Business Administration Core SAMPLE

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1. Which of the following best describes a potential drawback of departmentalizing an organization based on product lines?

A. Communication barriers are reduced
B. Department managers gain excessive autonomy
C. Functional expertise is dispersed across multiple locations
D. Product specialization undermines corporate culture

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2. In strategic management, what is the main purpose of conducting a PESTEL analysis?

A. To identify the net profit of a product line
B. To evaluate demographic segments for market share
C. To understand how external factors influence organizational performance
D. To analyze internal weaknesses for restructuring

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3. A private company is exploring an initial public offering (IPO). Which internal department would typically bear the primary responsibility for ensuring compliance with SEC regulations?

A. Operations
B. Research & Development
C. Human Resources
D. Finance/Accounting

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4. When project managers use a Gantt chart, they primarily aim to:

A. Predict future economic conditions
B. Visualize task durations and overlaps
C. Generate new product ideas
D. Allocate compensation packages

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5. Which metric most accurately indicates a firm's long-term liquidity position?

A. Current ratio
B. Debt-to-equity ratio
C. Gross margin percentage
D. Return on equity

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6. In a supply chain, what is the main benefit of adopting a just-in-time (JIT) inventory approach?

A. Reduced transportation costs to international markets
B. Decreased production flexibility
C. Improved cash flow by minimizing holding costs
D. Longer lead times to ensure supply security

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7. A manufacturing firm is assessing whether to outsource its customer service operations. Which analysis is most critical to inform this decision?

A. Core competency assessment
B. Economies of scale projection
C. Tactical sales forecast
D. Environmental audit

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8. When conducting a business impact analysis (BIA), a company's primary goal is to:

A. Increase brand loyalty among existing customers
B. Identify the most cost-effective marketing strategy
C. Evaluate how disruptions could affect business functions
D. Decide which high-level expansion strategy to pursue

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9. Which method of job evaluation assesses the relative worth of positions by comparing them to benchmark jobs within the organization?

A. Classification system
B. Factor comparison method
C. Ranking method
D. Point-factor system

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10. In a market characterized by monopolistic competition, firms usually compete by:

A. Offering unique product features and brand identity
B. Colluding to fix prices at a high level
C. Relying on government protectionist policies
D. Prioritizing commodity goods over innovations

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11. During a marketing audit, discovering that a product's key feature is no longer valued by consumers suggests:

A. The marketing mix needs rebalancing
B. The organization should decrease brand awareness
C. Stakeholder engagement should be reduced
D. Pricing is likely below the equilibrium point

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12. The most direct way to measure brand equity in a consumer product context is to:

A. Evaluate short-term sales spikes
B. Compare the product’s price premium against generic brands
C. Examine changes in production costs
D. Calculate the break-even point

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13. A typical advantage of a matrix organizational structure is:

A. Greater operational simplicity
B. Clear lines of authority
C. Enhanced coordination across functions and projects
D. Lower overhead costs than a functional structure

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14. A major risk of focusing heavily on cost-leadership as a competitive strategy is:

A. Over-reliance on premium pricing
B. Reduced market share due to higher cost offerings
C. Attracting new entrants with even lower prices
D. Eliminating economies of scope

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15. In performing a SWOT analysis, which of the following is considered an external factor?

A. A new competitor entering the market
B. High employee turnover
C. Organizational mission statement
D. Cash-flow constraints

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16. Implementing a Total Quality Management (TQM) initiative often requires:

A. Strict departmental silos to minimize confusion
B. Only top executives to be involved in process changes
C. Fundamental changes to organizational culture and workforce participation
D. Discontinuation of any formal improvement processes

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17. Which is the most appropriate use of an Employee Assistance Program (EAP)?

A. Providing strategic direction for the C-suite
B. Increasing the accuracy of performance evaluations
C. Offering counseling services for personal or work-related issues
D. Training employees on new manufacturing software

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18. If demand for a firm’s product is highly elastic, an increase in price would likely:

A. Have minimal effect on total revenue
B. Decrease total revenue significantly
C. Increase total revenue significantly
D. Have no impact on market share

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19. Which method is most effective for monitoring project scope creep?

