

## INTRODUCTION TO BUSINESS STRATEGY AND PLANNING

### LEVEL 3

**Time allowed: 60 minutes**

**You need**

- This test paper
- An answer sheet
- An HB pencil
- An eraser

**You may NOT use a dictionary**

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**Do NOT open this paper until you are told to do so by the supervisor.**

**There are 30 questions in this paper**

**Total marks available: 30**

**Try to answer ALL the questions**

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#### INSTRUCTIONS

- Make sure your personal details are entered correctly on the candidate answer sheet
- Read each question carefully and choose the correct answer – A, B, C or D
- Enter your answers on the candidate answer sheet using an HB pencil
- Make sure you only mark **one** answer for each question and that you completely fill the circle
- If you make a mistake, make sure you erase it completely
- Only complete as many answers as there are questions
- At the end of the test hand the question paper, your answer sheet and all notes to the supervisor

NB. This sample paper contains only 10 questions.

1. Which of the following describe the purpose of strategic planning?
  - i. To assist an organisation to satisfy shareholders' expectations
  - ii. To enable a company to gain competitive advantage over its rivals
  - iii. To allow an organisation to establish its long-term priorities
  - iv. To enable a company to solely concentrate on its short-term tactical
  - a) (i), (ii) and (iii) only
  - b) (ii) and (iv) only
  - c) (ii), (iii) and (iv) only
  - d) (i) and (iii) only
  
2. In the Boston Consulting Group Matrix, which of the following has a high market share in a growing market?
  - a) A cash cow
  - b) A question mark or problem child
  - c) A star
  - d) A dog
  
3. Which of the following describe the purpose of strategic analysis in the planning process?
  - i. To allow an organisation to evaluate the difference between its current position and desired future
  - ii. To help an organisation to create and clearly state its mission statement
  - iii. To enable an organisation to scan its external environment
  - iv. To help an organisation to create and clearly state its mission statement
  - a) (i), (ii) and (iii) only
  - b) (i), (iii) and (iv) only
  - c) (ii) and (iv) only
  - d) (i) and (iii) only
  
4. Which of the following techniques would reveal the problems associated with a poorly motivated workforce?
  - a) SWOT
  - b) STEEPLE
  - c) PEST
  - d) Competitor analysis
  
5. Which of the strategies contained in the Ansoff Matrix offers the least risk?
  - a) Diversification
  - b) Product development
  - c) Market development
  - d) Market penetration

6. Which of the following are elements in Porter's Five Force Analysis?
- i. Threat of new industry entrants
  - ii. Bargaining powers of employees
  - iii. Question mark or problem child
  - iv. Threat of substitute products
- a) (i) and (ii) only
  - b) (i), (ii) and (iv) only
  - c) (ii), (iii) and (iv) only
  - d) (i) and (iv) only
7. Which of the following is likely to have a positive impact on the implementation of a new strategy?
- a) An autocratic leadership style
  - b) A flexible organisational culture
  - c) Lack of available resources
  - d) Demotivated staff
8. Which of the following components in a business plan would provide information on a company's ability to generate sales and profits?
- a) Income statement
  - b) Balance sheet
  - c) Cash flow statement
  - d) Cash flow forecast
9. Which of the following are likely benefits of using a participative management approach to implementing and managing strategic change?
- i. Quick results can be achieved
  - ii. It empowers employees to become involved in organisational decision making
  - iii. It helps to increase ownership of a decision and building commitment towards it
  - iv. Employees become more motivated by taking on greater responsibility
- a) (i) and (iv) only
  - b) (ii) and (iii) only
  - c) (i), (iii) and (iv) only
  - d) (ii), (iii) and (iv)only
10. Which of the following scenarios would be investigated using Porter's Five Force Analysis?
- i. An organisation intending to improve its employees' knowledge and skills through an intensive training programme
  - ii. An organisation wishing to investigate the growing number of alternatives which are a threat to its premier product range
  - iii. A company wishing to provide its customers with additional benefits through product differentiation
  - iv. A UK company concerned about the rise of foreign companies entering the domestic market

- a) (i) and (ii) only
- b) (ii) and (iii) only
- c) (ii), (iii) and (iv) only
- d) (i), (ii) and (iv) only

**EDUCATION DEVELOPMENT INTERNATIONAL PLC**  
**LCCI IQ AWARD IN INTRODUCTION TO BUSINESS STRATEGY AND PLANNING**  
**SAMPLE PAPER**  
**LEVEL 3**  
**MARKING SCHEME**

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<b>Question</b>	<b>Key</b>
1	A
2	C
3	B
4	A
5	D
6	D
7	B
8	A
9	D
10	C