

QUESTION BANK

BBA

SEMESTER VI

FOR PRIVATE CIRCULATION

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QUESTION BANK

PROJECT MANAGEMENT

BBA-302

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PROJECT MANAGEMENT - BBA 302
BBA VI

UNIT - I

I Multiple Choice Questions:

1. A ____ is a set of activities which are networked in an order and aimed towards achieving the goals of a project.
- A. Project
 - B. Process
 - C. Project management
 - D. Project cycle

ANSWER: A

2. Which of the following is not among the important categories of real assets?
- A. Land and house property
 - B. Art objects
 - C. Units of UTI
 - D. Bullion
 - E. Precious stones

ANSWER: C

3. Which of the following statements is true of Insured Asset Allocation?
- A. It is aimed at benefiting from short-term under pricing and over pricing of assets.
 - B. In this strategy the risk tolerance of the investor are ignored.
 - C. In this strategy long-term predictions regarding the capital markets are used.
 - D. In this strategy the asset mix is held constant.
 - E. It is a strategy aimed at achieving the objectives of the investor without depending on market timing.

ANSWER: E

4. _____ are a fixed income security.
- A. Equities
 - B. Forex
 - C. Derivatives
 - D. Bonds

ANSWER: D

5. Which of the following is/are true if a firm has a required rate of return equal to the ROE?
- I. The amount of earnings retained by the firm does not affect market price or the P/E.
 - II. The firm can increase market price and P/E by increasing the growth rate.
 - III. The P/E ratio is inversely proportional to the ROE of the firm.
- A. Only (I) above
 - B. Both (I) and (II) above
 - C. Both (I) and (III) above
 - D. Both (II) and (III) above
 - E. All (I), (II) and (III) above

ANSWER: E

6. If the Sales is Rs.100 crores, EBIT is Rs.30 crores, PAT is Rs.20 crores and Total Assets is Rs.300 crores, then the return on assets (ROA) is given by
- A. 6.67%
 - B. 10%
 - C. 33.33%
 - D. 23.33%
 - E. 26.67%

ANSWER: B

7. Consider these two investment strategies:
Strategy ___ is the dominant strategy because _____.
- A. 1, it is riskless
 - B. 1, it has the highest reward/risk ratio
 - C. 2, its return is at least equal to Strategy 1 and sometimes greater
 - D. 2, it has the highest reward/risk ratio
 - E. both strategies are equally preferred

ANSWER: C

8. Which of the following statements is/are not correct with respect to the 'Constant Mix Strategies' of asset allocation?
- I. Investors adopting these strategies tend to maintain an exposure to stocks that are in constant proportion of their wealth.
 - II. The risk-tolerance level of the investors varies proportionately with the level of their wealth.
 - III. Reversals in stock markets oppose constant mix strategies over the buy and hold strategies.
- A. Only (I) above
 - B. Only (II) above
 - C. Only (III) above

- D. Both (I) and (II) above
- E. Both (II) and (III) above

ANSWER: C

9. The tracking error of an optimized portfolio can be expressed in terms of the _____ of the portfolio and thus reveal _____.
- A. return; portfolio performance
 - B. total risk; portfolio performance
 - C. beta; portfolio performance
 - D. beta; benchmark risk
 - E. relative return; benchmark risk

ANSWER: D

10. A portfolio comprises of two stocks A and B. Stock A gives a return of 8% and stock B gives a return of 7%. Stock A has a weight of 60% in the portfolio. What is the portfolio return?
- A. 9%
 - B. 11%
 - C. 10%
 - D. 8%

ANSWER: D

11. Price movement between two Information Technology stocks would generally have a _____ co-variance.
- A. zero
 - B. positive
 - C. negative

ANSWER: B

12. The two types of investments that provide the highest and lowest yields in the Ibbotson study of Stocks, Bonds, Bills and Inflation are
- A. Large company stocks; U.S. treasury bills
 - B. Large company stocks; Long-term government bonds
 - C. Small company stocks; U.S. Treasury bills
 - D. Small company stocks; preferred stock
 - E. U.S. treasury bills; small company stocks

ANSWER: C

13. Which of the following is not a form of a financial asset?
- A. Commercial paper

- B. Commodity futures
- C. Warrants
- D. Personal residence
- E. \$5 bill

ANSWER: D

14. Historically, the real rate of return in the U.S. economy has been
- A. 1-2%
 - B. 2-3%
 - C. 3-4%
 - D. 4-5%
 - E. 5-6%

ANSWER: B

15. Which of the following is not a form of real asset?
- A. Rare paintings
 - B. Baseball cards
 - C. Diamonds
 - D. Real estate
 - E. Commodity futures

ANSWER: D

16. Under the Economic Growth and Tax Reconciliation Act of 2001, when will estate taxes be eliminated?
- A. 2008
 - B. 2009
 - C. 2010
 - D. 2019
 - E. The estate tax will not be eliminated

ANSWER: D

17. Program trading decreases market efficiency by exaggerating price discrepancies between the cash and futures markets
- A. True
 - B. False

ANSWER: B

18. Capital Market Line is firstly initiated by
- A. Mohsin
 - B. Linter

- C. Markowitz
- D. William Sharpe

ANSWER: D

19. Most favourable portfolio is proficient portfolio with the
- A. lowest risk
 - B. highest risk
 - C. highest utility
 - D. least investment

ANSWER: C

20. Ambiguity introduced by way by which organization finances its investments is
- A. country risk
 - B. liquidity risk
 - C. financial risk
 - D. business risk

ANSWER: C

21. If generally interest rates in nation increase, a corporate bond with a fixed interest rate will usually
- A. increase in value
 - B. remain unchanged
 - C. decrease in value.
 - D. be returned to corporation.

ANSWER: C

22. Inferior investment alternatives are identified when:
- A. $\alpha < 0$.
 - B. $\beta = 0$.
 - C. $\beta > 1$.
 - D. $\beta < 1$.

ANSWER: A

23. Systematic risk is higher when:
- A. $\alpha > 0$.
 - B. $\alpha < 0$.
 - C. $\alpha > 1$.
 - D. $\beta > 1$

ANSWER: D

24. In the stock-price beta estimation for the Coca-Cola Company, the dependent variable is the:
- A. return on Coca-Cola.
 - B. price of Coca-Cola stock.
 - C. return on the S&P 500.
 - D. value of the S&P 500 Index.

ANSWER: A

25. If the beta of a stock is 1.8 and the overall market declines 20%, the expected return is:
- A. -36%
 - B. -18%.
 - C. -20%.
 - D. -28%

ANSWER: A

26. Total risk for common stocks is:
- A. the sum of systematic risk and diversifiable risk.
 - B. measured by beta.
 - C. the sum of market risk and systematic risk.
 - D. the sum of diversifiable risk and unsystematic risk

ANSWER: A

27. Evaluation process of proposed projects or groups of projects is known as:
- A. Project Analysis
 - B. Project Compilation
 - C. Project selection
 - D. Project Documentation

ANSWER: C

28. Nature of interrelationships between components in a system defines the
- A. Function of system
 - B. Structure of system
 - C. Environment of system
 - D. Platform of system

ANSWER: B

29. Listing goals of each existing and proposed project is first step in
- A. Data Collection
 - B. Establishment of Project council
 - C. Prioritizing the projects

D. Identification of project categories

ANSWER: D

30. For any project word objective is held to be synonymous with

A. Fact

B. Option

C. Opinion

D. Assumption

ANSWER: A

31. Which of these is not one of the constraints of a project?

A. Scope

B. Resources

C. Team

D. Budget

ANSWER: C

II Short Answer Type Questions:

1 What is a Project?

2 How important is it for a project manager to be 'proactive'?

3 What qualities are required to be an effective project manager?

4 What is project management?

5 Explain Project Cycle Management?

6 Discuss the characteristics of projects.

7 Discuss the rights and duties of project managers.

8 What are the phases of the project cycle?

9 What is a feasibility study?

10 Why is a feasibility study important?

11 Who should do a feasibility study?

12 Evaluate Wealth-Maximization objective of Financial Management

13 What are the main functions of the modern Finance Manager? How do they differ from those of traditional Finance Manager?

14 Explain the concept of Time Value of Money

15 Distinguish between present value and future value.

16 Discuss relevance of time value of money in financial decision making?

17 Discuss the various feasibility studies to be conducted in an organization.

18 How can feasibility study help in efficient achievement of organizational goals?

19 What are the organizational needs for the project to succeed?

- 20 Differentiate between feasibility study and business plan.
- 21 Discuss the methodology of break-even analysis.
- 22 What all should be considered while carrying out an feasibility study.
- 23 Explain the problems being faced by an manager during feasibility study.
- 24 How to determine the break-even point for a project.
- 25 What is the most important criterion when an organization chooses a project-selection model?
- 26 From the point of initiation, why should assumptions be documented?
- 27 What are the project's success criteria?
- 28 Discuss the importance of business feasibility study.
- 29 What do you mean by pay-back period?
- 30 Why do projects fail?

III Long Answer Type Questions:

1. What do you understand by the term Project? Discuss in detail the characteristics of the project.
2. Explain the role of project managers for the success of an organization.
3. What do you mean by project environment? Explain the major factors of project environment.
4. Describe the life cycle stages in project management including selection, goal setting.
5. Explain the process of project portfolio and project formulation.
6. Draft a project proposal of selection and evaluation of four way track in India.
7. Detailed Project Report (DPF) forms the foundation on which the entire superstructure of the project is built --- if it is weak, the project cannot with stand the turbulent times ahead. Bring out the dos and don'ts of a good DPR.
8. Discuss in detail some critical success factors in Project Management.
9. Discuss in detail the importance of Pre-feasibility and feasibility studies in ensuring success in operation phase of the project.
10. Briefly describe the three distinct phases of the development process through which a typical project goes.
11. What are the phases of a project development cycle? Give the salient tasks under each phase.
12. Distinguish between Project and Production Management with the help of examples.
13. "Projects should be formulated primarily to meet the needs and wants of customers". Highlight the importance of market analysis in project management.
14. "Structure Supports Strategy". Justify in the context of Project management environment.
15. When can there arise a conflict between shareholders and managers goals? How does wealth maximisation goal take care of this conflict?
16. How Financial Management is connected to different subjects. Give the scope of Financial

Management.

17. What are the Basic Financial Decisions? How do they involve risk return trade-off?
18. Should the titles of controller and treasurer be adopted under Indian context? Would you like to modify their functions in view of the company practices in India? Justify your opinion.
19. Explain your understanding regarding "Technical Analysis" in the context of project management.
20. Elaborate your understanding about Pre-feasibility study of industrial project.
21. "Projects should be formulated primarily to meet the needs and wants of customers." Highlight the importance of market analysis in project management.
22. Discuss the important issues related to technical analysis of a project.
23. Elaborate the concept of opportunity studies in project management. How do they affect project feasibility studies?
24. "Decisions made during the design phase have major impact on the entire life – cycle of a project." - Justify with reasoning.
25. 'Every Manager has to take three major decisions while performing the finance function' briefly explain them.
26. What are the technical aspects of a typical project as distinct from commercial, financial, economic and managerial feasibility? Discuss three important issues that managers must consider while conducting technical analysis.
27. A project is different from routine and regular activities. Draw a list of characteristics and distinguish the projects from other activities.
28. What are the important phases of a project life cycle? Discuss each phase briefly with key issues involved in it.
29. What do you mean by Social Cost Benefit Analysis (SCBA)? How does SCBA differ from monetary cost and benefits analysis (financial analysis) of a project?
30. Bring out the importance of pre-feasibility, feasibility studies and technical analysis in ensuring success in the operation phase of the project.

UNIT- II

I Multiple Choice Questions:

1. "How will conflicts over resources/facility usage between this and other projects be settled?", is critically settled at level
 - A. Main program
 - B. Project formation
 - C. Project Buildup
 - D. Project Buildup

ANSWER: B

2. Level which includes disposition of project's assets and personnel, is
- A. First Stage
 - B. Second Stage
 - C. Third stage
 - D. Fourth stage

ANSWER: D

3. A mean for monitoring and controlling organization's strategic projects is
- A. Project Monitoring process
 - B. Project Portfolio Process
 - C. Project Portfolio Plan
 - D. Project Portfolio Phase

ANSWER: B

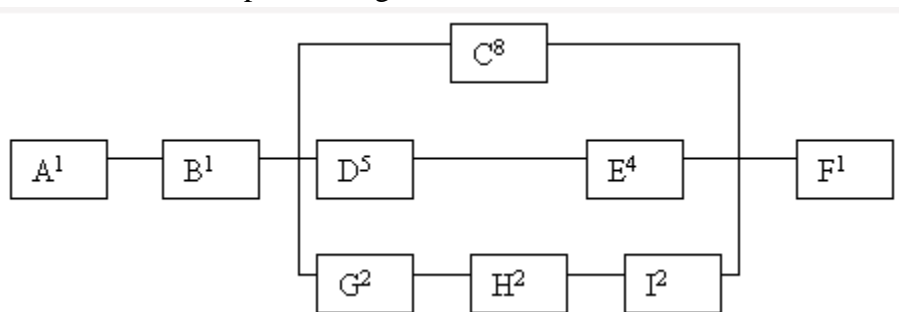
4. Projects provide an excellent growth environment for future executives and for developing
- A. Sales skills
 - B. Manufacturing skills
 - C. Managerial skills
 - D. Execution skills

ANSWER: C

5. Favored technique for resolving conflict is
- A. Negotiating
 - B. Conciliation
 - C. Removal of participants
 - D. Not entertaining them

ANSWER: A

6. What is the critical path through the network above?



- A. ABGHIF

- B. ABDEF
- C. ABGHIF& ABDEF
- D. ABCEF

ANSWER: B

7. What would be the critical path if the duration of activity C increased to 10?
- A. ABCF
 - B. ABCEF
 - C. ABGHIF
 - D. ABGHIF & ABDEF

ANSWER: A

8. If the Earned Value is equal to Actual Cost, it means:
- A. Project is on budget and on schedule
 - B. Schedule Variance Index is 1
 - C. There is no schedule variance
 - D. There is no cost variance

ANSWER: D

9. A critical path network diagram does NOT:
- A. Help determine the amount of float
 - B. Identify the particularly important activities
 - C. Calculate earned value
 - D. Calculate the duration of the whole project

ANSWER: C

10. A Gantt chart is used to show a project timeline diagrammatically.

- A. True
- B. False

ANSWER: A

11. Changes to the project involve moving from:
- A. Project control stage to project definition stage
 - B. Project control stage to project planning stage
 - C. Project control stage to understanding the project environment stage
 - D. None of the above

ANSWER: A

12. The project life cycle consists of
- A. Understanding the scope of the project

- B. Objectives of the project
- C. Formulation and planning various activities
- D. All of the above

ANSWER: D

13. Developing a technology is an example of

- A. Process
- B. Project
- C. Scope
- D. All of the above

ANSWER: B

14. Resource requirement in project becomes constant while the project is in its _____ progress stage.

- A. 40 to 55%
- B. 55 to 70%
- C. 70 to 80%
- D. 80 to 95%

ANSWER: D

15. Five dimensions that must be managed on a project

- A. Constraint, Quality, Cost, Schedule, Staff
- B. Features, Quality, Cost, Schedule, Staff
- C. Features, priority, Cost, Schedule, Staff
- D. Features, Quality, Cost, Schedule, customer

ANSWER: B

16. Considers the total cost of ownership, or development plus support costs, for a project.

- A. Learning Curve Theory
- B. Life Cycle Costing
- C. Parametric Modeling
- D. Rate of Performance

ANSWER: B

17. A time-phased budget that project managers use to measure and monitor cost performance.

- A. Cost Baseline
- B. Cost Budgeting
- C. Cost Estimating
- D. Cost Variance

ANSWER: A

18. Which of the following costs would be considered a fixed cost?

- A. Raw materials.
- B. Depreciation.
- C. Bad-debt losses.
- D. Production labor.

ANSWER: B

19. Composite cost is inclusive of all cost of capital from all sources.

- A. True
- B. False

ANSWER: A

20. Marginal cost is the weighted average cost of the new funds raised by the firm.

- A. True
- B. False

ANSWER: A

21. Retained earnings have no cost to the firm.

- A. True
- B. False

ANSWER: B

22. Market value weights are theoretically consistent and sound as compared to book value weights.

- A. True
- B. False

ANSWER: A

23. Costs that are not directly related to the products or services of the project, but are indirectly related to performing the project.

- A. Intangible Costs
- B. Sunk Cost
- C. Tangible Costs
- D. Indirect Costs

ANSWER: D

24. Relationship based on unrelated level of activity and past data of cost is measured with help of

- A. cost estimation

- B. price estimation
- C. unit estimation
- D. production estimation

ANSWER: A

25. In estimation of cost functions, variations in a single activity level represents the

- A. related total costs
- B. related fixed cost
- C. related variable cost
- D. related per unit cost

ANSWER: A

26. The latest finish time for an activity:

- A. Equals the min. of $LFT - t$ for all immediate successors
- B. Equals the max. of $LFT - t$ for all immediate predecessors.
- C. Equals the max. of $EST + t$ for all immediate predecessors.
- D. Equals the min. of $EST + t$ for all immediate successors.

ANSWER: A

27. Which of the following statements is true?

- A. PERT is considered as a deterministic approach and CPM is a probabilistic techniques.
- B. PERT is considered as a probabilistic techniques and CPM is considered as a deterministic approach.
- C. PERT and CPM are both probabilistic techniques.
- D. PERT and CPM are both considered as deterministic approaches.

ANSWER: B

28. In corporate costs, cost incurred to finance construction of new equipment are classified as

- A. treasury costs
- B. discretionary costs
- C. human resource management costs
- D. corporate administration costs

ANSWER: A

29. An uncertain event or condition that, if it occurs, has a positive or negative effect on a project objectives is termed.

- A. Random Chance
- B. Disaster
- C. Risk

D. Hazard

ANSWER: C

30. The cost impact of a risk event occurring as a project proceeds through its life cycle tends to

A. Slowly rise

B. Slowly drop

C. Drop sharply and then level out

D. Rise sharply and then level out

ANSWER: A

II Short Answer Type Questions:

1. What do you mean by project planning.
2. List out the types of organization structure in project management.
3. Explain the techniques of simulation in project management.
4. Explain the term PERT and CPM.
5. What is crashing?
6. Write the advantages of Gantt chart.
7. What are the types of project organization.
8. What are the methods available in budgeting the project.
9. What is meant by work break down structure.
10. Explain the concept of Total slack, Free slack and Independent slack. Also give formula for their computation.
11. Briefly discuss the various methods of resource allocation in project management.
12. Elaborate your understanding about Feedforward Project Control.
13. Discuss the various quality control methods those are prevalent in project management.
14. Discuss the various methods of resource allocation in any project.
15. Explain the factors affecting the control of project cost.
16. Briefly discuss the rationale of Cost of Capital
17. Explain the rationale of using weighted cost of capital.
18. "Reserves and surpluses have no cost". Do you agree? Give reasons for your answer.
19. Why is it that the 'debt' is the cheapest source of finance for a profit-making company?
20. What is meant by the concept 'financial risk'? What is the relationship between leverage and the cost of capital? Explain
21. What are different levels of forecasting? Also explain the errors in demand forecasting.
22. What are the traditional methods of financial evaluation of projects? Why are they considered deficient?
23. Explain the steps in project management planning process.

24. How a project is controlled?
25. What is project organization?
26. What do you mean by Financing of project?
27. What are the factors, which control the cost of a project? Discuss briefly on each. How does time over-run affect the project cost?
28. Explain why TQM is important in project management?
29. Bring out the difference between CPM (Critical Path Method) and PERT (Program Evaluation and Review Techniques) and their suitability of use.
30. There exists a trade -off between activity duration and the associated cost. Discuss the time/cost trade off in project management. When should one resort to crashing? Discuss.

III Long Answer Type Questions:

1. Describe the concept of work break down structure in project planning.
2. What do you mean by budget uncertainty? How risk is managed in projects?
3. How the projects are planned, monitored and controlled in cycle process?
4. What are the methods used in evaluating, auditing and terminating a project?
5. A project has a following time schedule:

Activity	1-2	1-3	1-4	2-5	3-6	3-7	4-6	5-8	6-9	7-8	8-9
Time in weeks	2	2	1	4	8	5	3	1	5	4	3

Construct PERT network and compute:

- i. Total float for each activity
 - ii. Critical path and its duration
6. Discuss the allocating scarce resources and Goldratt's critical chain.
 7. Elaborate the methods of project budgeting in detail with examples.
 8. Discuss the guidelines for construction of the project network and enumerate the differences between PERT and CPM networks.
 9. Explain the various types of project organization and discuss its suitability for different projects.
 10. Explain the concept of cost estimating and cost improvement in project budgeting.
 11. Explain the factors that determine the capital structure of a firm.
 12. There is nothing like an optimal capital structure for a firm. Critically evaluate this statement.
 13. What do you mean by optimum capital structure? Make a list of factors determining optimum capital structure.
 14. What do you understand by capital structure of a corporation? Discuss the qualities or features of a sound capital structure.
 15. Explain "Arbitrage Process" under Modigliani/Miller Theorem.
 16. Explain in detail Goldratt's critical chain in resources allocation and its limitations.

17. What are the roles of multidisciplinary teams in planning and budgeting of a project.
18. What is a matrix organisation? What are the advantages of this organisation design when used for Project Management?
19. "Effective management of materials and equipment play a vital role in Project Management". Comment !
20. "Costing is a guesstimate and pricing is a strategy". Elaborate.
21. Discuss in detail the various factors affecting the control of project cost.
22. "Lean organisations cannot function without empowerment". Explain.
23. Discuss the different types of cost estimating in the life cycle of project.
24. Data obtained from a capital shutdown project are given below with three time estimate.

Activity	Preceding Activity	Duration in Weeks		
		a	m	b
A	-	7	10	12
B	A	9	12	17
C	-	16	18	20
D	C	20	24	26
E	-	2	1	3
F	E, B, D	5	2	12
G	F	6	4	14

- (a) Draw the project network diagram.
 - (b) Identify the critical path and activity.
 - (c) Calculate the variance and SD for the project.
25. Elaborate on the concept of "Earned Value of the Budget" in PERT/COST System.
 26. How does management of projects with the aid of network analysis helps design and procurement of materials and equipment in line with the priorities? Explain.
 27. Explain the pitfalls in the traditional method of cost accounting and expenditure control in projects.
 28. What do you understand by "Feedforward Project Control"? How do you compare it with Feed Back System? Explain the role of Feedforward Control in MIS for project management.
 29. Discuss the relevant and different types of cost to be estimated in the life cycle of a project. How does the level of accuracy increase progressively?
 30. What is matrix organisation? Explain its advantages and disadvantages in project management.

UNIT - III

I Test Your Skills:

(a) Multiple Choice Questions:

- 1 Capital budgeting is a part of:
- A. Investment decision
 - B. Working capital management
 - C. Marketing management
 - D. Capital structure

ANSWER: A

- 2 In proper capital budgeting analysis we evaluate incremental _____ cash flows.
- A. accounting
 - B. operating
 - C. before-tax
 - D. financing

ANSWER: B

- 3 The estimated benefits from a capital budgeting project are expected as cash flows rather than income flows because _____.
- A. it is more difficult to calculate income flows than cash flows
 - B. it is cash, not accounting income, that is central to the firm's capital budgeting decision
 - C. this is required by the accounting profession

ANSWER: D

- 4 In case of the indivisible projects, which of the following may not give the optimum result?
- A. Internal Rate of Return
 - B. Profitability Index
 - C. Feasibility Set Approach
 - D. All of the above

ANSWER: C

- 5 All of the following influence capital budgeting cash flows *except* _____.
- A. choice of depreciation method for tax purposes
 - B. economic length of the project
 - C. projected sales (revenues) for the project

D. sunk costs of the project

ANSWER: B

- 6 The basic capital budgeting principles involved in determining relevant after-tax incremental operating cash flows require us to _____.
- A. include sunk costs, but ignore opportunity costs
 - B. include opportunity costs, but ignore sunk costs
 - C. ignore both opportunity costs and sunk costs
 - D. include both opportunity and sunk costs

ANSWER: B

- 7 Interest payments, principal payments, and cash dividends are _____ the typical budgeting cash-flow analysis because they are _____ flows.
- A. included in; financing
 - B. excluded from; financing
 - C. included in; operating
 - D. excluded from; operating

ANSWER: C

- 8 Which of the following is least likely to be part of the calculation of the terminal-year incremental net cash flow for an energy-related expansion project?
- A. An initial working capital investment is now returned as an additional cash inflow
 - B. Disposal/reclamation costs
 - C. Capitalized expenditures
 - D. Salvage value of any sold or disposed assets

ANSWER: D

- 9 A profitability index (PI) of .92 for a project means that _____.
- A. The project's costs (cash outlay) are (is) less than the present value of the project's benefits
 - B. The project's NPV is greater than zero
 - C. The project's NPV is greater than 1
 - D. The project returns 92 cents in present value for each current rupee invested (cost)

ANSWER: C

- 10 Which of the following statements is *incorrect* regarding a normal project?
- A. If the NPV of a project is greater than 0, then its PI will exceed 1.
 - B. If the IRR of a project is 8%, its NPV, using a discount rate, k , greater than 8%, will be less than 0.

- C. If the PI of a project equals 0, then the project's initial cash outflow equals the PV of its cash flows.
- D. If the IRR of a project is greater than the discount rate, k , then its PI will be greater than 1.

ANSWER: D

- 11 Assume that a firm has accurately calculated the net cash flows relating to two mutually exclusive investment proposals. If the net present value of both proposals exceed zero and the firm is not under the constraint of capital rationing, then the firm should _____.
- A. calculate the IRRs of these investments to be certain that the IRRs are greater than the cost of capital
 - B. compare the profitability index of these investments to those of other possible investments
 - C. calculate the payback periods to make certain that the initial cash outlays can be recovered within a appropriate period of time
 - D. accept the proposal that has the largest NPV since the goal of the firm is to maximize shareholder wealth and, since the projects are mutually exclusive, we can only take one

ANSWER: D

- 12 Which of the following statements regarding cash flow patterns (for time periods 0, 1, 2, 3, and 4) is correct?
- A. The sequence of -Rs.100, Rs.50, Rs.40, Rs.60, and Rs.50 is a non-conventional cash flow pattern
 - B. The sequence of -Rs.100, Rs.600, -Rs.1,100, Rs.600, and Rs.20 potentially has a maximum of two internal rates of return.
 - C. The sequence of +Rs.100, -Rs.1,100, and Rs.1,600 is a conventional cash flow pattern.
 - D. The sequence of -Rs.50, Rs.50, Rs.70, Rs.60, and -Rs.150 potentially has at most two internal rates of return.

ANSWER: B

- 13 Which of the following statements is correct regarding the internal rate of return (IRR) method?
- A. Each project has a unique internal rate of return
 - B. As long as you are not dealing with mutually exclusive projects, capital rationing, or unusual projects having multiple sign changes in the cash-flow stream, the internal rate of return method can be used with reasonable confidence.
 - C. The internal rate of return does not consider the time value of money.

D. The internal rate of return is rarely used by firms today because of the ease at which net present value is calculated.

ANSWER: D

14 Which of the following is *not* a potential for a ranking problem between two mutually exclusive projects?

- A. The projects have unequal lives that differ by several years
- B. The costs of the two projects differ by nearly 30%.
- C. The two projects have cash flow patterns that differ dramatically
- D. One of the mutually exclusive projects involves replacement while the other involves expansion

ANSWER: A

15 A project whose acceptance precludes the acceptance of one or more alternative projects is referred to as _____.

- A. a mutually exclusive project.
- B. an independent project.
- C. a dependent project
- D. a contingent project

ANSWER: C

16 A project whose acceptance requires the acceptance of one or more alternative projects is referred to as _____.

- A. a mutually exclusive project.
- B. an independent project.
- C. a dependent project
- D. a contingent project
- E. none of the above

ANSWER: A

17. When operating under a single-period capital-rationing constraint, you may first want to try selecting projects by descending order of their _____ in order to give yourself the best chance to select the mix of projects that adds most to firm value.

- A. profitability index (PI)
- B. net present value (NPV)
- C. internal rate of return (IRR)
- D. payback period (PBP)

ANSWER: B

18. Which of the following statements is correct regarding the internal rate of return (IRR) method?
- A. Each project has a unique internal rate of return.
 - B. As long as you are not dealing with mutually exclusive projects, capital rationing, or unusual projects having multiple sign changes in the cash-flow stream, the internal rate of return method can be used with reasonable confidence.
 - C. The internal rate of return does not consider the time value of money.
 - D. The internal rate of return is rarely used by firms today because of the ease at which net present value is calculated.

