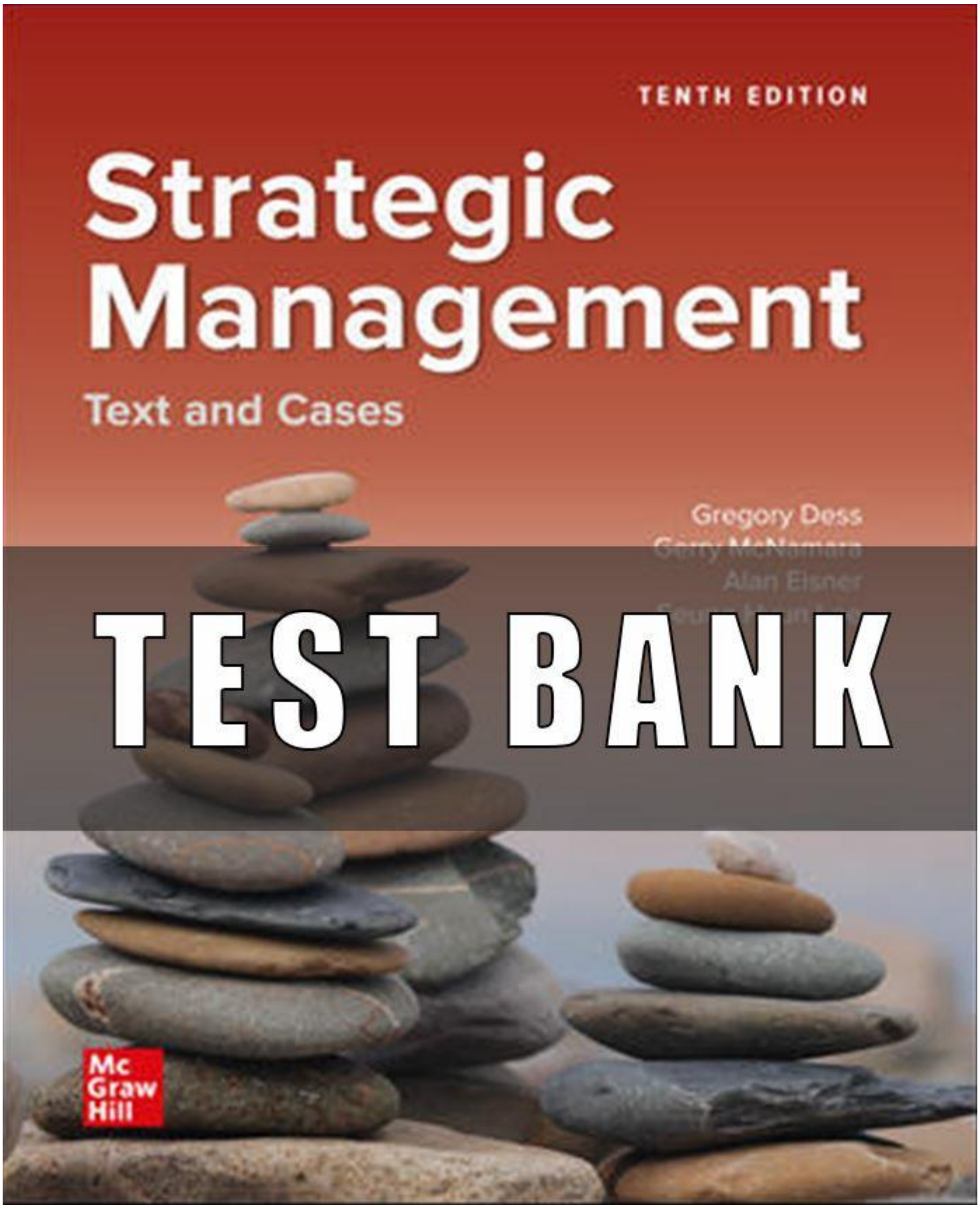
Test Bank for Strategic Management Text and Cases, 10th Edition, Gregory Dess



***Strategic Management: Text and Cases, 10th* (Dess)**
Chapter 1 Strategic Management: Creating Competitive Advantages

1) Lands' End's failure under the leadership of Ms. Frederica Marchionni was said to be a direct result of the quality of her leadership. According to the text, this would be an example of the "romantic" perspective of leadership.

Answer: TRUE
Explanation: In the romantic view of leadership, the implicit assumption is that the leader is the key force in determining an organization's success or lack thereof. Under Ms. Marchionni's leadership, the company reported a 19.5-million-dollar loss for 2016 after having reported a 73.8-million-dollar profit for the previous year under its previous CEO.
Difficulty: 2 Medium
Topic: Strategy and the Strategic Management Process
Learning Objective: 01-01 The definition of strategic management and its four key attributes.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

2) Strategic management consists of the analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages.

