

CBAT, KUSHITIA

Strategic Management

Lecture

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Strategic Management

01. Define Strategy and Strategic management.

Ans: Strategy : Generally, strategy means the skill of managing any affair. It indicates a pathway along which the organization moves towards its goals or objectives. Actually, it is an action plan for maximizing one's strength against the forces at work in the business environment.

Strategic management: Strategic management refers to the managerial process of forming a strategic vision, setting objectives, Crafting a strategy, implementing and executing the strategy, and then overtime initiating appropriate corrective adjustments in the vision, objectives, strategy, and execution.

02. What do you mean by strategic plan/strategic planning?

Ans: strategic plan/strategic planning: Strategic plans define the organization's long-term vision and how the organization intends to make its vision a reality. It describes how a firm will adapt to take advantage of opportunities in its constantly changing environment in order to maintain a strategic fit among the firm's goals, capabilities, and these market opportunities

03. Distinguish between strategy and strategic plan.

Ans:

strategy: Strategy is a comprehensive plan for accomplishing an organization's goals./ It indicates a pathway along which the organization moves towards its goals or objectives

strategic plan: Strategic plans define the organization's long-term vision and how the organization intends to make its vision a reality./ It describes how a firm will adapt to take advantage of opportunities in its constantly changing environment in order to maintain' a strategic fit among the firm's goals, capabilities, and these market opportunities.

04. Function of strategy management?

Ans: Long-term Plan/ Strategic plan/ Coparcener plan/ Deferent Plan/ Effective plan/ Gut line of plan/ Connotation of Environment/ Emphasizing on carefulness/ Determination of attractive/ Diversification/ Possibility of counter attack/ Opportunities and threats/ Strength and weaknesses/ Internal communication/ Achievement of objectives.

05. Discuss the importance of strategy management?

Ans: Achievement of organizational objective/ Setting long-term objective/ Proper Guideline/ Minimization of risk/ Utilization of resources/ Increasing internal strength/ Dealing with weakness/ Increasing opportunity/ Decreasing threats/ effective Decision making/ Solution of problem/ Creating inspiration/ Effective leadership/ Long-term Passive effectiveness/ Formulation of long plan.

06. What does a company in strategies consists of?

Ans: How to grow business/ How to satisfy customers/ How to respond to changing market condition/ How to automate rivals/ How to manage cash functional price of the business thereby meted organization capability./ How to achieve strategic and financial objective.

07. Different between strategy & Policy?

Ans: Strategy : Strategy refers to the plan of action tirign to achieve particular goal/ Strategy is a plan of action/ Strategy reflect may for action/ Example for target fulfil. sales promotion quantity effort and 5X ales discount.

Policy : A plan of action adopt an individual or social gro/ A policy as a set of decision/ policy fours rules of plo/ Example- A company recited sales ingression market 10%.

08. Objective of strategic planning?

Ans: Assistance in establishing operational plan/ ordination in total work/ Facing competition/ Assistance to matins employers/ Achieving organization goal/ establishing discipline/ Assistance to evaluate and control/ Verification of long-term growth potential/ establishing human resources./ Helping decision making.

09. There are basically five forms or types of a strategy.

Ans: Intended strategy/ Realized strategy/ Deliberate strategy/ Unrealized strategy/ Emergent strategy.

10. What factors are to be considered while formulating policy or strategy for the Garments industries in Bangladesh.

Ans: 01. Objective and goal;/ 02. Government rules and regulations;/ 03. Availability of resources and financial capacity;/ 04. Availability of raw materials;/ 05. Demand of ready-made garments/jute-made products in home and abroad;/ 06. Choice and income of the customer;/ 07. Sufficiency of labor;/ 08. Attack of the competitor;/ 09. Excellency of the garments jute-made products/ 10. Fashion and model;/ 11. Geographical location;/ 12. Size of the firm;/ 13. Political stability.