ANSWER: D

19. Which of the following is not a potential for a ranking problem between two mutually exclusive projects?
- A. The projects have unequal lives that differ by several years.
 - B. The costs of the two projects differ by nearly 30%.
 - C. The two projects have cash flow patterns that differ dramatically.
 - D. One of the mutually exclusive projects involves replacement while the other involves expansion.

ANSWER: A

20. A project whose acceptance precludes the acceptance of one or more alternative projects is referred to as _____.
- A. a mutually exclusive project.
 - B. an independent project.
 - C. a dependent project.
 - D. a contingent project.

ANSWER: A

21. Two mutually exclusive projects are being considered. Neither project will be repeated again in the future after their current lives are complete. There exists a potential problem though -- the expected life of the first project is one year and the expected life of the second project is three years. This has caused the NPV and IRR methods to suggest different project preferences. What technique can be used to help make a better decision in this scenario?
- A. Rely on the NPV method and make your choice as it will tell you which one is best.
 - B. Use the common-life technique to replicate the one-year project three times and recalculate the NPV and IRR for the one-year project.
 - C. Ignore the NPV technique and simply choose the highest IRR since managers are concerned about maximizing returns.

D. In this situation, we need to rely on the profitability index (PI) method and choose the one with the highest PI.

ANSWER: A

22. To the nearest rupee, what is the net present value of a replacement project whose cash flows are -Rs.104,000; Rs.34,444; Rs.39,877; Rs.25,000; and Rs.52,800 for years 0 through 4, respectively? The firm has decided to assume that the appropriate cost of capital is 10% and the appropriate risk-free rate is 6%.

A. Rs.15,115

B. Rs.26,798

C. Rs.33,346

D. Rs.48,121

ANSWER: C

23. A project has the following cash inflows Rs.34,444; Rs.39,877; Rs.25,000; and Rs.52,800 for years 1 through 4, respectively. The initial cash outflow is Rs.104,000. Which of the following four statements is correct concerning the project internal rate of return (IRR)?

A. The IRR is less than 10%.

B. The IRR is greater than or equal to 10%, but less than 14%.

C. The IRR is greater than or equal to 14%, but less than 18%.

D. The IRR is greater than or equal to 18%.

ANSWER: C

24. You must decide between two mutually exclusive projects. Project A has cash flows of -Rs.10,000; Rs.5,000; Rs.5,000; and Rs.5,000; for years 0 through 3, respectively. Project B has cash flows of -Rs.20,000; Rs.10,000; Rs.10,000; and Rs.10,000; for years 0 through 3, respectively. The firm has decided to assume that the appropriate cost of capital is 10% for both projects. Which project should be chosen? Why?

A. A; Project A's NPV > Project B's NPV.

B. A or B; Makes no difference which you choose because the IRR for A is identical to the IRR for B and both IRRs are greater than 10 percent, the cost of capital.

C. B; Project B's NPV > Project A's NPV.

D. Neither A nor B; The NPVs of both projects are negative.

ANSWER: C

25. A project whose acceptance requires the acceptance of one or more alternative projects is referred to as _____.

A. a mutually exclusive project

B. an independent project

C. a dependent project

D. None of the above

ANSWER: B

26. Which of the following is not used in capital budgeting?

- A. Time Value of Money
- B. Sensitivity Analysis
- C. Net Assets Value Method
- D. Cash Flows

ANSWER: C

27. Capital budgeting decisions are:

- A. Reversible
- B. Irreversible
- C. Unimportant
- D. All of the above

ANSWER: B

28. Which of the following is not incorporated in capital budgeting?

- A. Tax effect
- B. Time Value of Money
- C. Required rate of return
- D. Rate of cash discount

ANSWER: D

29. Which of the following is not a capital budgeting decision?

- A. Expansion programme
- B. Merger
- C. Replacement of an Asset
- D. Inventory Level

ANSWER: D

30. A sound capital budgeting technique is based on:

- A. Cash Flows
- B. Accounting Profit
- C. Interest rate on borrowings
- D. Last dividend paid

ANSWER: A

31. Which of the following is not a relevant cost in capital budgeting?
- A. Sunk Cost
 - B. Opportunity cost
 - C. Allocated overheads
 - D. Both (a) and (c) above
- ANSWER: D
32. Capital budgeting decisions are based on:
- A. Incremental profit
 - B. Incremental cash flows
 - C. Incremental assets
 - D. Incremental capital
- ANSWER: B
33. Which of the following does not affect cash flows from a proposal:
- A. Salvage value
 - B. Depreciation amount
 - C. Tax rate change
 - D. Method of project financing
- ANSWER: D
34. Cash inflows from a project include:
- A. tax shield of depreciation
 - B. after tax operating profits
 - C. raising of funds
 - D. Both (a) and (b)
- ANSWER: D
35. Which of the following is not followed in capital budgeting?
- A. Cash flows principle
 - B. Interest exclusion principle
 - C. Accrual principle
 - D. Post tax principle
- ANSWER: C

II Short Answer Type Questions:

- 1 Explain the meaning of the term Capital.
- 2 What is Capital Budgeting?
- 3 Write a short note on conventional cash flows.

- 4 What is payback period?
- 5 Discuss the applicability of the concept of payback period.
- 6 Define accounting rate of return.
- 7 What are the merits of ARR as a capital budgeting technique.
- 8 What do you understand by IRR. Explain.
- 9 Briefly explain capital rationing.
- 10 Explain certainty equivalent approach.
- 11 Write a short note on risk adjusted discount rate.
- 12 Explain decision tree approach.
- 13 Distinguish between Internal rate of return and Accounting rate of return with appropriate illustrations.
- 14 What is the significance of profitability index? How is it useful in projects having different sizes?
- 15 Under what circumstances is it better than NPV?
- 16 How can the inflation be incorporated in the capital budgeting decision process.
- 17 Explain the concept of risk analysis with reference to capital budgeting.
- 18 “Risk analysis is an essential feature of investment decision making process.” What are the major risk factors and how will you control them.
- 19 State three important steps in the evaluation of investments.
- 20 What is meant by the term value of money?
- 21 “The average accounting rate of return fails to give weight to the later cash flows.” Elaborate.
- 22 Explain the concept of value-additivity in the NPV method.
- 23 Write a note on Inflation and Capital budgeting.
- 24 What is meant by the term time value of money? Which capital budgeting methods take into consideration this concept?
- 25 Distinguish between NPV and IRR.
- 26 The cash flow approach of measuring future benefits of a project is superior to the accounting approach. Discuss.
- 27 What are mutually exclusive projects? Explain the conditions when conflicting ranking would be given by the internal rate of return and net present value methods to such projects.
- 28 Under what circumstances do the net present value and internal rate of return methods differ? Which methods would you prefer and why?
- 29 What is meant by the term time value of money? Which capital budgeting methods take into consideration this concept? How is it possible for the capital budgeting methods that do not consider the time value of money to lead to wrong capital budgeting decisions?
- 30 “The payback reciprocal has wide applicability as a meaningful approximation of the time adjusted rate of return. But it suffers from certain major limitations.” Explain.

III Long Answer Type Questions:

- 1 Discuss the major aspects, assumptions and decision rules of the Discounted Cash Flow method.
- 2 What is meant by internal Rate of Return of a project? How do you calculate IRR given the initial investment on the project and the cash flows arising during the expected life of the project?
- 3 Distinguish between NPV and IRR.
- 4 Make a comparison between NPV and IRR methods. Which one of the two you find to be more rationale and why.
- 5 “The payback period is more a method of liquidity rather than profitability.” Examine.
- 6 Do the Profitability Index and NPV criterion of evaluating investment proposals lead to the same acceptance rejection and ranking decisions? In what situations will they give conflicting results?
- 7 Why is it important to evaluate capital budgeting projects on the basis of after-tax cash incremental flows? Why not use accounting data instead of cash flows?
- 8 Describe the concept of discounted cash flows in making investment decisions and its superiority over the traditional methods of investment evaluation.
- 9 How is payback period calculated? How is it helpful in determining IRR.
- 10 ‘Risk analysis is an essential feature of investment decision making process.’ What are the major risk factors and how will you control them.
- 11 ‘The terminal value method overcomes the shortcomings of the assumption of reinvestment rate.’ In light of this statement, explain the procedure of this terminal value method.
- 12 “NPV method ensures maximization of wealth of the shareholders in the long run.’ Comment.
- 13 What is the significance of profitability index? How is it useful in projects having different sizes? Under what circumstances is it better than NPV?
- 14 How can the inflation be incorporated in the capital budgeting decision process. Explain the difference between real and optimum replacement period.
- 15 What is meant by the term time value of money? Which capital budgeting methods take into consideration this concept? How is it possible for the capital budgeting methods that do not consider the time value of money to lead to wrong capital budgeting decisions?
- 16 “The payback reciprocal has wide applicability as a meaningful approximation of the time adjusted rate of return. But it suffers from certain major limitations.” Explain.
- 17 What is risk evaluation and sensitivity analysis? Analyse the relevance of sensitivity analysis in capital budgeting.
- 18 What are mutually exclusive projects? Explain the conditions when conflicting ranking would be given by the internal rate of return and net present value methods to such projects.
- 19 Under what circumstances do the net present value and internal rate of return methods differ? Which methods would you prefer and why?

20 XYZ is interested in assessing the cash flows associated with the replacement of an old machine by a new machine. The old machine bought a few years ago has a book value of Rs. 90,000 and it can be sold for Rs. 90,000. It has a remaining life of five years after which its salvage value is expected to be nil. It is being depreciated annually at the rate of 20 per cent (written down value method.)

The new machine costs Rs. 4,00,000. It is expected to fetch Rs. 2,50,000 after five years when it will no longer be required. It will be depreciated annually at the rate of 33 1/3 per cent (written down value method.) The new machine is expected to bring a saving of Rs. 1,00,000 in manufacturing costs. Investment in working capital would remain unaffected. The tax rate applicable to the firm is 50 per cent. Find out the relevant cash flow for this replacement decision. (Tax on capital gain/loss to be ignored)

Ans. Yr.1 Rs. 107.6, Yr 2 Rs. 87.2, Yr 3 Rs. 73.9, Yr. 4 Rs. 65.2, Yr 5 Rs. 59.4, terminal flows: 3,09,400

21 XYZ Ltd. is trying to decide whether it should replace a manually operated machine with a fully automatic version of the same machine. The existing machine, purchased ten years ago, has a book value of Rs. 2,40,000 and remaining life of 20 years. Salvage value was Rs. 40,000. The machine has recently begun causing problems with breakdowns and is costing the company Rs. 20,000 per year in maintenance expenses. The company has been offered Rs. 1,00,000 for the old machine as a trade-in on the automatic model which has a deliver price (before allowance for trade-in) of Rs. 2,20,000. It is expected to have a ten-year life and a salvage value of Rs. 20,000. The new machine will require installation modifications costing Rs. 40,000 to the existing facilities, but it is estimated to have a cost savings in materials of Rs. 80,000 per year. Maintenance costs are included in the purchase contract and are borne by the machine manufacturer. The tax rate is 40% (applicable to both revenue income as well as capital gains/losses). Straight-line depreciation over ten years will be used. Find out the relevant cash flows.

Ans. Initial flows: Rs. 1,44,000; Subsequent Rs. 65,600 and Terminal Rs. 85,600

22 A company has to make a choice between two projects namely A and B. the initial capital outlays of two projects are Rs. 1,35,000 and Rs. 2,40,000 respectively for A and B. there will be no scrap value at the end of the life of both the projects. The opportunity cost of capital of the company is 16%. The annual incomes are as under:

Year	Project A	Project B
1	-	60,000
2	30,000	84,000
3	1,32,000	96,000
4	84,000	1,02,000
5	84,000	90,000

You are required to calculate for each Project

	A	B
i) Discounted Payback period	Ans. 3.61 yrs	4.19 yrs
ii) Profitability Index	Ans. 1.43	1.15
iii) NPV	Ans. Rs. 58,254	Rs. 34,812

- 23 Z Industries Ltd. are thinking of investing in a project costing Rs. 20 lakhs. The life of the project is five years and the estimated salvage value of the project is zero. Straight line method of charging depreciation is followed. The tax rate is 50%. The expected cash flows before tax are as follows:

Year	1	2	3	4	5
Estimated cash flows before depreciation and tax (in lakhs)	4	6	8	8	10

You are required to determine the

Payback Period for the investment	Ans. 3 yrs 10 months
ARR on the investment	Ans. 16%
NPV at 10% cost of capital	Ans. 0.717 lakhs
Benefit cost ratio	Ans. 1.036

- 24 The cash flows of two mutually exclusive projects are as under:

	T0	T1	T2	T3	T4	T5	T6
Project P	(40,000)	13,000	8,000	14,000	12,000	11,000	15,000
Project J	(20,000)	7,000	13,000	12,000	-	-	-

Required:

- Estimate the net present value using 15%.
- Estimate the internal rate of return.
- Why is there a conflict in the project choice by using NPV and IRR criterion.
- Which criteria you will use in such a situation? Estimate the value at that criterion. Make a project choice.

Ans.	Project P	Project J
i) NPV	5,374	3,806
ii) IRR	19.75%	25.31%

- 25 Jolly company has an investment opportunity costing Rs. 40,000 with the following expected cash inflow (*i.e.* after tax and before depreciation):

Year	Inflows	PVF	Year	Inflows	PVF
1	Rs.7,000	0.909	6	Rs. 8,000	0.564
2	7,000	0.826	7	10,000	0.513
3	7,000	0.731	8	15,000	0.467
4	7,000	0.653	9	10,000	0.424

5 7,000 0.621 10 4,000 0.386

Using 10% as the cost of capital (rate of discount) determine the (i) Net Present Value; and (ii) Profitability Index.

Ans. NPV = Rs. 8,961, PI = 1.22

26 C is considering investing in a project. The expected investment will be Rs. 2,00,000. The life of project will be 5 years with no salvage value. The expected net cash inflows after depreciation but before tax during the life of the project will be as follows:

Year	1	2	3	4	5
Rs.	85,000	1,00,000	80,000	80,000	40,000

Project will be depreciated at the rate of 20% on original cost. Tax rate 30%. Calculate

- i) ARR (**Ans: 53.90%**)
- ii) Payback period (**Ans. 1year 11 months**)
- iii) IRR (**Ans. 39.91%**)
- iv) NPV if cost of capital is 10% (**Ans. Rs. 1,61,197**)

27 K company is considering to set up a coaching centre at a total outlay of Rs. 18,00,000. The operational and maintenance cost excluding depreciation are expected to be Rs. 3,00,000 p.a. life of equipment is 10 years with no salvage value. Depreciation is 30% w.d.v. tax rate if 40%. The centre will generate an income of Rs. 6,00,000 p.a. by way of tuition fee and Rs. 1,00,000 on job work. Calculate NPV and IRR if cost of capital is 12%. (**Ans. NPV = (49,216), IRR = 12.24%**)

28 A firm can make investment in either of the following two projects. The firm anticipates its cost of capital to be 10%. And the net (after tax) cash flows of the projects for the five years are as follows: -

(Figure in Rs. '000)						
Year	0	1	2	3	4	5
Project A	(500)	85	200	240	220	70
Project B	(500)	480	100	70	30	20
The discount factors are as under						
Year	0	1	2	3	4	5
PVF (10%)	1	0.91	0.83	0.75	0.68	0.62
PVF (20%)	1	0.83	0.69	0.58	0.48	0.41

Required: -

- i. Calculate the NPV and IRR of the project.

ii. State with reason which project you would recommend.

Ans

	Project A	Project B
NPV	116.35	105.1
IRR	18.663%	24.107%

i. As per NPV, Project A should be selected.

ii. As per IRR, Project B should be selected.

29 No Project is acceptable unless the yield is 10%. Cash inflows of a certain project along with cash outflows are given below:

Year	Outflow (Rs.)	Inflow(Rs.)
0	150000	-
1	30000	20000
2	-	30000
3	-	60000
4	-	80000
5	-	70000

Calculate net present value

Ans: Net present value = Present value of Inflows - Present value of Inflows

= Rs.186130 – Rs. 177270

= Rs 8860

30 One of the two machines A and B is to be purchased. Form the following Information find out which of the two will be more profitable? The average rate of tax may be taken at 50%.

	Machine A (Rs.)	Machine B (Rs.)
Cost of machine	50000	80000
Machine Life	4 years	6 years
Earnings Before Tax		
1st year	10000	8000
2nd year	15000	14000
3rd year	20000	25000
4th year	15000	30000
5th year		18000
6th year		13000

Ans:

(a) Pay back period

Investment = Rs. 80,000

Cumulative Cash Flows shows that the recovery up to 3rd year = 63499

therefore for the balance of Rs. 16501 will be recovered in 4th year.

i.e. $16501/28333 = 0.58$ year
therefore payback period is 3.58 years

- (b) Average rate of return (based on original investment)
= Average Profits/net investment x 100
= $54000/6 \times 100$
= 11.25%

Machine A is profitable in both the cases

Note: - It has been assumed that Earnings Before tax in the problem is after considering depreciation on straight line basis.

UNIT – IV

I Multiple Choice Questions:

- Which of the following is a basic principle of finance as it relates to the management of working capital?
 - Profitability varies inversely with risk.
 - Liquidity moves together with risk.
 - Profitability moves together with risk.
 - Profitability moves together with liquidity.ANSWER: C
- Which of the following illustrates the use of a hedging approach to financing assets?
 - Temporary current assets financed with long-term liabilities.
 - Permanent working capital financed with long-term liabilities.
 - Short-term assets financed with equity
 - All assets financed with a mixture of 50% equity and 50% long-term debt.ANSWER: B
- In deciding the optimal level of current assets for the firm, management is confronted with _____.
 - a trade-off between profitability and risk
 - a trade-off between liquidity and risk
 - a trade-off between equity and debt
 - a trade-off between short-term versus long-term borrowingANSWER: A

4. To financial analysts, "working capital" means the same thing as _____.
- A. Total assets
 - B. fixed assets
 - C. current assets
 - D. current assets minus current liabilities.

ANSWER: C

5. Which of the following would be consistent with an aggressive approach to financing working capital?
- A. Financing short-term needs with short-term funds.
 - B. Financing permanent inventory buildup with long-term debt.
 - C. Financing seasonal needs with short-term funds.
 - D. Financing some long-term needs with short-term funds.

ANSWER: D

6. Which of the following would be consistent with a conservative approach to financing working capital?
- A. Financing short-term needs with short-term funds.
 - B. Financing short-term needs with long-term debt.
 - C. Financing seasonal needs with short-term funds.
 - D. Financing some long-term needs with short-term funds.

ANSWER: B

7. Which of the following would be consistent with a hedging (maturity matching) approach to financing working capital?
- A. Financing short-term needs with short-term funds
 - B. Financing short-term needs with long-term debt.
 - C. Financing seasonal needs with long-term funds.
 - D. Financing some long-term needs with short-term funds.

ANSWER: A

8. Which of the following statements is most correct?
- A. For small companies, long-term debt is the principal source of external financing.
 - B. Current assets of the typical manufacturing firm account for over half of its total assets.
 - C. Strict adherence to the maturity matching approach to financing would call for all current assets to be financed solely with current liabilities.

- D. Similar to the capital structure management, working capital management requires the financial manager to make a decision and not address the issue again for several months.

ANSWER: B

9. The amount of current assets required to meet a firm's long-term minimum needs is referred to as _____ working capital.

- A. permanent
- B. temporary
- C. net
- D. gross

ANSWER: A

10. The amount of current assets that varies with seasonal requirements is referred to as _____ working capital.

- A. permanent
- B. net
- C. temporary
- D. gross

ANSWER: C

11. Having defined working capital as current assets, it can be further classified according to _____.

- A. financing method and time
- B. rate of return and financing method
- C. time and rate of return
- D. components and time

ANSWER: D

12. Your firm has a philosophy that is analogous to the hedging (maturity matching) approach. Which of the following is the most appropriate form for financing a new capital investment in plant and equipment?

- A. Trade credit.
- B. 6-month bank notes.
- C. Accounts payable.
- D. Common stock equity.

ANSWER: D

13. Your firm has a philosophy that is analogous to the hedging (maturity matching) approach. Which of the following is the most appropriate non-spontaneous form for financing the excess seasonal current asset needs?
- A. Trade credit.
 - B. 6-month bank notes.
 - C. Accounts payable.
 - D. Common stock equity.

ANSWER: B

14. Under a conservative financing policy a firm would use long-term financing to finance some of the temporary current assets. What should the firm do when a "dip" in temporary current assets causes total assets to fall below the total long-term financing?
- A. Use the excess funds to pay down long-term debt.
 - B. Invest the excess long-term financing in marketable securities.
 - C. Use the excess funds to repurchase common stock.
 - D. Purchase additional plant and equipment.

ANSWER: B

15. Which of the following statements is correct for a conservative financing policy for a firm relative to a former aggressive policy?
- A. The firm uses long-term financing to finance all fixed and current assets.
 - B. The firm will see an increase in its expected profits.
 - C. The firm will see an increase in its risk profile.
 - D. The firm will increase its dividends per share (DPS) this period.

ANSWER: A

16. Which of the following statements is correct for an aggressive financing policy for a firm relative to a former conservative policy?
- A. The firm will use long-term financing to finance all fixed and current assets.
 - B. The firm will see an increase in its expected profits.
 - C. The firm will see a decline in its risk profile.
 - D. The firm will need to issue additional common stock this period to finance the assets.

ANSWER: B

17. How can a firm provide a margin of safety if it cannot borrow on short notice to meet its needs?
- A. Maintain a low level of current assets (especially cash and marketable securities).
 - B. Shorten the maturity schedule of financing.
 - C. Increasing the level of fixed assets (especially plant and equipment).

D. Lengthening the maturity schedule of financing.

ANSWER: D

18. Risk, as it relates to working capital, means that there is jeopardy to the firm for not maintaining sufficient current assets to _____.

A. meet its cash obligations as they occur and take advantage of prompt payment

B. discounts

C. support the proper level of sales and take prompt payment discounts

D. maintain current and acid-test ratios at or above industry norms

E. meet its cash obligations as they occur and support the proper level of sales

ANSWER: D

19. If a company moves from a "conservative" working capital policy to an "aggressive" policy, it should expect _____.

A. liquidity to decrease, whereas expected profitability would increase

B. expected profitability to increase, whereas risk would decrease

C. liquidity would increase, whereas risk would also increase

D. risk and profitability to decrease

ANSWER: A

20. Which of the following types of company will have the lowest level of investment in working capital to finance?

A. Water suppliers

B. Supermarkets

C. Chemical manufacturers

D. Ship builders

E. Car manufacturers

ANSWER: B

21. Which of the following factors does not need to be considered when formulating policies on the level and financing of working capital?

A. The attitude to risk of a company's managers

B. The relative cost of short-term and long-term finance

C. The availability of revenue reserves and capital reserves

D. Terms of trade offered by competitors

E. The nature of current business operations

ANSWER: C

22. Which of the following statements relating to working capital financing is not correct?

A. An aggressive policy uses long-term debt to finance fluctuating current assets

- B. Long-term debt is less risky than short-term debt
- C. A conservative policy uses long-term debt to finance fixed assets
- D. Short-term debt is cheaper than long-term debt
- E. The matching principle indicates that fluctuating current assets should be financed by short-term debt

ANSWER: A

23. Identify the incorrect statement in connection with working capital management.
- A. Long-term funds are more expensive than short-term funds but also riskier
 - B. The objectives of working capital management are profitability and liquidity
 - C. Permanent current assets should be financed from long-term sources if a moderate or matching policy is adopted
 - D. Conservative financing policies use short-term funds to finance only part of fluctuating current assets
 - E. Aggressive financing policies increase profitability at the cost of higher risk

ANSWER: A

24. Which of the following will improve a company's working capital management position?
- A. An increased level of bad debts
 - B. An increase in the credit period allowed by suppliers
 - C. An increased debtor collection period
 - D. An increase in the stock turnover period
 - E. An increase in the length of the production process

ANSWER: B

25. Identify which technique will not help a company to optimise its working capital cycle.
- A. Offering discounts for early payment by debtors
 - B. Using cash management models to optimise the level of cash held
 - C. Taking full advantage of credit offered by trade suppliers
 - D. Applying the economic order quantity model to stock management
 - E. Adopting the use of just-in-time stock management methods

ANSWER: B

26. Net working capital refers to
- A. total assets minus fixed assets
 - B. current assets minus current liabilities
 - C. current assets minus inventories
 - D. current assets

ANSWER: B

- 27 Permanent working capital
- A. varies with seasonal needs
 - B. includes fixed assets
 - C. is the amount of current assets required to meet a firm's long-term minimum needs
 - D. includes accounts payable
- ANSWER: C
- 28 Dividend Payout ratio is:
- A. PAT / Capital
 - B. DPS / EPS
 - C. Pref. Dividend / PAT
 - D. Pref. Dividend / Equity Dividend
- ANSWER: B
- 29 Dividend Distribution Tax is payable by:
- A. Shareholders to Government
 - B. Shareholders to Company
 - C. Company to Government
 - D. Holding to Subsidiary Company
- ANSWER: C
- 30 Which of the following stresses on investor's preference for current dividend than higher future capital gains?
- A. Walter's Model
 - B. Residual's Theory
 - C. Gordon's Model
 - D. MM Model
- ANSWER: C
- 31 MM Model of Dividend irrelevance uses arbitrage between :
- A. Dividend and Bonus
 - B. Dividend and Capital Issue
 - C. Profit and Investment
 - D. None of the above
- ANSWER: B
- 32 If $K_e = r$, then under Walter's Model, which of the following is irrelevant?
- A. Earning per share
 - B. Dividend per share
 - C. DP Ratio

D. None of the above

ANSWER: C

33 Walter's Model suggests that a firm can always increase the value of the share by:

A. Increasing dividend

B. Decreasing dividend

C. Constant Dividend

D. None of the above

ANSWER: D

34 Bird in hand' argument is given by

A. Walter's Model

B. Gordon's Model

C. MM Model

D. Residual's Theory

ANSWER: B

35 Residuals theory argues that dividend is a :

A. Relevant Decision

B. Active Decision

C. Passive Decision

D. Irrelevant Decision

ANSWER: C

II Short Answer Type Questions:

1 Write short note on over- trading and under- trading.

2 Write short notes on Concept of value of the firm.

3 Elaborate the impacts of inadequate working capital.

4 Provide the basic assumptions of Working Capital Management.

5 Is there any relationship between Dividend of Firm and Value of Firm.

6 Define working capital.

7 Explain how working capital management policies affect the profitability, liquidity and structural health.

8 Explain Gross and Net concepts of Working Capital.

9 What are the assumptions and arguments used by Modigliani and Miller in support of the irrelevance of dividends?

10 Write short note on Walter Model.

11 Distinguish between permanent and temporary working capital.

12 Briefly explain working capital term loan.

- 13 Explain the concept of working capital cycle.
- 14 Write notes on different types of Working Capital.
- 15 Explain Walter's Approach to dividend policy
- 16 Write short note on Gordon's dividend policy.
- 17 State the assumptions of MM approach.
- 18 Write the shortcomings of Walter's Model.
- 19 What is permanent working capital
- 20 What is temporary working capital.
- 21 What are the essentials of Walter's dividend model? Explain its shortcomings.
- 22 Dividend policy affects the value of the firm under Gordon's Model. Explain.
- 23 State the reasons that make working capital management as an important function of the financial manager.
- 24 State the assumptions of MM approach.
- 25 Write the shortcomings of Walter's Model.
- 26 What are the essentials of Walter's dividend model? Explain its shortcomings.
- 27 "Walter's and Gordon's models are essentially based on the same assumptions. Thus, there is no basic difference between the two models." Do you agree or not? Why?
- 28 "The contention that dividends have an impact on the share price has been characterized as the bird-in-the-hand argument." Explain the essential of this argument. Why this argument is considered fallacious?
- 29 'The primary purpose for which a firm exists is the payment of dividend. Therefore, irrespective of the firm's needs and the desires of shareholders, a firm should follow a policy of very high dividend payout! Do you agree? Why or why not?
- 30 Dividend policy affects the value of the firm under Gordon's Model. Explain.

III Long Answer Type Question:

- 1 Explain the importance of working capital in attaining the profit objective of an organization. Explain how working capital needs are assessed.
- 2 What do you understand by management of working capital and what are the constraints in the management of working capital?
- 3 What is working capital management? Bring out the role of various constituents of working capital.
- 4 What is meant by working capital management? What are the determinants of working capital needs of an enterprise?
- 5 Explain the concept of Working Capital. How should it be determined and financed?
- 6 "Efficiency Working Capital Management is reflected in the liquidity and profitability of the firm". Explain.
- 7 Define Working capital. Distinguish between permanent and temporary working capital.

