AJA Commerce Academy
CA - Intermediate
***Test Series* – STRATEGIC MANAGEMENT**

Time Allowed – 1.5 Hours | Maximum Marks – 50

Section A – Multiple Choice Questions (10 Marks)

Case Scenario: Strategic Decisions at ABC Ltd. (6 Marks)

Scenario:
ABC Ltd. operates in the competitive automobile industry. Recently, the company has decided to expand into the electric vehicle (EV) market. The senior management conducted an external analysis and identified the following:

- The government has launched a subsidy program for EV manufacturers.
- Competitors are focusing heavily on technological innovation.
- Customers are increasingly concerned about environmental sustainability.
- The company has access to skilled labor and reliable suppliers.

Questions:

1. Which of the following tools is most suitable for analyzing the macro-environmental factors influencing ABC Ltd.?
   (a) SWOT Analysis
   (b) Porter's Five Forces
   (c) PESTLE Analysis
   (d) Value Chain Analysis
2. In the scenario above, the subsidy program by the government represents:
   (a) A threat
   (b) An opportunity
   (c) A competitive force
   (d) A strength
3. Competitors' focus on technological innovation can be categorized under which PESTLE factor?
   (a) Social
   (b) Technological
   (c) Economic
   (d) Political
4. Environmental sustainability concerns from customers fall under which environmental factor?
   (a) Technological
   (b) Economic
   (c) Social
   (d) Legal

5. Skilled labor and reliable suppliers in the scenario represent:
   (a) Opportunities
   (b) Threats
   (c) Internal strengths
   (d) Competitive disadvantages
6. The primary objective of conducting an external analysis is to:
   (a) Identify internal strengths and weaknesses
   (b) Monitor customer satisfaction
   (c) Assess opportunities and threats in the business environment
   (d) Create a strategic vision

General MCQs (4 Marks)

7. PESTLE analysis helps businesses to:
   (a) Identify customer demographics
   (b) Understand the internal environment
   (c) Examine macro-environmental factors
   (d) Determine product prices
8. Which of the following is NOT a component of Porter's Five Forces?
   (a) Threat of substitutes
   (b) Bargaining power of suppliers
   (c) Demographic trends
   (d) Industry rivalry
9. A high bargaining power of suppliers is most likely to:
   (a) Increase production costs
   (b) Decrease industry profitability
   (c) Reduce competitive intensity
   (d) Both (a) and (b)
10. Strategic risk in the external environment is caused by:
    (a) Organizational inefficiency
    (b) Changes in technology, regulations, or competitors
    (c) Lack of skilled labor
    (d) Ineffective marketing strategies

Section B – Practical and Descriptive Questions (40 Marks)

Question 1: PESTLE Analysis (10 Marks)

Scenario:
XYZ Ltd. is a global retailer planning to expand into a new market. The market has the following characteristics:

- High unemployment rate

- Rapid technological advancements
- Strict environmental regulations
- Growing demand for online shopping

(a) Perform a PESTLE analysis for XYZ Ltd. in the context of its market expansion. (6 Marks)
(b) Discuss how PESTLE analysis can assist XYZ Ltd. in making strategic decisions. (4 Marks)

Question 2: Porter's Five Forces (10 Marks)

Scenario:
ABC Ltd. is evaluating the profitability of entering the renewable energy industry. The company identifies the following:

- Low entry barriers due to government incentives.
- Intense competition among existing firms.
- High customer bargaining power due to numerous alternatives.

(a) Apply Porter's Five Forces framework to analyze the renewable energy industry. (6 Marks)
(b) Based on your analysis, recommend whether ABC Ltd. should enter the market. (4 Marks)

Question 3: Industry Attractiveness and Strategic Risk (10 Marks)

Scenario:
DEF Ltd. operates in the pharmaceutical industry, which is characterized by high regulatory compliance requirements, fast-paced innovation, and significant competition.

(a) Evaluate the factors that determine industry attractiveness for DEF Ltd. (6 Marks)
(b) Discuss two external strategic risks that DEF Ltd. might face and how it can address them. (4 Marks)

Question 4: Value Chain Analysis and Competitive Advantage (10 Marks)

Scenario:
PQR Ltd. manufactures luxury handbags. The company recently conducted a value chain analysis and identified the following areas for improvement:

- Reducing logistics costs.
- Enhancing after-sales services.
- Investing in technology for product design.

(a) Explain the importance of value chain analysis in strategic management. (4 Marks)
(b) How can the improvements identified above contribute to PQR Ltd.'s competitive advantage? (6 Marks)