Strategic Management A Competitive Advantage Concept and Cases 18th edition David Test Bank

SKU: 9780137963232-TEST-BANK

Strategic Management: A Competitive Advantage Approach, Concepts and Cases, 18e **(David)**
Chapter 2 The Business Vision and Mission

1) A firm expresses its commitment to integrity, fairness, discipline, equal employment opportunity, teamwork, accountability, continuous improvement, and/or other such exemplary attributes in its
A) strategy
B) business model
C) core values statement
D) stakeholder statement
E) planning process
Answer: C
Diff: 2
LO: 2.1: Explain the need for core value statements in strategic management.
AACSB: Written and oral communication

2) Generally, if core values are open for change in the future, they are not core values.
Answer: TRUE
Diff: 2
LO: 2.1: Explain the need for core value statements in strategic management.
AACSB: Written and oral communication

3) Which statement is TRUE?
A) A clear vision provides the foundation for developing a comprehensive mission statement.
B) A clear vision provides the foundation for developing an ethics policy.
C) A sustainable competitive advantage is the foundation for developing a clear vision.
D) A sustainable competitive advantage is the foundation for developing a core values statement.
E) Companies are required by law to have both mission and vision statements.
Answer: A
Diff: 2
LO: 2.2: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

4) The question "What do we want to become?" is answered by the
A) vision statement
B) mission statement
C) core values statement
D) statement of ethical responsibility
E) statement of philosophy
Answer: A
Diff: 2
LO: 2.2: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

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5) 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: 2.2: Describe the nature and role of vision statements in strategic management.
AACSB: Diverse and multicultural work environments

6) While often a primary motivator, what is perceived negatively by many stakeholders?
A) Profit
B) Vision
C) Objective
D) Mission
E) Competitive advantage
Answer: A
Diff: 1
LO: 2.2: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

7) If an organization chooses to have both a mission and a vision, the mission statement should be established first.
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Answer: FALSE
Diff: 2
LO: 2.2: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

8) An important question a mission statement should answer is, "What do we want to become?"
Answer: FALSE
Diff: 1
LO: 2.2: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

9) In order to motivate a workforce effectively, both profit and vision are needed.
Answer: TRUE
Diff: 2
LO: 2.2: Describe the nature and role of vision statements in strategic management.
AACSB: Analytical thinking

10) A vision statement should answer the question, "What do we want to become?"
Answer: TRUE
Diff: 1
LO: 2.2: Describe the nature and role of vision statements in strategic management.
AACSB: Written and oral communication

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11) The ideal vision statement is
A) realistic in achieving so as not be challenging
B) several paragraphs in length
C) written from a customer perspective
D) vague about the business the firm conducts
E) very broad and vague to allow for frequent change
Answer: C
Diff: 1
LO: 2.3: Identify the characteristics of a vision statement.
AACSB: Written and oral communication

12) Which of the following is NOT true of vision statements?
A) A vision statement should reveal the type of business the firm engages.
B) Vision statements should be written from a customer perspective.
C) Vision statements should indicate the expected amounts of profits the firm wants to make.
D) A vision statement should describe a desired future state.
E) The vision statement needs to be doable, but challenging.
Answer: C
Diff: 1
LO: 2.3: Identify the characteristics of a vision statement.
AACSB: Written and oral communication

13) Vision statements should be futuristic.
Answer: TRUE
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Diff: 1
LO: 2.3: Identify the characteristics of a vision statement.
AACSB: Written and oral communication

14) Instagram's vision statement "to capture and share the world's moments" is considered exemplary.
Answer: FALSE
Diff: 3
LO: 2.3: Identify the characteristics of a vision statement.
AACSB: Application of knowledge

15) An effective vision statement is not expected to be inspiring.
Answer: FALSE
Diff: 1
LO: 2.3: Identify the characteristics of a vision statement.
AACSB: Written and oral communication

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16) What are the five characteristics of effective vision statements?
Answer: The vision statement answers the question, "What do we want to become?" Effective vision statements exhibit these five characteristics.
1. Clear: reveals the type of industry and what the firm strives to become.
2. Futuristic: reveals what the firm strives to become or accomplish within 5 years.
3. Concise: one sentence in length.
4. Unique: reveals the firm's competitive advantage.
5. Inspiring: motivates the readers to support the firm.
Diff: 3
LO: 2.3: Identify the characteristics of a vision statement.
AACSB: Analytical thinking

17) Current thought on mission statements is based largely on guidelines set forth by
A) Cleland
B) Campbell
C) Drucker
D) McGinnis
E) Yeung
Answer: C
Diff: 2
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