- 8 Explain how working capital management policies affect the profitability, liquidity and structural health.
- 9 What are the objectives of a credit policy? What is an optimum credit policy? Discuss.
- 10 What is meant by working capital? What are the techniques used for analysis working capital of the company? Explain by giving suitable examples.
- 11 Explain various determinants of working capital of a concern.
- 12 How are the objectives of inventory management and cash management similar?
- 13 Explain the importance of proper planning and control of working capital in a large manufacturing concern and the techniques that are used for planning and control of working capital.
- 14 What is meant by 'Operating Cycle Concept' in management of working capital?
- 15 Working capital is the life blood of a business firm and there is always an operating cycle involved in the cash to cash cycle. Draw up an operating cycle for industry. List out the individual components of the cycle and illustrate with example the computation of the operating cycle components and determination of the total cycle time.
- 16 Determine the operating cycle time of a manufactured product you are familiar with to enable the forecasting of working capital requirements fairly, quickly and accurately.
- 17 Bring out the various methods through which working capital requirements be reasonably forecasted.
- 18 How would you assess the working capital requirements for a seasonal industry? Illustrate with an example.
- 19 What is conservative approach to working capital financing?
- 20 Dividend policy affects the value of the firm under Gordon's Model. Explain.
- 21 Explain with suitable example the arbitrage process of MM approach to achieve the equilibrium level.
- 22 Following are the details regarding three companies:
- 23

A Ltd.	B Ltd.	C Ltd.
$r = 15\%$	$r = 10\%$	$r = 8\%$
$k = 10\%$	$k = 10\%$	$k = 10\%$
$E = \text{Rs. } 10$	$E = \text{Rs. } 10$	$E = \text{Rs. } 10$

You are required to calculate the effect of dividend payment on the profits of each of the above companies under the following different situations:

- When no dividend is paid;
- When dividend is paid at Rs. 4 per share;
- When dividend is paid at Rs. 8 per share;
- When dividend is paid at Rs. 10 per share.

Ans.

A Ltd. : (a) Rs. 150 (b) Rs. 130; (c) Rs.110 (d) Rs. 100

B Ltd. : (a) Rs. 100 (b) Rs. 100 (c) Rs. 100 (d) Rs. 100
C Ltd. : (a) Rs. 80 (b) Rs. 88 (c) Rs. 96 (d) Rs. 100

24 X company earns Rs. 5 per share, is capitalized at a rate of 10% and has a rate of return on investment at 18%. According to Walter's formula, what should be the price per share at 25% dividend pay out ratio? Is this the optimum pay out ratio according to Walter?

Ans. Rs. 80. This is not the optimum dividend pay out ratio, since Walter suggests a zero per cent dividend pay out ratio in situations where $r > k$.

25 (a) The Apex Company' which earns Rs. 5 per share, is capitalized at 10% and has a return on investment of 12%. Using Walter's dividend policy model, determine (i) the optimum pay out, and (ii) the price of share at this pay out.

(b) The Agro-Chemicals Company belongs to a risk class for which the appropriate capitalization is 10%. It currently has 1,00,000 shares selling at Rs. 100 each. The firm is contemplating the declaration of Rs. 5 as dividend at the end of the current financial year, which has just begun. What will be the price of the share at the end of the year, if a dividend is not declared? What will it be if one is declared? Answer these on the basis of Modigliani and Miller model and assume no taxes.

Ans. (a) (i) Zero per cent; (ii) Rs. 60; (b) (i) Rs. 135, (ii) Rs. 110

26 The earning per share of a company is Rs. 16. The market capitalization rate applicable to the company is 12.5%. Retained earnings can be employed to yield a return of 10%. The company is considering a pay out of (a) 25%, (b) 50% and (c) 75%. Which of these would maximize the wealth of shareholders as per Walter's model?

Ans. (a) Rs. 108.80, (b) Rs. 115.20, (c) Rs. 121.60

27 Details regarding three companies are given below:

A Ltd.	B Ltd.	C Ltd.
$r = 15\%$	$r = 10\%$	$r = 8\%$
$k_e = 10\%$	$k_e = 10\%$	$k_e = 10\%$
$E = \text{Rs. } 10$	$E = \text{RS. } 10$	$E = \text{Rs. } 10$

By using Walter's Model, you are required to Calculate the value of an equity share of each of these companies when dividend pay out ratio is (a) 20%, (b) 50%, (c) 0% and (d) 100%. Comment on the result drawn.

Ans. (i) Value of an equity share:

	<i>A Ltd.</i>	<i>B Ltd.</i>	<i>C Ltd.</i>
(a)	Rs. 140	Rs. 100	Rs. 84
(b)	Rs. 125	Rs. 100	Rs. 90
(c)	Rs. 150	Rs. 100	Rs. 80

(d) **Rs. 100** **Rs. 100** **Rs. 100**

(ii) **Company A is a growth firm, Company B is a normal firm and Company C is a declining firm.**

28 The following information is available in respect of a firm:

Capitalisation rate =0.12, EPS =Rs15

Assumed rate of return on investment (a)15%(b)8%(c)10%

Show the effect of dividend policy on market price of share assuming pay out ratio

(a)0% (b)25% (c)50% (d)75% and (e)100% using Walter Model

29 The annual cash requirement of A ltd. is Rs. 10 lakhs. The company has marketable securities in lot sizes of Rs. 50,000, Rs. 1,00,000, Rs. 2,00,000 Rs. 2,50,000 and Rs. 5,00,000. Cost of conversion of marketable securities per lot is Rs. 1000. The company can earn 5% annual yield on its securities. You are required to prepare a table indicating which lot size will have to be sold by the company. Also show the economic lot size which can be obtained by Baumol Model.

Ans. Economic lot size = 2,00,000

30 Accurate Ltd. has planned to sell 6,00,000 units of output in the coming year. The cost structure of the company's product for the desired level of production is given below:

	Cost per units (Rs.)
Raw material	30
Manufacturing expenses	10
Other overheads	25
Total cost	65
Selling price	80
Profit	15

Examination of past trend reveals:

- (a) Raw materials are held in stock for 1 month.
- (b) Work-in-progress inventory is equal to half month's production.
- (c) Finish goods remain in the warehouse for a month.
- (d) Three month's credit is allowed to the debtors.
- (e) Manufacturing expenses are expected to occur evenly during the year.

You are required to –

- (i) Calculate the investment in various current assets.
- (ii) Estimate the gross working capital requirement if the desired cash balance is 5% of gross working capital.

Ans: Gross Working Capital 165,13,157.89

- 31 What are the assumptions which underlie Gordon's model of dividend effect? Does dividend policy affect the value of the firm under Gordon's model?
- 32 "Walter's and Gordon's models are essentially based on the same assumptions. Thus, there is no basic difference between the two models." Do you agree or not? Why?
- 33 "The contention that dividends have an impact on the share price has been characterized as the bird-in-the-hand argument." Explain the essential of this argument. Why this argument is considered fallacious?
- 34 'The primary purpose for which a firm exists is the payment of dividend. Therefore, irrespective of the firm's needs and the desires of shareholders, a firm should follow a policy of very high dividend payout! Do you agree? Why or why not?
- 35 What are the assumptions which underlie Gordon's model of dividend effect? Does dividend policy affect the value of the firm under Gordon's model?

QUESTION BANK

DIGITAL MARKETING

BBA - 304

QUESTION BANK
DIGITAL MARKETING -BBA 304
BBA-VI

UNIT - I

I Multiple Choice Questions:

Q 1. Marketing that moves away from a transaction-based effort to a conversation (i.e. two-way dialogue) and can be described as a situation or mechanism through which marketers and a customer (e.g. stakeholders) interact usually in real-time is known as:

- A. Digital marketing.
- B. Interactive marketing.
- C. Direct marketing.
- D. Electronic marketing.

ANSWER: A

Q 2. Which of the following is not a type of digital marketing activity?

- A. Email marketing.
- B. Social web marketing.
- C. Print advert.
- D. Viral marketing.

ANSWER: B

Q 3. _____ is a form of marketing communications that uses the internet for the purpose of advertising-delivering marketing messages to increase website traffic (i.e. click-through) and encourage product trial, purchase, and repeat purchase activity (i.e. conversion)..

- A. Internet marketing
- B. Search marketing
- C. Email marketing
- D. Mobile marketing

ANSWER: C

Q 4. In the first 10 years, the web was heavily used as a static publishing and/or retailing (transactional) channel. This was known as:

- A. Web 2.0.
- B. Web 1.0
- C. Web Publishing
- D. Static web

ANSWER: A

Q 5. The development of digital media and the rise of Web 2.0 (i.e. the social web. technology saw a further evolution in marketing away from a hierarchical one-sided mass communication model. Web 2.0 used more participatory technologies, (e.g. social channels and online communities), rather than just information or transactional channels. What is the focus of this social web?

- A. Marketer.
- B. User.
- C. System.
- D. Web platform.

ANSWER: B

Q 6. A form of marketing communications that uses Internet-based resources for the purpose of advertising, delivering messages to drive traffic to a website ('click-through rate') and also encourage trial, purchase, or repeat-purchase activity is called:

- A. Search marketing.
- B. E-mail marketing.
- C. Internet advertising.
- D. Social web marketing.

ANSWER: A

Q 7. An advertising model used in which advertisers pay their host only when their sponsored ad or link is clicked, is called:

- A. Search Engine Optimization (SEO).
- B. Contextual Advertising.
- C. Digital Asset Optimization (DAO).
- D. Pay Per Click (PPC).

ANSWER: A

Q 8. A method of marketing by electronic mail wherein the recipient of the message has consented to receive it is called:

- A. Search marketing.
- B. Internet advertising.
- C. Permission-based email marketing.
- D. Social web marketing.

ANSWER: D

Q 9. _____ is a form of digital marketing that describes the use of the social web and social media (e.g. social networks, online communities, blogs or wikis) or any online collaborative

technology for marketing activities, be it sales, public relations, research, distribution or customer service.

- A. Pay Per Click (PPC).
- B. Digital Asset Optimization (DAO)
- C. Social Media Marketing (SMM)
- D. Search Engine Optimization (SEO)

ANSWER: D

Q 10. Four elements that distinguish mobile marketing from traditional mass marketing are: scope of audience, type and format of messages, _____, and response tracking.

- A. location-based targeting
- B. wide coverage
- C. mass distribution
- D. interest group setting

ANSWER: B

Q 11. Websites translated for wireless devices to access and download content and to display adverts are known as:

- A. GPS
- B. IVR
- C. WAP sites
- D. Apps

ANSWER: A

Q 12. This refers to branded software applications for mobile devices that consumers use to access added-value information, customer service and/or entertainment where and when they want it:

- A. WAP sites.
- B. Apps.
- C. IVR.
- D. Viral.

ANSWER: C

Q 13. This is the process of marketing accomplished or facilitated through the application of electronic devices, appliances, tools, techniques, technologies and or systems:

- A. Electronic marketing.
- B. Interactive marketing.
- C. Internet marketing.
- D. Direct marketing.

ANSWER: B

Q 14 Which of the following is not an issue that marketers need to consider when using digital resources for marketing activities?

- A. Jurisdiction.
- B. Disclosure.
- C. Ownership.
- D. Permissions.

ANSWER: C

Q 15 Which of the following is not one of major considerations when using internet advertising to increase brand awareness and encourage click-through to a target site?

- A. Cost.
- B. Intrusive.
- C. Interactivity.
- D. Timeliness.

ANSWER: D

Q 16 Which of the following refers to unsolicited electronic messages?

- A. Opt-in email.
- B. Consent marketing.
- C. Spam.
- D. Opt-out email.

ANSWER: B

Q 17 A database of information that is maintained by human editors and lists websites by category and subcategory with categorization is known as:

- A. A search directory.
- B. Automated voice response (AVR).
- C. Apps.
- D. SEO.

ANSWER: D

Q 18 This attempts to improve rankings for relevant keywords in search results by improving a website's structure and content:

- A. SEM.
- B. SEO.

- C. SST.
- D. SFA.

ANSWER: C

Q 19. The next iteration of the web, which will be characterized by the web becoming artificially intelligent, thereby recognizing links and relationships between data sources, allowing the prediction of audience response and greater audience targeting. This is referred to as:

- A. Web 3.0.
- B. Web 2.0.
- C. Web 1.0.
- D. Web 4.0.

ANSWER: C

Q 20 This operates algorithmically or using a mixture of algorithmic and human input to collect, index, store and retrieve information on the web (e.g. web pages, images, information and other types of files). It makes the information available to users in a manageable and meaningful way in response to a search query. This is referred to as:

- A. Banner ads.
- B. Pop-up ads.
- C. A search engine.
- D. Apps.

ANSWER: B

21. What Does The Term "Sandbox" Mean In SEO?

- A. The Box With Paid Ads That Appear When You Perform A Search.
- B. This Is Where Sites Are Kept Till They Get Mature Enough To Be Included In The Top Rankings For A Particular Keyword
- C. A Special Category Of Sites That Are Listed In Kid-safe Searches
- D. The First 10 Search Results For A Particular Keyword.

ANSWER: B

22. Which Of The Following Search Engines Patented The Concept Of "TrustRank" As A Methodology For Ranking Web Sites & Pages?

- A. Yahoo!
- B. Google
- C. MSN/Bing
- D. Teoma (prior To Acquisition By Ask)

ANSWER: A

23. HTTP is

- A. Hyper text transfer protocol
- B. Hyper text transfer provider
- C. High text transfer protocol
- D. None of the above

ANSWER: A

24. HTTP functions as a

- A. Client server model
- B. Peer to peer model
- C. Both (a) and (b)
- D. None of the above

ANSWER: C

25. WWW is

- A. world wide web
- B. wide world web
- C. world war web
- D. none of the above

ANSWER: A

II Short Answer Type Questions:

1. Explain what is digital marketing?
2. How can you categorize the digital marketing?
3. What is the importance of digital marketing for a business
4. Write a short note on internet versus traditional marketing.
5. What are the components of internet microenvironment?
6. What are the various internet marketing strategies?
7. Explain the nature and scope of digital marketing
8. What are some latest examples of digital marketing in business?
9. What are the various digital marketing models?
10. List out some of the useful online marketing tools?
11. What should be the approach for effective Pay Per Click campaigns?
12. Explain what is Google Adwords?
13. Explain what is SEO?
14. Explain what is a keyword in digital marketing?
15. Mention what are the key areas where you can use keywords to optimize the site ranking?
16. Explain what is PPC or Pay Per Click advertising?
17. In what segments you can categorize digital marketing?
18. What is SEO? What is a keyword and how important it is in SEO?
19. What are the different types of SEO Practices?
20. Explain what is PPC or Pay Per Click advertising?
21. Mention what are the key elements to optimize the conversion rates per PPC?
22. Why is online marketing preferred more than offline marketing?
23. Mention what are the key areas where you can use keywords to optimize the site ranking?
24. Explain the advantages and disadvantages of digital marketing.
25. Explain the concept of domain name.

III Long Answer Type Questions:

1. What is a Keyword in Digital Marketing and what is its importance?
2. What are the benefits of Digital Marketing compared to Offline Marketing?
3. What is PPC and explain its role in Digital Marketing? How it helps in the revenue model for businesses?
4. Are Digital Marketing and Social Media Marketing same? If no, why? Explain it with the help of some examples.
5. What is Digital Marketing? What is its importance in current market?
6. What are the current approaches used for marketing in reference to digital marketing?
7. Name Some Areas Where Keyword Optimization Is Done?
8. Explain The Concept Of Ppc And The Models For Designing Ppc Campaigns?

9. What is the most effective way to increase traffic and PPC at a website?
10. Mention what are the key areas where you can use keywords to optimize the site ranking?
11. What is the relevance of big data and information in digital marketing?
12. What are the various industries that are successfully using digital marketing these days? Explain with examples.
13. How digital marketing has ultimately helped both the consumers and producers?
14. What are the various factors that a marketer needs to keep in mind before building a digital marketing model for its business?
15. “Business becomes a global phenomenon through digital marketing”. Justify this statement
16. Explain the various driving factors of digital marketing with examples.
17. What are the benefits and drawbacks of e-commerce over business based on traditional mortar and brick outlet?
18. Explain the concept of PPC. Mention what are the primary models for determining Pay-Per-Click?
19. Explain the components required for website designing and planning.
20. “Digital marketing is the new age of marketing” comment on this statement along with some examples.
21. What are the different business models over Internet? Illustrate giving suitable examples.
22. What security and privacy issues are the limitations of the Web? Discuss.
23. Summarize the key benefits and drawbacks of peer-to-peer networks.
24. Summarize three reasons why a company may wish to introduce e-commerce.
25. Explain how search engine optimization tool is necessary for e business.

UNIT - II

I Multiple Choice Questions :

1. According to research, there are four factors that influence consumer buyer behavior:
 - A. psychological, personal, social, CRM systems
 - B. cultural, organizational, personal, psychological
 - C. cultural, social, personal, psychological
 - D. none of the above

ANSWER: C

2. The psychological factors influencing consumer behavior are;
 - A. motivation, perception, learning, beliefs and attitudes
 - B. culture, subculture, social class
 - C. reference groups, family, roles and status
 - D. all of the above

ANSWER: C

3. E-commerce is
- A. B2C
 - B. B2B
 - C. C2B
 - D. All of the above

ANSWER: D

4. Internal strengths and weaknesses are usually
- A. The major cause of organizational demise or success.
 - B. Controllable activities within an organization.
 - C. Most important for CEOs and the board of directors.
 - D. Not as important as external opportunities and threats.

ANSWER: B

5. An organization's strengths and weaknesses are determined relative to its strategic business units.
- A. Government
 - B. Competitors
 - C. External opportunities and threats

ANSWER: C

6. Business model is composed of Models
- A. 4
 - B. 5
 - C. 6
 - D. 7

ANSWER: A

7. Advantages of e-commerce are
- A. Low cost
 - B. Economical
 - C. Productivity gains
 - D. All of the above

ANSWER: D

8. B2B2C is a model of
- A. E-commerce
 - B. E-business
 - C. Data mining
 - D. None of the above

ANSWER: A

9. Mobile commerce is same as
- A. E-commerce
 - B. E-business
 - C. Data mining
 - D. None of the above

ANSWER: D

10. Transaction life cycle includes major application
- A. 1
 - B. 2
 - C. 3
 - D. None of the above

ANSWER: D

11. Which of the following lists is the hierarchy of organizational goals in order from least specific to most specific?
- A. Mission statements, strategic objectives, vision statements.
 - B. Mission statements, vision statements, and strategic objectives.
 - C. Vision statements, strategic objectives, mission statements.
 - D. Vision statements, mission statements, strategic objectives

ANSWER: D

12. Which model can use its physical store to promote the website
- A. Storefront model
 - B. Service provider model
 - C. Click and mortar model
 - D. Broker model

ANSWER: C

13. In which model user are given something for free but with advertisement
- A. Advertiser model
 - B. Portal site model

- C. Free access model
- D. Virtual mall model

ANSWER: B

14. Which model acts as intermediary between customer and business

- A. Advertiser model
- B. Portal site model
- C. Free access model
- D. Virtual mall model

ANSWER: D

15. Which model is also called vanity set

- A. Advertiser model
- B. Portal site model
- C. Free access model
- D. Virtual mall model

ANSWER: B

16. What is the full form of SWIFT?

- A. Society for Worldwide Internet Financial Telecommunications.
- B. Secret Wide Interbank Financial Telecommunications
- C. Society for Worldwide Interbank Financial Telecommunications
- D. None of the Above

ANSWER: A

17. The types of Business to Business e-commerce are

- A. Direct selling and support to Business
- B. Industry portals
- C. Information sites about a industry
- D. All of the above

ANSWER: D

18. Which of the following is not the example of business to consumer (B to C) e-commerce?

- A. Amazon.com
- B. e-bay.com
- C. dell.com
- D. lastminute.com

ANSWER: B

19. Which driver promote E-commerce

- A. Digital Convergence
- B. 24/7 availability
- C. Profit margins
- D. None of the above

ANSWER: A

20. EC is

- A. Electronic commerce
- B. Electrical commerce
- C. Enhanced Commerce
- D. All of the above

ANSWER: D

21. Electronic business connects critical business systems directly to key constituents via

- A. Internet
- B. Intranet
- C. Extranet
- D. All of the above

ANSWER: D

22. Which of the following is the largest community in classification of e-commerce?

- A. Business to Business (B to B)
- B. Business to Consumer (B to C)
- C. Business to Government (B to G)
- D. Government to Government (G to G)

ANSWER: B

23. The major types of EC transactions are:

- A. B2B
- B. C2C
- C. B2C
- D. All of the above

ANSWER: D

24. The business environment is changing rapidly due to breakthroughs

- A. Logical
- B. Technological
- C. Both A. and B.

D. None of the above

ANSWER: C

25. . Tendering is also known as

- A. Auction
- B. Reverse auction
- C. Both A. and B.
- D. None of the above

ANSWER: C

II Short Answer Type Questions:

- 1 “Now a days market is driven by e-commerce”. Justify this statement.
- 2 Define EC and E-Business.
- 3 What do you understand by E-commerce? Discuss the driving forces for E-Commerce.
- 4 What are the advantages and disadvantages of e-commerce?
- 5 Discuss commercial, social as well as entertainment opportunities in E-Commerce.
- 6 “Business becomes a global phenomenon through E-Commerce”. Justify this statement.
- 7 List the major impacts of EC on direct marketing.
- 8 List the organizational, consumer and societal benefits of EC.
- 9 Clicks-and-Mortar Model of E-Commerce
- 10 Broker Model of E-Commerce
- 11 Distinguish Search Engine and Internet Service Provider
- 12 Define Internet and Extranet.
- 13 What is the difference between e-commerce over extranet and intranet?
- 14 What is EDI?
- 15 How EDI can change the way business works?
- 16 Briefly explain the two standards of EDI.
- 17 What is Internet and how it helps in e-commerce?
- 18 Difference between routers and hub
- 19 Differentiate two-tier and three-tier architecture.
- 20 “E-commerce on Internet is risky” Comment.
- 21 What kind of e-commerce architecture is required on the web to perform e-commerce?
- 22 What do you understand by I-way and what is the need for it?
- 23 Write short notes on:
A. URL B. DNS C. Web browser D. Web Server (e) WWW
- 24 What are the various types of broadband?
- 25 Define a virtual corporation.

III Long Answer Type Questions:

- 1 What is the current and prospective size of electronic market? Describe in terms of B2C versus B2B electronic market?
- 2 Explain the major methods of Internet based market research.
- 3 Explain Porter's Model of Value Chain.
- 4 Discuss E-Commerce in India.
- 5 Discuss the concept of value chain in E-commerce.
- 6 What do you understand by E-Commerce? What are the benefits and drawbacks over business based on traditional mortar and bricks outlets?
- 7 Explain clearly, with suitable examples the difference between e-commerce and Electronic Data Interchange.
- 8 What do you mean by Search engine? Explain
- 9 Explain CRM and E-Commerce
- 10 Explain the history of World Wide Web.
- 11 Explain OSI Reference Model
- 12 Explain Applications of Intranet and Extranet
- 13 Explain in detail Types of Client/server Architecture.
- 14 Explain in detail B2B E-Commerce. Write in brief advantages and disadvantages of B2B.
- 15 What are the reasons for 'dot.com' bust in the year 2000? Critically analyze. Further the revival of electronic commerce today is for real' Comment on the statement. What are the reasons that make the electronic commerce that today? Compare the global and Indian scenario.
- 16 What are the different business models over Internet? Illustrate giving suitable examples.
- 17 What security and privacy issues are the limitations of the Web? Discuss.
- 18 Summarize the key benefits and drawbacks of peer-to-peer networks.
- 19 Summarize three reasons why a company may wish to introduce e-commerce.
- 20 Describe three of the main barriers to adoption of e-commerce by consumers and suggest how company could counter these.
- 21 What do you understand by E-commerce? How broad band technology play an important role in E-commerce?
- 22 Discuss the business applications on Intranet and Extranet?
- 23 Explain the following in detail?
 - A. Value chains in Electronic commerce
 - B. Components of EDI
- 24 Illustrate the following with suitable examples:
 - A. B2C
 - B. B2B
 - C. B2G

D. C2B

25 What is the difference between e-commerce and E.D.I? Explain with the help of suitable example?

UNIT - III

I Multiple Choice Questions:

1. model is a method of doing business by which a company can generate revenue to sustain itself
- A. Business
 - B. E-com
 - C. Logical
 - D. None of the above

ANSWER: B

2. Advantage of e-com is
- A. Lower cost
 - B. Economy
 - C. Higher margins
 - D. All of the above

ANSWER: D

3. Which model of e commerce deals with virtual auction?
- A. Aggregator Model
 - B. Info-mediary model
 - C. Community Model
 - D. Brokerage Model

ANSWER: C

4. When you look at e-commerce and e-business, which is the most realistic relationship between these two concepts?
- A. E-commerce is broadly equivalent to e-business
 - B. E-commerce has some overlap with e-business
 - C. E-commerce is a subset of e-business
 - D. E-business is a subset of e-commerce

ANSWER: D

5. Social network sites such as Facebook and Twitter have become increasingly popular for sell-side e-commerce and would normally be considered to be in which category?

- A. Portal, publisher or media sites
- B. Brand-building sites
- C. Transactional e-commerce sites
- D. Services-orientated relationship-building websites

ANSWER: D

6. A summary of how a company will generate a profit identifying its core product, target customers, position in the online marketplace, and projections for revenue and costs is known as:
- A. Value chain and marketplace positioning
 - B. Value proposition
 - C. Online business model
 - D. Revenue model and cost base

ANSWER: D

7. While search engines index registered sites which users search by inputting key words, which type of intermediary updates its content typically through text but can include video or audio delivered through RSS feeds?
- A. Directory
 - B. Publisher site
 - C. Blog
 - D. Access portal

ANSWER: C

8. What are Microsoft Internet Explorer, Mozilla Firefox, Apple Safari, and Google Chrome examples of?
- A. Web servers
 - B. Web browsers
 - C. Web application servers
 - D. All of the above

ANSWER: D

9. When you look at e-commerce and e-business, which is the most realistic relationship between these two concepts?
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ANSWER: D

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- A. Value chain and marketplace positioning
 - B. Value proposition
 - C. Online business model
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 - D. Access portal

ANSWER: C

13. What are Microsoft Internet Explorer, Mozilla Firefox, Apple Safari, and Google Chrome examples of?
- A. Web servers
 - B. Web browsers
 - C. Web application servers
 - D. All of the above

ANSWER: D

14. What type of commerce occurs when a business sells its products over the Internet to other businesses?
- A. B2B
 - B. B2C
 - C. C2B
 - D. Enterprise Commerce

ANSWER: A

15. What term refers to the small web page that opens automatically with an ad when you visit some web sites?
- A. Marketing page
 - B. I-ad
 - C. Affiliate ad
 - D. Pop-up ad

ANSWER: C

16. A hardened firewall host on an Intranet is
- A. a software which runs in any of the computers in the intranet
 - B. a software which runs on a special reserved computer on the intranet
 - C. a stripped down computer connected to the intranet
 - D. a mainframe connected to the intranet to ensure security

ANSWER: A

17. Advantages of B2C commerce are
- (i) Business gets a wide reach to customers
 - (ii) Payment for services easy
 - (iii) Shop can be open 24 hours a day seven days a week
 - (iv) Privacy of transaction always maintained
- A. i and ii
 - B. ii and iii
 - C. i and iii
 - D. iii and iv

ANSWER: B

18. Disadvantages of e-Commerce in India are
- (i) internet access is not universally available
 - (ii) credit card payment security is not yet guaranteed
 - (iii) transactions are de-personalized and human contact is missing
 - (iv) cyberlaws are not in place
- A. i and ii
 - B. ii and iii
 - C. i, ii, iii
 - D. i, ii, iii, iv

ANSWER: C

- 19 Most common uses of the Internet and the Web include communicating, shopping,
- A. searching, entertainment, and education
 - B. e-commerce, e-mail, and searching
 - C. e-mail, entertainment, and education
 - D. e-commerce, e-mail, and education

ANSWER: D

- 20 The _____ is the multimedia interface to resources available on the Internet.
- A. Web
 - B. ISP
 - C. browser
 - D. URL

ANSWER: D

- 21 The multimedia interface to the resources available on the Net is called the
- A. World Wide Web
 - B. Internet
 - C. GUI interface
 - D. Server

ANSWER: C

- 22 Rules for exchanging data between computers are called
- A. programs
 - B. procedures
 - C. protocols
 - D. hyperlinks

ANSWER: C

- 23 Moving from one Web site to another is called
- A. jumping
 - B. moving
 - C. surfing
 - D. applying

ANSWER: A

- 24 All of the following would be considered to be specific forces that underlie the new Internet age EXCEPT:
- A. digitalization and connectivity.
 - B. the explosion of the Internet.

