Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

SKU: 9780134167848-TEST-BANK

Strategic Management: A Competitive Advantage Approach, 16e **(David)**
Chapter 2 The Business Vision and Mission

1) All of the following are mentioned as places where vision and mission statements can often be found EXCEPT
A) SEC reports.
B) annual reports.
C) customer service agreements.
D) supplier agreements.
E) business plans.
Answer: A
Diff: 2
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

2) Which statement is TRUE?
A) Companies must choose between having a mission statement or a vision statement.
B) A company can't have a mission statement unless it has a vision statement.
C) A vision statement cannot be established until a company has developed its mission statement.
D) The vision statement should be established before the mission statement.
E) Companies are required by law to have both mission and vision statements.
Answer: D
Diff: 2
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

3) Which of these basic questions should a vision statement answer?
A) What is our business?
B) What is our core strength?
C) What are our challenges?
D) What do we want to become?
E) Who are our competitors?
Answer: D
Diff: 2
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

4) Which type of statement should be created first and foremost?
A) Creed
B) Vision
C) Objectives
D) Mission
E) Competitive advantage
Answer: B
Diff: 1
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

5) The ideal length of a vision statement is
A) one page.
B) several paragraphs.
C) one sentence.
D) several sentences.
E) as long as is necessary to convey the message.
Answer: C
Diff: 1
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

6) Which basic question should the vision statement answer?
A) What is our business?
B) How can we improve ourselves?
C) What do we want to become?
D) Who are our stakeholders?
E) How can we increase profitability?
Answer: C
Diff: 1
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

7) Vision and mission statements can often be found in the front of annual reports.
Answer: TRUE
Diff: 1
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

8) While vision and mission statements are part of numerous internal reports, they should never be displayed in a firm's premises.
Answer: FALSE
Diff: 1
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

9) The foundation for development of a comprehensive mission statement is provided by a clear vision.
Answer: TRUE
Diff: 2
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

10) If an organization chooses to have both a mission and a vision, the mission statement should be established first.
Answer: FALSE
Diff: 2
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

11) An important question a mission statement should answer is, "What do we want to become?"
Answer: FALSE
Diff: 1
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

12) Whereas the mission statement answers the question, "What do we want to become?" the vision statement answers the question, "What is our business?"
Answer: FALSE
Diff: 2
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

13) In order to motivate a workforce effectively, both profit and vision are needed.
Answer: TRUE
Diff: 2
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Analytical thinking

14) A vision statement should answer the question, "What do we want to become?"
Answer: TRUE
Diff: 1
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

15) Well-conceived and properly executed mission and vision statements are not subject to revision.
Answer: FALSE
Diff: 1
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

16) Compare and contrast vision statements with mission statements.
Answer: Many organizations develop both a mission statement and a vision statement but the vision statement should be established first and foremost. Whereas the mission statement answers the question, "What is our business?" the vision statement answers the question, "What do we want to become?" Campbell and Yeung differentiate between the terms vision and mission, saying that vision is "a possible and desirable future state of an organization" that includes specific goals, whereas mission is more associated with behavior and the present.
Diff: 3
LO: 2.1: Describe the nature and role of vision statements in strategic management.
AACSB: Analytical thinking

17) Who is referred to as "the father of modern management"?
A) Cleland
B) Campbell
C) Drucker
D) McGinnis
E) Yeung
Answer: C
Diff: 2
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

18) What is the first step in the comprehensive strategic-management model?
A) Developing vision and mission statements
B) Performing external audits
C) Performing internal audits
D) Measuring and evaluating performance
E) Establishing long-term objectives
Answer: A
Diff: 2
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

19) The purpose of a mission statement is to declare all of these EXCEPT
A) a reason for being.
B) an annual financial plan.
C) a statement of purpose.
D) a statement of beliefs.
E) whom an organization wants to serve.
Answer: B
Diff: 2
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

20) According to Drucker, which question is synonymous with asking "What is our mission?"?
A) What is our business?
B) How can we improve ourselves?
C) What do we want to become?
D) Who are our stakeholders?
E) How can we increase profitability?
Answer: A
Diff: 1
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

21) According to Drucker, a business' mission is the foundation for all of the following EXCEPT
A) priorities.
B) strategies.
C) plans.
D) employee wage rates.
E) work assignments.
Answer: D
Diff: 2
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

