

# DUMPS ARENA

## E3 - Strategic Management

Cima E3

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**QUESTION NO: 1**

CIMA has described the two roles of enterprise governance as 'preventing failure' and 'ensuring success'.

CIMA sees 'preventing failure' as being related to having proper risk management and corporate governance procedures in place. CIMA sees 'ensuring success' as being concerned with the practise of strategic management.

Which THREE of the following responsibilities of senior management are essential to 'ensuring success' for the Organization?

- A. Providing leadership and direction to the Organization.
- B. Maintaining awareness and responsiveness to abrupt change in the Organization's environment.
- C. Demonstrating competence in the execution of new initiatives.
- D. Avoiding the dominance of the executive team by particular personalities.
- E. Ensuring conformance with the codes of corporate governance.

**ANSWER: A B C****QUESTION NO: 2**

Mayo defined knowledge management as the management of the information, knowledge and experience available to an Organization. Which THREE of the following are steps in the development and implementation of a knowledge management strategy?

- A. Gaining top management support.
- B. Creating the technological infrastructure.
- C. Populating the databases.
- D. Appointing a change agent.
- E. Establishing a knowledge management budget.

**ANSWER: A B C****QUESTION NO: 3**

Johnson, Scholes and Whittington developed the SAF framework to explain the factors that should be considered before pursuing a strategic option.

JJJ is a listed company that is considering launching a new product into its market.

Which of the following considerations affects the Acceptability of this new product launch?

- A. The potential impact of the launch of the new product on the profitability of JJJ.
- B. The availability of funds within JJJ for launching the new product.
- C. The amount of production capacity JJJ will require to make the new product.
- D. Whether the product is consistent with the strengths of JJJ.

**ANSWER: A**

#### QUESTION NO: 4

QQQ is Country M's largest supermarket with 40% of the market share. In addition it has opened several stores around the world in the last 10 years. One of the reasons for QQQ's success is its loyalty card. The loyalty card is used to gather information about the spending patterns of its customers. Around two billion pieces of information each week are captured and stored in an enormous data warehouse that can be accessed by QQQ and other selected large retail partners.

The information can be used to assess the success of new product launches as well as which demographics of customer are making the purchases. The system also allows QQQ to tailor its special offers to

particular segments of the market and to predict the buying behaviour of its customers, which assists QQQ in procurement planning.

Which of the following best describes the activities outlined above for QQQ?

- A. Customer relationship management
- B. E-business
- C. Market segmentation
- D. Data mining

**ANSWER: D**

#### QUESTION NO: 5

Which of the following is NOT a fundamental principle specified in CIMA's Code of Ethics?

- A. Integrity
- B. Objectivity
- C. Confidentiality

**D. Sustainability****ANSWER: D****QUESTION NO: 6**

BBB discharges small quantities of non-harmful material into the atmosphere as a by-product of its manufacturing process. BBB has been criticised by an environmental journalist who called BBB a polluter.

BBB wishes to influence opinion in its favour and has identified a number of strategic responses to achieve this objective.

Which of the following strategic responses should BBB implement?

- A.** Employ Public Relations consultants.
- B.** Change its manufacturing process to eliminate the by-product
- C.** Do nothing.
- D.** Lobby its National Government

**ANSWER: B****QUESTION NO: 7**

TTT recently appointed a new Chief Executive, R, to lead it through a period of major change. R immediately set up a change management team which consisted of several senior managers and directors from across the organization. Together, they formulated an overall goal for change and then spent several weeks presenting the need for change to all of the staff through a series of staff meetings. At these meetings R involved staff and built their ideas into the final change strategy.

R also set a series of interim goals to encourage ongoing performance throughout the change process. When the organization reached these goals, R widely publicized these achievements to help motivate staff.

However, after six months, TTT had failed to reach most of the interim goals that had been set. Most of the members of the change management team had not maintained a significant interest in the change process and many of the staff felt that there had been a lack of communication and reward following the initial few weeks of the change process.

Kotter suggested that there were eight steps required to successfully lead change. Which TWO of the following did R fail to achieve? (Choose two.)

- A.** Never letting up
- B.** Incorporate change into the culture
- C.** Develop a change vision
- D.** Generate short term wins

E. Empower broad based action

**ANSWER: C D**

### QUESTION NO: 8

LLL is a global passenger airline that needs to invest in a new fleet of aircraft to operate on its routes. There are several types of aircraft to choose between. The new aircraft will have an operating life of 25 years with LLL and therefore management is keen to make the correct decision.

There are several uncertainties that make it difficult for LLL to make this investment decision. Aircraft engine technologies are changing and some manufacturers are developing engines that propel aircraft at much higher speeds, whilst others are developing slower engines that minimise emissions. Concern over global warming is leading governments in some countries to impose heavy taxation on airlines that operate aircraft that have high emissions. The demand for air travel is also changing due to changing income levels between emerging and mature economies as well as the increased use of telecommunications to replace face to face meetings.

