end here.