- C. customization and customerization.
- D. increasing affluence and income in the United States.

ANSWER: D

- 25 Which of the following best characterizes digital information?
- A. a stream of zeros and ones, or bits
 - B. something made possible by high speed printers and color reproduction
 - C. information in virtual space
 - D. three-dimensional space containing compacted data

ANSWER: B

II Short Answer Type Questions:

1. What is meant by integrity of a message? Describe a technique to ensure the integrity of an e-mail message.
2. What is a digital certificate? Describe the commonly used standard for digital certificate.
3. Describe a symmetric key cryptosystem? What are the important issues related to key distribution and management?
4. What is a public key cryptosystem?
5. What is Public Key Infrastructure (PKI)? Describe the role of theca and registration authority.
6. What is digital Signature?
7. Describe a technique used for non-repudiation of an e-commerce transaction.
8. Briefly describe the SET protocol.
9. Compare SSL and SET.
10. Describe how online web site operations can be protected from hackers.
11. What is the role of firewall?
12. What is the use of a proxy server?
13. What is “denial of service” attack and how does it affect a business organization?
14. Differentiate between secret key encryption and public key encryption.
15. “VPN can fulfill the need of corporate organization about secure transmission”. Justify the statement.
16. What are the sources of technical vulnerabilities?
17. Briefly explain the types of attacks.
18. What is sniffing? How it threatens security? How to prevent it?
19. Explain types of spoofing.
20. What are name servers?
21. Write short note on CRM and e-commerce.
22. Write short note on smart cards.

- 23 Describe the importance of a protocol.
- 24 Briefly describe the purpose of file transfer protocol and list five important commands.
- 25 In HTTP (Web) servers of the NCSA lineage, what are the files used for configuring the web server?

III Long Answer Type Questions:

UNIT – IV

1. What is a firewall? Explain its types.
- 2 Differentiate between symmetric and asymmetric cryptography.
- 3 What are the limitations of cryptography?
- 4 Explain the working of RSA algorithm.
- 5 Which vulnerabilities of the Common Gateway Interface (CGI) can attackers exploit? Compare compiled versus interpreter CGI scripts.
- 6 What are the security concerns for secure e-business? Explain clearly as to how these can be addressed for doing safe and secure business online. Are there any legal provisions to address these concerns in India?
- 7 Explain, clearly, the concept of Digital Signatures. What is a ‘Digital Signature Certificate’? Who issues it and how? What role does the ‘Controller of Certifying Authorities’ play in the process?
- 8 Describe salient features of Hypertext Transfer Protocol.
- 9 Define a 7-step interaction between a HTTP client and server.
- 10 The existence of standards such as HTML and HTTP has been vital to the success and increased use of the World Wide Web. Explain why.
- 11 Describe the pros and cons of Secret Key Encryption and Public Key Encryption and their complementary use?
- 12 Explain the security schemes adopted in SSL and SET.
- 13 Write short note on digital signature.
- 14 What are the security issues addressed by digital signature?
- 15 Explain, clearly the concept of digital signature. What is a digital signature certificate? Who issues it and how? What role does the ‘controller of certifying authorities ‘ play in the process?
- 16 What are the various threats in e-business and also suggest their counter measures for these threats.
- 17 What are the security concerns for secure e-business? Explain clearly as to how these can be addressed for doing safe and secure business online. Are there any legal provisions to address these concerns in India?
- 18 Write a short note on HTTP.

- 19 Elaborate on the business models of Intranet, Extranet and Internet with suitable examples. What are their applications to the modern day business.
- 20 Discuss the players and processes involved in using credit cards online. Also explain the security mechanisms used for protection against internet frauds.
- 21 State the major types of B2B models and describe B2B aggregation and group purchasing models.
- 22 Describe the needs and methods to protect both buyers and sellers.
- 23 Explain various internet protocols and how it is useful to E-commerce in detail.
- 24 Organizations doing business electronically are more risk prone. Do you agree? What are the additional security threats in Electronic Business?
- 25 What are the counter measures that address these security concerns? Give suitable illustrations.

UNIT IV

I Multiple Choice Questions:

1. Today a growing number of appliances and systems operate on digital information. For bits to flow from one appliance or location to another requires _____, a Telecommunications network.
 - A. customization
 - B. customerization
 - C. connectivity
 - D. concentrationANSWER: C

2. _____ are networks that connect people within a company to each other and to the company network.
 - A. Internets
 - B. Intranets
 - C. Extranets
 - D. ComponentsANSWER: B

3. A network that connects a company with its suppliers and distributors is called a(n):
 - A. Internet.
 - B. Intranet.
 - C. Extranet.
 - D. Component.

ANSWER: B

4. The Johnson Company is seeking to expand its business onto the “information highway” made possible by recent advances in technology. To do this, the Johnson Company would most likely choose the:
- A. Internet.
 - B. Intranet.
 - C. Extranet.
 - D. Compunet.

ANSWER: C

5. By early 2001, Internet penetration in the United States had reached close to:
- A. 100 percent.
 - B. 90 percent.
 - C. 75 percent.
 - D. 60 percent.

ANSWER: C

6. The explosive worldwide growth in _____ usage forms the heart of the so-called New Economy.
- A. population
 - B. cell-technology
 - C. Internet
 - D. Intranet

ANSWER: C

7. Established store-based retailers of all kinds began to doubt their futures as competitors sprung up selling their products and services via the Internet. They feared being _____ by the new e-tailers.
- A. upstaged
 - B. technologically intermediated
 - C. disintermediated
 - D. contaminated

ANSWER: C

8. If brick-and-mortar firms such as Barnes & Noble or Wal-Mart start their own Online sales channels, they would become a _____ firm.
- A. click-only

- B. click-and-mortar
- C. disinter mediated
- D. bits-and-mortar

ANSWER: B

9. Rules that govern a communication exchange are

- A. Media
- B. Criteria
- C. Protocol
- D. All of above

ANSWER: D

10. Performance of data communications depend on

- A. No. of users
- B. Transmission media
- C. H/w and S/w
- D. All of above

ANSWER: B

11. The information to be communicated in a data communication system is

- A. Medium
- B. Protocol
- C. Message
- D. Transmission

ANSWER: D

12. In a network with 25 computers, which topology would require most extensive calling

- A. Mesh
- B. Star
- C. Bus
- D. Ring

ANSWER: B

13. In a network with 25 computers, which topology would require most extensive calling

- A. Mesh
- B. Star
- C. Bus
- D. Ring

ANSWER: D

14. Which topology features a point to point line configuration
- A. Mesh
 - B. Star
 - C. Ring
 - D. All of above

ANSWER: D

15. A cable break in which topology stops all transmission
- A. Mesh
 - B. Bus
 - C. Star
 - D. Primary

ANSWER: B

16. The OSI model consist of
- A. 3 layers
 - B. 5 layers
 - C. 7 layers
 - D. 8 layers

ANSWER: D

17. Dialog control is the function of which layer
- A. Transport
 - B. Session
 - C. Presentation
 - D. Application

ANSWER: B

18. Data unit is called a frame in
- A. Physical layer
 - B. Network layer
 - C. Presentation layer
 - D. Data link layer

ANSWER: C

19. The term e-commerce includes
- A. Electronic trading of Physical goods and intangibles such as information.
 - B. The electronic provision of services such as after sales support or online legal advice
 - C. All the steps involved in trade, such as on-line marketing ordering payment and

support for delivery.

D. All of the above.

ANSWER: D

20. Which of the following is the largest community in classification of e-commerce?

- A. Business to Business (B to B)
- B. Business to Consumer (B to C)
- C. Business to Government (B to G)
- D. Government to Government (G to G)

ANSWER: B

21. Which of the following is not the example of business to consumer (B to C) e-commerce?

- A. Amazon.com
- B. e-bay.com
- C. dell.com
- D. lastminute.com

ANSWER: A

22. The types of Business to Business e-commerce are

- A. Direct selling and support to Business
- B. Industry portals
- C. Information sites about a industry
- D. All of the above

ANSWER: D

23. Which of the following are the benefits of E-marketing?

- i) Speed
- ii) Reach and Penetration
- iii) Ease and Efficiency
- iv) Low Cost
- v) Targeted audience

- A. i, ii, iii and iv only
- B. ii, iii, iv and v only
- C. i, iii, iv and v only
- D. All i, ii, iii, iv and v

ANSWER: D

24. is the process of recreating a design by analyzing a final product.

- A. Forward Engineering
- B. Reverse Engineering
- C. Backward Engineering
- D. None of the above

ANSWER: B

25. is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash.
- A. M-Banking
 - B. O-Banking
 - C. E-Banking
 - D. D-Banking

ANSWER: D

II Short Answer Type Questions:

- 1 Enumerate the various online payment systems.
- 2 What are the basic requirements of any payment system?
- 3 Briefly explain the concept of Micro, consumer and business payments.
- 4 Distinguish between pre-paid and post-paid payment system.
- 5 Explain the transaction flow in e-cash system.
- 6 Discuss the basic requirements of an online payment system.
- 7 What are the special considerations involved in the design of an online micro payment system?
- 8 Define interoperability in the context of online payment systems.
- 9 Describe what is meant by scalability, in an online payment system.
- 10 How electronic payment system differs with traditional payment systems?
- 11 Explain the working of PayPal.
- 12 What do you understand by payment gateways and how payment gateways work?
- 13 What do you mean by virtual PIN?
- 14 How electronic checks are advantageous over traditional checks?
- 15 How online banking is giving a push for e-commerce?
- 16 Write short note on Smart Card.
- 17 Explain in brief E-Wallet.
- 18 Explain the key characteristics of E-Money
- 19 Write difference between
 - A. Atomicity and Isolation
 - B. Scalability and interoperability
 - C. Consistency and durability
- 20 Explain EFT.
- 21 Explain Briefly The B2B Electronic Payment Systems Stating The Application Of Each.
22. What is E-check?
23. What is e-tailing?

24. What is meant by M-Commerce?
25. What are three types of payment cards?

III Long Answer Type Questions:

1. What do you understand by E-commerce? How broad band technology play an important role in
2. E-commerce?
3. Discuss the business applications on Intranet and Extranet?
4. Explain the following in detail?
 - (a) Value chains in Electronic commerce
 - (b) Components of EDI
5. Illustrate the following with suitable examples:
 - (a) B2C
 - (b) B2B
 - (c) B2G
 - (d) C2B
6. What is the difference between e-commerce and E.D.I? Explain with the help of suitable example?
7. Discuss how EDI can change the life of common man?
8. What are the components of EDI?
9. Discuss how the use of internet banking has changed the banking industry and how it has affected your life as a consumer of banking services.
10. The tremendous growth in e-business in recent years has taken place for several solid business reasons. Discuss these reasons, giving examples of each of them.
11. Explain how one can say the early years of e-commerce can be considered both a success and a failure?
12. Once a company has acquired a customer, the key to maximizing revenue is keeping them. Explain how e-commerce is helpful in customer retention with or without the help of internet.
13. What are the key technologies used for e-commerce? Explain architectural and business models of e-commerce.
14. How does electronic business influence the value chains in business organization adopting the electronic business strategies?
15. Why is there a need for security in e-business?
16. Describe the flow for a digital certificate process. Assume that you already have the digital certificate of the recipient as well as a digital certificate for the sender.
17. How is 2G mobile communication different from 3G mobile communication?

18. Explain multiplexing and its types with focus on its application in the Mobile telephone system
19. Differentiate between OSI and TCP/IP reference models in terms of architecture.
20. Describe different types of communication satellites.
21. With reference to ISO-OSI Reference model, briefly explain the function of the following devices :- (i) Repeater (ii) Bridge (iii) Router (iv) Gateway
22. Define Web analytics. Explain the metrics and tools of web analytics.
23. What do you understand by the concept of mobile marketing? How it can benefit a business?
24. What is the meaning of campaign management? Give some recent examples.
25. How social media marketing has emerged as the new age marketing?

QUESTION BANK

INTERNATIONAL BUSINESS MANAGEMENT

BBA 306

QUESTION BANK
INTERNATIONAL BUSINESS – BBA-306
BBA - VI

UNIT –I

(I) Multiple Choice Questions:

1. IBRD (International Bank for Reconstruction and development) is also known as: -
- A. Exim Bank
 - B. International Bank
 - C. World Bank
 - D. International Monetary Fund

ANSWER: C

2. Ultimately ----- was replaced by----- on 1st January 1995.

- A. GATS, WTO
- B. WTO, GATS
- C. GATT, WTO
- D. IMF, GATT

ANSWER: C

3. Which of the following is an advantage of turnkey projects?

- A. Can earn a return on knowledge asset
- B. Will not create a competitor
- C. Tight control of operations
- D. All the above

ANSWER: A

4. The mode of entry into international business with least risk to the firm is:

- A. Indirect exports
- B. Direct exports
- C. Management contract
- D. Contract Manufacturing

ANSWER 4: A

5. The following is an export intermediary:

- A. Export house
- B. Trading house
- C. A manufacturing exporter
- D. Merchant exporter.

ANSWER: C

6. Global companies can----- its experience to expand its global operations.

- A. Contract

- B. Expand
- C. Minimize
- D. Leverage

ANSWER: D

7. Governmental regulations can affect the viability & ----- of a company using the internet as a foreign market entry mode.
- A. effectiveness
 - B. association
 - C. performance
 - D. None of the above

ANSWER : A

8. _____ typically offer more flexibility in international markets
- A. SMEs
 - B. LSEs
 - C. MNEs
 - D. None of the above

ANSWER : A

9. From the point of view of international business, an organization that enjoys competitive advantage in an industry has done so by:
- A. Focusing on long-term profit.
 - B. Charging lower prices than competition.
 - C. Creating superior value for customers.
 - D. Constantly enlarging its marketing activities.

ANSWER :C

10. The International Monetary Fund is important because:
- A. It has sufficient financial resources to deal with a major global financial crisis.
 - B. It has sufficient financial resources to help individual countries facing balance of payments problems.
 - C. Emerging economies can exercise significant influence on it.
 - D. It fixes exchange rates.

ANSWER : B

11. What one of the following is not the advantage of MNCs to the host country?
- A. Increase in social activities
 - B. Increase in economic activities
 - C. Utilization of natural resource
 - D. R&D efforts enhanced.

ANSWER : A

12. Within an international context, what are 'economies of scope' synonymous with?
- A. Reusing a resource from one business/country in additional businesses/countries.
 - B. Decreased cost per unit of output.
 - C. Buying components in a bulk.
 - D. Any of the above.

ANSWER : A

13. Which of the following could be defined as a multinational company?
- A. A firm that owns shares in a foreign company but does not participate in the company's decision making.
 - B. A UK based internet package holiday firm specializing in selling tours to Turkey to German customers.
 - C. A firm owning a chain of supermarket outlets outside its country of origin.
 - D. A finance company transferring its HQ and all its activities from the UK to the US.

ANSWER :C

14. What functions do financial institutions traditionally perform?
- A. They mobilize savings and investments.
 - B. They expand risk.
 - C. They spread risk.
 - D. They offer only short-term finance.

ANSWER : A

15. How does international law facilitate international trade and investment?
- A. It makes it easier to resolve contract disputes for firms involved in international trade and investment.
 - B. It allows business to choose the most favorable national legal system to institute proceedings.
 - C. The terms used in international conventions are open to differing interpretations.
 - D. The Uniform Commercial Code favors big US multinationals.

ANSWER : A

16. Which of the following constitutes Foreign Direct Investment?
- A. A speculator trying to make a profit by buying company shares on a foreign stock exchange.
 - B. A UK energy company buying territory abroad where it expects to find oil reserves.
 - C. A tourist purchasing foreign currency to spend on a holiday abroad.
 - D. A company signing an agreement with a wholesaler to distribute its products in foreign markets.

ANSWER : C

17. Trade Related Investment Measures (TRIMS) doesn't apply for
- A. Measures that affect trade in goods.
 - B. Measures that lead to restrictions in quantities.
 - C. Discouraging measures that limit a company's imports.
 - D. Discouraging measures that limit a company's exports.

ANSWER : B

18. General Agreement on Trade in Services will not be applicable to
- A. Services supplied from one country to another – cross border supply
 - B. Transaction of goods across the border – Export Import
 - C. Individuals traveling from own country to supply services in another – presence of natural persons.
 - D. Consumers/firms making use of a service in another country – consumption abroad.
 - E. Foreign company setting up subsidiary or branches to provide services in another country –commercial presence.

ANSWER : B

19. As a part of WTO guidelines, Agreement on Agriculture (AOA) doesn't consider
- A. Direct payments to farmers are permitted.
 - B. Indirect assistance and support to farmers including R & D support by govt. are not permitted.
 - C. Domestic policies which directly effect on production and trade have to be cut back.
 - D. Least developed countries do not need to make any cuts.

ANSWER : B

20. Quantitative restrictions refer to limit set by countries to curb
- A. Measures that affect trade in goods.
 - B. Measures that lead to restrictions in quantities.
 - C. Discouraging measures that limit a company's imports.
 - D. Discouraging measures that limit a company's exports.

ANSWER . D

21. A Most Favored nation status doesn't necessarily refers to
- A. Same and equal economic treatment
 - B. Non-discriminatory treatment
 - C. Same tariff rates applicable
 - D. Uniform civil code

ANSWER : D

22. The world trade organization was formed in the year _____ with GATT as it basis.
- A. 1993
 - B. 1994
 - C. 1995
 - D. 1996

ANSWER : C

23. Which of the following is not an International Financial Institution?
- A. ICICI
 - B. IMF
 - C. IDA
 - D. World Bank

ANSWER: A

24. What one of the following is not the advantage of MNCs to the host country?
- A. Increase in social activities
 - B. increase in economic activities
 - C. Utilization of natural resource
 - D. R&D efforts enhanced.

ANSWER : A

25. The country that attract the largest FDI inflow is
- A. India
 - B. China
 - C. USA
 - D. Brazil

ANSWER : A

26 Type of organization which has operating units in some foreign countries is classified as

- A. alliance enterprise
- B. global enterprise
- C. interdependence enterprise
- D. multinational enterprise

ANSWER: D

27 On the basis of the size and composition of external debt, world bank has classified India as a

- A. heavily indebted country
- B. moderate indebted country
- C. Less indebted country
- D. Severely indebted country.

ANSWER: B

28 The balance of payments of a country on current account is equal to

- A. Balance of trade plus short term
- B. Balance of trade plus net invisible exports
- C. Balance of payment minus capital flows
- D. Balance of invisible trade plus imports

ANSWER: B

29 Which one is not an international organisation

- A. SAARC
- B. ASEM
- C. ASEAN
- D. .CBDT

ANSWER: D

30 The main objective of International Monetary Fund (IMF) was to

- A. Promote International trade
- B. Help economically backward countries
- C. Maintain stable exchange rates
- D. Promote international liquidity

ANSWER: B

31 Which of the following is not an International Financial Institution

- A. ICICI
- B. IMF
- C. IDA
- D. World Bank

ANSWER:A

32 The gains from two nations depend on

- A. Domestic barter rates
- B. Different in the domestic barter rates of the two countries
- C. Terms of trade
- D. Degree of absolute advantage.

ANSWER: C

33 Interest payments on loans borrowed abroad are recorded in

- A. Capital Account
- B. Current Accounts
- C. errors and Omission Section
- D. Official Reserve Account

ANSWER:B

34 The world bank is known as

- A. IMF
- B. IDA
- C. IBRD
- D. Both (b) & (c)

ANSWER: C

35 Which one is not the form of FDI

- A. Purchase of existing assets in foreign currency.

- B. New Investment in Property, planet and equipment.
- C. Making investment is the mutual funds
- D. Transfer of many type of asset

ANSWER: A

II Short Answer Type Questions:

- 1 Define international business, clearly bringing out its features.
- 2 Distinguish among the terms: Multinational business, Global business and Transnational business.
- 3 How is international business different from domestic business?
- 4 What are the complexities in conducting international business?
- 5 What are the advantages of international trade?
- 6 What are the disadvantages of international trade?
- 7 What are the motivating factors for a firm to enter international business?
- 8 List the common methods of entry into international business.
- 9 Compare the various methods of executing the indirect exports.
- 10 Write a short note on various methods of exports.
- 11 Discuss the suitability of management contract as a method of doing international business.
- 12 What are the turnkey projects? What are their merits and demerits?
- 13 Differentiate between licensing and franchising. Evaluate each of them.
- 14 Examine the suitability of joint ventures as a method of entering into international business.
- 15 What do you understand by intellectual property right? Narrate its importance in international business.
- 16 What type of intellectual property rights are covered by WTO?
- 17 State the different approaches to international business.
- 18 Describe in brief foreign direct investment.
- 19 Describe in brief the scope of international business.
- 20 Why international business growth has accelerated now days?
- 21 How International business is different from Domestic Business? What challenges are involved in managing international business? Discuss in brief.
- 22 Trace the evolution of International Business.
- 23 What is licensing? Give recent examples.
- 24 How does turnkey project work in Metro in India?
- 25 Give recent examples of Greenfield projects in India.
- 26 What is IBRD?
- 27 What is the difference between FDI and FPI?
- 28 What is IDA?
- 29 What is IFC?
- 30 How is IMF different from World Bank?

III Long Answer Type Questions:

- 1 What are the specific advantages that a firm can derive by going international?
- 2 Identify major non-tariff barriers to international business. Suggest alternative foreign market entry modes to overcome such barriers.
- 3 Give an account of the trends in world trade.
- 4 What are the noticeable features of trends in world FDI?
- 5 Summarize the trends in India's foreign trade.
- 6 Evaluate the exporting as a method of entering into international business. Would you prefer direct exports or indirect exports?
- 7 Discuss the factors that are attracting foreign investors and exporters to enter Indian Market. Illustrate your answer with examples.
- 8 What are the major challenges of international business? Why do companies go international in spite of these challenges?
- 9 Why is the decision regarding foreign market entry mode a particularly important decision?
- 10 Evaluate the major economic effects of MNEs on home and host countries.
- 11 How have Indian firms fared in the global competitive environment post liberalization to discuss keeping in view the Indian multinational companies?
- 12 Discuss various International entry modes, by giving a brief about them.
- 13 Discuss the factors that are attracting foreign investors and exporters to enter Indian Market. Illustrate your answer with examples.
- 14 Discuss the SWOT Analysis of any company who has recently entered the foreign market through Franchising.
- 15 What are the major problems associated with licensing as an entry option for industrial products?
- 16 What are the different ways in which a company can accomplish its global objectives?
- 17 Define International Business? Discuss the relevant reasons for a firm for going International.
- 18 What are the advantages and disadvantages of going international? Analyze different International Entry Modes.
- 19 What is IMF's mission and how has it changed over time?
- 20 What is the current relationship between the IMF and World Bank How has that changed over time? Do their functions overlap?
- 21 What is the IMF and World Bank's relationship to the World Trade Organization (WTO)?
- 22 How does the IMF set its policies?
- 23 How open is the IMF to outside scrutiny and participation?
- 24 How do multinational corporations benefit from IMF policies?
- 25 What is the IMF's approach to helping countries that are deeply in debt?
- 26 Explain in detail the multi-dimensional view of competitiveness using example.
- 27 Compare and contrast international business with Domestic business.

- 28 What are the various financial institutions operating at international level for growth and development of the global economy?
- 29 Explain the changing environment of International Business.
- 30 Explain UNICTAD with its basic principles and major achievements.

UNIT-II

I Multiple Choice Questions:

1. Globalization refers to:

- A. A more integrated and interdependent world
- B. Less foreign trade and investment
- C. Global warming
- D. Lower incomes worldwide

ANSWER: A

2. Globalization is beneficial for firms because:

- A. It protects them against foreign competition.
- B. It cushions them from the effects of events in other countries.
- C. It opens up new market opportunities.
- D. It increases the risk and uncertainty of operating in a globalizing world economy.

ANSWER:C

3. The internet facilitates globalization by:

- A. Making it more difficult to contact potential customers abroad.
- B. Cutting the cost for firms of communicating across borders.
- C. Making it harder to send money from one country to another.
- D. Making it easier for governments to censor the information received by their citizens from abroad.

ANSWER: B

4. Globalization can create problems for business because:

- A. It can result in more competition.
- B. It reduced vulnerability to political risk and uncertainty when operating abroad.
- C. It means that they can increase prices.
- D. All the options given are correct.

ANSWER: D

5. Which of the following do NOT facilitate globalization?

- A. Improvements in communications
- B. Removal of barriers to trade and investment
- C. Immigration controls

D. Removal of controls on movement of capital across borders

ANSWER: C

6. Which of the following is NOT a business opportunity generated by globalization?

- A. Access to low cost labour.
- B. Cheap International transport.
- C. Currency crises.
- D. Less stringent regulation of the business environment.

ANSWER: C

7. With the globalization of markets, the tastes and preferences of consumers world-wide are:

- A. Becoming similar to the tastes and preferences of American consumers.
- B. Converging upon a global norm.
- C. So different that they can be ignored by international organizations.
- D. Being encouraged by multinational organizations to become increasingly similar.

ANSWER : B

8. Which of the following is a driver of globalization?

- A. Trade barriers and controls on inflows of foreign direct investment.
- B. Weak competition.
- C. Technological advance.
- D. Economies of scale are being exploited to the maximum.

ANSWER : A

9. Which of the following is not a driver of globalization?

- A. The fragmentation of consumer tastes between countries.
- B. The competitive process.
- C. Multinational companies successfully persuading governments to lower trading barriers.
- D. The need to gain economies of scale.

ANSWER : B

10. Firm that operate internationally are able to

- A. earn a greater return from their skills and core competencies
- B. realize location economies where they can be performed most efficiently
- C. realize greater experience curve economies, which reduces the cost of production
- D. All the above

ANSWER : D

11. In a global market place

- A. the entire world is a market place

- B. national borders are irrelevant
- C. the potential for organizations to grow expands dramatically
- D. All of the above

ANSWER : D

12. In a global market place Managers must
- A. deals with economic, political and cultural differences
 - B. expect competitors to suddenly appear at any time from any place
 - C. not to take specific differences of local environment into consideration
 - D. A and B

ANSWER : D

13. Which of the following is not true of changes in a firm's technological environment?
- A. New technology allows for new ways of communicating with a firm's customers.
 - B. New technology always leads to benefits for firms.
 - C. New technology can allow new goods and services to be developed.
 - D. New technology lowers the production learning curve.