22) According to Peter Drucker, asking the question "What is our business?" is synonymous with asking the question "What is our vision?"
Answer: FALSE
Diff: 1
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

23) A mission statement is a declaration of an organization's reason for being.
Answer: TRUE
Diff: 2
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

24) A mission statement, is an enduring statement of purpose that distinguishes one organization from other similar enterprises.
Answer: TRUE
Diff: 2
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

25) A mission statement can sometimes be called a statement of philosophy.
Answer: TRUE
Diff: 1
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

26) Carefully prepared statements of vision and mission are widely recognized as the first step in strategic management.
Answer: TRUE
Diff: 2
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

27) According to Peter Drucker, answering the question "What is our business?" is the first responsibility of strategists.
Answer: TRUE
Diff: 1
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

28) Describe why a mission statement is so important in the strategic-management process.
Answer: A clear mission statement is essential for effectively establishing objectives and formulating strategies. It reveals what an organization wants to be and whom it wants to serve. A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and for the design of managerial structures.
Diff: 2
LO: 2.2: Describe the nature and role of mission statements in strategic management.
AACSB: Analytical thinking

29) As indicated in the strategic-management model, a clear _____ is needed before alternative strategies can be formulated and implemented.
A) short-term objective
B) implementation plan
C) audit policy
D) mission statement
E) evaluation strategy
Answer: D
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

30) Effective and carefully planned mission statements
A) require major changes every few months.
B) require major changes every few quarters.
C) require major revision every few years.
D) do not require revision.
E) require infrequent major changes, but are always subject to revision.
Answer: E
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

31) In the process of developing a mission statement, it is important to involve
A) as few managers as possible.
B) as many managers as possible.
C) upper-level management only.
D) lower-level management only.
E) the board of directors only.
Answer: B
Diff: 1
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

32) The process of developing a vision and mission statement often includes which of these as the first activity?
A) Requesting that managers modify the current documents
B) Asking managers to read selected articles about vision and mission statements
C) Asking managers to prepare a vision statement for the organization
D) A brainstorming session on whether the organization should have only a vision statement
E) Merging several mission statements into one document
Answer: B
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

33) After a draft mission statement has been developed, it is important to
A) ask managers to read several articles about mission statements as background information.
B) vote on the mission statement.
C) ask managers to prepare a mission statement for the organization.
D) ask managers to seek support for the mission statement from their subordinates.
E) request modifications, additions, and deletions.
Answer: E
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

34) A(n) _____ with expertise in developing vision and mission statements and with unbiased views, can at times manage the process more effectively than an internal group or committee of managers.
A) external group
B) external auditor
C) outside process analyst
D) internal auditor
E) outside facilitator
Answer: E
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

35) According to Campbell and Yeung, what is/are most likely associated with behavior and the present?
A) Mission
B) Values
C) Long-term objectives
D) Vision
E) Possibilities
Answer: A
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

36) According to the comprehensive strategic-management model, which step immediately follows the establishment of long-term objectives?
A) Developing vision and mission statements
B) Performing external audits
C) Performing internal audits
D) Generating, evaluating, and selecting strategies
E) Measuring and evaluating performance
Answer: D
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

37) When developing a vision statement, input should be received from as many managers as possible.
Answer: TRUE
Diff: 1
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

38) A small nonprofit organization would probably develop a vision statement but not a mission statement.
Answer: FALSE
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Analytical thinking

39) When developing a mission statement, it is usually advisable to involve as few managers as possible.
Answer: FALSE
Diff: 1
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

40) In the widely used approach discussed in the text book, the first step in the process of developing a mission statement is to ask managers to state what they believe the organization's mission should be.
Answer: FALSE
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

41) According to Campbell and Yeung, the process of developing a mission statement should create an "emotional bond" and "sense of mission" between the organization and its employees.
Answer: TRUE
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Analytical thinking

42) According to Campbell and Yeung, an organization's vision is associated with behavior and with the present.
Answer: FALSE
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Analytical thinking