A. Daily brainstorming sessions with all stakeholders
B. Implementing a strong change control process
C. Setting milestones that are flexible and optional
D. Keeping communication strictly within the project team

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20. Managers who consistently use Theory X assumptions believe employees:

A. Are inherently motivated and capable of self-direction
B. Work best with minimal supervision
C. Dislike work and require strict oversight
D. Achieve highest performance through group synergy

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21. When a company practices ethical decision-making, it primarily ensures:

A. Maximized shareholder value in the short term
B. Compliance with legal requirements plus additional moral considerations
C. Development of purely revenue-generating programs
D. Automated approval of all vendor contracts

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22. A company has signed a legally binding purchase agreement with a supplier who fails to deliver. The company's best initial course of action is:

A. Cancel all existing contracts and never do business with that supplier again
B. Send a written notice demanding performance or contract remedies
C. File for bankruptcy
D. Ignore the failure and accept the loss

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23. In the context of budgeting, zero-based budgeting requires managers to:

A. Justify all budget expenses from scratch
B. Retain the previous year's allocations and adjust marginally
C. Overspend in certain areas to capture future growth
D. Centralize all financial decisions under the CFO only

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24. Which step should immediately follow identifying the target market in the marketing planning process?

A. Evaluating distribution channels
B. Establishing marketing objectives
C. Selecting brand ambassadors
D. Modifying product lines for cost containment

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25. In a performance appraisal, a 360-degree feedback approach involves:

A. Only self-evaluation and peer review
B. Assessments from subordinates, peers, supervisors, and sometimes customers
C. Restricting feedback to senior management's perspective
D. Anonymously gathering feedback solely from top customers

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26. A benefit of using psychographic segmentation in consumer marketing is:

A. It focuses only on income levels
B. It captures the customer's lifestyle, attitudes, and interests
C. It automatically ensures broader market coverage
D. It guarantees reduced promotional costs

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27. To reduce currency exchange risk in global transactions, a business might:

A. Use random exchange rates during pricing
B. Pay in whichever currency is convenient
C. Employ hedging strategies like forward contracts
D. Avoid letter-of-credit financing

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28. When an employer dismisses an employee without following proper procedures, it may lead to a claim of:

A. Gross misconduct
B. Brand equity erosion
C. Wrongful termination
D. Good faith bargaining

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29. A high ratio of intangible assets to total assets in a company's balance sheet suggests:

A. The firm is capital-intensive
B. The firm invests heavily in brand value or intellectual property
C. The firm has poor cash management practices
D. The firm is at risk of immediate insolvency

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30. Managers can enhance job satisfaction most directly by:

A. Providing strictly financial rewards
B. Encouraging employees to avoid risk-taking
C. Offering opportunities for growth and career development
D. Limiting employee involvement in decision-making

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31. Which factor would be most relevant in determining a firm's pricing strategy under perfect competition?

A. Brand identity and differentiation
B. Competitors' prices and market equilibrium
C. Internal cost-plus pricing only
D. Government-imposed monopoly control

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32. If an organization invests in advanced data analytics for recruitment, it might gain:

A. Inability to measure productivity of new hires
B. Less diverse applicant pools
C. Enhanced predictive insights into candidate success
D. Unjustifiable overhead costs that never pay off

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33. Using a trend projection method for sales forecasting assumes:

A. Sales are not influenced by seasonality or cyclical factors
B. Economic changes have a strong effect on immediate revenue
C. Historical sales patterns will hold for the future
D. Focus groups determine consumer acceptance

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34. Which best describes "benchmarking" in a business context?

A. Setting arbitrary goals for each department
B. Comparing business practices to industry best practices
C. Eliminating competitor comparisons entirely
D. Randomly choosing performance metrics

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35. To lower risk of ethical violations in a sales department, a company should:

A. Encourage aggressive tactics for short-term gain
B. Provide ongoing ethics training and clear accountability measures
C. Limit auditing of sales transactions
D. Offer incentives that reward closing deals at any cost

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36. During an exit interview, the primary benefit to the organization is:

A. Generating immediate sales leads
B. Gaining honest feedback to improve retention strategies
C. Ensuring that outgoing employees have no legal recourse
D. Protecting management from feedback

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37. A valid reason to adopt an organic organizational structure is:

A. The need for rapid adaptation to changing conditions
B. The drive to formalize all communication channels
C. The aim to centralize authority in upper management
D. The preference for extensive hierarchical layers

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38. A strong working capital position typically indicates that a business:

A. Cannot meet short-term obligations
B. Is suffering from excessive long-term debt
C. Has sufficient resources to handle day-to-day operations
D. Neglects accounts receivable management

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39. If a manager consistently delegates tasks but remains accountable for final outcomes, this exemplifies:

A. Ineffective leadership
B. Authority-responsibility principle
C. Balanced scorecard approach
D. Improper corporate governance

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40. Promotional strategies that rely heavily on emotional appeals to achieve consumer buy-in are most common in:

A. Business-to-business marketing
B. Commodity goods with minimal differentiation
C. High-involvement consumer products (e.g., luxury items)
D. Government procurement processes

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41. A multinational firm that customizes product offerings based on cultural preferences in each country is practicing:

A. Global standardization
B. Multidomestic strategy
C. Domestic saturation
D. One-size-fits-all approach

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42. To maintain a balanced product portfolio, a company may utilize which strategic framework?