ANSWER : B

14. Theory of Mercantilism propagates
- A. Encourage exports and imports
 - B. Encourage exports and discourage imports
 - C. Discourage exports and imports
 - D. Discourage exports and encourage imports

ANSWER: B

15. Theory of international trade was given by:-
- A. Adam Smith
 - B. Ricardo
 - C. Hicks
 - D. Ohlin

ANSWER : B

16. If Japan and Pakistan start free trade, cost of wages in two countries will
- A. Increase
 - B. Decrease
 - C. No effect
 - D. Double

ANSWER : B

17. Trade between two countries can be useful if cost ratio of goods are
- A. Equal
 - B. Different

- C. Undetermined
- D. Zero

ANSWER: B

18. Modern theory of international trade is based on the view of
- A. Adam Smith
 - B. Ricardo
 - C. Heckscher and Ohlin
 - D. Hicks

ANSWER : C

19. A tariff:
- A. Increases the volume of trade
 - B. Decreases the volume of trade
 - C. Has no effect on the volume of trade
 - D. Both (b) and (c)

ANSWER : B

20. A tariff is:
- A. Restriction on the number of export firms
 - B. Limit on the amount of imported goods
 - C. Taxation on imports
 - D. (b) and (c) as mentioned above

ANSWER : C

21. According to Heckscher and Ohlin theory, what is considered in international Business?
- A. Difference in factor endowments
 - B. Difference in markets
 - C. Difference in technology
 - D. Difference in ideology

ANSWER : A

22. Two countries can gain from foreign trade if
- A. Cost ratios are different
 - B. Price ratios are different
 - C. Tariff rates are different
 - D. (a) and (b) above

ANSWER : D

23. International trade and domestic trade differ because of
- A. Trade restrictions
 - B. Immobility of factors

- C. Different government policies
- D. All of the above

ANSWER : D

24. Terms of trade of developing countries are generally favourable because
- A. They export primary goods
 - B. They import value added goods
 - C. They export few goods
 - D. Both (a) and (b)

ANSWER : D

25. Terms of trade of a country show
- A. Ratio of goods exported and imported
 - B. Ratio of import duties
 - C. Ratio of prices of exports and imports
 - D. (a) and (c) as given above

ANSWER : C

26 When there are several projects are executing simultaneously, matrix organization allows a better companywide

- A. Balance of resources
- B. Prioritized resources
- C. Balanced capital
- D. Unbalanced resources

ANSWER: A

27 An organization that does any semiformal risk management, fail to consider risks associated with project?

- A. Internal environment
- B. External environment
- C. Uncertain future
- D. Market value

ANSWER: B

28 Anything outside a system (the project) that can affect or be affected by system, is known as

- A. Environment
- B. Medium
- C. Channel
- D. Boundary matrix

ANSWER: A

29 Matrix form of organizations are

- A. Cheap
- B. Easy
- C. Plain
- D. Complex

ANSWER: D

30 Holistic approach of total organization needs allows projects to be staffed and scheduled in order to

- A. Replace System Performance
- B. Minimize System Performance
- C. Maximize System Performance
- D. Optimize System Performance

ANSWER: D

31 If choice of project structure exists, first problem is to determine

- A. Kind of work
- B. Scope
- C. Strategy
- D. Complexity

ANSWER: A

32 When complex organizations conduct projects, projects usually require input from several

- A. Functional departments
- B. Marketing departments
- C. Senior management
- D. Management department

ANSWER:A

33 A complete list of categories and key words are used in risk management group to categorize

- A. Risks
- B. Assumptions
- C. Environments
- D. All of the above

ANSWER: D

34 Projects of complex organizations usually require input from several functional departments, which creates

- A. Overlapping
- B. Shared Responsibility
- C. Both A and B
- D. Virtualization

ANSWER: C

35 Previously, when a high-technology project was undertaken by a firm, it would start its journey through firm in

- A. Manufacturing department
- B. Functional department
- C. Execution Department
- D. R & D department

ANSWER: D

II Short Answer Type Questions:

- 1 What do you mean by globalization.
- 2 What are tools to enhance globalization?
- 3 Write a short note on regional globalization.
- 4 Write a short note on levels of globalization.
- 5 Write a short note on benefits of globalization.
- 6 Write a short note on disadvantages of globalization.
- 7 How do people view globalization?
- 8 Describe the drivers of globalization.
- 9 Why does everyone think globalization is irreversible?
- 10 Globalization has been the most widely used and abused word. Comment on the statement.
- 11 Globalization praises the virtue of modern capitalism. Comment.
- 12 Globalization means international trade only.; True or false, comment.
- 13 Globalization relates to integration. Explain.
- 14 As a concept globalization evokes a single image. Comment.
- 15 Globalization is no panacea. Comment.
- 16 Globalization is a one-way street. Do you think its true?
- 17 Do you think through globalization cost of goods can be brought down?
- 18 What are the features of globalization from international business.
- 19 State your views on globalization as the avenue of development.
- 20 Explain the various tariff barriers.
- 21 Explain the non-tariff barriers to business.
- 22 Write a short note on effective rate of protection.
- 23 What is quota? Explain.
- 24 What are the implications of tariff on business?
- 25 What are political arguments for trade intervention?
- 26 What is trade embargo?
- 27 What are amber box subsidies?
- 28 What is dumping in economic sense?
- 29 What is the rationale for globalization?

30 What are economies of scale?

II Long Answer Type Questions:

- 1 How do companies globalize sources of finance?
- 2 What are the essential conditions for globalization?
- 3 Analyze the steps taken by the government to globalize the economy.
- 4 Is globalization desirable? What are the advantages and disadvantages of globalization?
- 5 Explain the issues involved in international technology transfers.
- 6 Identify major non-tariff barriers to international business. Suggest alternative foreign market entry modes to overcome such barriers.
- 7 What are the advantages of internationalization of R & D? Discuss the reasons for global competitiveness of Indian pharmaceutical industry?
- 8 Explain the issues involved in international technology transfers.
- 9 “Technological developments have been revolutionizing the business scene.” In the light of the above statement, discuss how technological environment is changing rapidly and is having a major impact on international business.
- 10 Explain the concept of technology/technological innovation. What are the facilitating factors for technological innovation? What are the barriers to technological innovation?
- 11 Which industries in India are pioneering the technological innovation? Demonstrate giving examples of pioneering firms and their innovative performance.
- 12 What is the rationale behind firms adopting the global outlook?
- 13 Explain in detail technology and its impact upon the MNCS?
- 14 Describe in detail how global firms have a technology spillover effect?
- 15 What are the different types of trade barriers? Explain in detail.
- 16 Describe the various kinds of quotas imposed in international trade.
- 17 What is the rationale behind the impositions of tariffs in business?
- 18 Explain the various types of tariff barriers along with their purpose, examples and consequences.
- 19 Explain the various types of non-tariff barriers along with their purpose, examples and consequences.
- 20 Explain the theory of mercantilism.
- 21 Describe in detail the modern theory of international trade.
- 22 Describe in detail the Hecksher-Ohlin’s theory of international trade.
- 23 What are the various disadvantages’ of following the theory of mercantilism?
- 24 Describe in detail the absolute advantage theory of international trade.
- 25 Critically analyze the theory of comparative advantage in international trade.
- 26 Explain with example the Leontif’s Paradox.

- 27 What is meant by "globalisation of business" What implications it has for problems if any, created by glabalisation of business?
- 28 How is absolute advantage theory difference from comparative cost advantage theory?
- 29 What is the difference between trade embargo and anti dumping duties?
- 30 Clearly explain the difference between technology generation and technology transfer?

UNIT-III

I Multiple Choice Questions:

1. Which of the following statements is not true when describing a successful strategy?
 - A. It provides some property that is unique or distinctive
 - B. It provides the means for renewing competitive advantage
 - C. It addresses changes in the external environment
 - D. It guarantees long term survivalANSWER: B

2. In the context of strategic management resources can be defined as:
 - A. The knowledge and skills within the organization
 - B. Something that an organization owns or controls that cannot be copied
 - C. Something that an organization owns, controls or has access to on a semi-permanent basis
 - D. The physical assets of the organizationANSWER :D

3. In the context of strategic management, stakeholders can be defined as:
 - A. An individual or group with a financial stake in the organization
 - B. An external individual or group that is able to impose constraints on the organization
 - C. Internal groups or individuals that are able to influence strategic direction of the organization
 - D. An individual or group with an interest in the organization's activities and who seeks to influence themANSWER:C

4. In the case where an organization acquires its supplier, this is an example of:
 - A. Horizontal integration
 - B. Forwards vertical integration
 - C. Backwards vertical integration
 - D. Downstream vertical integration

ANSWER 4:D

5. When a firm seeks the benefits of global integration and local adaptation, it is best described as which type of strategy?
- A. Transnational
 - B. Global
 - C. Multi-national
 - D. Global-local

ANSWER :

6. Knowledge which is difficult to define and codify is known as:
- A. Explicit
 - B. Tangible
 - C. Tacit
 - D. Random

ANSWER :A

7. Competitive advantage based on the creation of opportunities using internal resources is characterized by which approach/view?
- A. The positioning approach
 - B. The outside-in approach
 - C. The resource-based view
 - D. The knowledge-management approach

ANSWER :C

8. 'Reputation' in the context of an organization's resources can provide competitive advantage because:
- A. It is difficult to copy
 - B. It is based on word-of-mouth
 - C. It is a threshold resource
 - D. It is explicit

ANSWER :A

9. A strategic manager that seeks to reach acceptable profit targets as opposed to making as much profit as possible is making decisions of which type?
- A. Satisfactory
 - B. Satisficing
 - C. Irrational
 - D. Optimal

ANSWER :A

10. A strategic decision can be distinguished from other types of decisions by three factors, these are magnitude, time-scale and:
- A. Commitment
 - B. Riskiness
 - C. Impact
 - D. Longevity
- ANSWER :B

11. 'Logical incrementalism' can be described as:
- A. Careful design and planning
 - B. Emergent
 - C. Cautious resource allocation
 - D. Top management rational analysis
- ANSWER :D

12. An organization in which strategy development is characterized by internal political negotiation and self-interest is operating in which strategy-making mode?
- A. The transactive mode
 - B. The muddling through mode
 - C. The command mode
 - D. The emotional mode
- ANSWER:C

13. 'Influence' is defined as the ability to _____ someone to something they would not otherwise have done.
- A. Intimidate
 - B. Force
 - C. Order
 - D. Persuade
- ANSWER :A

14. 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
- ANSWER :A

15. The authors believe there are three tests that can be applied to judge whether a strategy is 'good'. These are:
- A. Fit, distinctiveness, sustainability

- B. Fit, internal resources, external environment
- C. Distinctiveness, internal resources, fit
- D. Sustainability, distinctiveness, external environment

ANSWER :B

16. Diversification into many unrelated areas is an example of:

- A. Risk management
- B. Good management
- C. Uncertainty reduction
- D. Sustainability

ANSWER :C

17. According to Porter, dealing with the paradox of premature commitment versus not enough commitment involves some kind of:

- A. Trade-off
- B. Lock-in
- C. Lock-out
- D. Diversification

ANSWER :C

18. Corporate governance is concerned with:

- A. Executive remuneration, disclosure of information, auditing and accounting procedures, and organizations' management structures
- B. Elections to the board of directors
- C. Relationships with national governments
- D. Corporate-level strategy

ANSWER :C

19. The principal-agent problem is concerned with:

- A. Procurement
- B. Appropriation of shareholders' investment by a firm's managers
- C. How to control a firm's distributors and dealers
- D. Corporate social responsibility

ANSWER :D

20. In terms of the PESTLE analysis, the liberalizing of international trade and tariff regimes could go in which section or sections?

- A. Political
- B. Legal
- C. Political and economic and legal
- D. Political and environmental

ANSWER :D

21. Porter's generic strategies are:
- A. Low price, differentiation, focus
 - B. Cost leadership, differentiation, cost focus, focus differentiation
 - C. Price leadership, differentiation, focus
 - D. Low cost, differentiation, focus differentiation
- ANSWER:C
22. According to Porter, if an organization does not follow either a cost leadership strategy or a differentiation strategy they are:
- A. Hybrid
 - B. Stuck in the middle
 - C. Typical
 - D. No frills
- ANSWER :B
23. Subsidiaries consider regional environment for policy / Strategy formulation is known as
- A. Polycentric Approach
 - B. Regio centric Approach
 - C. Ethnocentric Approach
 - D. Geocentric Approach
- ANSWER :A
24. A likely consequence of merger and acquisition is:
- A. Lower revenues
 - B. Price increase
 - C. Higher costs
 - D. Price decrease
- ANSWER :B
25. A likely consequence of rationalization is:
- A. Lower number of employees
 - B. Lower revenues
 - C. Higher costs
 - D. Price decrease
- ANSWER :C
26. According to brand personality traits, 'sophistication' is concluded as brand being
- A. reliable and intelligent
 - B. daring and imaginative
 - C. cheerful and wholesome

D. charming and upper class

ANSWER: D

27 A company's microenvironment, 'customer markets' are of

A. 5 types

B. 4 types

C. 3 types

D. 2 types

ANSWER : A

28 Social class who rely on relatives for assistance in trouble times and economic support considered as

A. upper middles

B. working class

C. middle class

D. upper uppers

ANSWER : B

29 Markets in which market offerings are bought from sellers for reselling purpose are known

As-

A. business markets

B. reseller markets

C. government markets

D. international markets

ANSWER : B

30 Personal factors include

A. online communities

B. social class

C. personality and self-concept

D. roles and status

ANSWER : C

31 In macro environment, 'pressure groups' and 'government agencies' are part of

A. the cultural environment

B. the demographic environment

C. the economic environment

D. the political environment

ANSWER :D

32 Tendency to which experiences of potential customers fits with innovation is called

A. relative advantage

B. divisibility

- C. communicability
- D. compatibility

ANSWER : D

- 33 A company's microenvironment, 'general publics' consists of
- A. minority groups
 - B. stockholders
 - C. Community organizations
 - D. public image

ANSWER : D

- 34 Mental process in which customer ends up as buyer of a new product is called
- A. adoption process
 - B. cognitive dissonance
 - C. pre purchase behavior
 - D. post-purchase behavior

ANSWER : A

- 35 Cultural factors must include
- A. beliefs and attitudes
 - B. social class
 - C. occupation
 - D. roles and status

ANSWER : B

II Short Answer Type Questions

- 1 What are the different strategic alternatives available to a firm for entering into a foreign market available to a firm?
- 2 What are the bases of competitive advantage in the international business? Suggest a suitable model for sustaining competitive advantage.
- 3 Suggest alternative organizational designs for international business. On what criteria should a choice between these designs be made?
- 4 Define Strategic Management and bring out the main elements of strategic management.
- 5 What is the significance of SWOT analysis in formation of corporate strategy of an organization?
- 6 What do you understand by the term 'mergers and acquisitions'?
- 7 Why would small companies want to form alliances with much bigger companies?
- 8 What risks do small companies face in forming such alliances?
- 9 Explain strategy as a concept and how is it implemented globally?
- 10 State the emerging models of strategic management in international context and explain any one in detail.

- 11 Explain strategy as a concept and how is it implemented globally?
- 12 What are the policy implications of corporate restructuring in India?
- 13 What is a strategy? Explain briefly the various competitive strategies.
- 14 What problems do the organizations face in order to implement the global strategies for its products?
- 15 What strategy can be adopted by international firm to gain international competitive advantage? Discuss with suitable examples.
- 16 What steps are involved in managing global mergers and acquisitions as a part of global expansion and diversification?
- 17 List some factors that pose a challenge to e-commerce activity in the global economy.
- 18 Describe briefly the four ways in which technology transfer takes place, pointing out the advantages and disadvantages of each.
- 19 What are the different strategic alternatives available to a firm for entering into a foreign market available to a firm? Discuss the relative advantages and disadvantages of each of these strategic alternatives.
- 20 Compare and contrast the geographic and product structure for use in international business.
- 21 Enumerate the complexities of distribution in global market.
- 22 What is Strategic Business Unit?
- 23 Define Strategic Alliance.
- 24 What drives the need for companies to consider mergers and acquisitions?
- 25 What are the key risk areas in an M&A transaction?
- 26 What is global competitive advantage?
- 27 What is financial integration?
- 28 What is greenfield investment/
- 29 What is brownfield investment?
- 30 What are joint ventures?

III Long Answer type Questions:

- 1 What do you understand by competitive advantage? How can a firm achieve it and sustain it? Discuss it with reference to Maruti Suzuki Ltd. India.
- 2 Write short on International strategic Alliance in bringing about competitive advantage.
- 3 Explain the emerging model of strategic management in international context.
- 4 Discuss Porter's five forces that determine industry's competitive nature. Discuss about the different types of strategic alliance that a company can have in international business.
- 5 "A good business alliance integrates synergic talents of partners" Evaluate the above statement highlighting the advantages and disadvantages of strategic alliance.
- 6 Discuss about the different type of strategic alliance that a company can have in international business.
- 7 How mergers and acquisition serve as an important strategy for cooperative expansion?

- 8 Discuss how a company should approach the opportunity to form an alliance with another company.
- 9 How are international strategic alliances helpful in sustaining the international competitive advantage?
- 10 How the concept of strategic management helps in achieving international competitiveness?
- 11 Discuss in detail the process of Strategic Management.
- 12 What is the basis of competitive advantage in international business? Suggest a suitable model for sustaining competitive advantage.
- 13 The increasing trend towards internationalization of business impacts organization design. In the light of the above statement discuss the principal designs that firms can adopt to organize their global activities.
- 14 What are India's inherent strengths and opportunities leading to global competitiveness in the following sectors:
- a. Auto Component
 - b. Pharmaceutical
- Elaborate.
- 15 What are the appropriate organizational structures for global companies as proposed in Barlett and Ghosal's classification? Explain the success of Japanese automobile sector in the light of this classification.
- 16 What are the motives of Strategic Alliance?
- 17 Give reason of success and failures of mergers and acquisition with the help of an example in Indian context.
- 18 Are greenfield investments better than M&As? Justify your answer with valid reasons and examples.
- 19 The process of divestitures represents significant, strategic and critical corporate understanding. Discuss the process and technique involved in a divestiture.
- 20 Explain the steps followed in the process of financial evaluation of divestitures.
- 21 Explain the process of due diligence for merger and acquisition decisions. Describe by giving a suitable example
- 22 Explain the source of value creation in Strategic Alliance? What are the criteria for successful Strategic Alliance?
- 23 It is usually said that the formulation of new strategies causes management to change its organizational structure. Is the reverse also possible?
- 24 Enumerate the major factors which encourage firms to enter collaborative agreements.
- 25 What are the main motives driving international acquisitions? Also, discuss the main factors responsible for their failure.
- 26 Explain in detail the structure of Global organizations with example.
- 27 What are the various strategies used in Strategic planning for achieving global competitive advantage?
- 28 Explain in detail the concept and scope of distinctive competitive advantage with example.

- 29 What are the cross border mergers and acquisitions? Mention the advantages and disadvantages related to it.
- 30 What are the various factors that affect the cross border mergers and acquisitions?

UNIT-IV

I Multiple Choice Questions:

- 1 Different cultures sometimes vary in their attitudes to time. In cultures where people follow event time:
- A. It is important to turn up for meetings on time.
 - B. Much time is devoted to having a chat over a coffee during the working day.
 - C. People get irritated if meetings do not start on time.
 - D. Where an event is running over time, people do not wait for it to finish before moving on to the next event.

ANSWER :B

- 2 Ageing of the population is caused by:
- A. Low birth rates.
 - B. High death rates.
 - C. The immigration of workers from other countries.
 - D. High fertility rates.

ANSWER :A

- 3 The social democratic welfare model holds that:
- A. Dialogue between the social partners is not worthwhile.
 - B. Unemployment is best dealt with through market forces.
 - C. High levels of public expenditure should be avoided.
 - D. Governments should actively assist people in finding work.

ANSWER :D

- 4 Researchers have found that attitudes to contracts vary from one culture to another. Which of the following is correct?
- A. Western cultures see contracts, once signed, as changeable.
 - B. Eastern cultures see contracts, once signed, as unchangeable.
 - C. Western cultures see contracts, once signed, as set in stone.
 - D. Both western and eastern cultures see contracts, once signed, as set in stone.

ANSWER :C

- 5 Hofstede found that some countries have a long-term orientation while others focus on the short term. His results mean that:
- A. US business would be happy to invest in nuclear power and space exploration without any government help.
 - B. British businesses prefer investments with a quick return.
 - C. Firms in Brazil shy away from ten-year investment projects.
 - D. Indian business is impatient for a return on its investments.

ANSWER :B

- 6 Which of the following is not a feature of a transnational corporation?
- A. Decision making takes place at the local level.
 - B. Nationals are typically hired to run operations in each country.
 - C. Marketing strategies are tailored to each country's culture.
 - D. Products are manufactured only in the local country.

ANSWER :D

- 7 The reason that a nation's cultural differences are the most difficult to gain information about is because _____.
- A. people tend to be sensitive about their own culture
 - B. providing this information to foreign organizations reduces a competitive business advantage
 - C. there is little written on the issue
 - D. "natives" are least capable of explaining the unique characteristics of their own culture

ANSWER :D

- 8 According to the textbook, the most valuable framework to help managers better understand differences between national cultures was developed by _____.
- A. Milton Friedman
 - B. Michael Porter
 - C. Geert Hofstede
 - D. Abraham Maslow

ANSWER :C

- 9 _____ is a cultural dimension in which people expect others in their group to look after them and protect them when they are in trouble.
- A. Power distance
 - B. Collectivism
 - C. Quantity of life
 - D. Uncertainty avoidance

ANSWER :B

10 An environment which is increasingly complex and turbulent displays:

- A. More orderly competition.
- B. A reduced risk of product obsolescence.
- C. More predictable demand.
- D. Increased speed of innovation.

ANSWER :A

11 Which of the following is NOT a business opportunity generated by globalization?

- A. Access to low cost labour.
- B. Cheap International transport.
- C. Currency crises.
- D. Less stringent regulation of the business environment.

ANSWER :B

12 In a global market place Managers must

- A. deals with economic, political and cultural differences
- B. expect competitors to suddenly appear at any time from any place
- C. not to take specific differences of local environment into consideration
- D. A and B

ANSWER :D

13 Specific cultural dimensions that does not have a significant impact on cross national business interactions is

- A. Hofstede's five cultural dimensions
- B. Monochromatic vs polychromatic tune
- C. Communication
- D. Geography

ANSWER:D

14 The corporate culture of a firm is more effectively carried to the managers who are

- A. Host country nationals
- B. Home country nationals
- C. Third country nationals
- D. None of the above

ANSWER:

15 Nonverbal communication:

- A. Includes written communication
- B. Has no place in international business.
- C. Include body languages
- D. Should be learnt by business managers to communicate with foreigners.

ANSWER:C

- 16 Professional culture refers to
- A. Shared belief of top managers about how they should manage about themselves and their employees
 - B. Shared code of ethics and other commonalities shared by members of a give group
 - C. Both (a) and (c)
 - D. None of the above

ANSWER B

- 17 Corporate governance is concerned with:
- A. Executive remuneration, disclosure of information, auditing and accounting procedures, and organizations' management structures
 - B. Elections to the board of directors
 - C. Relationships with national governments
 - D. Corporate-level strategy

ANSWER A

- 18 An environment which is increasingly complex and turbulent displays:
- A. More orderly competition.
 - B. A reduced risk of product obsolescence.
 - C. More predictable demand.
 - D. Increased speed of innovation.

ANSWER :D

- 19 The corporate culture of a firm is more effectively carried to the managers who are
- A. Host country nationals
 - B. Home country nationals
 - C. Third country nationals
 - D. None of the above

ANSWER B

- 20 In 90's the global management perception was based on
- A. Standardization v/s adaptation
 - B. Globalization v/s localization
 - C. Global integration v/s Local Responsiveness
 - D. Local responsiveness

ANSWER:B

- 21 The following is not considered as an acceptable motivation for foreign assignments:
- A. Desire for adventure.
 - B. Desire to increase chances of promotion.

- C. Escape from boredom of present assignment.
- D. Desire for luxury

ANSWER:C

22 It was recognized in the 1990s that physical assets are not the only thing that needs to be included in the valuation of a firm. In Europe, firms also included a supplement detailing the:

- A. Goodwill
- B. Intellectual capital
- C. Brand reputation
- D. Knowledge

ANSWER:B

23 The primary stakeholders are:

- A. Customers.
- B. Suppliers.
- C. Shareholders.
- D. Creditors.

ANSWER:C

24 The goal of corporate governance and business ethics education is to:

- A. Teach students their professional accountability and to uphold their personal Integrity to society.
- B. Change the way in which ethics is taught to students.
- C. Create more ethics standards by which corporate professionals must operate.
- D. Increase the workload for accounting students.

ANSWER :C

25 The corporate governance structure of a company reflects the individual companies'

- A. Cultural and economic system.
- B. Legal and business system.
- C. Social and regulatory system.
- D. All of the above.

ANSWER :D

26 Classification of international employees include

- A. expatriates
- B. host country nationals
- C. third country nationals
- D. all of the above

ANSWER : D

- 27 Global assignments in which employees are sent for strategic jobs having intercultural understanding are classified as
- A. development assignments
 - B. non development assignments
 - C. strategic assignments
 - D. managerial assignments

ANSWER: C

- 28 If employee is citizen of India, working in U.S and employed by company whose headquarters are in Japan then employee is classified as
- A. third country nationals
 - B. third world employees
 - C. expatriates
 - D. host country nationals

ANSWER: A

- 29 Factors that affect global human resource management are
- A. economic factors
 - B. societal factors
 - C. cultural factors
 - D. all of the above

ANSWER:D

- 30 Kind of organization which have integrated worldwide corporate units in different countries is classified as
- A. alliance enterprise
 - B. global enterprise
 - C. interdependence enterprise
 - D. multinational enterprise

ANSWER: B

- 31 Concept which defines inequality among nation explained in cultural dimension is classified as
- A. power distance
 - B. orientation distance
 - C. expatriation distance
 - D. repatriation distance

ANSWER: A

32 Dimension of culture which defines extent of people how they act as individuals instead of representing as groups is classified as

- A. orientation distance
- B. power distance
- C. individualism
- D. certainty avoidance

ANSWER: C

33 Dimension of culture in which masculine values prevail over feminism values is classified as

- A. masculinity/femininity
- B. power distance
- C. orientation distance
- D. none of above

ANSWER: A

34 All societal forces that affect values, actions and beliefs of different groups of people are altogether called

- A. expatriation
- B. repatriation
- C. culture
- D. economy

ANSWER: C

35 Buying and selling of products and services from firms in other countries is called

- A. importing and exporting
- B. regional alliances
- C. national alliances
- D. international alliances

ANSWER: A

II Short Answer Type Questions:

- 1 What do you understand by social responsibility of business?
- 2 What is business Ethics?
- 3 Write a short note on business ethics with special reference to international business
- 4 “There is no separate ethics for Business; nor is one needed”. Comment.
- 5 Write a note on the labour issues related to international business.

- 6 Give a brief account of the social issues related to international business.
- 7 Give a brief account of the social issues related to international business.
- 8 Define Culture. How cultural communication helps the marketer?
- 9 What do you understand by Cultural Overlap? What is the role of effective negotiation with respect to cultural overlap?
- 10 How do levels of international business of a nation impact its cross-cultural communication?
- 11 Define leadership. Explain the styles of leadership adopted by managers in global organizations.
- 12 What is cultural shock?
- 13 Differentiate between Autocratic and Free- rein leadership styles.
- 14 What is cultural shock?
- 15 What are the elements of culture?
- 16 Discuss the role of language in international business.
- 17 How does religion affect international business practices?
- 18 What are values and attitudes? What is their influence on international business operations?
- 19 How are customs and manners of a culture important to international business operations?
- 20 Give an example of any Indian or Foreign firm which is assuming its social responsibility in true sense and how?
- 21 What ethical issues are involved in the context of International business?
- 22 Discuss various social responsibilities of global firms.
- 23 Discuss Leadership issues of International firms.
- 24 Is there always a perfect alignment between an organization's purpose and culture?
- 25 Why are leaders of strategic importance in international firms?
- 26 What is country risk analysis?
- 27 What are trans national companies?
- 28 What are multi national companies?
- 29 What are global companies?
- 30 What is EPRG framework?

III Long Answer Type Questions:

- 1 Give a brief account of the important social issues related to international business.
- 2 How do political issues impact international business?
- 3 What effect does a country's economic development have on international business?
- 4 How do social & cultural differences create barriers to international business?
- 5 What is meant by social responsibility of business? What are the important factors affecting the social orientation of business?
- 6 "Communication in international business is affected by Culture". Comment.
- 7 What is culture? Describe the levels of culture.

- 8 What is diversity? How to manage it? What are the benefits of managing diversity? ‘Most MNC’s need not enter foreign markets to face the challenges of dealing with multiculturalism.’ Yes or no? Argue.
- 9 Differences amongst cultures of the various nations of the world impact the way individuals communicate non-verbally. Do you agree with statement? Explain your answer with the help of examples.
- 10 Elaborate the various National Cultural Variables that impact the communication processes and styles around the world in business communication. Support your answer with the help of relevant examples.
- 11 Elaborate how various individual cultural variables impact the way people belonging to different countries behave and communicate verbally and non-verbally. Support the answer with special reference to the contrast between the American and the Indian cultures.
- 12 What are the advantages of having ethical conduct in business? What policies should a global firm adopt to prevent corrupt practices? Give suitable examples.
- 13 Discuss the important factors that affect International HRM. What steps would you suggest for attracting an effective workforce for international management?
- 14 A good leader will use different aspects from a range of leadership styles to achieve the objectives of the organization.” Explain, using examples, why this is a valid statement.
- 15 Explain the different pricing policies followed by firms in international context.
- 16 Discuss the salient features of international HRM policy in terms of a firm’s strategic orientation.
- 17 Critically comment on :Cultural adaptation through sensitivity training
- 18 Explain various cultural frameworks given by different asperities for understanding cross-cultural differences. Give suitable examples to illustrate these frameworks.
- 19 “Two ethical issues are prominent in International business: bribery and corruption and work practices and worker remuneration.” Substantiate this statement.
- 20 Discuss global employment policy & instruments.
- 21 Explain the implication of the differences in socio-cultural environment for business.
- 22 How the performance of a multi-national manager be evaluated. Discuss the appraisal format.
- 23 “It is the basic responsibility and function of a manager in global business arena to attract, develop and maintain an effective work force”. Comment and point out the human resource issues involved in developing and maintaining effective work force.
- 24 Discuss the important factors that affect International HRM. What steps would you suggest for attracting an effective workforce for international management?
- 25 Explain major cross-cultural challenges to international management. How can MNCs undergo cultural adaptation without affecting internal productivity?
- 26 What is the performance appraisal and compensation process in global companies?
- 27 How global companies manage cross cultural conflicts?