11. Why is strategy essential for a business organization in the age of competition?

Ans: 01. To face competition/ 02. Elimination of risk and uncertainty/ 03. isolations to unexpected problems/ 04. Solutions to complicated problems/ 05. Solutions to internal and external problems/ 06. Helps in implementing policies and achieving objectives/ 07. Establishing discipline/ 08. Successful survival/ 09. Matching resources with probable opportunities/ 10. Facing future environment

12. Describe the components/elements of a strategy.

Ans: Distinctive competence/ Scope/ Resource deployment/ Market advantage/ organization assets/ Expectation of executing and price knowledge/ Declared and accepted social responsibility of organization.

13. Differentiate strategic management & other types of management.

Ans: strategic management : Strategic management refers to the managerial process of forming a strategic vision setting objective, cradling a strategy implementing and executing the strategy./ Strategic management integrates various functions of the organization./ Strategic management concentrates on achieving organization-wide goals/ Strategic management considers a broad range of stakeholders i.e. customers, suppliers, employees, owners and the public at large/ Strategic management focuses on long-term issues.

Other types of management: Other types of management i.e. Human resource management, Marketing management, -financial management etc. has their separate definition./ Other types of management focus otdy

on their own functions or functional areas./ Other types of management concentrate only on achieving the goals of their own areas/ Other types of management tend to focus on serving individual stakeholder i.e. owners/ Other types of management focus on short term issues.

14. Objects are the ends and Strategy is the means"-Explain.

Ans: Objectives are the operational definition of. Goals provide guidance and a unified direction for people in the organization. Objectives are an organization's performance target the results and outcomes it wants to achieve . Objectives represent a managerial commitment for achieving specific performance targets within a specific time-frame.

A company's strategy consists of the cooperative efforts and business approaches that managers use to please customer, compete successfully and achieve organizational objectives. So, we can say that it has been rightly said "Objectives are the ends and Strategy is the means

15. What do you mean by Strategic Vision?

Ans: Strategic vision refers to the category of intentions that are broad, all-inclusive and forward-thinking. A vision describes for the future, without specifying the means that will be used to achieve those desired ends. Strategic vision provides a panoramic view of "where we are going" and giving details about its future business plans. Strategic vision spells out long-term business purpose and molds organizational identity.

16. What is Strategic vision important for an organization?

Ans: 01. Achievement of organizational goals/ 02. Setting long-term plan/ 03. Proper guideline/ 04. Proper utilization of resources/ 05. Environmental analysis/ 06. Effective decision making/ 07. Solution to problem/ 08. Creating inspiration/ 09. Effective leadership/ 10. Long-term positive effect.

17. Differential between a Strategic vision and a Mission statement.

Ans:

vision Strategic : Strategic vision refers to the category of intentions that are broad, all-inclusive and forward-thinking. / A vision statement portrays a company's future business scope./ Vision statement spells out long term business purpose and molds organizational identity./ The scope of strategic vision is wider than that of a strategic mission.

Mission statement: A companies mission statement is typically focused on its present business scope - "who we are and what we do"./ A mission statement describes a company's present business scope./ The mission statement stresses what the company's present products and services are, what type customers it serves, what technologies and business capabilities it has./ The scope of strategic mission is narrower than that of strategic vision.

18. Discuss the key elements of a mission statement?

Ans: Obligations to stockholders/ Scope of the business/ 03. Sources of competitive advantage/ View of the future.

19. What do you mean by objectives.

Ans: Objectives are an organization's performance targets - the results and outcomes it wants to achieve. Objectives are demands for results that are directly connected to the company's strategic vision and core values. They work as index for tracking an organization's performance and progress.

20. What are the main features of objectives?

Ans: Reality/ Measurability/ Adjustability/ Acceptability/ Time frame

21. What are the major types of objectives?

Ans: Strategic Objectives : Strategic objectives are associated with the results that strengthen an organization's overall business position and competitive power. As for an example: A bigger market share./ **Financial**

Objectives : Financial objectives are associated with the financial performance targets that management has established for the organization to achieve. As for an example: Bigger profit margins.