43) Explain the process of developing a mission statement.
Answer: A widely used approach to developing a mission statement is first to select several articles about mission statements and then to ask all managers to read these as background information. Then managers themselves are asked to prepare a mission statement for the organization. A facilitator or committee of top managers should then merge these statements into a single document and distribute this draft mission statement to all managers. A request for modifications, additions and deletions is needed next, along with a meeting to revise the document. To the extent that all managers have input into and support the final mission statement document, organizations can more easily obtain managers' support for other strategy formulation, implementation and evaluation activities.
Diff: 2
LO: 2.3: Discuss the process of developing a vision and mission statement.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

44) According to Drucker, what is the best time to ask "What do we want to become?" and "What is our business?"?
A) When a firm is in decline
B) When the firm is successful
C) When the firm is in financial trouble
D) When the firm is in legal trouble
E) When the firm encounters competition
Answer: B
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Analytical thinking

45) Which group would be classified as stakeholders?
A) Governments
B) Creditors
C) Suppliers
D) Employees
E) All of the above
Answer: E
Diff: 1
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Written and oral communication

46) Which best expresses former Colgate CEO Reuben Mark's thoughts on vision?
A) It's becoming less important that a clear mission make sense internationally.
B) It's essential to drive home different messages in different cultures.
C) Keeping the vision simple will never rally everyone to the corporate banner.
D) Pushing one vision globally is essential.
E) Elevated missions or visions will alienate international markets.
Answer: D
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Diverse and multicultural work environments

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

47) When developing a mission statement, what is needed before people can focus on specific strategy formulation activities?
A) Negotiation
B) Compromise
C) Eventual agreement
D) A and B only
E) All of the above
Answer: E
Diff: 1
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Written and oral communication

48) Raising the question "What is our business" may cause a realization of fundamental disagreement among individuals who have worked together for a long time and who think they know each other.
Answer: TRUE
Diff: 3
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Interpersonal relations and teamwork

49) According to Drucker, the most important time for a company to develop mission and vision statements is when the company is experiencing financial difficulty.
Answer: FALSE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Analytical thinking

50) According to King and Cleland, carefully developed written mission statements provide a basis for organizing work, departments, activities, and segments around a common purpose.
Answer: TRUE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Written and oral communication

51) Research has failed to find a positive relationship between mission statements and organizational performance.
Answer: FALSE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

52) In multidivisional organizations, each division should develop a mission statement consistent with and supportive of the corporate mission.
Answer: TRUE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Written and oral communication

53) One benefit of having a clear mission and vision is that it projects a sense of worth and intent to all stakeholders.
Answer: TRUE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Written and oral communication

54) When a company has been successful, the question "What is our business?" becomes less important.
Answer: FALSE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Analytical thinking

55) Having a clear mission and vision can provide a basis for a company's internal and external assessments.
Answer: TRUE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Analytical thinking

56) One of the benefits of having a clear mission and vision is the promotion of a sense of shared expectations among all managers and employees.
Answer: TRUE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

57) In multidivisional organizations, each division should develop a mission statement consistent with and supportive of the corporate mission but use the corporate vision statement instead of a divisional vision statement.
Answer: FALSE
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Analytical thinking

58) King and Cleland recommend that organizations carefully develop a written mission statement for four reasons. List and describe them.
Answer: King and Cleland recommend that organizations carefully develop a written mission statement in order to reap the following benefits: 1) to make sure all employees/managers understand the firm's purpose or reason for being; 2) to provide a basis for prioritization of key internal and external factors utilized to formulate feasible strategies; 3) to provide a basis for the allocation of resources; 4) to provide a basis for organizing work, departments, activities, and segments around a common purpose.
Diff: 2
LO: 2.4: Discuss how clear vision and mission statements can benefit other strategic-management activities.
AACSB: Written and oral communication

59) All stakeholders' claims on an organization _____ pursued with equal emphasis.
A) cannot be
B) should always be
C) are required to be
D) must ideally be
E) can usually be
Answer: A
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

60) All stakeholders
A) have claims and concerns about an organization, but these claims and concerns vary.
B) have the same claims and concerns about an organization.
C) have ownership rights in an organization.
D) have the same voting rights in an organization.
E) have environmental concerns as their top priority.
Answer: A
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

61) A good mission statement has
A) an employee orientation.
B) a customer orientation.
C) a shareholder orientation.
D) an environmental orientation.
E) a profit orientation.
Answer: B
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