18) A mission statement is also referred to as all of these EXCEPT
A) vision statement
B) creed statement
C) statement of purpose
D) statement of philosophy
E) core values statement
Answer: A
Diff: 1
LO: 2.4: 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: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

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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: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

21) A declaration of a firm's "reason for being" is the
A) mission statement
B) vision statement
C) core values statement
D) ethics statement
E) social responsibility statement
Answer: A
Diff: 2
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

22) A firm's vision statement answers the question, "What is our business?"
Answer: FALSE
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Diff: 2
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

23) A clear mission statement is essential for effectively establishing objectives and formulating strategies.
Answer: TRUE
Diff: 2
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

24) A mission statement is sometimes called a creed statement.
Answer: TRUE
Diff: 1
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

25) A vision statement, is an enduring statement of purpose that distinguishes one organization from other similar enterprises.
Answer: FALSE
Diff: 2
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

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26) A mission statement can sometimes be called a statement of philosophy.
Answer: TRUE
Diff: 1
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

27) Some strategists rush to establish objectives and implement strategies and overlook the development of a vision and mission statement.
Answer: TRUE
Diff: 2
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

28) According to Peter Drucker, answering the question "What is our business?" is the first responsibility of strategists.
Answer: TRUE
Diff: 2
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Written and oral communication

29) Describe the importance of a mission statement to 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.
Diff: 2
LO: 2.4: Describe the nature and role of mission statements in strategic management.
AACSB: Analytical thinking

30) Which group would NOT be classified as stakeholders?
A) Governments
B) Colleges
C) Unions
D) Stockholders
E) Creditors
Answer: B
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

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31) To address the claims and concerns of diverse stakeholders, mission statements should be
A) reconciliatory
B) narrow
C) concise
D) inspiring
E) enduring
Answer: A
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

32) 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: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

33) A good mission statement
A) includes monetary amounts and objectives
B) reveals that the firm is socially responsible
C) is cast in stone
D) focuses on at least one primary stakeholder interest
E) is at least 250 words in length
Answer: B
Diff: 3
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

34) 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: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

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35) Numbers should not be included in a mission statement since
A) concrete ends should not be expressed
B) numbers can be wrong
C) stakeholder conflicts would arise
D) they are not global in nature
E) numbers may not be achieved
Answer: A
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

36) As a stakeholder group, the general public is especially interested in
A) financial ratios
B) product performance
C) the treatment of employees
D) profitability
E) social responsibility
Answer: E
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Ethical understanding and reasoning

37) An effective mission statement should be
A) inflammatory
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B) provocative
C) contentious
D) reconciliatory
E) dysfunctional
Answer: D
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

38) In developing a mission statement
A) excess specificity is required to provide direction
B) numbers are required to set challenging goals
C) stakeholder interests should be reviewed
D) key issues should be addressed in lengthy language
E) a customer perspective should be avoided
Answer: C
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
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39) The mission statement should include all these components EXCEPT
A) concern for IRS requirements
B) concern for public image
C) concern for survival
D) concern for growth
E) concern for employees
Answer: A
Diff: 1
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

40) A major reason for developing a mission statement is to
A) attract customers
B) generate advertising
C) attract lines of credit
D) generate social media traffic
E) attract investors
Answer: A
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

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

42) 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) Macy's focuses on attractive looks rather than on clothes.
Answer: B
Diff: 3
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
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43) 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: 1
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Application of knowledge

44) The recommended length of an effective mission statement is _____ words.
A) approximately 25
B) no more than 200
C) less than 100
D) at least 300
E) more than 500
Answer: C
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

45) A basis for generating and screening strategic options is provided by a firm's
A) mission statement
B) stakeholders
C) customers
D) vision statement
E) strategists
Answer: A
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Ethical understanding and reasoning

46) 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: Identify and discuss the characteristics of an effective mission statement.
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47) An effective mission statement should avoid arousing emotions.
Answer: FALSE
Diff: 1
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

48) A clear mission statement provides a basis for generating and screening strategic options.
Answer: TRUE
Diff: 1
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

49) A firm's stakeholder concerns often conflict with one another.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

50) A mission statement is a declaration of attitude and outlook.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

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51) A mission statement is usually just a simple statement of specific details.
Answer: FALSE
Diff: 1
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

52) Stockholders, customers, creditors, and competitors are considered stakeholders of an organization.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

53) Customers and creditors are considered stockholders of an organization.
Answer: FALSE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