22. What crucial roles does an entrepreneur play in forming a strategic vision?

Ans: Generating new ideas/ Scanning of environment/ Doing a SWOT analysis/ Establishing statements of mission, vision and values/ Establishing goals/ Identifying how those goals will be achieved/ From mission statement to strategic vision/ Communicating the strategic vision/ Breaking down resistance to a new strategic vision/ Putting the vision statement in writing.

23. How is strategic vision conveyed to the people of the organization?

Ans: 01. Breaking down resistance to a new strategic vision: Failure to understand or accept a new direction may create resistance or conflict among employees. Hence, the strategic vision has to be repeated often and reinforced at every opportunity, until it gains organization-wide acceptance./ **02. Putting the vision statement in writing :** "Finally, I shall put the vision statement in writing to avoid confusion. Because, oral statement has many limitations. So, vision statement should be in written form which must be simple and clear, using no more words.

24. How you can link Strategy with ethics and social responsibility?

Ans: Duty to owner or shareholders/ Duty to the employees:/ Duty to the customers:/ Duty to the suppliers:/ Duty to the community.

25. Draw and discuss a strategy-making pyramid. Or levels of strategies/ business strategy, functional strategy and operating / implementation and execution at different levels of strategy?

Ans: 01. Corporate strategy: Corporate strategy is the overall managerial game plan for a diversified company. It extends companywide. / **02. Business level strategy:** Business level strategy refers to the managerial game plan for a single business. It concerns the actions and the approaches to produce successful performance 'n one specific line of business./ **03. Functional Strategy:** Functional strategy refers to the managerial game plan for a particular functional activity, business process, or key department within a business.

26. How do resource strengths, competencies and competitive capabilities shape a company's strategy?

Ans: Resource Strength/ Competencies/ Competitive capabilities.

27. What are the factors that shape a company's strategic plan.

Ans: Societal, political, regulatory and citizenship considerations/ Competitive conditions and industry attractiveness/ The company's market opportunities and external threats/ Company resource strengths, competencies and competitive capabilities/ The personal ambitions, business philosophies, and ethical beliefs of management/ The influence of shared values and company culture.

28. What is value chain?

Ans : A company's value chain identifies the primary activities that create value for the customers and the related support activities. Every company performs various activities while designing, producing, marketing, delivering, and supporting its product or service. All of the activities that a company performs internally combine to form a value chain.

29. Explain the value chain activities of a business organization.

Ans: A. Primary activities and costs : Purchased supplies and inbound logistics/ Operations/ Distribution and outbound logistics/ Sales and marketing/ Service.

B. Support activities and costs: Research, technology, and system development/ Human resources management/ General administration

30. What do you mean by SWOT analysis?

Ans: R. W. Griffin said "SWOT analysis is a careful evaluation of an organization's internal strengths and weaknesses as well as its environmental opportunities and threats.

Finally, we can say that SWOT is a conceptual framework for systematic analysis that facilitates matching the external threats and opportunities with the internal weaknesses and strengths of the organization.

31. Discuss the four elements or factors of SWOT with example for each.

Ans: **A. Strengths:** skills and efficiency of management/ cheap labor force/ cheap raw-materials/ technical knowledge of the owner and his employees/ **B. Weaknesses:** lack of managerial and marketing related knowledge;/ lack of skilled and experienced employees;/ technological drawback;/ lack of innovative power./ **C. Opportunities:** available loan facilities;/ absence of competition;/ favorable environment;/ cheap and skilled manpower./ **D. Threats:** Extreme competition;/ Natural calamity;/ Political unrest;/ Slower market growth.