Answer: TRUE
Explanation: According to the textbook, this is the definition of strategic management.
Difficulty: 1 Easy
Topic: Strategy and the Strategic Management Process
Learning Objective: 01-01 The definition of strategic management and its four key attributes.
Bloom's: Remember
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

3) Management innovations such as total quality, just-in-time, benchmarking, business process reengineering, and outsourcing are important but not enough for building sustainable competitive advantage.

Answer: TRUE
Explanation: Sustainable competitive advantage cannot be achieved through operational effectiveness alone. Popular management innovations of the last two decades like total quality, just-in-time, benchmarking, business process reengineering, and outsourcing are concerned with operational effectiveness.
Difficulty: 2 Medium
Topic: Strategy and the Strategic Management Process
Learning Objective: 01-01 The definition of strategic management and its four key attributes.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

4) Trade-off decisions between effectiveness and efficiency are important in the practice of

strategic management.

Answer: TRUE
Explanation: The fourth attribute of strategic management is that it involves the recognition of trade-offs between effectiveness and efficiency. Some authors have referred to this as the difference between doing the right thing (effectiveness) and doing things right (efficiency).
Difficulty: 2 Medium
Topic: Strategy and the Strategic Management Process
Learning Objective: 01-01 The definition of strategic management and its four key attributes.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

5) According to Henry Mintzberg, a management scholar, most firms do *not* realize their original intended strategy.

Answer: TRUE
Explanation: Henry Mintzberg states that the intended strategy rarely survives in its original form. Unforeseen environmental developments, unanticipated resource constraints, or changes in managerial preferences may result in at least some parts of the intended strategy remaining unrealized. On the other hand, good managers will want to take advantage of a new opportunity presented by the environment, even if it was not part of the original set of intentions.
Difficulty: 2 Medium
Topic: Strategy and the Strategic Management Process
Learning Objective: 01-02 The strategic management process and its three interrelated and principal activities.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

6) The final realized strategy of a firm is a combination of deliberate and time-tested strategies only.

Answer: FALSE
Explanation: Realized strategy is that strategy of a firm in which organizational decisions are determined by both analysis and unforeseen environmental developments, unanticipated resource constraints, and/or changes in managerial preferences.
Difficulty: 2 Medium
Topic: Strategy and the Strategic Management Process
Learning Objective: 01-02 The strategic management process and its three interrelated and principal activities.
Bloom's: Understand
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

7) Strategy analysis is the study of only the big picture external environments of the firm.

Answer: FALSE
Explanation: Strategy analysis is the study of the external and internal environments of a firm, and their fit with organizational vision and goals.
Difficulty: 2 Medium
Topic: Strategy and the Strategic Management Process
Learning Objective: 01-02 The strategic management process and its three interrelated and principal activities.
Bloom's: Understand
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

8) All successful firms compete and outperform their rivals by developing bases for competitive advantage, which can be achieved only through cost leadership.

Answer: FALSE
Explanation: Successful firms strive to develop bases for competitive advantage, which can be achieved through cost leadership and/or differentiation as well as by focusing on a narrow or industrywide market segment.
Difficulty: 2 Medium
Topic: Strategy and the Strategic Management Process
Learning Objective: 01-02 The strategic management process and its three interrelated and principal activities.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

9) The three primary participants in corporate governance are: (1) the shareholders, (2) the management (led by the chief executive officer), and (3) the employees.

Answer: FALSE
Explanation: The primary participants are: (1) the shareholders, (2) the management (led by the chief executive officer), and (3) the board of directors.
Difficulty: 2 Medium
Topic: Corporate Governance
Learning Objective: 01-03 The strategic role of corporate governance and stakeholder management, as well as how "symbiosis" can be achieved among an organization's stakeholders.
Bloom's: Understand
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

10) Decisions by boards of directors are always consistent with shareholder interests.

Answer: FALSE
Explanation: The board of directors (BOD) are the elected representatives of the shareholders, charged with ensuring that the interests and motives of management are aligned with those of the owners (i.e., shareholders). Recent scandals have resulted in criticism and cynicism that the BOD fulfills this charge.
Difficulty: 2 Medium
Topic: Corporate Governance
Learning Objective: 01-03 The strategic role of corporate governance and stakeholder management, as well as how "symbiosis" can be achieved among an organization's stakeholders.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

11) Ensuring effective corporate governance requires an effective and engaged board of directors, uninvolved shareholders, and proper managerial rewards and incentives.