- 28 Explain the concept of social responsibility for trans national companies. Name a few CSR initiatives of TNCs.
- 29 Explain in detail the micro environment affecting the global companies.
- 30 Explain in detail the macro environment affecting the global companies.

QUESTION BANK

BUSINESS POLICY & STRATEGY

BBA 308

QUESTION BANK
BUSINESS POLICY & STRATEGY -BBA 308
BBA-VI

UNIT - I

I Multiple Choice Questions:

1. **What are enduring statements of purpose that distinguish one business from other similar firms?**
- A. policies
 - B. mission statements
 - C. objectives
 - D. rules
 - E. employee conduct guidelines

ANSWER: B

2. **The means by which long-term objectives will be achieved are mission statements**
- A. strategies.
 - B. vision statements.
 - C. long-term goals.

ANSWER: B

3. Developing a vision and mission, identifying an organization's external opportunities and threats, and determining internal strengths and weaknesses are all _____ activities.
- A. strategy-formulation
 - B. strategy-implementation
 - C. long-range planning
 - D. short-range planning

ANSWER: A

4. In SWOT analysis, situations where organizations are able to convert weaknesses into strengths and threats into opportunities, these are called:
- A. strategic windows.
 - B. strategic leverage.
 - C. conversion strategies.
 - D. vulnerability.

ANSWER: C

5. **Specific results an organization seeks to achieve in pursuing its basic mission are:**
- A. Strategies
 - B. Rules

- C. Objectives
- D. Policies
- E. Mission

ANSWER: C

6. The three stages of strategic management are
- A. Strategy formulation, strategy implementation, and strategy execution
 - B. Strategy formulation, strategy execution, and strategy assessment
 - C. Strategy formulation, strategy implementation, and strategy evaluation
 - D. Stratify assessment, strategy execution, and strategy evaluation

ANSWER: C

7. Job titles that refer to strategists include which of the following?
- A. External audit
 - B. Owner, entrepreneur, executive director, and accountant
 - C. Chief executive officer, salesman, dean, and lawyer
 - D. Owner, dean, president, and executive director

ANSWER: D

8. Relative deficiency or superiority is important information in performing which activity?
- A. External audit
 - B. Allocating resources
 - C. Internal audit
 - D. Evaluating strategies

ANSWER: C

9. How often should strategic-management activities be performed?
- A. Annually
 - B. Quarterly
 - C. Monthly
 - D. Continuously

ANSWER: D

10. Who is most responsible for developing, communicating, and enforcing the code of business ethics for a firm?
- A. Strategists
 - B. Line managers
 - C. Staff managers
 - D. All managers

ANSWER: A

11. In a large organization, strategic management activities occur at what level(s)?

- A. Corporate and divisional only
- B. Divisional
- C. Strategic business unit only
- D. Functional, divisional, and corporate

ANSWER: D

12. The "advance work" in the strategic management process is comprised of

- A. Strategy formulation.
- B. Strategy implementation.
- C. Strategic posturing.
- D. Strategy analysis.

ANSWER: D

13. Strategy implementation and formulation is a challenging, on-going process. To be effective, it should involve

- A. The board of directors, CEO, and CFO.
- B. Line and staff managers.
- C. The CEO and the board of directors.
- D. All of the above.

ANSWER: D

14. Strategy-implementation activities include

- A. Conducting research.
- B. Measuring performance.
- C. Preparing a TOWS matrix.
- D. Establishing annual objectives

ANSWER: D

15. As our world increases in complexity, the global environment is increasingly challenging and competitive. The key to effective globalization is

- A. More people speaking more languages.
- B. The flow of capital, people, and information.
- C. Governmental regulations.
- D. The flow of goods.

ANSWER: B

16. Strategic planning is designed to implement a set of actions to achieve the best future value for the organization. Which of the following is not a realized benefit of strategic planning?
- A. Redefines the vision of an organization
 - B. Fit between the changing business environment and the organization
 - C. Helps in allocation of resources optimally
 - D. Sets the time-frame for short-term and long-term objectives

ANSWER: A

17. While understanding a company's strategy, you should avoid analyzing
- A. Geographic spread
 - B. Alliances
 - C. Merger
 - D. Revenue model

ANSWER: D

18. Which of the following lists is the hierarchy of organizational goals in order from least specific to most specific?
- A. Mission statements, strategic objectives, vision statements.
 - B. Mission statements, vision statements, and strategic objectives.
 - C. Vision statements, strategic objectives, mission statements.
 - D. Vision statements, mission statements, strategic objectives

ANSWER: D

19. An organization's mission, in contrast to its vision, should
- A. Be less detailed.
 - B. Encompass all the major rules and regulations of the corporate work force.
 - C. Encompass both the purpose of the company as well as the basis of
 - D. Competition.

ANSWER: D

20. Vision statements are used to create a higher understanding of the organization's overall direction and purpose. Vision statements
- A. Provide specific objectives.
 - B. Are very specific.
 - C. Evoke powerful and compelling mental images.
 - D. Set organizational structure.

ANSWER: C

21. Mission statement includes:

- A. Strategic choice
- B. Competitive view
- C. Holistic view
- D. Focus – now and future

ANSWER: D

22. Organization's objectives for stretch should be Speed of strategy

- A. Challenging
- B. Strategic targets
- C. Financial targets

ANSWER: B

23. Organizational strategy encapsulates:

- A. Endowments
- B. Functional objectives
- C. Company's position
- D. Planned and emergent acts

ANSWER: D

24. Strategic objectives are not:

- A. Lowest cost
- B. Customer satisfaction
- C. Current earnings
- D. Market share

ANSWER: C

25. Strategic vision does not benefit:

- A. Future state
- B. Competitive action
- C. Management's view
- D. Decision-making

ANSWER: B

26. Which of the following is not true for strategic intent?

- A. Lays out the objectives relating to the 'fit' of resources and market
- B. Prepare to 'stake-out' a particular position
- C. Serves as a 'rallying cry' for employees
- D. Draws out the plausible 'reach' of the organization

ANSWER: A

27. Which of the following is not a priority of effective short-term objectives?

- A. Providing a specific time horizon for their attainment
- B. Being achievable yet challenging
- C. Being specific and measurable
- D. An emphasis on "do your best" goals

ANSWER: D

28. Core competency provides deep proficiency that becomes difficult for competitors to copy. Core competency can be used to:

- A. Help employee understand their priorities
- B. Outsource activities that are key to competitive advantage
- C. Build customer loyalty by just having it
- D. Design competitive strategies that capitalize on strengths

ANSWER: D

29. Conducting research, integrating intuition with analysis, and making decisions are all _____ activities.

- A. Strategy-formulation
- B. Strategy-implementation
- C. Long-range planning
- D. Short-range planning

ANSWER: C

30. Which of these questions is addressed by a mission statement?

- A. What do we want to become?
- B. What is our business?
- C. How many employees must we have?
- D. Who do we want to serve?

ANSWER: B

31. As our world increases in complexity, the global environment is increasingly challenging and competitive. The key to effective globalization is

- A. More people speaking more languages.
- B. The flow of capital, people, and information.
- C. Governmental regulations.
- D. The flow of goods.

ANSWER: B

32. In businesses faced with complex and turbulent business environments.
- A. Goals and objectives that are uncertain prevent opportunism.
 - B. Complacency about predetermined milestones can prevent adaptability.
 - C. Traditional strategic controls are usually inappropriate.
 - D. Detailed plans are needed to maintain order.

ANSWER: C

33. Which of the following is a benefit of continuous monitoring?
- A. Replacing the time-consuming process of organizational learning
 - B. Dramatically altering the organization's response to its competitive environment
 - C. Enhancing the organization's ability to respond with speed and flexibility
 - D. All of the above

ANSWER: C

34. In a dynamic market environment, competition requires a firm to regularly manage:
- A. Quality
 - B. Differentiation
 - C. Focus
 - D. Change

ANSWER: D

35. Environmental information includes
- A. Organizational plans
 - B. Operations strategy of organization
 - C. Social, Political and economic information

ANSWER: C

II Short Answer Type Questions:

- 1 What are the advantages Strategy planning?
- 2 Write a short note on Feedback and Review on strategy.
- 3 What is the Usefulness of Environmental analysis?
- 4 Discuss the various Levels of strategy.
- 5 What do you mean by Evaluation of strategy?
- 6 What are the Benefits of Strategic Management?
- 7 Describe Minzberg 5 P's.
- 8 Discuss Mc Kinsey 7 S Framework.
- 9 What is the meaning of Competitive advantage?
- 10 Define Strategic Business Unit.
- 11 What do you understand by Strategy and Core competency?

- 12 How do strategic decisions differ from administrative decisions?
- 13 Explain the difference between Vision and Mission.
- 14 What is strategy?
- 15 What is the scope of Business Policy?
- 16 Explain the concept of strategy and point out its limitations
- 17 What is strategic decision making?
- 18 Define Strategic Management.
- 19 Enumerate the major issues in strategic decision making.
- 20 State briefly the levels at which strategy operate.
- 21 Explain Mintzberg five dimensions of strategy.
- 22 Explain the difference between vision and mission.
- 23 Design a vision statement for a pharmaceutical firm.
- 24 What do you understand by the term goal from the organization's point of view?
- 25 Explain the difference between goal and objectives.
- 26 What do you mean by the term Long-Range Planning?
- 27 What do you mean by Forecasting?
- 28 What do you mean by a business policy?
- 29 State the importance of business policy briefly.
- 30 What do you mean by strategic planning?

III Long Answer Type Questions:

- 1 The strategic management involves five essential tasks. What are these, and explain the importance of each for the growth of the business?
- 2 Why is it important to integrate R&D into corporate strategy? Briefly discuss the factors, which should be taken into consideration if the innovation process is to be managed successfully. Explain giving examples.
- 3 What are some of the basic questions that have to be answered before the management decides about the structure suitable for the strategy chosen? Briefly describe the role of board of directors.
- 4 How does strategic management discipline helps in understanding an organization and the business environment in which it exists?
- 5 Define strategy? Explain Minzberg 5 P's of strategy?
- 6 Explain the Mc Kinsey 7 S Framework?
- 7 Describe the process of Strategic Decision Making]
- 8 Define strategic Management. Apply strategic management process to university.
- 9 Explain in detail the strategic management process. What is the outcome of the project?
- 10 What role do strategists play in an organization?
- 11 Critically analyze Mintzberg's 5P approach to strategic management.

- 12 What is the role of Board of Directors and the top management in the process of strategic formulation? Elaborate.
- 13 What are the objectives? Give examples of strategic and financial objectives of an organization.
- 14 Discuss the process of strategic decision making.
- 15 Define Strategic Management and apply the strategic management process to an university.
- 16 Write as descriptive note on the historical evolution of strategic management and business policy in India and the world.
- 17 “Business Policy is a capstone integrative course”. Explain the statement.
- 18 Describe the different levels at which strategy operate.
- 19 How is integration of strategies operating at different levels done?
- 20 Can we characterize the development of strategic management in India promising? Why?
- 21 Discuss in detail the approaches followed in strategic decision making.
- 22 Enumerate the various issues in Strategic Management process.
- 23 Discuss in detail the various elements in the strategic management process
- 24 Describe strategic management process
- 25 Define Strategy, Strategic Management. Explain the strategic management process. Draw a neat chart showing comprehensively the different elements in the strategic management process.
- 26 Explain the scope of business policy in detail.
- 27 Describe in detail the nature of business policy. Also, discuss the importance of business policy in detail.
- 28 Discuss Long-Range Planning in detail.
- 29 Discuss goals and objectives of strategic management process.
- 30 Discuss in detail the evolution of business policy.

UNIT - II

I Multiple Choice Questions :

1. Conducting research, integrating intuition with analysis, and making decisions are all _____ activities.
 - A. Strategy-formulation
 - B. Strategy-implementation
 - C. Long-range planning
 - D. Short-range planning

ANSWER: A

2. Which of these questions is addressed by a mission statement?
 - A. What do we want to become?

- B. What is our business?
- C. How many employees must we have?
- D. Who do we want to serve?

ANSWER: B

3. Internal strengths and weaknesses are usually
- E. The major cause of organizational demise or success.
 - F. Controllable activities within an organization.
 - G. Most important for CEOs and the board of directors.
 - H. Not as important as external opportunities and threats.

ANSWER: B

4. An organization's strengths and weaknesses are determined relative to its strategic business units.
- D. Government
 - E. Competitors
 - F. External opportunities and threats.

ANSWER: C

5. Which of the following lists is the hierarchy of organizational goals in order from least specific to most specific?
- E. Mission statements, strategic objectives, vision statements.
 - F. Mission statements, vision statements, and strategic objectives.
 - G. Vision statements, strategic objectives, mission statements.
 - H. Vision statements, mission statements, strategic objectives

ANSWER: D

6. An organization's mission, in contrast to its vision, should
- A. Be less detailed.
 - B. Encompass all the major rules and regulations of the corporate work force.
 - C. Encompass both the purpose of the company as well as the basis of
 - D. Competition.

ANSWER: D

7. Vision statements are used to create a higher understanding of the organization's overall direction and purpose. Vision statements
- A. Provide specific objectives.
 - B. Are very specific.
 - C. Evoke powerful and compelling mental images.
 - D. Set organizational structure.

ANSWER: C

8. When a firm's corporate office helps subsidiaries make wise choices in their own acquisitions, divestures, and new ventures, it is called_____.
- A. Restructuring
 - B. Leveraging core competencies
 - C. Increasing market power
 - D. Parenting

ANSWER: D

9. Which of the following is false regarding how a differentiation strategy can help a firm to improve its competitive position vis à vis Porter's five forces?
- A. By increasing a firm's margins, it avoids the need for a low-cost position
 - B. It helps a firm to deal with supplier power and reduces buyer power since buyers lack comparable alternatives
 - C. Supplier power is increased because suppliers will be able to charge higher prices for their inputs
 - D. Firms will enjoy high customer loyalty, thus experiencing less threat from substitutes than its competitors

ANSWER: C

10. Primary value chain activities that involve the effective layout of receiving dock operations (inbound logistics) and support value chain activities that include expertise in process engineering (technology development) characterize what generic strategy?
- A. Differentiation
 - B. Overall cost leadership
 - C. Differentiation focus
 - D. Stuck-in-the-middle

ANSWER: B

11. The most probable time to pursue a harvest strategy is in a situation of
- A. High growth.
 - B. Decline in the market life cycle.
 - C. Strong competitive advantage.
 - D. Mergers and acquisitions.

ANSWER: B

12. Vertical integration may be beneficial when
- A. Flexibility is reduced, providing a more stationary position in the competitive environment.

- B. The minimum efficient scales of two corporations are different.
- C. Lower transaction costs and improved coordination are vital and achievable through vertical integration.
- D. Various segregated specializations will be combined.

ANSWER: C

13. Denoted in the Boston Consulting Group Portfolio management technique, a "cash cow," refers to a business that has

- A. Relatively low market share and low market growth.
- B. Low market growth and relatively high market share.
- C. Relatively low market share and high market growth.
- D. High market growth and relatively high market share

ANSWER: B

14. Which of the following is not a limitation of SWOT (Strengths, Weaknesses, Opportunity, Threats) analysis?

- A. Organizational strengths may not lead to competitive advantage
- B. SWOT gives a one-shot view of a moving target
- C. SWOT's focus on the external environment is too broad and integrative
- D. SWOT overemphasizes a single dimension of strategy

ANSWER: C

15. The "balanced scorecard" supplies top managers with a _____ view of the business.

- A. Long-term financial
- B. Detailed and complex
- C. Simple and routine
- D. Fast but comprehensive

ANSWER: D

16. Balanced score card requires an evaluation of organizational performance from following perspectives

- A. Financial
- B. Customers
- C. Learning and Growth
- D. All of the above

ANSWER: D

17. Corporate Level Strategies are basically about decisions related to:

- A. Allocating resources among different businesses

- B. Transferring resources from one set of business
- C. Managing portfolio of business
- D. All of the above

ANSWER: D

18. Concentration is a first-level type of _____ strategy

- A. Expansion
- B. Stability
- C. Retrenchment
- D. Combination

ANSWER: A

19. _____ involves selling the same products to new markets.

- A. Market Penetration
- B. Market Development
- C. Product Development
- D. Product Diversification

ANSWER: B

20. Competitive Advantage can be attained due to _____

- A. Lower Cost
- B. Differentiation
- C. Both a and b
- D. None of the above

ANSWER: C

21. Kaplan and Norton's generic strategic map provides a 360-degree view of the organization. It does not include:

- A. Internal perspective
- B. Customer perspective
- C. Financial perspective
- D. Competitor perspective

ANSWER: D

22. Which of the following are NOT likely to be sources of relatedness between businesses?

- A. Similarities in size
- B. Operating in industries with similar success factors
- C. Similarities in production technologies
- D. Selling to customers with similar demographic characteristics

ANSWER: A

23. Relative deficiency or superiority is important information in performing which activity?

- A. External audit
- B. Allocating resources
- C. Internal audit
- D. Evaluating strategies

ANSWER: C

24. MNCs forming contract with local companies is an alternative form of market entry strategy. Which of the following is not a contract?

- A. Franchising
- B. Consortia
- C. Licensing
- D. Foreign Direct Investment

ANSWER: D

25. Strategic restructuring is usually undertaken to respond to environmental threats and opportunities. Which of the following is not a typical form of restructuring?

- A. De-cluttering
- B. De-layering
- C. Re-branding
- D. Right-sizing

ANSWER: C

26. According to Porter, which group of forces together determines the level of competitiveness and profitability in an industry?

- A. supplier cartels, dominant buyers and other powerful stakeholders
- B. existing and potential competitors, customers and suppliers, plus the availability of substitute products or services
- C. stakeholders, senior management, major competitors and customers
- D. existing and potential competitors, government regulators, buyers and suppliers

ANSWER: B

27. Which of the following would NOT be a reason for management carrying out an environmental or PEST analysis?

- A. to determine environmentally responsible business practices
- B. to determine the external factors most likely to impact upon the organization
- C. to identify all potential influences on the future of the organization

- D. to consider how organizational strategy should take account of changes in the outside world

ANSWER: A

28. Which of the following most accurately summarizes the main sets of forces affecting organizations?

- A. external stakeholders, management and staff
- B. government, competitors and consumers
- C. existing and potential competitors, suppliers, customers and substitute products or service
- D. general environmental factors, competitive forces, factors internal to the organization and the interests of stakeholders

ANSWER: D

29. It is generally agreed that the role of strategy is to:

- A. Make best use of resource
- B. Achieve competitive advantage
- C. Make profits for the organization
- D. Make the best products and services

ANSWER: D

30. Strategy has its antecedents in:

- A. Military conflicts
- B. Industrial economics
- C. Sociology
- D. Politics, economics and philosophy

ANSWER: A

31. The statement of an organization's aspirations can be found in the organizations:

- A. Mission statement
- B. Strategic objectives
- C. Actions
- D. Vision statement

ANSWER: D

32. Henry Mintzberg was responsible for developing a multidimensional approach to strategy based on the five Ps. Which of the following are the correct five Ps?

- A. Plan, ploy, pattern, position perspective
- B. Plan, plot, pattern, position perspective
- C. Plan, ploy, pattern, position performance

- D. Plan, ploy, pattern, participation perspective
- E. Passion, ploy, pattern, position perspective

ANSWER: A

33. The primary focus of strategic management is:

- A. strategic analysis
- B. the total organization
- C. strategy formulation
- D. strategy implementation
- E. competitive advantage.

ANSWER: B

34. **During what stage of strategic management are a firm's specific internal strengths and weaknesses determined?**

- A. Formulation
- B. Implementation
- C. Evaluation
- D. Feedback
- E. Goal-setting

ANSWER: A

35. **An important activity in _____ is taking corrective action.**

- A. strategy evaluation
- B. strategy implementation
- C. strategy formulation
- D. strategy leadership
- E. all of the above

ANSWER: A

II Short Answer Type Questions:

- 1 Describe the elements of SWOT analysis.
- 2 Discuss ETOP as an environmental tool.
- 3 Define Generic Strategies.
- 4 Differentiate between Company's mission and vision
- 5 What is meant by Environmental Analysis?
- 6 What is the effect of organizational Environment?
- 7 Discuss the International Societal Environment.
- 8 "Tata motors represent a classic case of strategic stretch, leverage and fit"
Elaborate.

- 9 Why do organizations diversify?
- 10 Give suitable examples of Indian organizations to illustrate the difference between related and unrelated diversification.
- 11 Differentiate between objectives and goals.
- 12 What is meant by Strategic Intent?
- 13 Define “Mission” in your own words.
- 14 Discuss the importance of Functional strategies.
- 15 What is Delphi Technique?
- 16 Explain Entrepreneurial turnaround strategies.
- 17 What do you mean by Stoplight Matrix?
- 18 What is GE Nine Cell Matrix?
- 19 Explain how Balanced Score Card framework can be applied in the context any Indian organization that you are familiar with?
- 20 Explain the difference between corporate level and business level strategies.
- 21 How are mission and objectives formulated?
- 22 Write a short note on purpose of policies.
- 23 Explain direction policy matrix.
- 24 What do you mean by strategic match and fit? Explain the difference between the two.
- 25 Explain value chain analysis.
- 26 Why is value chain analysis important for an organization?
- 27 Describe in brief the diagnostic tool used most prominently in strategic management.
- 28 Describe in brief the need for analyzing environmental factors.
- 29 Discuss the characteristics of various environmental factors.
- 30 Describe the categorization of various Environmental Factors.

III Long Answer Type Questions:

- 1 Organizational environment plays a major role in the decision-making of the firm. Discuss in brief, the organizational environment with respect to the stakeholders and their relationship with the firm.
- 2 Distinguish between Mission, Objectives and Goals. Formulate the Mission’s objectives and goals of the organization in which you are working. Or else take hypothetical example.
- 3 What do you understand by TOW Analysis? Discuss different components of TOW’s Matrix.
- 4 What are the principles of competitive strategy formulation?
- 5 Briefly describe Porter's perspectives on strategy and structure. Illustrate your answer with examples

- 6 Much of the business environment today is dynamic in nature. What does it mean for organizational management and how can the latter go about scanning the environment?
- 7 Discuss different types of diversification? What are their advantages and disadvantages?
- 8 How would you implement retrenchment strategy?
- 9 Explain three generic strategies adopted by the firm?
- 10 Explain the relevance of industry and competitor analysis to the strategic choice process?
- 11 Explain the difference between Corporate Level and Business Level Strategies.
- 12 How are missions and objectives formulated?
- 13 Explain by taking suitable examples as to when companies follow STABILITY Strategy?
- 14 What is Balanced Score card? Discuss its need.
- 15 What are the major models used for Strategic Analysis and choice in evaluating SBUs?
- 16 How BCG and GE are used, and which is better? Illustrate with suitable examples
- 17 Compare and assess two industries of your choice in terms of key environmental influences and competitive forces. What is Competitive Analysis Framework used for comparison?
- 18 “BCG matrix can aid in assessment of the profitability of the different SBUs in a large conglomerate” Explain.
- 19 Develop the Environmental Impact Analysis Summary (EIAS) for an Indian Automobile organization considering expansion into a foreign market through FD route.
- 20 Mention internal factors for strategic analysis in the area of marketing. Show how each of these can be a strength or weakness for a firm.
- 21 “The attractiveness of an industry is influence by the forces in the competitive environment of a firm.” Describe how Porter’s Five Forces Model can be applied to evaluate the attractiveness of an industry.
- 22 Explain by taking suitable examples as to when companies follow stability strategy.
- 23 Examine the various issues involved in Objective Setting. How can each of these issues be resolved?
- 24 At what different levels can a business be defined? Explain these different levels and indicate the manner in which they can be integrated with each other.
- 25 Describe some of the important characteristics of environment and demonstrate how a strategist can understand it better by dividing it into internal and external components.
- 26 Describe the categorization of various Environmental Factors.

- 27 Describe in detail the various diagnostic tools used most prominently in strategic management.
- 28 Why does the need for analyzing environmental factors arises? Explain in detail.
- 29 Discuss the characteristics of various environmental factors.
- 30 Explain ETOP as a diagnostic tool in detail.

UNIT - III

I Multiple Choice Questions:

- 1. In businesses faced with complex and turbulent business environments.
 - A. Goals and objectives that are uncertain prevent opportunism
 - B. Complacency about predetermined milestones can prevent adaptability.
 - C. Traditional strategic controls are usually inappropriate.
 - D. Detailed plans are needed to maintain order.

ANSWER: C

- 2. Which of the following is a benefit of continuous monitoring?
 - A. Replacing the time-consuming process of organizational learning
 - B. Dramatically altering the organization's response to its competitive environment
 - C. Enhancing the organization's ability to respond with speed and flexibility
 - D. All of the above

ANSWER: C

- 3. Which of the following is not a priority of effective short-term objectives?
 - A. Providing a specific time horizon for their attainment
 - B. Being achievable yet challenging
 - C. Being specific and measurable
 - D. An emphasis on "do your best" goals

ANSWER: D

- 4. The usage of culture and intangible rewards as the principal means of controlling individual behavior is considered more effective than rules and boundaries when
 - A. Work is autonomous and creative.
 - B. Output is standardized.
 - C. Measurement of performance is straightforward.
 - D. Tasks are repetitive and routine.

ANSWER: A

5. As a rule, discussions of the relationship between strategy and structure strongly connote that
- A. Strategy follows structure.
 - B. Strategy can effectively be formulated without considering structural elements.
 - C. Structure typically has a very small influence on a firm's strategy.
 - D. Structure follows strategy

ANSWER: D

6. Work is separated into units that specialize in production, marketing, research and development, and other management tasks at Sharp Corporation. This is an example of
- A. Simple structure.
 - B. Divisional structure.
 - C. Functional structure.
 - D. Matrix structure.

ANSWER: C

7. An advantage of a divisional type of organizational structure is
- A. An enhanced ability to respond quickly to changes in the external environment.
 - B. Efficient use of managerial and technical talent.
 - C. High degree of emphasis on long-term performance.
 - D. Uniformity in image and quality across divisions.

ANSWER: A

8. Which of the following is not a result of poor organizational design by leaders?
- A. Insufficient mechanisms that integrate and coordinate activities across the firm
 - B. Teams, systems, and organizational processes that facilitate implementation
 - C. Inadequate accountability among managers and employees
 - D. Inappropriate budgeting and control systems

ANSWER: B

9. Which of the following scopes of entrepreneurial orientation is expressed as "a forward-looking perspective characteristic of a marketplace leader that has the foresight to seize opportunities"?
- A. Opportunism
 - B. Proactiveness
 - C. Risk taking
 - D. Autonomy

ANSWER: B

10. Firms that are the first to enter new markets, establish brand identity, and/or adopt new technologies, hence gaining benefits, are known as
- A. First-mover advantages.
 - B. Technological capabilities.
 - C. Competitive aggressiveness.
 - D. Breakthrough innovations.

ANSWER: A

11. Significant advantages of a holding company structure include
- A. Gaining synergistic benefits across businesses.
 - B. A high level of awareness at the corporate office of issues facing individual divisions.
 - C. A high level of control of division executives by executives at the corporate level.
 - D. Savings in personnel and overhead expenses associated with a small corporate office.

ANSWER: D

12. Organizations that get caught up in day-to-day work activities:
- A. Fail to ask probing questions about their basic assumptions.
 - B. Fail to think objectively about themselves and their business.
 - C. Fail to refresh their strategies or reengineer their work processes.
 - D. All of the above

ANSWER: D

13. Which of the following explains why organizations are prone to inertia and slow to change?
- A. Political barriers
 - B. Vested interests in the status quo
 - C. Personal time constraints
 - D. All of the above

ANSWER: D

14. Strategic leadership means:
- A. Energizing employees by higher profits
 - B. Forming rules and responsibilities for efficient functioning
 - C. Delegating and making everyone responsible for success
 - D. Being ethical and moral to all activities that the firm does
 - E. Keeping the firm in sync with the changing times on a sustainable competitive basis

ANSWER: E

15. Strategy-implementation activities include

- A. Conducting research.
- B. Measuring performance.
- C. Preparing a TOWS matrix.
- D. Establishing annual objectives

ANSWER: C

16. Denoted in the Boston Consulting Group Portfolio management technique, a "cash cow," refers to a business that has

- A. Relatively low market share and low market growth.
- B. Low market growth and relatively high market share.
- C. Relatively low market share and high market growth.