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54) A quality mission statement is enduring and cast in stone.
Answer: FALSE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

55) Stakeholders both affect and are affected by an organization's strategic decisions.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

56) Mission statements cannot be stated with too high a level of specificity.
Answer: FALSE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

57) Quality mission statements identify the utility of the organization's products to its customers.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

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58) Excess specificity can stifle creativity in the formulation of an acceptable mission or purpose.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

59) At least 500 words are required to effectively state the mission of most organizations.
Answer: FALSE
Diff: 1
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

60) One of the characteristics of a mission statement is that it should be written from a customer perspective.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

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61) A mission statement should be narrow in scope.
Answer: FALSE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

62) In identifying utility, mission statements should address benefits instead of things.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

63) To address utility, Verizon's mission statement focuses on telephones rather than on communication.
Answer: FALSE
Diff: 1
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

64) A mission statement that is limited enough to exclude some ventures is a poor mission statement.
Answer: FALSE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

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

66) A mission statement should distinguish a given organization from all others.
Answer: TRUE
Diff: 1
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

67) 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: Identify and discuss the characteristics of an effective mission statement.
AACSB: Analytical thinking

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68) The mission statement of Union Pacific would be considered good in meeting the utility characteristic since it focuses on transportation rather than on railroads.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Application of knowledge

69) To identify the utility of Universal Studio's products, it focuses on movies rather than on entertainment.
Answer: FALSE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Application of knowledge

70) Research suggests that customer satisfaction has a strong positive relationship with organizational performance.
Answer: TRUE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

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

72) An effective mission statement is written from a profit perspective.
Answer: FALSE
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

73) 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: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

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74) 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.
Diff: 2
LO: 2.5: Identify and discuss the characteristics of an effective mission statement.
AACSB: Written and oral communication

75) 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) Verizon's mission statement focuses on communication rather than on telephones; 2) ExxonMobil'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: Identify and discuss the characteristics of an effective mission statement.
AACSB: Application of knowledge

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

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"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 and discuss the components of mission statements.
AACSB: Application of knowledge

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77) Which mission statement component addresses the firm's basic beliefs, aspirations, and ethical priorities?
A) Customers
B) Markets
C) Products or services
D) Philosophy
E) Technology
Answer: D
Diff: 1
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Application of knowledge

78) Which mission statement component answers the question "geographically, where does the firm compete?"
A) customers
B) products or services
C) technology
D) philosophy
E) markets
Answer: E
Diff: 2
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Written and oral communication

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

80) 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) Markets
Answer: B
Diff: 2
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Ethical understanding and reasoning

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81) Which question is NOT 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) Are the firm's profits adequate?
Answer: E
Diff: 2
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Written and oral communication

82) Which question is addressed in the public image component of mission statements?
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) Is the firm responsive to social, community, and environmental concerns?
Answer: E
Diff: 2
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Written and oral communication

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

84) The most important variable in doing business with someone you do not know is trustworthiness.
Answer: TRUE
Diff: 1
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Analytical thinking

85) Including the word customer is sufficient to meet the need of the customer component in a mission statement.
Answer: FALSE
Diff: 2
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Written and oral communication

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86) Regarding the survival, growth, and profitability component, for publicly held firms, shareholders often expect at least a five percent annual growth in revenues.
Answer: TRUE
Diff: 2
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Ethical understanding and reasoning

87) A company's distinctive competence is one of the nine components found in a good mission statement.
Answer: TRUE
Diff: 2
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Written and oral communication

88) 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) 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?
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Diff: 2
LO: 2.6: Identify and discuss the components of mission statements.
AACSB: Written and oral communication

89) Define and give an example of the phrasing of the distinctive competence component in a mission statement.
Answer: The distinctive competence component of a mission statement asks the question, "What is the firm's major competitive advantage?" Examples of the distinctive competence 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 and discuss the components of mission statements.
AACSB: Application of knowledge

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90) _____ are developed too often only when the organization is in trouble.
A) Business models
B) Financial statements
C) Budgets
D) Policies
E) Vision and mission statements
Answer: E
Diff: 1
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

91) A meta-analysis on mission statements concluded there is a positive relationship between mission statements and
A) measures of financial performance
B) measures of customer satisfaction
C) measures of employee engagement
D) customer perceptions of social responsibility
E) customer perceptions of environmental responsibility
Answer: A
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

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92) A benefit of developing a comprehensive mission statement is that
A) divergent views among managers can be uncovered and resolved during the process
B) controversy is minimized
C) fundamental agreement is quickly reached
D) negotiation is avoided
E) participation is limited
Answer: A
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