A. Maslow's Hierarchy of Needs
B. McKinsey's 7-S framework
C. BCG growth-share matrix
D. Herzberg's Two-Factor theory

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43. Management by Objectives (MBO) primarily focuses on:

A. Centralizing decision-making at the executive level
B. Assigning tasks without measurable outcomes
C. Aligning individual goals with overall organizational objectives
D. Expanding personal networks through peer-to-peer mentorship

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44. The key difference between an operational plan and a tactical plan is that an operational plan:

A. Outlines long-term strategies for market entry
B. Defines immediate short-term activities and procedures
C. Focuses exclusively on top-level decision-making
D. Details cross-border expansion metrics

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45. If an organization’s marketing team promotes the firm’s philanthropic activities, the team is engaging in:

A. Price skimming
B. Cause-related marketing
C. Gray market sales
D. Skunkworks program

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46. In the context of meeting management, using an agenda is crucial because it:

A. Maximizes opportunities for off-topic discussions
B. Ensures each participant gives a lengthy presentation
C. Provides structure and clarity on topics to be covered
D. Eliminates the need for time management

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47. “Dead stock” in retail terms refers to:

A. Goods with extremely high turnover rate
B. Items stored off-site for seasonal promotions
C. Inventory that remains unsold for a long period
D. Perishable goods that can’t be discounted

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48. Which of the following best characterizes a market penetration strategy?

A. Introducing existing products into new markets
B. Acquiring competitors for immediate market share
C. Encouraging current customers to buy more of existing products
D. Diversifying into unrelated industries

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49. A balanced scorecard approach to organizational performance measurement typically examines:

A. Only financial measures and capital expenditures
B. Customer satisfaction, internal processes, financials, and learning/growth
C. Outsourced processes, contract negotiations, and government compliance
D. Industry-wide benchmarks that exclude financial data

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50. A critical role of the board of directors in a public corporation is:

A. Micro-managing the day-to-day activities of frontline employees
B. Eliminating the CEO’s input on financial decisions
C. Hiring, evaluating, and potentially firing the CEO
D. Creating individual employee performance reviews

Answer Key

1. Answer: C

Explanation: Departmentalizing by product lines spreads functional expertise and resources across each product group, increasing duplication and costs.

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2. Answer: C

Explanation: A PESTEL analysis helps a company account for external political, economic, social, technological, environmental, and legal factors that affect strategy.

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3. Answer: D

Explanation: Finance/Accounting typically manages SEC compliance, ensuring accurate financial statements and disclosures during an IPO process.

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4. Answer: B

Explanation: A Gantt chart visually represents tasks along a timeline, highlighting durations, overlaps, and deadlines.

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5. Answer: B

Explanation: The debt-to-equity ratio measures how much a firm relies on borrowing versus owner funding, indicating long-term liquidity risk.

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6. Answer: C

Explanation: JIT inventory minimizes holding costs and frees up cash by delivering stock just when it's needed.

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7. Answer: A

Explanation: Evaluating whether customer service is a core competency determines if outsourcing might weaken a strategic advantage.

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8. Answer: C

Explanation: A business impact analysis identifies critical functions and forecasts how disruptions would affect operations and revenue.

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9. Answer: B

Explanation: The factor comparison method benchmarks key job factors (e.g., responsibility, skill) against reference positions to set pay levels.

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10. Answer: A

Explanation: In monopolistic competition, firms differentiate through brand image and unique product features rather than price alone.

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11. Answer: A

Explanation: If a previously valued feature loses appeal, the firm must adjust one or more elements of the marketing mix (4 Ps).

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12. Answer: B

Explanation: Measuring the price premium over generic or unbranded products helps gauge how much value a brand name adds.

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13. Answer: C

Explanation: A matrix structure boosts cross-functional collaboration, although it can be complex due to dual authority lines.

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14. Answer: C

Explanation: By focusing solely on cost leadership, a firm may invite entrants with even lower prices, eroding market share.