62) The potential for creative growth in an organization can be limited by
A) an overemphasis on stakeholders.
B) not enough emphasis on stakeholders.
C) a mission statement that is too general.
D) a mission statement that is too specific.
E) a mission statement that is too dynamic.
Answer: D
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

63) An overly general mission statement that _____ could be dysfunctional.
A) does not exclude any strategy alternatives
B) encourages management creativity
C) excludes all diversification
D) endorses the consideration of feasible potential strategies
E) allows for the generation and consideration of a range of alternative objectives
Answer: A
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

64) The general public is especially interested in _____, whereas stockholders are more interested in _____.
A) environmental concerns; social responsibility
B) social responsibility; the treatment of employees
C) the treatment of employees; environmental concerns
D) profitability; social responsibility
E) social responsibility; profitability
Answer: E
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Ethical understanding and reasoning

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

65) In order to appeal to diverse stakeholders, an effective mission statement should be
A) inflammatory.
B) provocative.
C) contentious.
D) reconciliatory.
E) dysfunctional.
Answer: D
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

66) In developing a mission statement, arousing emotion
A) is not a benefit.
B) is futile.
C) is important.
D) should be avoided if possible.
E) is counterproductive.
Answer: C
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

67) According to McGinnis, a mission statement should be all of the following EXCEPT
A) it should be broad enough to include all ventures.
B) it should be stated in clear terms.
C) it should distinguish an organization from all others.
D) it should define what an organization is.
E) it should serve as a framework for evaluating both current and prospective activities.
Answer: A
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

68) An effective mission statement does all of the following EXCEPT
A) it reflects judgments about future growth directions that are based upon forward-looking external and internal analyses.
B) it provides useful criteria for selecting among alternative strategies.
C) it provides a basis for generating and screening strategic options.
D) it is static in orientation.
E) it should be enduring.
Answer: D
Diff: 1
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

69) Good mission statements identify the _____ of a firm's products to its customers.
A) utility
B) price
C) profit margin
D) demand
E) popularity
Answer: A
Diff: 1
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

70) Which of these examples of a mission statement focus area does NOT identify the utility of the firm's products to its customers?
A) AT&T focuses on communication rather than telephones.
B) ExxonMobil focuses on oil and gas rather than energy.
C) Union Pacific focuses on transportation rather than railroads.
D) Universal Studios focuses on entertainment rather than movies.
E) A clothing retailer focuses on attractive looks rather than on clothes.
Answer: B
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Application of knowledge

71) All of the following utility statements are relevant in developing a mission statement EXCEPT
A) Do not offer me shoes. Offer me comfort for my feet and the pleasure of walking.
B) Do not offer me furniture. Offer me comfort and the quietness of a cozy place.
C) Do not offer me ideas, emotions, ambience, feelings, and benefits. Offer me things.
D) Do not offer me books. Offer me hours of pleasure and the benefit of knowledge.
E) Do not offer me a house. Offer me security, comfort, and a place that is clean and happy.
Answer: C
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Application of knowledge

72) The recommended length of an effective mission statement is _____ words.
A) approximately 25
B) no more than 100
C) less than 150
D) at least 300
E) more than 500
Answer: C
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

73) What question is asked in conjunction with the philosophy component of a mission statement?
A) What are the firm's major products or services?
B) Is the firm committed to growth and financial soundness?
C) What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
D) Is the firm responsive to social, community, and environmental concerns?
E) Are employees a valuable asset of the firm?
Answer: C
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Ethical understanding and reasoning

74) An effective mission statement should do all of the following EXCEPT
A) include monetary amounts, numbers, percentages and ratios.
B) be inspiring.
C) reveal that the firm is environmentally responsible.
D) identify the utility of a firm's products.
E) be reconciliatory.
Answer: A
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

75) The mission statement should be short, preferably one sentence.
Answer: FALSE
Diff: 1
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

76) A mission statement should include a clear summary of an organization's financial status.
Answer: FALSE
Diff: 1
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

77) It is unusual for the claims and concerns of a company's stakeholders to vary or conflict.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

78) An effective mission statement generates the impression a firm is successful, has direction, and is worthy of time, support and investment.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

Copyright © 2017 Pearson Education, Inc.