93) 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: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

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94) Which of these is NOT one of the benefits of having a clear vision and mission?
A) Provide a set of core values.
B) Provide direction.
C) Achieve higher organizational performance.
D) Resolve divergent views among managers.
E) Achieve synergy among all managers and employees.
Answer: A
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

95) Why should as many managers as possible be involved in the process of developing vision and mission statements?
A) Through involvement, people become committed.
B) No one can object to the final statements.
C) Managers can then get the input from their subordinates.
D) Everyone is seen as equal in the process.
E) Fewer modifications, additions, and deletions will be needed.
Answer: A
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

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96) Who may have more unbiased views to manage the development and modification process of vision and mission statements?
A) Outside facilitator
B) Divisional manager
C) Strategic planner
D) Internal auditor
E) Operational employee
Answer: A
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

97) An emotional bond can be created through the development of
A) a mission statement
B) a values statement
C) a statement of long-term objectives
D) a vision statement
E) an internal audit
Answer: A
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

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98) One reason for the bankruptcy and eventual liquidation of W.T. Grant was
A) unresolved disagreement over the business mission
B) lack of external audits
C) lack of core values
D) no focus on social responsibility
E) no ability to evaluate performance
Answer: A
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

99) When is the best time to develop vision and mission statements according to Peter Drucker?
A) When a firm is in decline
B) When the firm is successful
C) When the firm is going global
D) When the firm is being sued
E) When the firm is exploring new markets
Answer: B
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Analytical thinking

100) When developing a vision statement, input should be received from as many managers as possible.
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Answer: TRUE
Diff: 1
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

101) A vision statement is not necessary for small nonprofit organizations.
Answer: FALSE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Analytical thinking

102) A benefit of developing a comprehensive mission statement is uncovering and resolving divergent views among managers.
Answer: TRUE
Diff: 1
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

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103) An early step in the process of developing a mission and vision statement is to ask managers to individually prepare vision and mission statements for the organization.
Answer: TRUE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

104) When an effective process is followed, developing a mission statement should create an emotional bond and sense of mission between the organization and its employees.
Answer: TRUE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Analytical thinking

105) Outside consultants cannot effectively facilitate the development of an organization's mission and vision.
Answer: FALSE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Analytical thinking

106) A fundamental disagreement among managers across the organization may occur when raising the question "What is our business?"
Answer: TRUE
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Diff: 3
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Interpersonal relations and teamwork

107) 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: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Analytical thinking

108) A benefit of developing a written mission statement is to provide a basis for organizing work, departments, activities, and segments around a common purpose.
Answer: TRUE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

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109) Research has failed to find a positive relationship between mission statements and organizational performance.
Answer: FALSE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

110) The process itself of developing vision and mission statements represents a great opportunity for strategists to gain support from all the firm's managers.
Answer: TRUE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

111) 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: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

112) Clear vision and mission statements become less important when a company is successful.
Answer: FALSE
Diff: 2
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LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Analytical thinking

113) Asking "What is our business?" can create controversy among managers.
Answer: TRUE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Analytical thinking

114) 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: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

115) Each division of a multidivisional organization should develop a mission statement consistent with and supportive of the corporate mission.
Answer: TRUE
Diff: 2
LO: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Analytical thinking

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116) Explain the process of developing vision and mission statements.
Answer: A widely used approach to develop a mission statement is first to select several articles as background information for managers to read. 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: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

117) 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: 2.7: Discuss the benefits of a firm of having a clear vision and mission statements.
AACSB: Written and oral communication

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118) One of the best ways to develop a skill for evaluating and writing vision and mission statements is
A) to study actual statements and critique them
B) to practice writing them
C) to take a writing class
D) to copy statements from best-in-class firms
E) to draft statements to have others critique them
Answer: A
Diff: 2
LO: 2.8: Evaluate and write vision and mission statements for different organizations.
AACSB: Application of knowledge

119) The former CEO of LinkedIn says the most important ingredient for a great leader is for that person to be clear about the organization's vision.
Answer: TRUE
Diff: 2
LO: 2.8: Evaluate and write vision and mission statements for different organizations.
AACSB: Written and oral communication

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120) Establishing and nurturing an effective vision and mission is a vital first step in gaining and maintaining competitive advantages.
Answer: TRUE
Diff: 2
LO: 2.8: Evaluate and write vision and mission statements for different organizations.
AACSB: Written and oral communication

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