32. Describe the steps that precede the SWOT analysis process.

Ans: **Step - 1: External environment analysis:** In this step, 1) political, 2) economical, 3) social and 4) technological areas are analyzed./ **Step - 2: Competitive analysis:** Competitive analysis generally includes two areas for analysis: 1) industry structure and 2) Individual competitor./ **Step - 3: Internal environment analysis:** In this step, 1) financial position, 2) Product or service position, 3) Product or service quality; 4) Marketing capability, 5) Research and development capability; 6) organizational structure; 7) Human resource; 8) Conditions of facilities and equipment; and 9) Past objectives and strategic are analyzed./ **Step - 4; SWOT analysis:** It includes strengths, weaknesses, opportunities and threats analysis.

33. Why is SWOT analysis significant for the organization?

Ans: Determining strengths;/ Identifying weakness;/ Discovering opportunities/ Detecting the threats;/ Help in taking proper action

34. How will you identify the threats to a company's future profitability?

Ans: 01. Emergence of cheaper or better technologies./ 02. Introduction of new or improved products by the rivals./ 03. The entry of lower-cost foreign competitors./ 04. New regulations that are more burdensome to a company than to its competitors./ 05. Rise in interest rates./ 06. The potential of a holistic takeover./ 07. Unfavorable demographic changes./ 08. Adverse changes in foreign exchange rates./ 09. Political upheaval (disorder) in a foreign country where the company has facilities.

35. What is internal analysis or internal environment analysis?

Ans: Internal analysis means the systematic analysis of all the factors of internal environment of a firm so that the management can identify the strengths and weakness of the factors to take necessary actions.

36. Discuss the importance/benefits/advantages of internal analysis

Ans: 01. To hold the strengths;/ 02. To identify the weakness;/ 03. To take the opportunities from external environment;/ 04. To adjust with the external environment;/ 05. To determine the profitability index;/ 06. Strategy formulation;/ 07. To co-ordinate the managerial functions;/ 08. To take competitive advantages.

37. What are the areas covered by an internal analysis?

Ans: 01. Financial position;/ 02. Product or service position;/ 03. Product or service quality;/ 04. Marketing capability;/ 05. Research and development capability;/ 06. Organizational structure;/ 07. Human resources;/ 08. Condition of facilities and equipments;/ 09. Past and current objective and strategies.

38. What is strategic group.

Ans: Strategic group's are conceptually defined clusters of competitors that share similar strategies and therefore compete more directly with each other than other Firms in the same industry.

39. Why and how is strategic group analysis conducted?

Ans: 01. To provide similar emphasis upon all the firms in a same cluster./ 02. To take ideas regarding the strategies of all firms in a group./ 03. To minimize the costs of analyzing all the firms separately./ 04. To develop strategy easily and quickly relatively at a lower cost./ 05. To identify the key points of competition./ 06. To compare with other strategic groups.

40. Discuss Michael Porter's five forces model of competition.

Ans: a. Threat of New entrants:/ b. Bargaining power of suppliers:/ c. Bargaining power of customers/buyers/ d. Threat of substitute products:/ e. Rivalry among competitors.

41. What is environmental analysis.

Ans: Environmental analysis is the systematic analysis of a company's external Environment as well as internal environment.

The external environment is everything outside an organization's boundaries that might affect it. And, internal environment consists of conditions and forces within an organization.

42. What do you mean by external analysis / external environment analysis?

Ans: External analysis is the systematic analysis of a company's external environment. Actually, external analysis is the systematic analysis of everything outside an organization's boundaries that might affect it.

43. How the external environment influences a strategy?

Ans: Providing opportunities and holding threats;/ Shaping the "rules" of how firms in a given industry compete/ Influencing the availability of critical resources/ Affecting the likely returns from alternative investments.

44. How do organizations respond to the influence of external environment?

Ans: If an organization wants to be successful then it must first consider the environment in which it operates. After then, the organization must align its strategy to that environment.