Draft Only

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

79) A mission statement is usually just a simple statement of specific details.
Answer: FALSE
Diff: 1
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

80) Stakeholders of an organization include stockholders, customers and creditors, but not competitors.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

81) Customer's and creditors are considered stockholders of an organization.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

82) Individuals who own stock in a corporation are considered stakeholders.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

83) Stakeholders both affect and are affected by an organization's strategic decisions.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

84) Mission statements cannot be stated with too high a level of specificity.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

85) The relative attention an organization will devote to meeting the claims of various stakeholders is indicated in a good mission statement.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

86) Excess specificity can stifle creativity in the formulation of an acceptable mission or purpose.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

87) In most cases, at least 500 words are required to effectively state a mission statement.
Answer: FALSE
Diff: 1
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

88) According to Vern McGinnis, a mission statement should define what the organization is and what the organization aspires to be.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

89) As presented in the text book Vern McGinnis believes that a mission statement should empower keenly insightful leadership by an organization's top management.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

90) Good mission statements identify the utility of a firm's products.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

91) AT&T's mission statement focuses on telephones rather than on communication.
Answer: FALSE
Diff: 1
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

92) A mission statement that is limited enough to exclude some ventures is a poor mission statement.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

93) A good mission statement serves as a framework for evaluating both current and prospective activities.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

94) According to George Steiner, vagueness has no place in a good mission statement.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

95) According to George Steiner, a mission statement should be broad in scope, since concrete specification could be the base for rallying opposition.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Analytical thinking

96) Union Pacific's mission statement focuses on transportation rather than on railroads because good mission statements identify the utility of a firm's products to its customers.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Application of knowledge

97) Union Pacific's mission statement focuses on environmental stewardship rather than on transportation or railroads because good mission statements identify the utility of a firm's products to its customers.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Application of knowledge

98) The utility statement, "Do not offer me attractive looks; offer me clothes," is relevant in developing a mission statement.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

99) A mission statement should be broad enough to reconcile differences among an organization's various stakeholders.
Answer: TRUE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

100) A mission statement is excessively broad if it represents an attempt to reconcile differences among an organization's various stakeholders.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

101) The operating philosophy of organizations should be to develop a product and then try to find a market for it.
Answer: FALSE
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

102) Explain what it means for a mission statement to have a customer orientation.
Answer: The mission statement should reflect the anticipations of customers. Rather than developing a product and then trying to find a market, the operating philosophy of organizations should be to identify customers' needs and then provide a product or service to fulfill those needs. Good mission statements also identify the utility of a firm's products to its customers. A major reason for developing a business mission statement is to attract customers who give meaning to an organization.
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Written and oral communication

103) A good mission statement effectively reflects the anticipations of customers and reveals the utility that various products or services offer customers. Give three examples of this.
Answer: Student answers may vary, but could include: 1) AT&T's mission statement focuses on communication rather than on telephones; 2) Exxon's mission statement focuses on energy rather than on oil and gas; 3) Union Pacific's mission statement focuses on transportation rather than on railroads; and/or 4) Universal Studios' mission statement focuses on entertainment rather than on movies.
Diff: 2
LO: 2.5: Describe the characteristics of a good mission statement.
AACSB: Application of knowledge

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

104) The following excerpt from a mission statement illustrates which of the nine essential components of a mission statement?

"We believe our first responsibility is to the doctors, nurses, patients, mothers, and all others who use our products and services."

A) Markets
B) Customers
C) Concern for Employees
D) Concern for Public Image
E) Technology
Answer: B
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Application of knowledge

105) Which of the following illustrates the self-concept component of a mission statement?
A) To earn our customer's loyalty, we listen to them, anticipate their needs, and act to create value in their eyes.
B) We are committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of our employees.
C) Our emphasis is on North American markets, although global opportunities will be explored.
D) To compensate its employees with remuneration and fringe benefits competitive with other employment opportunities in its geographical area and commensurate with their contributions toward efficient corporate operations.
E) In this respect, the company will conduct its operations prudently and will provide the profits and growth which will assure our ultimate success.
Answer: B
Diff: 3
LO: 2.6: Identify the components of mission statements.
AACSB: Application of knowledge