ANSWER: B

17. Which of the following is not one of the reasons behind Amstrad's decline in 1988?

- A. Used low cost suppliers in Far East
- B. Worldwide shortage of memory chips
- C. Labor shortage
- D. Joint venture with Funai took off too slowly

ANSWER: A

18. Which of the following is an aspect of implementation that can be changed indirectly if necessary?

- A. Organizational structure
- B. Information systems
- C. Quality
- D. Procedures

ANSWER: C

19. A small company, with power concentrated in the hands of one central figure, tends to be what?

- A. Centralized and formal
- B. Centralized and informal
- C. Decentralized and formal
- D. Decentralized and informal

ANSWER: B

20. Which one of the following types of organizations would benefit from a matrix structure?

- A. Diverse independent businesses in a conglomerate

- B. Organizations growing through merger and acquisition
- C. Small companies with few plants and limited product or service diversity
- D. Small, sophisticated service companies

ANSWER: D

21. Which of the following scopes of entrepreneurial orientation is expressed as "a forward-looking perspective characteristic of a marketplace leader that has the foresight to seize opportunities"?

- A. Opportunism
- B. Proactive ness
- C. Risk taking
- D. Autonomy

ANSWER: B

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- C. Competitive aggressiveness.
- D. Breakthrough innovations.

ANSWER: A

23. Significant advantages of a holding company structure include

- A. Gaining synergistic benefits across businesses.
- B. A high level of awareness at the corporate office of issues facing individual divisions.
- C. A high level of control of division executives by executives at the corporate level.
- D. Savings in personnel and overhead expenses associated with a small corporate office.

ANSWER: D

24. Organizations that get caught up in day-to-day work activities:

- A. Fail to ask probing questions about their basic assumptions
- B. Fail to think objectively about themselves and their business
- C. Fail to refresh their strategies or reengineer their work processes.
- D. All of the above

ANSWER: D

25. Which of the following explains why organizations are prone to inertia and slow to change?

- A. Political barriers
- B. Vested interests in the status quo
- C. Personal time constraints
- D. All of the above

ANSWER: D

26. Stability strategy is a ----- strategy.

- A. Corporate Level
- B. Business Level
- C. Functional Level
- D. Strategic Level

ANSWER: A

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

- A. Strategies
- B. Policies
- C. Strength
- D. Opportunities

ANSWER: A

28. Marketing strategy is a ---- type of strategy.

- A. Business Level
- B. Growth Strategy
- C. Corporate Strategy
- D. Functional Strategy

ANSWER: D

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

- A. Economic
- B. Competitive
- C. Political
- D. Multinational

ANSWER: C

30. Strategy is developed by the visionary chief executive in ---- of strategic management.

- A. Planning Mode
- B. Adaptive Mode
- C. Strategic Mode
- D. Entrepreneurial Mode

ANSWER: D

31. Selling all of a company's assets in part for their tangible worth is called:

- A. Divestiture
- B. Concentric Diversification
- C. Liquidation
- D. Unrelated Integration

ANSWER: C

32. Buying another company by one company means:

- A. Joint Venture
- B. Acquisition
- C. Amalgamation
- D. Merger

ANSWER: B

33. In strategic thinking, how long is the long term approximately?

- A. 1 month to 1 year
- B. 2 to 3 years
- C. 3 to 5 years
- D. More than 5 years

ANSWER: D

34. Low cost, differentiation and focus are examples of

- A. Corporate Strategies
- B. Operational Strategies
- C. Business Strategies
- D. Functional Strategies

ANSWER: C

35. The word "tactics" is most likely to be related to:-

- A. Corporate Strategies
- B. Operational Strategies
- C. Business Strategies
- D. Functional Strategies

ANSWER: B

II Short Answer Type Questions:

- 1 State the advantages of Functional Structure.
- 2 Discuss the elements of Divisional structure
- 3 What are the features of Adaptive structure?
- 4 Which structure is preferred in an organization-Matrix or network structure?
- 5 What are the Communicating strategies?
- 6 What is Strategic Leadership?
- 7 Define Organizational change.
- 8 Discuss the importance of Strategic implementation
- 9 What are the approaches to Resource Allocation in Strategy Implementation?
- 10 What are the structural considerations in Strategy Implementation?
- 11 Describe the significance of corporate culture in strategy implementation.
- 12 Differentiate between Network Organizational Structure and Matrix Organizational Structure.
- 13 Are human resources scarce in India? Explain.
- 14 What does it imply for resource allocation within business firms?
- 15 How can the strategists resolve the political problems arising in resource allocation?
- 16 Mention the types of structure used to create and maintain inter organizational relationships.
- 17 Point out the characteristics of organization structure that could suit the requirements of differentiation business strategies.
- 18 How can the choice of future strategists through succession planning help in their development?
- 19 Enumerate the major considerations of strategists in the integration of functional plans and policies.
- 20 Explain the four areas of operational effectiveness.
- 21 Differentiate between horizontal and vertical fit.
- 22 Write a brief note on core competency.
- 23 What do you mean by competitive advantage for a firm?
- 24 What do you mean by concentric and conglomerate diversification?
- 25 Explain the various strategies of corporate restructuring?
- 26 Elaborate the difference between integration and diversification strategies.
- 27 Define resource audit.
- 28 Explain the process of creating corporate value.
- 29 Explain primary activities as a part of Value Chain Analysis.
- 30 Explain secondary activities as a part of Value Chain Analysis.

III Long Answer Type Questions:

- 1 Explain the thesis that, “Structure follows strategy”. Express your views on this statement.
- 2 What are the principles of competitive strategy formulation?
- 3 “The key of successful implementation of strategy is effective leadership”. Do you agree? Discuss.
- 4 “Strategy rest on the key success factors.” How would you identify them and explain their appropriateness to the organization?
- 5 “No organization can be an ideal, the best organization structure is the one that fits best in overall situation.”. Explain this with your own views.
- 6 What are the different bases of resource allocation? How does strategic budgeting system operate in the organization?
- 7 Why is pre-implementation of strategy important? What check points would you like to use in pre- implementation evaluation?
- 8 What are the elements of organizational culture? Ho2w can organizational culture and strategy be related?
- 9 Discuss the impact of organizational culture? How does organizational culture act as barrier to strategy implementation? Describe the way in which sound organizational culture can be developed.
- 10 Discuss the relevance of organizational change as a strategic implementation process.
- 11 Enumerate the steps taken in Strategy Implementation.
- 12 Describe Marketing policies and plans in the context of strategy implementation.
- 13 “Strategy Implementation is composed of establishing programs to create a series of new organizational activities, Budget to allocate funds to new activities and procedure to handle the action plan.” Explain the statement by giving a suitable example.
- 14 Describe the manner in which an organization can align its resource allocation with its strategies.
- 15 Discuss the five important tasks that a strategic leader can perform.
- 16 In what ways could a conservative family business group in India mould its corporate culture to implement expansion strategies?
- 17 How can the strategic leaders match their leadership style to the requirements of the strategy being implemented?
- 18 “Congruence and Coordination among strategies should take place through vertical and horizontal fit”. Explain and discuss the statement.
- 19 Write a descriptive note on the nature, need and development of functional plans and policies.
- 20 Describe the mechanism used for the integration of functional plans and policies
- 21 Review the major developments in the management techniques in the four areas of operational effectiveness. Highlight the more recent ones in your answer.

- 22 Enumerate some of the latest operational effectiveness techniques in the area of productivity, processes, people and pace.
- 23 What difficulty do managers face in choosing operational implementation practices? How can this difficulty be minimized?
- 24 Discuss in detail the functional strategies adopted by the managers.
- 25 What do financial plans and policies relate to? Why are these plans and policies significant for strategy implementation?
- 26 Explain the Strategic Advantage Analysis.
- 27 Explain the Value-Chain Approach to Internal Analysis.
- 28 Discuss the methods of analysis and diagnosing corporate capabilities.
- 29 Explain the Functional Area Profile and Resource Deployment Matrix.
- 30 Describe in detail the concept of Strategic Advantage Profile.

UNIT - IV

I Multiple Choice Questions:

1. It enables the strategists to take corrective action at the right time
 - A. Premise control
 - B. Strategic surveillance
 - C. Diversification
 - D. Turnaround strategy

ANSWER: A

2. Measures to take corrective action means
 - A. Checking performance,
 - B. Reformulate strategies
 - C. Standard check
 - D. Formulate plans

ANSWER: C

3. The nature of strategic evaluation is
 - A. Convenient
 - B. Difficult
 - C. Judgmental

ANSWER: C

4. The importance of strategic evaluation lies in its ability to-
 - A. Look for the future
 - B. UNDERSTANDS THE BUSINESS NEEDS

C. Coordinate the task performed by individual managers

ANSWER: C

5. Environmental information includes

- A. Organizational plans
- B. Operations strategy of organization
- C. Social, Political and economic information

ANSWER: C

6. Strategic evaluation operates at _____

- A. Strategic level
- B. Operational Level
- C. Both a and b
- D. None of the above

ANSWER: C

7. Strategy evaluation should have a _____ focus

- A. Long run
- B. Medium run
- C. Short run
- D. All of the above

ANSWER: C

8. Strategy-evaluation activities should be performed on a _____

- A. Periodic basis.
- B. Continuous basis
- C. Regular basis
- D. Project basis

ANSWER: B

9. Given that large amounts of money are at stake, strategy evaluation is primarily necessary for _____ companies

- A. Large corporate
- B. Small corporate
- C. Not-for-profit organizations
- D. All of the above.

ANSWER: D

10. The need for strategists to examine sets of trends as well as individual trends in evaluating strategies is referred to as _____

- A. Consonance.
- B. Feasibility
- C. Consistency
- D. Stability

ANSWER: A

11. In assessing an organization's success or failure, there are three stages; working out what to observe and measure, establishing the standards against which to measure and:

- A. Writing up the results
- B. Benchmarking
- C. Drawing conclusions
- D. Providing recommendations

ANSWER: B

12. Which of the following is the least useful measurement of performance?

- A. Stakeholders' targets
- B. Top management's targets
- C. Comparing against best practice in the industry
- D. Comparing against competitors

ANSWER: B

13. _____ refers to the need for strategists to examine sets of trends as well as individual trends in evaluation strategies.

- A. Consistency
- B. Consonance
- C. Feasibility
- D. Advantage

ANSWER: A

14. _____ is not one of the three strategy evaluation activities.

- A. Compare expected results with actual results
- B. Take corrective action
- C. Allocation of resources
- D. Review underlying bases of strategy

ANSWER: C

15. The purpose of strategy evaluation is to
- A. improve R&D programs.
 - B. evaluate employees' performance.
 - C. make budget changes.
 - D. alert management to problems or potential problems.

ANSWER: D

16. Large organizations require a more elaborate and detailed strategy evaluation system because
- A. more money and capital can be lost.
 - B. it is more difficult to perform an external and internal audit.
 - C. it is more difficult to coordinate efforts among different divisions and functional areas.
 - D. more shareholders and directors must be kept informed.

ANSWER: C

17. A revised _____ matrix should indicate how effective a firm's strategies have been in response to key opportunities and threats.
- A. IFE
 - B. Grand Strategy
 - C. SPACE
 - D. EFE

ANSWER: D

18. Which of the following is not a reason for the increasing difficulty of evaluating strategies?
- A. Product life cycles are longer today than ever
 - B. Domestic and World economies are less stable than ever
 - C. Technological advancement is more rapid
 - D. Change is occurring more frequently than ever

ANSWER: A

19. Which of these is not a key financial ratio?
- A. Market share
 - B. Production quality
 - C. Earnings per share
 - D. Asset growth

ANSWER: B

20. _____ occur(s) when the nature, types and speed of changes overpower an individual's or organization's ability and capacity to adapt.
- A. Corporate agility
 - B. Future shock
 - C. Corporate downfall
 - D. Measuring performance

ANSWER: B

21. Aims to balance long term with short term concerns, financial with non-financial concerns, and internal with external concerns.
- A. Contingency planning
 - B. Taking corrective action
 - C. Reviewing bases of strategies
 - D. The Balanced Scorecard

ANSWER: D

22. Which of the following is an aspect of implementation that can be changed indirectly if necessary?
- A. Organizational structure
 - B. Information systems
 - C. Quality
 - D. Procedures

ANSWER: C

23. A small company, with power concentrated in the hands of one central figure, tends to be what?
- A. Centralized and formal
 - B. Centralized and informal
 - C. Decentralized and formal
 - D. Decentralized and informal

ANSWER: B

24. Which one of the following types of organizations would benefit from a matrix structure?
- A. Diverse independent businesses in a conglomerate
 - B. Organizations growing through merger and acquisition
 - C. Small companies with few plants and limited product or service diversity
 - D. Small, sophisticated service companies

ANSWER: D

25. Which of these is not a reason for why employees resist the implementation of strategic changes?

- A. Anxiety regarding jobs
- B. Lack of necessary strategic resources
- C. Lack of knowledge
- D. Poor strategic leadership

ANSWER: B

26. How many cells are in a SWOT Matrix?

- A. 9
- B. 6
- C. 3
- D. 2

ANSWER: A

27. What does Question Mark symbolise in BCG matrix?

- A. Remain Diversified
- B. Invest
- C. Stable
- D. Liquidate

ANSWER: A

28. What does Cash Cows symbolize in BCG matrix?

- A. Remain Diversified
- B. Invest
- C. Stable
- D. Liquidate

ANSWER: C

29. The BCG matrix is based on:

- A. Industry attractiveness and business strength
- B. Industry growth rate and business strength
- C. Industry attractiveness and Relative Market Share
- D. Industry growth rate and Relative Market Share

ANSWER: D

30. What are the guides to decision making?

- A. Rules
- B. Procedures
- C. Goals

D. Policies

ANSWER: D

31. What does Dogs symbolize in BCG matrix?

- A. Remain Diversified
- B. Divest
- C. Stable
- D. Liquidate

ANSWER: B

32. What does Stars symbolize in BCG matrix?

- A. Expand
- B. Divest
- C. Stable
- D. Liquidate

ANSWER: A

33. Buyers' market exist when:

- A. Few suppliers in the market
- B. Buyers purchase in small volume
- C. Buyers purchase in large volume
- D. Product of suppliers are unique

ANSWER: C

34. The reason for diversification is:

- A. To reduce competition
- B. To increase organizational capabilities
- C. To get tax advantage
- D. To get quick entry in to business

ANSWER: B

35. Strategic management handles:

- A. External Issues
- B. Management Issues
- C. Internal Issues
- D. Administrative Issues

ANSWER: A

II Short Answer Type Questions:

- 1 What is the basic nature of strategy evaluation?
- 2 Why is strategy evaluation important?
- 3 What type of barriers is commonly faced in evaluation and how can they be avoided?
- 4 How can strategic control help in resource allocation?
- 5 Distinguish between Strategic control and operational control.
- 6 What are the elements in the evaluation process?
- 7 “Companies should evaluate performance on the basis of a combination of quantitative and qualitative criteria.” Discuss.
- 8 What issues are important in measuring performance?
- 9 How can strategists initiate corrective action?
- 10 Briefly review the role of organizational systems in strategic evaluation
- 11 What are the types of Operational Strategies?
- 12 Discuss how responsibility center support the strategic control process.
- 13 Highlight the role that the BOD and the CEOs play in strategic evaluation.
- 14 Explain the basic approach used in strategic control.
- 15 What are the elements in the evaluation process for operational control?
- 16 Write a short note on strategic budgeting.
- 17 Explain the importance of leadership and corporate culture in an organization?
- 18 Explain the top down and bottom up approach in strategic budgeting
- 19 How a firm evaluates its strategies?
- 20 What do you mean by balanced scorecard?
- 21 Explain the relevance of strategic and operational control?
- 22 “The essence of strategic control is action.” Comment.
- 23 Write a short note on Structural Considerations and Organizational Design.
- 24 Explain in brief the importance of strategic evaluation.
- 25 How the corporate culture affects the strategic implementation.
- 26 What do you mean by Stability Strategy?
- 27 How can you implement growth strategy?
- 28 How can you diversify your strategies?
- 29 Discuss retrenchment strategies.
- 30 What do you understand by expansion strategy?

III Long Answer Type Questions:

- 1 What are the factors involved in the evaluation of a strategy and explain the process of evaluation in the process of strategy review?
- 2 Explain Hofer’s Strategic evaluation measures of organizational performance. Discuss in brief the how value-added concepts are superior to other traditional measures?

- 3 Discuss the importance of feedback and information system in strategic control and evaluation.
- 4 How will a comprehensive system of strategic control operate in a large sized business organization?
- 5 Consider the case of a corporate hospital, or any service institution of your choice, and suggest how a system of operational control will work in such an institution.
- 6 Describe and explain the application of the techniques for strategic control.
- 7 Discuss the different types of techniques used for operational control?
- 8 How is performance evaluation done in public enterprise in India?
- 9 List the needs due to which strategy evaluation is carried out.
- 10 Discuss quantitative criteria for strategy evaluation.
- 11 Why is review of strategy necessary? Discuss the Evaluation Process along with Evaluation Techniques used for Strategic Evaluation.
- 12 “Sins of omission and commission are the two reasons why organizations establish control and evaluation mechanisms as part of strategic management.” Explain the statement.
- 13 Explain the steps taken in the process of strategic evaluation.
- 14 Discuss the strategic momentum control techniques for strategic evaluation.
- 15 Discuss the significance of comparative analysis for strategic evaluation.
- 16 “Companies should evaluate performance on the basis of a combination of quantitative and qualitative criteria.” Why is this so?
- 17 Which individuals and groups participate in the process of evaluation, what difficulties do they face and how do they overcome them?
- 18 Which type of auditing technique can be used in operational control?
- 19 Give a description of the process of strategic audit.
- 20 Make a chart showing clearly, the role that the information, control and reward systems play in strategic evaluation.
- 21 Does balance scorecard really helps in evaluating performance for an organization? Explain the important aspects covered under this scorecard.
- 22 What are the important things to be considered while implementing the strategies?
- 23 Describe the concept of strategic control. Explain the steps in strategic control.
- 24 State the requirement of an effective control system. Also distinguish between strategic planning and strategic controlling.
- 25 How a leader in an organization can make the implementation of the strategy effective? Explain the traits of a leader that helps in the successful strategy implementation?
- 26 How can you formulate strategies?
- 27 How can you implement diversification strategies?
- 28 Discuss the various aspects and parameters to be considered while formulation of strategies.
- 29 Explain mixed strategy.
- 30 Explain the concept of retrenchment strategies.

QUESTION BANK

SALES & DISTRIBUTION MANAGEMENT

BBA -310

QUESTION BANK
SALES & DISTRIBUTION MANAGEMENT
BBA-VI

UNIT – I

I TEST YOUR SKILLS

MULTIPLE CHOICE QUESTIONS:

1. The process of planning, analyzing, controlling and implementing the activities of sales force is classified as

- A. indirect sales management
- B. direct sales management
- C. sales force management
- D. persuasion management

ANSWER: C

2. The field sales force is also called as

- A. inside sales force
- B. outside sales force
- C. channel intermediaries
- D. none of the above

ANSWER: B

3. The tools of sales promotion that are used to trigger short term customer involvement or to build customer relationships are classified as

- A. inbound promotion
- B. outbound promotion
- C. organizational promotion
- D. consumer promotions

ANSWER: D

4. The step of personal selling process in which the sales person learns about potential buyer before making a call for sale is classified as

- A. pre-approach
- B. sales nomination
- C. qualifying
- D. prospecting

ANSWER: A

5. The sales promotion tool through which resellers are persuaded to carry brand, provide shelf space, promote advertising and push to final buyers is classified as

- A. point of purchase promotion
- B. trade promotion
- C. event promotion
- D. off deal promotion

ANSWER: B

6. The last step in personal selling process is
- A. present and demonstrate
 - B. follow up
 - C. closing
 - D. approach

ANSWER: B

7. Avon, Amway, and Tupperware use which of the following forms of channel distribution?
- A. direct marketing channel
 - B. indirect marketing channel
 - C. forward channel
 - D. fashion channel

ANSWER: A

8. From the economic system's point of view, the role of marketing intermediaries is to transform:
- A. raw products into finished products.
 - B. consumer needs into producer needs.
 - C. consumer needs and wants into product desires.
 - D. assortments of products made by producers into the assortments wanted by consumers.

ANSWER: D

9. When the manufacturer establishes two or more channels catering to the same market, then occurs.
- A. Vertical channel conflict
 - B. Horizontal channel conflict
 - C. Multi channel conflict
 - D. None of the above

ANSWER: C

10. A distribution channel moves goods and services from producers to consumers. It overcomes the major time, place, and _____ gaps that separate goods and services from those who would use them.
- A. Possession

- B. profit
- C. image
- D. psychological

ANSWER: A

11. Through their contacts, experience, specialization, and scale of operation, _____ usually offer the firm more than it can achieve on its own.

- A. Manufacturers
- B. Producers
- C. direct marketers
- D. intermediaries

ANSWER: D

12. To determine which customer accounts to call on, a firm needs to evaluate territory allocation

- A. commission schedules
- B. geographic proximity to other accounts
- C. reference checks

ANSWER: C

13. To maximize the performance of their field sales forces, companies should

- A. review staff expense accounts
- B. retrain staff in sales techniques
- C. develop a strong marketing plan
- D. develop a strong advertising plan

ANSWER: B

14. Which of the following is an advantage of using a commission form of sales compensation?

- A. The salesperson will be highly motivated.
- B. The salesperson will regularly collect sales data.
- C. Accounts will be serviced on a regular basis.
- D. Accounts will be more productive.

ANSWER: A

15. Qualifying a prospect is

- A. identical with checking references for an applicant
- B. determining which applicant to hire
- C. conducting an exit interview
- D. determining if a prospect is interested in a product

ANSWER: D

16. Makers of televisions, cameras, tires, furniture, and major appliances normally use which of the following distribution channel forms?

- A. direct marketing channel
- B. indirect marketing channel
- C. horizontal channel
- D. synthetic channel

ANSWER: C

17. Using manufacturer's representatives or sales branches is usually a characteristic of which of the following channel forms?

- A. business marketing channels
- B. customer marketing channels
- C. service marketing channels
- D. direct marketing channels

ANSWER: B

18. Transporting and storing goods is part of which of the following marketing channel functions?

- A. negotiation
- B. physical distribution
- C. contact
- D. matching

ANSWER: C

19. Who sells to the customers?

- A. Semi wholesalers
- B. Wholesalers
- C. Retailer
- D. Distributor

ANSWER: A

20. The benefits of marketing channels are.....

- A. Cost saving
- B. Time saving
- C. Financial support given
- D. All of above

ANSWER: D

21. _____ is a layer of intermediaries that performs some work in bringing the product and its ownership closer to the buyer.

- A. A direct marketing channels

- B. An indirect marketing channels
- C. A channel levels
- D. A channel switching system

ANSWER: C

22. Which of the following statements about sales force management is true?
- A. The sales force is the firm's most direct link to the customer
 - B. The statement, "The world will beat a path to your door if you build a better mousetrap," reflects how business operates today
 - C. As organizations implement the marketing concept, they soon realize how important it is to be sales-oriented
 - D. Personal selling is usually less expensive than advertising
 - E. Sales management is no different from any other kind of management

ANSWER: A

23. With respect to a channel of distribution, the number of intermediary levels within the channel indicates the _____ of a channel.
- A. Width
 - B. Depth
 - C. length
 - D. similarity

ANSWER: C

24. Independent firms at different channel levels integrate their programs on a contractual basis to achieve systemic economies and increased market impact are known as.....
- A. Corporate vertical marketing systems
 - B. Contractual vertical marketing systems
 - C. Administered vertical
 - D. None of the above

ANSWER B

25. Which of the following statements about the sales force in the 21st century is true?
- A. Sales managers will use a hands-off approach and let the professional salesperson be his or her own boss
 - B. Transactional exchanges no longer occur
 - C. Sales management must be smart and nimble and provide technology-centered solutions to support the sales effort
 - D. Salespeople make little use of the Internet because they realize the importance of the personal touch
 - E. All the above statements about the sales force in the 21st century is true

ANSWER C

II. SHORT ANSWER TYPE QUESTIONS:

1. Define Sales Management.
2. What is the nature of sales management?
3. What is the scope of sales management?
4. Explain the evaluation of sales management.
5. What is the importance of sales management?
6. Explain the difference between marketing and sales.
7. What are the qualities of a good salesperson?
8. What are the various roles of sales manager?
9. What are the various skills of a sales manager?
10. Explain sales management cycle.
11. Explain the emerging trends in sales management.
12. What are the desired qualities of a Salesman?
13. Define Promotion and name its 3 objectives.
14. Describe the levels of sales management positions.
15. Write Sales Process and explain the various steps involved in the Process.
16. Write a short note on:-Sales force evaluation and Control
17. What is Sales forecasting and what are various methods of Sales forecasting?
18. Why companies form a suitable organization for sales of their Products? How the Sales Organization are different for Industrial Products and Consumer products?
19. “Companies give more importance for training of Sales Force”. Elaborate the statement.
20. How does one set sales objectives?
21. What is the role of a modern sales manager in an organization?
22. What are the skills required by a sales manager in an organization?
23. Distinguish between sales and marketing management.
24. What are the key decision areas in sales management?
25. What is sales policy? What are its benefits?

III. LONG ANSWER TYPE QUESTIONS:

1. What are sales? What environmental forces have led to the growth of different forms of sales in today's world?
2. Which orientation to sales do you find more relevant social or management? Support your answer with suitable justification.
3. Explain the origin and development of the marketing concepts in relation to Sales Management.
4. Explain the importance and scope of marketing & sales in today's competitive environment.

5. Throw some light on the challenges involved in marketing & sales process of goods and services in today's context.
6. Discuss the scope of Sales Management in a manufacturing and marketing organization.
7. In the light of the changing role of the salesperson, explain the qualities of good sales personnel.
8. What are the traits of a good salesperson?
9. "Compensating Sales Persons is different from employees of other departments in the organization". Explain the reasons as per statement and also write various methods of Compensation
10. Explain how Sales Management becomes an integral Part of Marketing Management
11. Why sales management occupies an important role in success of an organization?
12. What is importance of sales management in marketing process? Discuss emerging trends in sales management.
13. Write a note on functions of a sales executive.
14. A sales manager in his territory plays a very critical role in the employment of his sales force. Discuss the process the sales manager should follow in employing his sales people in his territory.
15. Training and compensation of the salespeople may act as motivational to the sales people. Discuss.
16. Explain the various emerging trends in sales management.
17. Explain the various sales strategies.
18. Explain the nature of sales management.
19. Explain the scope of sales management.
20. Explain the evaluation of sales management.
21. Explain the importance of sales management.
22. Explain the nature of sales management.
23. Explain the nature of sales management.
24. Explain the roles of sales manager.
25. Explain the skills of sales manager.

UNIT – II

I TEST YOUR SKILLS

MULTIPLE CHOICE QUESTIONS :

1. The customer will judge the offering by three basic elements: _____, services mix and quality, and price.
 - A. Performance
 - B. Salespeople
 - C. Price
 - D. Product features and quality

E. None of the above

ANSWER: D

2. The way of selling in which groups of people are involved from various departments such as finance, engineering and marketing to serve large accounts is called

- A. nominal selling
- B. territorial selling
- C. team selling
- D. group selling

ANSWER: C

3. Marketers have traditionally classified products on the basis of three characteristics: _____, tangibility, and use.

- A. Customer value hierarchy
- B. Expected
- C. Augmented
- D. Durability
- E. None of the above

ANSWER: D

4. Promotion mix includes Sales Promotion, Personal Selling, Advertising and

- A. Marketing
- B. Sales
- C. Publicity
- D. None of these

ANSWER: C

5. Copy testing is also known as

- A. Pre Testing
- B. Copy writing
- C. concurrent testing
- D. Preview

ANSWER: A

6. Consumer promotion, trade promotion and _____ are the three forms of sales promotion

- A. Media
- B. PromotionSales Force Promotion
- C. Core Promotion
- D. Media Mix

ANSWER: B

7. _____ media can give 24 hour exposure to the public eye.