45. What are the most common driving forces

Ans: 01 . The opportunities and threats of internet and e-commerce. / 02. Increasing globalization of the industry./ 03. Change in long-term growth rate./ 04. New product innovation./ 05. Innovation of marketing strategy./ 06. Technological change/ 07. Quality and price of the products./ 08. Government policies, rules and regulations./ 09. Attitude of the buyers. / 10. Risk and uncertainty.

46. What is the relationship between driving forces and strategy.

Ans: Sound analysis of an industry's driving forces is a prerequisite to sound strategy making. If the driving forces of a company are not analyzed properly then the strategy of that company would not be able to cope with the emerging conditions.

47. Environmental scanning?

Ans: Environmental scanning is the process of examining the external environment to determine trends and projections of factors that will affect the organization. It involves studying and interpreting the effects of social, political, economic, ecological, and technological events in an effort to spot budding trends and conditions that could become driving forces.

48. Discuss the process/method of environmental scanning.

Ans: **01. By systematically monitoring and studying current events:** Environmental scanning can be accomplished by systematically monitoring and studying current events that might affect the concerned firm./ **02. Constructing scenarios:** Scenarios are stories about what the future environment might hold and how a firm might respond to this future./ **03. Employing the Delphi method:** Delphi method is a technique for finding consensus among a group of knowledgeable experts.

49. What do you mean by key success factors (KSFs)?

Ans: An industry's Key Success Factors (KSFs) are those things that most affect the industry's ability to prosper in the market place. They concern the product attributes, competencies, competitive capabilities, and market achievements with the greatest profitability.

50. What are the key factors for competitive success?

Ans: Technology-related KSFs;/ Manufacturing-related KSFs;/ Distribution-related KSFs;/ Marketing related KSFs;/ Skills-related KSFs;/ Organizational capability-related KSFs;/ Others KSFs;

51. What do you mean by Strategic group mapping?

Ans: Strategic group mapping is a technique for displaying the different competitive positions that rival firms occupy in the industry.

52. Discuss the process of analyzing the external environment.

Ans: Determination of Strategic group/ Environmental scanning:/ Scenario planning.

53. Discuss the major steps involved in Environmental analysis.

Ans: Defining/ Scanning and forecasting:/ Interpreting

54. Write short note on "Economies of scale and Economies of scope"

Ans: These exist whenever large-volume firms enjoy significantly lower production costs than smaller volume operators. This discourages new firms with less volume and higher production costs from entering the market.

55. Which books have you followed in Strategic management?

Ans: 01. Strategic management concepts and cases by Thompson and Strickland;/ 02. Strategic management by Alex Miller.

56. What do you mean by Strategy Implementation and Strategy Execution?

Ans: Strategy Implementation: Strategy implementation, is concerned with the managerial exercise of putting a freshly chosen strategy into place./ **Strategy Execution;** Strategy execution deals with the managerial exercise of supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed.

57. Discuss the importance of strategy implementation.

Ans: Achievement of objectives/ Utilization of money and efforts/ Evaluation of the strategy/ Identification of loopholes/ Taking corrective measures/ Measuring management's efficiency/ Increasing competitive capabilities

58. Discuss the principal tasks of strategy implementation.

Ans: Building a capable organization/ Developing budgets/ Establishing policies and procedures/ Ensuring Continuous improvement/ Installing information, communication and operating system/ Tying reward and incentives/ Creating good working environment/ Apply the internal leadership

59. What is the way of building a capable organization?

Ans: Staffing the organization/ Building core competencies and competitive capabilities/ Structuring the organization and work effort.

60. Discuss the problems in implementing corpora/ problems of strategy implementation.

Ans: 01. Organizational problem;/ 02. Problems of leadership;/ 03. Limitations of resources and capabilities;/ 04. Problems due to environmental change;/ 05. Lack of acceptance;/ 06. Probability of counter-attack;/ 07. Probability to wrong explanation.