106) Effective mission statements can vary in
A) length.
B) content.
C) format.
D) specificity.
E) all of the above
Answer: E
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

107) Which component of a mission statement addresses the firm's distinctive competence or major competitive advantage?
A) Technology
B) Philosophy
C) Concern for public image
D) Customers
E) Self-concept
Answer: E
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Written and oral communication

108) Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?
A) Technology
B) Philosophy
C) Concern for public image
D) Customers
E) Self-concept
Answer: B
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Ethical understanding and reasoning

109) Which question(s) is answered in an effective mission statement?
A) Is the firm committed to growth and financial soundness?
B) Are employees a valuable asset of the firm?
C) Geographically, where does the firm compete?
D) Who are the firm's customers?
E) All of the above questions are answered in an effective mission statement.
Answer: E
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Written and oral communication

110) Which question is NOT addressed in an effective mission statement?
A) Is the firm committed to growth and financial soundness?
B) Are employees a valuable asset of the firm?
C) Geographically, where does the firm compete?
D) Who are the firm's customers?
E) What are the updated balances of leading accounts on the firm's balance sheet?
Answer: E
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

111) Which of the following is NOT one of the nine recommended components of a mission statement?
A) Strategies
B) Self-concept
C) Employees
D) Markets
E) Customers
Answer: A
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Written and oral communication

112) Attracting customers is a major reason for developing a mission statement.
Answer: TRUE
Diff: 1
LO: 2.6: Identify the components of mission statements.
AACSB: Analytical thinking

113) A firm's philosophy in a mission statement addresses the question, "What is the firm's distinctive competence?"
Answer: FALSE
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Written and oral communication

114) A firm's concern for employees in a mission statement addresses the question, "Is the firm responsive to social, community, and environmental concerns?"
Answer: FALSE
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Ethical understanding and reasoning

115) A sense of self-concept is one of the nine components found in a good mission statement.
Answer: TRUE
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

116) List and define the major components of an effective mission statement.
Answer: 1) Customers: Who are the firm's customers?; 2) Products or services: What are the firm's major products or services?; 3) Markets: Geographically, where does the firm compete?; 4) Technology: Is the firm technologically current?; 5) Survival, growth, and profitability: Is the firm committed to growth and financial soundness?; 6) Philosophy: What are the basic beliefs, values, aspirations, and ethical priorities of the firm?; 7) Self-concept (Distinctive Competence): What is the firm's major competitive advantage?; 8) Public image: Is the firm responsive to social, community, and environmental concerns?; and 9) Employees: Are employees a valuable asset of the firm?
Diff: 2
LO: 2.6: Identify the components of mission statements.
AACSB: Written and oral communication

117) Define and give an example of the phrasing of the self-concept (distinctive competence) component in a mission statement.
Answer: The self-concept component of a mission statement asks the question, "What is the firm's major competitive advantage?" Examples of the self-concept component are: "We are committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of its employees."; "We strive for continuous improvement in everything we do."; "and strive to maintain our reputation as the most personable drugstore"; "at the lowest prices of any retail store"; "…and expert advice"; "Our vessels use emission-friendly engines; we strive to bring repeat tourists to all communities."
Diff: 3
LO: 2.6: Identify the components of mission statements.
AACSB: Application of knowledge

118) The critiqued mission statements of PepsiCo and Royal Caribbean; both lacked the following component(s).
A) Customer
B) Public Image
C) Employees
D) Both Customer Component and Employees Component
E) None of the above
Answer: A
Diff: 2
LO: 2.7: Evaluate mission statements of different organizations and write effective vision and mission statements.
AACSB: Application of knowledge

119) The critiqued mission statements of PepsiCo and Royal Caribbean both lacked the "Customers" component.
Answer: TRUE
Diff: 2
LO: 2.7: Evaluate mission statements of different organizations and write effective vision and mission statements.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank

120) The critiqued mission statements of PepsiCo and Royal Caribbean both lacked the "Public Image" component.
Answer: FALSE
Diff: 2
LO: 2.7: Evaluate mission statements of different organizations and write effective vision and mission statements.
AACSB: Written and oral communication

Draft Only

Copyright © 2017 Pearson Education, Inc.

Strategic Management A Competitive Advantage Approach Concepts 16th edition David Test Bank