- A. Television

- B. Print
- C. Internet
- D. Flex Board

ANSWER: D

8. It is popularly known as free form of promotion

- A. Advertisement
- B. Publicity
- C. Personal Selling
- D. Marketing

ANSWER: B

9. Which among the following is an example of Trade promotion?

- A. Coupons
- B. Samples
- C. Push Money
- D. None of these

ANSWER: C

10. Which among the following is a Pull Strategy?

- A. Trade promotion
- B. Consumer Promotion
- C. Sales Force Promotion
- D. None of these

ANSWER: B

11. If a company gives false message to the customers, it is known as

- A. Obscene ads
- B. Subliminal ads
- C. Deception
- D. None of these

ANSWER: C

12. The strategy that encourages dealers and distributors to sell a product is known as

- A. Push
- B. Pull
- C. Combination
- D. Marketing

ANSWER: A

13. Creating image of product in the minds of target group is called

- A. Marketing

- B. positioning
- C. Branding
- D. Popularising

ANSWER: B

14. The process of purchasing space in a media is

- A. Media Spacing
- B. Media Scheduling
- C. Media Purchasing
- D. Media Buying

ANSWER: D

15. The plan that show time, date and frequency of an advertisement is

- A. Media Plan
- B. Media Schedule
- C. Media Time
- D. Media Space

ANSWER: B

16. Series of advertisement messages that share a single idea or theme is

- A. Advertisement Campaign
- B. Advertisement Group
- C. Advertisement Cluster
- D. Advertisement Series

ANSWER: B

17. Point of Purchase Ads are also known as

- A. In-Store Advertising
- B. Built-in Advertising
- C. Green Advertising
- D. Stock Advertising

ANSWER: A

18. The specific carrier within a medium is called

- A. Media Carrier
- B. Media Bus
- C. Media Van
- D. Media Vehicle

ANSWER: D

19. Which among the following is not a mechanical test?

- A. Psychogalvanometer
- B. Techistoscope
- C. Camera test
- D. Consumer dairy test

ANSWER: D

20. A series of actions that media planners take to attain the media objectives

- A. Media Function
- B. Media Strategy
- C. Media Policy
- D. Media Option

ANSWER: B

21. The combination of media used for advertising in a target market is

- A. Media Mix
- B. Market-Media Match
- C. Media Advertising
- D. Media Option

ANSWER: A

22. Selection of most appropriate cost-effective medium in advertisement is

- A. Media Buying
- B. Media Scheduling
- C. Media Purchasing
- D. Media Selection

ANSWER: D

23. Direct mail advertising sends messages through

- A. Audio
- B. Video
- C. Mail
- D. None of these

ANSWER: C

24. Which of the following is more of personal medium of advertisement?

- A. Internet Advertisement
- B. Broadcast Media
- C. Direct Mail Advertising
- D. Print Media

ANSWER: C

25. Independent organization of creative people for advertisement and promotional tools are called
- A. Advertisement Makers
 - B. Advertisement Creators
 - C. Advertisement Developers
 - D. Advertisement Agency

ANSWER: D

II. SHORT ANSWER TYPE QUESTIONS:

1. What are the various viewpoints to explain the concept of SPIN Model?
2. What are the objectives and strategies considered as the pillars for the success of any sales transaction? Discuss with examples.
3. "The elements of a transactional selling are difficult to determine." Comment.
4. Define sales forecasting & explain all methods using an example.
5. Explain the methods of sales forecasting.
6. Distinguish between salesmanship and Personal Selling.
7. Distinguish between transactional and relationship selling.
8. Describe the personal selling process.
9. Briefly discuss the reasons for failure any sales process
10. What are the types of selling?
11. What are the determinants of sales forecasting?
12. Explain the objectives of Relationship selling.
13. Illustrate and explain the factors that affect sales forecasting.
14. Explain the limitations of sales forecasting methods.
15. Explain the importance of sales forecasting.
16. Write short notes on the following
 - (a) SPIN MODEL
 - (b) Personal selling process
17. Briefly state the important stages of personal selling process.
18. Explain the relevance of Theories of selling with examples
19. Is there any relation between the price of the good or services and their sales? How do you think customer relate price to sales?
20. Describe the quantitative methods of sales forecasting.
21. Explain the concept of SPIN process
22. Can companies rescue product foundering in the maturity phase of their life cycle and return them to the growth phase? Suggest strategies that marketers may use to force consumers mental shift.
23. Explain the Relationship selling model in brief?

24. What do you understand by sales process with the help of an Indian product and its attributes?
25. What do you understand by relationship selling?

III. LONG ANSWER TYPE QUESTIONS:

1. Describe the various steps in personal selling process.
2. Explain the various steps involved in the negotiation process.
3. What are the objectives of sales display? Why is it becoming increasingly important for firms to effectively manage the displays of their brands?
4. Elaborate some of the commonly used parameters to monitor the performance of a firm's salesforce.
5. What is territory planning? How does territory planning? How does territory planning help a salesman in performing his duties optimally? Explain with suitable examples.
6. Write short notes on any three of the following:
 - Interdependence of sales and distribution
 - (b) Interpersonal communication process
 - Sales Job Analysis
 - Centralization vs. Decentralization in sales organization
 - Methods of Sales Budgeting
7. Explain the various steps in the personal selling process.
8. How would the selling process differ in the following cases?
 - An SBI representative selling credit card to a company executive.
 - Pharmaceutical company salesman calling upon a doctor.
 - Zenith Computer's sales engineer selling computers to an organization.
9. Distinguish between oral communication and non-verbal communication. How do they help in sales interactions? Give suitable examples.
10. What are the basic components of a compensation package? Explain.
11. What are the key functions of a Sales Manager? Discuss taking the example of a fast Food Restaurant.
12. How and why are sales volume quotas set? Discuss the attributes of a good sales quota plan.
13. Write short notes on any three of the following:
 - Methods of identifying Training Needs
 - Principles of effective presentation
 - Recruitment sources
 - Improving territory productivity
 - Preparation of Sales Budget
14. Read the case given below and answer the questions given at the end of the case.
AG Refrigerators Ltd.

"The company's sales forecast for the year 2007 - 2008 is 9,20,000 numbers of refrigerators" said Satish Kumar, General Manager-Sales in the budget meeting held on January 20, 2007 at the company's headquarters at Bangalore. Another forecast made earlier put this figure as 10,00,000 units

"For determining the company's sales budget, we also need information about market segments, such as the share of household and institutional customers as well as that of rural and urban markets. Production function would like to know product type share between frost-free and direct cool, as well as different sizes from 110 liters to 310 liters. These figures are absolutely essential for working marketing and production plans, and thereafter overall company's budget for the year 2007 - 2008," intervened Mr. Vinod, President of the company, before Vice President (Sales and Marketing) could say something. Satish Kumar responded, "Yes, we can estimate the break-up of total numbers of refrigerators into product types and sizes, as well as market segments, but we have to first decide whether our sales budget would be equal to or lower than the sales forecast. "

"I think before we take that decision, we would like to know how accurate your sales forecast is, and which forecasting method have you used," asked the Vice President (Sales and Marketing)."

"Well, the method used by us was moving averages and the accuracy of our sales forecasting is good for short-term forecasting with stable market conditions and availability of historical data," said a confident Satish Kumar.

Questions:

- (a) What would you do in such a situation, when the sales forecasts differ?
- (b) The company plans to introduce a new product LCD Color Televisions. How would you go about in forecasting the sales for the new product?
- (c) Explain the rationale of asking for the break-up of the total sales forecast figure by product types and sizes, as well as market segments. Write an essay on product policy of any marketing organization.

16. Read the following case and answer the questions given in the end :

In a bid to expand the market and boost sales, LG Electronics Ltd. identified institutional sales as a focus area in the calendar year 1999. It plans to triple the target turnover to Rs. 150 crores from institutional sales. LG has honed its institutional sales strategy by identifying and proactively targeting five different segments to push the LG range: brand promotions; the welfare segment (factory workers and office staff); government sector; direct users (hospitals, hotels); and the canteen stores departments (CSD) of the armed forces.

A distinct strategy has been tailored for each of the five segments. In brand promotions for example, the perceived value of the products given as gifts is important, whereas for the welfare segment aspirational value, convenience and easy financing are prime factors. Meanwhile, hotels represent a price sensitive segment requiring specially customized products.

Welfare: In this segment, LG is targeting a consumer base - the aspirational consumer, mostly factory staff - that most companies ignore, but which has considerable clout in terms of generating volumes. This segment is being targeted on the convenience and easy finance platform. LG has just tied up with Birla Global Finance Ltd., part of the Aditya Birla Group,

for the purpose. Under the tie-up, LG will unit-wise cover all the Birla companies. This amounts to over two lakh employees.

This is a lucrative segment, claims LG, because of the high hit-rate; out of a potential base of 1,000 factory workers, there is an assured sale of at least 10 to 20 percent.

Hotel Segment: In this segment, LG is targeting the five-star and middle-level hotels (50 - 110 rooms) by offering customized products. For example, LG offers a special 'hotel-mode TV' model with an auto volume leveler, which ensures that other guests are not disturbed. Another attraction for hotels is the cricket game TV model that would also prove to be popular and an interactive option with Internet, video/audio or room service menu facilities. LG claims to have sent out mailers to 1,200 hotels - and bagged at least 100 orders, besides the 'Palace on Wheels' luxury train, for providing TV sets in its 52 cabins. Now, LG is reading a range of interactive televisions for this segment, offering remote-controlled features like : the hotel menu, local facilities, billing, room service, video on demand, internet, multilingual options.

Canteens and the Government Sector: "We are perhaps the only company offering our entire range of products in CSD canteens," feels the product manager, of LG. In the government sector, which operates through tenders, significant orders so far included an order for 200 TVs for Himachal Tourism bungalows in the State and over 2,000 TVs for primary schools in rural areas in Maharashtra.

The company has a five-member Institutional Sales Division, with each devoted exclusively to one segment. It has 50 institutional sales dealers and a ring of sales representatives when interact with the dealers and conduct demonstrations when needed. Its infrastructure consists of 20 mobile vans with glass windows to display the product range. These vans cover at least 500 km every month in both rural and urban markets.

Questions:

(a) Do you think such a field sales force is adequate to harness the market potential in the Institutional market?

(b) Would you recommend focusing on one or two segments out of the given five? Justify your answer. What are the reasons of going in for diversification? Explain with the help of examples.

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Questions:

1. Do you think such a field sales force is adequate to harness the market potential in the Institutional market?
 2. Would you recommend focusing on one or two segments out of the given five ? Justify your answer.
17. Discuss any one theory of selling in detail. Also explain the stages or components of such a theory taking the example of door-to-door selling:

- (a) Eureka Forbes vacuum cleaner
 - (b) Industrial chemicals
19. (a) What inter-personal communication skills are needed in a sales professional ? Discuss by taking specific examples.
(b) What is the concept of "Transaction Analysis" and how is it useful to a salesperson?
- 20 (a) What is "Sales Job Analysis"? Briefly describe each of the sub-heads in which it is being carried out.
(b) What are the external and internal sources of recruitment? If you have to recruit sales professionals for a highly technical product, what sources would you consider and why?
- 21 What are the various steps of Territory Planning? Do these steps remain the same irrespective of the product/ market? Explain by taking the example of:
(a) Soft drinks
(b) Industrial Lubricants
22. Write short notes on any three of the following:
(a) Significance of Personal Selling
(b) Psychological Testing
(c) Sales Quota
(d) Sales Audit
23. Read the following case and answer the questions given in the end:

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Welfare: In this segment, LG is targeting a consumer base - the aspirational consumer, mostly factory staff - that most companies ignore, but which has considerable clout in terms of generating volumes. This segment is being targeted on the convenience and easy finance platform. LG has just tied up with Birla Global Finance Ltd., part of the Aditya Birla Group,

for the purpose. Under the tie-up, LG will unit-wise cover all the Birla companies. This amounts to over two lakh employees.

This is a lucrative segment, claims LG, because of the high hit-rate; out of a potential base of 1,000 factory workers, there is an assured sale of at least 10 to 20 percent.

Hotel Segment: In this segment, LG is targeting the five-star and middle-level hotels (50 - 110 rooms) by offering customized products. For example, LG offers a special 'hotel-mode TV' model with an auto volume leveler, which ensures that other guests are not disturbed. Another attraction for hotels is the cricket game TV model that would also prove to be popular and an interactive option with Internet, video/audio or room service menu facilities. LG claims to have sent out mailers to 1,200 hotels - and bagged at least 100 orders, besides the 'Palace on Wheels' luxury train, for providing TV sets in its 52 cabins. Now, LG is reading a range of interactive televisions for this segment, offering remote-controlled features like : the hotel menu, local facilities, billing, room service, video on demand, internet, multilingual options.

Canteens and the Government Sector: "We are perhaps the only company offering our entire range of products in CSD canteens," feels the product manager, of LG. In the government sector, which operates through tenders, significant orders so far included an order for 200 TVs for Himachal Tourism bungalows in the State and over 2,000 TVs for primary schools in rural areas in Maharashtra.

The company has a five-member Institutional Sales Division, with each devoted exclusively to one segment. It has 50 institutional sales dealers and a ring of sales representatives when interact with the dealers and conduct demonstrations when needed. Its infrastructure consists of 20 mobile vans with glass windows to display the product range. These vans cover at least 500 km every month in both rural and urban markets.

Questions :

(a) Do you think such a field sales force is adequate to harness the market potential in the Institutional market ?

(b) Would you recommend focusing on one or two segments out of the given five ? Justify your answer.

24. Prior research has shown that although consumers may have fairly good knowledge of the range of prices involved, surprisingly few can recall specific prices of products accurately. When examining products, consumers often employ reference prices. List the possible prices consumers use as their "reference."

25. What is meant by pricing policy? How can the pricing policy be developed for an organization? Discuss in detail the basic methods of pricing adopted by Indian industry.

UNIT – III

TEST YOUR SKILL

MULTIPLE CHOICE QUESTIONS:

1. Marketing channel that involves no intermediaries to make their products available to final buyers is classified as
- A. direct channel
 - B. indirect channel
 - C. flexible channel
 - D. static channel

ANSWER: A

2. In marketing channels, conflict occurs in marketing channels working at same level is classified as
- A. steep conflict
 - B. slope conflict
 - C. vertical conflict
 - D. horizontal conflict

ANSWER: B

3. Network of delivering products to customer which is composed of distributors, suppliers and manufacturing company is classified as
- A. supply chain management
 - B. marketing channels
 - C. delivery channels
 - D. value delivery network

ANSWER: D

4. In marketing intermediaries, way of distribution in which few dealers distribute company's product in selective territories is classified as
- A. selective distribution
 - B. intensive distribution
 - C. inclusive distribution
 - D. exclusive distribution

ANSWER: D

5. Avon, Amway, and Tupperware use which of the following forms of channel distribution?
- A. direct marketing channel
 - B. indirect marketing channel
 - C. forward channel
 - D. fashion channel

ANSWER: D

6. From the economic system's point of view, the role of marketing intermediaries is to transform:
- A. raw products into finished products.
 - B. consumer needs into producer needs.
 - C. consumer needs and wants into product desires.
 - D. assortments of products made by producers into the assortments wanted by consumers.

ANSWER: A

7. A distribution channel moves goods and services from producers to consumers. It overcomes the major time, place, and _____ gaps that separate goods and services from those who would use them.
- A. possession
 - B. profit
 - C. image
 - D. psychological

ANSWER: D

8. Through their contacts, experience, specialization, and scale of operation, _____ usually offer the firm more than it can achieve on its own.
- A. manufacturers
 - B. producers
 - C. direct marketers
 - D. intermediaries

ANSWER:A

9. Makers of televisions, cameras, tires, furniture, and major appliances normally use which of the following distribution channel forms?
- A. direct marketing channel
 - B. indirect marketing channel
 - C. horizontal channel

D. synthetic channel

ANSWER: D

10. Using manufacturer's representatives or sales branches is usually a characteristic of which of the following channel forms?

- A. business marketing channels
- B. customer marketing channels
- C. service marketing channels
- D. direct marketing channels

ANSWER: D

12. Transporting and storing goods is part of which of the following marketing channel functions?

- A. negotiation
- B. physical distribution
- C. contact
- D. matching

ANSWER: B

13. Who sells to the customers?

- A. Semi wholesalers
- B. Wholesalers
- C. Retailer
- D. Distributor

ANSWER: C

14. The benefits of marketing channels are.....

- A. Cost saving
- B. Time saving
- C. Financial support given
- D. All of above

ANSWER: D

15. With respect to a channel of distribution, the number of intermediary levels within the channel indicates the _____ of a channel.

- A. width
- B. depth
- C. length
- D. similarity

ANSWER : C

16. Good marketing is no accident, but a result of careful planning and _____.

- A. Execution

- B. Selling
- C. Strategies
- D. Research

ANSWER: A

17. Marketing management is _____.

- A. managing the marketing process
- B. monitoring the profitability of the company's products and services
- C. the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value
- D. developing marketing strategies to move the company forward

ANSWER: C

18. Chimney Sweeps employs people to clean fireplaces and chimneys in homes and apartments.

- A. The firm is primarily the marketer of which one of the following?
- B. An image
- C. A service
- D. A good
- E. An idea

ANSWER: C

19 The sales force structure in which a sales representative works to sell specific items of product line is classified as

- A. indirect sales force structure
- B. territorial sales force structure
- C. customer sales force structure
- D. product sales force structure

ANSWER: D

20. The type of sales person who work from their offices through internet or telephone are classified as

- A. channel intermediaries
- B. nominal sales force
- C. inside sales force
- D. outside sales force

ANSWER: C

21. The standard amount that must be sold by salesperson of the company's total product is classified as

- A. sales contest
- B. expense quota
- C. production quota
- D. sales quota

ANSWER: D

22. The kind of sales people who travel to call all the customers in field is classified as

- A. inside sales force
- B. outside sales force
- C. channel intermediaries
- D. nominal sales force

ANSWER: B

23. The sales force structure in which salespeople are designated to sell the company's product to certain industries or customers is classified as

- A. customer sales force structure
- B. product sales force structure
- C. indirect sales force structure
- D. territorial sales force structure

ANSWER: A

24. The promotion technique for consumers according to which demonstrations and displays of products made at place of sale is called

- A. point of purchase promotion
- B. cents off deals
- C. sales premium
- D. advertising specialties

ANSWER: A

25. The personal selling step in which the sales person asks for an order to the customer is classified as

- A. shipper approach
- B. handling shipment
- C. closing
- D. follow up

ANSWER: C

II SHORT ANSWER TYPE QUESTIONS:

1. How can one motivate the intermediaries?
2. Explain briefly the methods of Sales Force training?
3. What are the ethical issues involved in choice of an intermediary?
4. What factors lead to the growth of sales promotion?
5. Write a short note on Direct Marketing as an emerging channel of distribution.
6. Write a short note on the effectiveness of salesforce motivation.
7. What do you understand by sales force recruitment process?
8. What is the purpose of Sales training?
9. Write a short note on Designing & evaluation of sales force.
10. What are the necessary traits of an effective salesman?
11. Explain consumer promotion as a technique of sales promotion.
12. Write a brief note on tools of sales force motivation.
13. Compare motivation & compensation of sales personnel.
14. Write short notes (on any three)
 - a. Sales quotas
 - b. Sales territories
 - c. Types of sales force training methods
 - d. Non-store retailing
 - e. New trends in sales training
15. Discuss the factors that influence sales force recruitment process.
16. Middlemen are parasites. This charge has been made by many over the centuries. Is this likely to be the case in a competitive economic system? Why or why not?
17. What are the major activities involved in physical distribution of goods?
18. Explain the role of Sales quotas in Indian economy.
19. Explain three functions of sales manager
20. Explain the functions of Territory sales
21. What are the major activities involved in recruitment process
22. Explain the various Channels of sales motivation
23. Write notes on selective distribution.
24. Write notes on the following
 - a) Sales personnel management, b) motivational techniques, c) Functions performed by sales motivator/trainer
25. Distinguish between Selective distribution and Intensive distribution

III. LONG ANSWER TYPE QUESTIONS:

1. What do you understand by the term sales force? Why is controlling and motivation essential for sales force?
2. Explain recruitment process of salesforce. Also discuss its role and importance.
3. Describe the process of selection of salesforce.

4. How does a sales Manager design a sales territory and what are the different shapes of territory design? Discuss.
5. Describe the process of setting a sales territory.
6. What are the methods adopted by sales managers for remunerating sales persons?
7. Discuss the advantages of motivating salesforce.
8. What are the different types of sales quota?
9. How is the sales workforce recruited?
10. Explain the concept of evaluation of sales force training.
11. What factors influence the selection of selling intermediaries? How can channel members be managed effectively?
12. Write in detail about the various motivational techniques of sales force.
13. Explain the training process of sales force.
14. Write a detailed note on Application of computers in sales management.
15. Write a detailed note on Types of sales organization structures.
16. Write a detailed note on Recruitment sources of sales force.
17. Write a detailed note on selection process of sales force.
18. Discuss the most commonly used methods of imparting training to the sales force in an organization.
19. What are the major objectives of territory planning? Briefly explain the various approaches to territory design.
20. Discuss the various types of compensation plans for the sales force. What are the factors influencing the design of compensation schemes?
21. Write a detailed note on motivational techniques of sales force.
22. Explain the process of Sales management Audit.
23. What are the needs of forming sales quotas?
24. What are the various types of sales quotas?
25. Write a detailed note on recruitment process of sales people.

UNIT – IV

TEST YOUR SKILL

MULTIPLE CHOICE QUESTIONS :

1. Considering promotional mix, method of giving short term incentives to encourage sale of particular market offering is classified as
 - A. sales promotion
 - B. personal selling
 - C. public relations
 - D. advertising

ANSWER: A

2. According to promotional mix, method which follows corporate image building, handling unfavorable events and stories to get favorable publicity is called
- A. sales promotion
 - B. personal selling
 - C. public relations
 - D. advertising

ANSWER: C

3. Considering promotional mix, paid, non personal promotion of ideas or market offerings by some specific sponsor is classified as
- A. public relations
 - B. advertising
 - C. sales promotion
 - D. personal selling

ANSWER: C

4. Systematic blend of personal selling, sales promotion, advertising and public relations to communicate customer value is called
- A. promotion mix
 - B. marketing communication mix
 - C. strategic buyer behavior mix
 - D. both a and b

ANSWER: D

5. According to promotional mix, method which focuses on building relationships with individual customers to maintain lasting relationship is called
- A. sales promotion
 - B. offline promotion
 - C. direct channeling
 - D. direct marketing

ANSWER: D

6. Major strategies regarding promotion mix are
- A. pull and push strategy
 - B. rational and moral selling strategy
 - C. direct strategy
 - D. indirect strategy

ANSWER: A

7. Promotion strategy in which producers promotes goods to final customers by using sales force is classified as
- A. rational selling strategy
 - B. push strategy
 - C. pull strategy
 - D. moral selling strategy

ANSWER: B

8. Promotional mix strategy in which advertisement and promotions are made to final customers to induce them to buy products is classified as
- A. pull strategy
 - B. moral selling strategy
 - C. rational selling strategy
 - D. push strategy

ANSWER: A

9. Method of managing promotion budget by defining objectives, determining tasks to achieve objectives and estimating costs for activities is called
- A. percentage of sales method
 - B. affordable method
 - C. competitive parity method
 - D. objective and task method

ANSWER: D

10. Method of managing advertising budget at a certain percentage of sales price per unit or forecasted sales of products is classified as
- A. percentage of sales method
 - B. affordable method
 - C. competitive parity method
 - D. objective and task method

ANSWER: A

11. Methods used to determine total budget for advertising its market offerings are
- A. affordable method
 - B. competitive parity method
 - C. percentage of sales method
 - D. all of above

ANSWER: D

12. Method of managing promotional budget to match outlays of competitors is called

- A. percentage of sales method
- B. affordable method
- C. competitive parity method
- D. objective and task method

ANSWER: C

13. Method of managing advertising budget at level company can have money for is classified as

- A. percentage of sales method
- B. affordable method
- C. competitive parity method
- D. objective and task method

ANSWER: B

14. Another name for a company's marketing communications mix is:

- A. The advertising program.
- B. The sales force.
- C. The image mix.
- D. The promotion mix.

ANSWER: D

15. Which tool of the promotional mix is defined as any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor?

- A. Advertising
- B. Public relations
- C. Direct marketing
- D. Sales promotion

ANSWER: A

16. The _____ is the specific mix of advertising, personal selling, sales promotion, public relations, and direct marketing tools that the company uses to pursue its advertising and marketing objectives.

- A. Value mix
- B. Integrated dealer mix
- C. Marketing communications mix
- D. Marketing control mix

ANSWER: C

17. Which tool of the promotional mix consists of short-term incentives to encourage the purchase or sale of a product or service?

- A. Advertising

- B. Public relations
- C. Direct marketing
- D. Sales promotion

ANSWER: D

18. If a company wants to build a good “corporate image,” it will probably use which of the following marketing communications mix tools?

- A. Advertising
- B. Public relations
- C. Direct marketing
- D. Sales promotion

ANSWER: B

19. _____ is direct communications with carefully targeted individual consumers to obtain an immediate response.

- A. Personal selling
- B. Public relations
- C. Direct marketing
- D. Sales promotion

ANSWER: C

20. There is an increasing amount of commerce being done via the Internet. With respect to the promotional mix, which of the following categories would be most directly concerned with Internet commerce?

- A. Advertising
- B. Public relations
- C. Direct marketing
- D. Sales promotion

ANSWER: C

21. The personal presentation by the firm’s sales force for the purpose of making sales and building customer relationships is called:

- A. Personal selling.
- B. Public relations.
- C. Direct marketing.
- D. Sales promotion.

ANSWER: A

22. Which of the following major promotional tools use press relations, product, Publicity, corporate communications, lobbying, and public service to communicate Information?

- A. Advertising

- B. Public relations
- C. Direct marketing
- D. Sales promotion

ANSWER: B

23. Which of the following major promotional tools use the telephone, mail, fax, e-mail, and the Internet to communicate directly with specific consumers?

- A. Advertising
- B. Public relations
- C. Direct marketing
- D. Sales promotion

ANSWER: C

24. Although the promotion mix is the company's primary communication activity, the _____ must be coordinated for greatest communication impact.

- A. Organizational culture
- B. Entire marketing mix
- C. Demand mix
- D. Profit variables in a company

ANSWER: B

25 Two major factors are changing the face of today's communications. One of these factors is the fact that:

- A. Costs of promotion are rising.
- B. Mass markets are fragmented and marketers are shifting away from mass marketing.
- C. Global communications are not growing rapidly enough.
- D. Marcom managers have achieved more power and control.

ANSWER: B

II. SHORT ANSWER TYPE QUESTIONS:

1. What are the methods of sales evaluation and control?
2. What is sales management audit?
3. How to evaluate the performance of sales channel?
4. Elaborate the role of ethics in sales?
5. What are the new trends in sales and distribution management?
6. What are the major issues involved in developing a sales campaign?
7. Enumerate the various factors affecting sales budget.
8. What is the purpose of a sales audit?
9. What is the advantage of a sales audit?

10. Write a short note on legal issues in sales management.
11. What do you understand by Sales Audit?
12. Enumerate the objectives of sales Budget.
13. Explain the advantages of a sales budget.
14. Enumerate the components of an Sales Audit.
15. Write a short note on Ethical issues in sales Management.
16. When is Personal Selling more appropriate than other methods of Sales Promotion?
Explain with examples.
17. Describe the various elements of Ethical issues in sales management
18. “Sales promotion and Advertising are two names of the same thing’. Comment.
19. Are Publicity and Word -of- mouth Communication in sales similar? Why or why not?
20. What are the merits and demerits of advertising & IT enabled sales?
21. Write a short note on sales performance evaluation.
22. You have invented a device for killing mosquitoes. Suggest two ways to promote it in the market using it enabled services.
23. Write a short note on IT in successful Sales Management.
24. What role does IT play in sales management?
25. Explain the methods of sales budgeting.

III. LONG ANSWER TYPE QUESTIONS :

1. What do you mean by ethics in sales management? Explain in detail.
2. What steps should be taken to avoid ethical practices in sales management?
3. What are the various legal issues in sales management
4. Explain the different ethical practices that should be followed while dealing with consumer.
5. What do you mean by ethical dilemmas in sales management?
6. What is the need for sales performance evaluation?
7. Discuss the steps involved in sales performance evaluation
8. Describe the benefits of sales audits.
9. What is the role of IT in successful sales management?
10. What in your opinion would comprise suitable ethical practices in dealing with customers?
11. What role does IT play in sales management? Describe in detail.
12. What are the methods of sales evaluation and control?
13. Explain the role of personnel selling in rural marketing?
14. Discuss methods for preparing a sales budget.
15. Discuss the major objectives of Sales audit.
16. What is the purpose of a sales audit?
17. What is the advantage of a sales audit?
18. IT plays an important role in sales management. Explain.
19. Brief the importance and objectives of training of sales persons.

20. What are the methods adopted by sales managers for remunerating sales persons?
21. Analyze the contributions that sales force plays in success of an organization.
22. What is a sales budget? Explain the purpose for it.
23. Critically appraise the ethical practices in sales management.
24. Discuss the importance of Sales to the marketing of consumer products and explain how sales budget can support the other elements of the promotion mix.
25. Explain the process of sales auditing.