61. Define Strategic business unit (SBU). Advantages and Disadvantages?

Ans: (SBU) : Strategic business unit (SBU) is an autonomous division within an organization that is responsible for formulating and executing strategic plan for their own unit in Strategic business unit (SBU) every unit works as if it is a distinct org some advantages and disadvantages of Strategic business unit (SBU).

Advantages : 01. Division of work;/ 02. Increasing workers efficiency;/ 03. Co-ordination;/ 04. Proper utilization of resources;/ 05. Reduction of cost;

Disadvantages : 01. Inadequate use of resources;/ 02. Mismanagement;/ 03. Time-consuming.

62. What do you mean by linking budget to strategy implementation? – Discuss

Ans: Organizational units need sufficient budgets and resources to carry out their parts of the strategic plan effectively and efficiently. A strategy manager should keep in mind that too little funding slows progress and hampers the ability of organizational units. On the other hand, too much funding wastes organizational resources and reduces financial performance.

Discuss: 01. Budget for collecting modern technology;/ 02. Budget for skilled human resource;/ 03. Budget for facing the competitors;/ 04. Budget for changing strategy.

63. How can you create internal support for strategy implementation.

Ans: 01. Strengthening of TQM (Total quality management) which includes the following tasks: **a)** Recruitment of efficient and expert manpower; **b)** Arrangement of training; **c)** Increasing group work; **d)** Acknowledgement of performance and reward; **e)** Arrangement of entertainment; **f.** Benchmarking (Establishing standard of each work); **g)** Taking help from outsourcing;/ 02. Providing freedom of work;/ 03. Use of modern technology;/ 04. Evaluation of performance.

64. What do you mean by reward system for strategy implementation?

Ans: A company should give reward and recognize to those individuals and groups who achieve their assigned performance target and deny reward and recognition to those who don't. A properly designed reward structure is a powerful tool for activating organizational commitment to successful strategy execution.

65. Discuss the guidelines for designing incentive compensation system for strategy implementation.

Ans: Adequacy/ For every employee/ Fair/ Link to performance target/ Individual reward
Short time/ Non-monetary reward/ Communication and explanation.

66. How policies and operating procedures aid the task of implementing strategy?

Ans: Providing guidance/ Aligning actions and behavior with strategy/ Enforcing consistency/ Changing the corporate culture.

67. What do you mean by strategic evaluation and control?

Ans: Strategic evaluation and control can be defined as the process of determining the effectiveness of a given strategy in achieving the organizational objectives and taking corrective action wherever required. Actually, it is a system of monitoring, supervision and follow-up.

68. Discuss the process of strategic evaluation and control.

Ans: Determine what to measure/ Establish standard of performance/ Measure actual performance/ Compare actual performance with the standard/ Take corrective actions.

69. Mention the purposes or objectives of strategic evaluation and control.

Ans: The need for feedback/ Appraisal and reward/ Check the validity of a strategic choice/ Matching between decisions and intended strategy/ Successful conclusion of the strategic management process/ Creating inputs for new strategic planning/ To overcome resistance to change.

70. What are the components of strategic evaluation and control?

Ans: Strategic surveillance (observation)/ Special alert control/ Premise control/ Implementation control.

71. Distinguish between strategic control and operational control.

Ans:

Strategic control : Strategic control is the process of continually evaluating the strategy as it is being implemented, and take necessary corrective actions if required./ Are we moving in the right direction?/ Steering the organization's future direction./ Exclusively by top management. They may take the lower-level support.

operational control: Operational control is the process of evaluating and correcting the performance of various organizational units to assess their contribution to the achievement of organizational objectives./ How are we performing?/ Action control./ Mainly by mid-level management on the direction of the top management.

72. Points out the various reasons for the failure of strategic evaluation and control (SEC) system.

Ans: Limits of control/ Difficulties in measurement/ Resistance/ Short-terms/ Relying on efficiency Vs effectiveness.