Which THREE of the following techniques would you recommend to help LLL make this investment decision?

- A. Scenario planning
- B. Morphological analysis
- C. Cross impact analysis
- D. Porters 5 Forces
- E. Brainstorming

**ANSWER: A B C**

### QUESTION NO: 9

Company TTT produces a range of products, including products T1 and T5.

Product T1: Profitability has declined in recent years, although small profits continue to be made as the market contracts due to changing customer preferences. Overall market share is low and continues to reduce.

However, in addition to external sales T1 is also used as a component of product T5.

Product T5: A market leader within a low growth market, sources components both externally and from TTT's other subsidiaries. T5 benefits from significant economies of scale and TTT has recently considered modernizing its T5 production line but following a cost benefit analysis, decided not to proceed.

Which of the following is an appropriate strategy for TTT to adopt?

- A. Divest both product T1 and product T5.

- B. Harvest product T1 and Divest product T5.
- C. Harvest both product T1 and product T5.
- D. Divest product T1 and Harvest product T5.

**ANSWER: B**

**QUESTION NO: 10**

Which of the following structures would you recommend for the Board of Directors of a UK public company in order to fulfill its legal responsibilities?

- A. The Board of Directors should have a minimum of six directors with the Board's tasks divided amongst them. The Board should also have a Chairman or Chairwoman who may serve as the Chief Executive if time permits.
- B. The Board should have no more than six members with clearly defined executive and non-executive responsibilities. To make the role more efficient Chairman or Chairwoman of the Board should also be the Chief Executive.
- C. There should be no restriction placed on the minimum or maximum number of Directors. The Directors' roles should be shared but the Chairman or Chairwoman should not act also as the Chief Executive.
- D. The Chairman or Chairwoman should not have an executive role within the company. There should be at least two directors to carry out the Board's roles.

**ANSWER: D**

**QUESTION NO: 11**

HHH is a teaching Organization. HHH has begun to employ virtual reality to train the customers on its courses in how to perform complex manual tasks such as repairing machinery.

Which activity in Porter's Value Chain has been impacted by HHH's use of virtual reality?

- A. Operations
- B. Service
- C. Procurement
- D. Human resources management

**ANSWER: A**

**QUESTION NO: 12 - (DRAG DROP)**

PPP wishes to increase shareholder value using the Seven Value Drivers identified in Shareholder Value Analysis (SVA). Place the correct direction of change next to each driver.

Operating profit margin

Rise

Investment in working capital rate

Fall

Cost of capital

Tax rate paid on profits

Planning horizon

**ANSWER:**

Rise

Fall

Fall

Fall

Rise

**QUESTION NO: 13**

ZYX is a global hotel chain, employing over 10,000 staff worldwide. ZYX operates a Code of Conduct for all of its staff, which states "Our staff are the most important assets of our business operations. We expect the highest standards of ethical and

professional conduct from all staff, who must display the principles of trust, respect, equality, integrity and fairness at all times.”

Which THREE of the following actions could ZYX take to positively influence its staff to work to the ethical and professional principles in its Code of Conduct? (Choose three.)

- A. Disciplinary actions, such as fines, for staff who do not display high ethical and professional standards.
- B. Publication on its website of ZYX's Code of Conduct and regular examples of staff displaying the highest standards of professional conduct.
- C. Induction and on-going staff training on ZYX's Code of Conduct and ethical and professional principles.
- D. Interview process for staff prior to employment, to assess their understanding of ethical and professional behavior.
- E. Set performance targets in diversity and equality for its hotel senior managers.
- F. Operate a system of reward incentives for staff who display high ethical and professional standards.

**ANSWER: C D F**

#### **QUESTION NO: 14 - (DRAG DROP)**

You have been asked to advise a junior member of your team what qualities they should look for when identifying a coach or mentor to work with.

Place the qualities associated with effective coaching and mentoring next to the relevant statements below.

Treats people equally. Lacks bias and is not prejudiced.

Supportive

A confidential non-judgemental listener.

Networker

Able to take a long-term view.

Assertive

Able to state wants and needs without being aggressive.

Strategic

Skilled at identifying and knowing how to develop connections.

Sounding board

Good at bouncing around ideas.

Fair

**ANSWER:**

**QUESTION NO: 15**

The concept of Triple Bottom Line (TBL) reporting expands traditional accountancy reporting systems to consider social and environmental performance, rather than simply financial performance.

Which THREE of the following does the TBL concept suggest should be measured in order to encourage greater business social responsibility?

- A. Productivity
- B. Profit
- C. People
- D. Planet
- E. Privacy

**ANSWER: B C D**