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15. Answer: A

Explanation: A new competitor is an external threat in a SWOT analysis, whereas internal issues are strengths or weaknesses.

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16. Answer: C

Explanation: TQM calls for a cultural shift emphasizing continuous improvement, broad employee involvement, and leadership support.

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17. Answer: C

Explanation: Employee Assistance Programs offer confidential counseling or referrals for personal and work-related challenges.

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18. Answer: B

Explanation: In highly elastic markets, price increases can significantly reduce sales volume and total revenue.

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19. Answer: B

Explanation: A strict change control process ensures that any alterations to project scope are formally requested, reviewed, and approved.

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20. Answer: C

Explanation: Theory X posits employees dislike work and need constant supervision, contrasting with Theory Y's more positive view.

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21. Answer: B

Explanation: Ethical decision-making exceeds legal compliance by integrating broader moral considerations into business practices.

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22. Answer: B

Explanation: If a supplier breaches a legally binding agreement, the first step is to issue a formal notice and request compliance or remedies.

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23. Answer: A

Explanation: Zero-based budgeting starts each cycle at zero, requiring managers to justify every expense anew.

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24. Answer: B

Explanation: Once the target market is defined, setting clear, measurable marketing objectives is the next step in planning.

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25. Answer: B

Explanation: 360-degree feedback includes evaluations from supervisors, peers, subordinates, and sometimes customers, offering a broad perspective.

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26. Answer: B

Explanation: Psychographic segmentation focuses on lifestyle, attitudes, and personality traits, enriching the understanding of customer motivations.

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27. Answer: C

Explanation: Hedging locks in exchange rates (e.g., through forward contracts), mitigating currency fluctuation risks in international transactions.

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28. Answer: C

Explanation: Failing to follow lawful termination processes can result in legal claims of wrongful termination.

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29. Answer: B

Explanation: A high ratio of intangible assets indicates significant value in patents, trademarks, goodwill, or brand equity.

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30. Answer: C

Explanation: Professional growth, new skills, and career paths often drive higher employee engagement and satisfaction.

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31. Answer: B

Explanation: Under perfect competition, firms essentially accept the market price set by overall supply and demand.

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32. Answer: C

Explanation: Advanced analytics can predict candidate success by revealing patterns linked to high-performance hires.

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33. Answer: C

Explanation: Trend projection relies on historical sales patterns continuing, assuming no major market disruptions.

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34. Answer: B

Explanation: Benchmarking compares a firm’s processes and performance metrics against industry leaders for improvement ideas.

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35. Answer: B

Explanation: Ongoing ethics training and clear accountability help deter unethical practices, especially in sales environments.

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36. Answer: B

Explanation: Exit interviews let organizations gather candid feedback from departing employees to improve retention policies.

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37. Answer: A

Explanation: Organic structures promote quick adaptation and flexible communication, suitable for fast-changing business conditions.

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38. Answer: C

Explanation: Strong working capital means enough current assets to cover short-term debts and sustain daily operations.

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39. Answer: B

Explanation: Even when tasks are delegated, the manager retains final responsibility, aligning with the authority-responsibility principle.

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40. Answer: C

Explanation: Emotional or aspirational messaging is often employed for high-involvement products like luxury goods.

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41. Answer: B

Explanation: A multidomestic strategy adapts product offerings to local cultures, tastes, and norms in different countries.

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42. Answer: C

Explanation: The BCG matrix categorizes products by market growth and share (Stars, Cash Cows, Question Marks, Dogs).

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43. Answer: C

Explanation: MBO aligns individual and organizational objectives by setting measurable goals jointly with employees.

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44. Answer: B

Explanation: Operational plans outline near-term procedures and tasks, while tactical plans target mid-range goals under broader strategies.

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45. Answer: B

Explanation: Cause-related marketing aligns a company’s brand with charitable causes, boosting goodwill and community impact.

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46. Answer: C

Explanation: An agenda guides meeting structure, helping participants stay on topic and manage time efficiently.

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47. Answer: C

Explanation: Dead stock is unsold inventory that ties up funds and often needs discounting or liquidation to clear.

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48. Answer: C

Explanation: Market penetration encourages existing customers to buy more of current offerings, boosting sales within the same market.

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49. Answer: B

Explanation: A balanced scorecard tracks financial results, customer satisfaction, internal processes, and organizational learning/growth.

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50. Answer: C

Explanation: The board hires and oversees the CEO, ensuring executive decisions align with shareholders' interests and governance standards.