73. Discuss the tools and techniques used in strategic control.

Ans: A. Strategic momentum control: Responsibility control centers/ The underlying success factors/ The generic strategic approach./ **B. Strategic leap control:** Strategic issue management/ Strategic field analysis/ System modeling/ Scenarios

74. List some guidelines for proper control.

Ans: Minimum information/ Monitor only managerial activities/ Timely/ Long-term and short-term/ Pinpointing exceptions/ Rewards.

75. Define Corporate Strategy?

Ans: According to Griffin "Corporate strategy is the set of strategic alternatives that an organization chooses from as it manages its operation strategic alternatives that an industries and several markets.

76. Discuss the different forms of diversification of a corporate strategy?

Ans: 1. Identifying the present corporate strategy./ 2. Applying the industry attractiveness test./ 3. Applying the strategic fit test./ 4. Applying the competitive strength test./ 5. Ranking the business./ 6. Ranking the business units in terms of priority for resource allocation./ 7. Applying the resource fit test./ 8. Grafting new strategic moves to improve overall corporate performance.

77. What are the special considerations in corporate strategy?

Ans: 1. Market Size and projected growth rate/ 2. The intensity of competition./ 3. Emerging opportunities and threats./ 4. Seasonal and cyclical factors./ 5. Resource requirements/ 6. Industry profitability./ 7. Social, political, regulatory and environmental factors./ 8. Industry uncertainty and business risk./ 9. The presence of cross industry strategic fits and resource fits./ 10. Identifying strength and weakness.

77. Define Business level strategy?

Ans: Business level strategy refers to the managerial game plan for a single business. It concerns the actions and the approaches to produce successful performance in one specific line of business. According to Griffin "Business level strategy is the set of strategic alternatives that an organization chooses from as it conducts its business in a particular industry of a particular market"

78. State the Features of a business level strategy?

Ans: Independence / Specialization/ Consideration of all affairs/ Self sufficiency/ Flexibility/ Secrecy/ Honesty/ Grafting alternative strategy/ Comprehensive plan/ To face competition/ To face internal & external situation/ Tools for achieving special objective.

79. Define International level strategy?

Ans: According to Chandler "International strategy is the strategy which is the strategy which is the strategy which is crafted for the achieving of international organizational objectives.

80. Why strategies must adopt a world wide view?

Ans: 1) To create new customer./ 2) To achieve lower costs and enhance firms competitiveness./ 3) To achieve customer belief./ 4) To reduce risk./ 5) To reduce cost of product and supply./ 6) To increase customer satisfaction./ 7) To develop standard of living./ 8) To introduce new product and service./ 9) Distribution of labor./ 10) Specialization in production.

81. What do you mean by business Ethics?

Ans: Business Ethics is the evaluation of business activities and behavior as the right or wrong.

82. Definition of social responsibility?

Ans: According to Keith Davis "Social responsibility refers to the business means decisions and actions taken for reasons at least partially beyond the firms direct economic or technical interest".

So, Social responsibility can be defined in brief the relationship of business with the social system outside its own formal organization.

83. What are the areas of social responsibility? OR What are the components of socially responsible business behavior.

Ans: Towards owners of enterprise:/ Towards workers:/ Towards customer:/ Towards the society:/ Towards the government:/ Towards weaker section of the society:/ Towards the economic policy of state.

84. The strategy making pyramidal.

Ans: Corporate strategy/ Business strategy/ Functional strategy/ Operating strategy.

85. Discuss Test of a Warning strategy.

Ans: The goodness of bit test/ The competitive advantage/ The performance test.

86. Point out the strategy and Financial objectives of a company.

Ans: strategy objectives : A bigger market share/ Higher product quality than rivals/ Lower costs relative to key competitors/ Superior on time delivery.

Financial objectives : Growth in revenue/ Growth in earnings / Higher dividends/ Bigger profit margins/ Bigger cash flows/ A rising stock price.