Answer: FALSE
Explanation: We focus on three important mechanisms to ensure effective corporate governance: (1) an effective and engaged board of directors, (2) shareholder activism, and (3) proper managerial rewards and incentives.
Difficulty: 2 Medium
Topic: Corporate Governance
Learning Objective: 01-03 The strategic role of corporate governance and stakeholder management, as well as how "symbiosis" can be achieved among an organization's stakeholders.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

12) Social responsibility is the idea that organizations are only accountable to stockholders.

Answer: FALSE
Explanation: Social responsibility is the expectation that businesses or individuals will strive to improve the overall welfare of society. From the perspective of a business, this means that managers must take active steps to make society better by virtue of the business being in existence.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility and Sustainability
Learning Objective: 01-04 The importance of social responsibility, including environmental sustainability, and how it can enhance a corporation's innovation strategy.
Bloom's: Analyze
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

13) Shell, NEC, and Procter and Gamble have been measuring their performance according to what has been called a triple bottom line. This technique involves an assessment of financial, social, and environmental performance.

Answer: TRUE
Explanation: Many companies are now measuring what has been called a triple bottom line. This involves assessing financial, social, and environmental performance. Shell, NEC, Procter and Gamble, and others have recognized that failing to account for the environmental and social costs of doing business poses risks to the company and its community.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility and Sustainability
Learning Objective: 01-04 The importance of social responsibility, including environmental sustainability, and how it can enhance a corporation's innovation strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

14) Sustainability is being increasingly recognized as a source of cost efficiencies and revenue growth.

Answer: TRUE
Explanation: A CEO survey on sustainability by Accenture debunks the notion that sustainability and profitability are mutually exclusive corporate goals. The study found that sustainability is being increasingly recognized as a source of cost efficiencies and revenue growth. In many companies, sustainability activities have led to increases in revenue and profits.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility and Sustainability
Learning Objective: 01-04 The importance of social responsibility, including environmental sustainability, and how it can enhance a corporation's innovation strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

15) Strategic management requires managers at all levels of the organization to take a segregated view of the organization.

Answer: FALSE
Explanation: Strategic management requires managers to take an integrative view of the organization and assess how all of the functional areas and activities fit together to help an organization achieve its goals and objectives. This cannot be accomplished if only the top managers in the organization take an integrative, strategic perspective of issues facing the firm, and everyone else fends for themselves in their independent, isolated functional areas. Instead, people throughout the organization must strive toward overall goals.
Difficulty: 1 Easy
Topic: Value of Strategic Leadership
Learning Objective: 01-05 The need for greater empowerment throughout the organization.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

16) The strategic management process should be addressed only by top-level executives. Mid-level and low-level employees are best equipped to implement the strategies of the organization.

Answer: FALSE
Explanation: To develop and mobilize people and other assets, leaders are needed throughout the organization. No longer can organizations be effective if the top level does the thinking, and the rest of the organization does the work. Everyone must be involved in the strategic management process.
Difficulty: 2 Medium
Topic: Value of Strategic Leadership
Learning Objective: 01-05 The need for greater empowerment throughout the organization.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

17) Richard Branson, the founder of the Virgin Group, is well known for creating an inclusive organizational structure in which anybody in the organization can be involved in generating and acting on new business ideas.

Answer: TRUE
Explanation: Richard Branson, founder of the Virgin Group, whose core businesses include retail operations, hotels, communications, and an airline, is well known for creating a culture and an informal structure where anybody in the organization can be involved in generating and acting on new business ideas.
Difficulty: 2 Medium
Topic: Value of Strategic Leadership
Learning Objective: 01-05 The need for greater empowerment throughout the organization.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

18) The vision of an organization is at the top level of its hierarchy of organizational goals. The vision statement should be massively inspiring, overarching, and long term.

Answer: TRUE
Explanation: A vision is a goal that is massively inspiring, overarching, and long term.
Difficulty: 2 Medium
Topic: The Roles of Vision, Mission, and Values in the Strategic Management Process
Learning Objective: 01-06 How awareness of a hierarchy of strategic goals can help an organization achieve coherence in strategic decisions.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

19) Much research has supported the notion that individuals work much harder when they are asked to do their best rather than when they are striving toward a specific goal.

Answer: FALSE
Explanation: Challenging objectives can help to motivate and inspire employees to higher levels of commitment and effort. Much research has supported the notion that people work harder when they are striving toward specific goals instead of being asked simply to do their best.
Difficulty: 2 Medium
Topic: The Roles of Vision, Mission, and Values in the Strategic Management Process
Learning Objective: 01-06 How awareness of a hierarchy of strategic goals can help an organization achieve coherence in strategic decisions.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation