Chapter 2   Leading Strategically Through Effective Vision and Mission

TRUE/FALSE

1. The terms *leadership* and *strategic leadership* may be used interchangeably.
   Answer: True   ● False
   Diff: 1   Type: TF   Page Ref: 33
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: None

2. The person who assumes the role of strategic leadership reports directly to the CEO.
   Answer: True   ● False
   Diff: 1   Type: TF   Page Ref: 34
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

3. As part of their interpersonal role, top executives perform various ceremonial tasks, such as breaking ground at new facilities and hosting retirement dinners.
   Answer: ● True   False
   Diff: 2   Type: TF   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: None

4. As liaisons, top executives maintain relationships with external stakeholders by serving on boards of directors and participating in civic organizations.
   Answer: ● True   False
   Diff: 1   Type: TF   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: None

5. Leaders' information roles include those of monitor, disseminator, and spokesperson.
   Answer: ● True   False
   Diff: 1   Type: TF   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: None

6. The role of liaison represents a vertical relationship.
   Answer: True   ● False
   Diff: 2   Type: TF   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Fact
   AACSB Coding: None

7. Within an organization, the disseminator and spokesperson can be the same person.
   Answer: ● True   False
   Diff: 2   Type: TF   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

8. The entrepreneurial role focuses on both voluntary and proactive initiatives.
   Answer: ● True   False
   Diff: 3   Type: TF   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: None

9. As negotiator, the CEO designs the firm's strategy and supervises its implementation.
   Answer: True   ● False
   Diff: 2   Type: TF   Page Ref: 36
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: None

10. The Level 5 Hierarchy is a model of leadership skills calling for a wide range of abilities.
    Answer: ● True   False
    Diff: 1   Type: TF   Page Ref: 36
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: None

11. An individual must be the CEO of a company to carry out bold strategy moves.
    Answer: True   ● False
    Diff: 3   Type: TF   Page Ref: 37
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

12. Level 5 leaders tend to be arrogant and egotistical.
    Answer: True   ● False
    Diff: 2   Type: TF   Page Ref: 37
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

13. According to level 2 in the Level 5 Hierarchy, senior managers need to show the ability to manage other people.
    Answer: True   ● False
    Diff: 3   Type: TF   Page Ref: 38
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

14. According to the text, Collins' research suggests that above-average companies are typically headed up by arrogant leaders.
    Answer: True   ● False
    Diff: 2   Type: TF   Page Ref: 38
    Topic/Objective: CH2: Strategic Leadership
    Skill: Fact
    AACSB Coding: None

15. Both senior executives' judgment and behavior influence the formation and implementation of strategy.
    Answer: ● True   False
    Diff: 1   Type: TF   Page Ref: 38
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Ethical Reasoning

16. Charisma and emotional intelligence are required to be a leader within an organization.
    Answer: True   ● False
    Diff: 2   Type: TF   Page Ref: 38
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

17. Research suggests that the best way to understand the effectiveness of CEOs is by examining their actions.
    Answer: ● True   False
    Diff: 1   Type: TF   Page Ref: 38
    Topic/Objective: CH2: Strategic Leadership
    Skill: Fact
    AACSB Coding: None

18. An individual with a high tolerance of ambiguity would be extremely uncomfortable in a situation with little information and a great deal of uncertainty.
    Answer: True   ● False
    Diff: 2   Type: TF   Page Ref: 39
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

19. Background differences typically refer to such factors as gender, nationality, network ties, and religion.
    Answer: True   ● False
    Diff: 2   Type: TF   Page Ref: 39
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: None

20. According to the trait leadership theory, effective leaders may be classified according to personality differences.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 39
Topic/Objective: CH2: Strategic Leadership
Skill: Definition
AACSB Coding: None

21. Homogeneous groups tend to make better decisions because all group members have similar backgrounds and see things in similar ways.
Answer: True   ● False
Diff: 2   Type: TF   Page Ref: 41
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

22. Firms seek competitive advantage through the quality of their human capital.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 41
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

23. The strategic leader emphasizes the efficient execution of a given plan.
Answer: True   ● False
Diff: 3   Type: TF   Page Ref: 41
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

24. An effective executive team relies partly on the division of labor.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 41
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

25. A hallmark of a great leader is knowing when and how to follow the lead of others.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 41
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

26. An executive team can accommodate diverse input while acting as an integrated unit.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 43
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

27. Social capital is the money invested in business-related social functions.
    Answer: True   ● False
    Diff: 2   Type: TF   Page Ref: 43
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: None

28. Succession planning is the process of managing a well-planned and well-executed transition from one CEO to the next.
    Answer: ● True   False
    Diff: 1   Type: TF   Page Ref: 44
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: None

29. Improperly executed succession planning can undermine investor confidence and depress company stock prices.
    Answer: ● True   False
    Diff: 2   Type: TF   Page Ref: 46
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

30. Vision is a simple statement or understanding of what the firm will be in the future.
    Answer: ● True   False
    Diff: 2   Type: TF   Page Ref: 46
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Definition
    AACSB Coding: None

31. The terms *vision* and *mission* may be used interchangeably.
    Answer: True   ● False
    Diff: 2   Type: TF   Page Ref: 46
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

32. The mission statement is the declaration of what a firm is and its fundamental values and purposes.
    Answer: ● True   False
    Diff: 2   Type: TF   Page Ref: 46
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Definition
    AACSB Coding: None

33. Vision and mission statements inform managers and employees of the firm's direction.
   Answer: ● True   False
   Diff: 2   Type: TF   Page Ref: 47
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Analytical
   AACSB Coding: Analytic Skills

34. Vision and mission statements are statements of organizational identity and purpose that can guide executives in making corporate decisions.
   Answer: ● True   False
   Diff: 1   Type: TF   Page Ref: 47
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Definition
   AACSB Coding: None

35. Mission statements generally express long-term action horizons and are ambiguous and ambitious by design.
   Answer: True   ● False
   Diff: 3   Type: TF   Page Ref: 48
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Analytical
   AACSB Coding: Analytic Skills

36. The ambiguity of vision statements enables organizations the flexibility to change strategy or implementation tactics when it looks as if business as usual isn't going to realize the expressed vision.
   Answer: ● True   False
   Diff: 1   Type: TF   Page Ref: 48
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Analytical
   AACSB Coding: Analytic Skills

37. Clearly articulated vision and mission statements may be used as substitutes for strategy.
   Answer: True   ● False
   Diff: 3   Type: TF   Page Ref: 48
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Analytical
   AACSB Coding: Analytic Skills

38. To be effective, visions and missions must be put in action in terms of specific goals and objectives for directing strategic actions.
   Answer: ● True   False
   Diff: 2   Type: TF   Page Ref: 48
   Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
   Skill: Analytical
   AACSB Coding: Analytic Skills

39. A superordinate goal is an overarching reference point for a host of hierarchical subgoals.
    Answer: ● True   False
    Diff: 2   Type: TF   Page Ref: 49
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Definition
    AACSB Coding: None

40. At many companies, managers track strategic progress with a tool called a balanced scorecard.
    Answer: ● True   False
    Diff: 1   Type: TF   Page Ref: 49
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

41. A balanced scorecard is a system for translating vision and strategy into tangible performance measurements.
    Answer: ● True   False
    Diff: 3   Type: TF   Page Ref: 49
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Definition
    AACSB Coding: None

42. Because they are general and ambiguous, mission and vision statements serve little strategic purpose.
    Answer: True   ● False
    Diff: 3   Type: TF   Page Ref: 49
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Analytical
    AACSB Coding: Analytic Skills

43. Goals are a broad indication of organizational intentions.
    Answer: ● True   False
    Diff: 2   Type: TF   Page Ref: 49
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Analytical
    AACSB Coding: Analytic Skills

44. Objectives are specific measurable steps for reaching goals.
    Answer: ● True   False
    Diff: 2   Type: TF   Page Ref: 49
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Definition
    AACSB Coding: None

45. Organizational performance is positively correlated with the integration of internal stakeholders.
Answer: ● True   False
Diff: 3   Type: TF   Page Ref: 50
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Analytical
AACSB Coding: Analytic Skills

46. Goals and objectives are statements of organizational identity and purpose that can guide executives in making corporate decisions.
Answer: True   ● False
Diff: 3   Type: TF   Page Ref: 50
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Definition
AACSB Coding: None

47. *Strategic purpose* is defined as a simplified model of the organization and its future, including anticipated changes in environment.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 50
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Definition
AACSB Coding: None

48. An effective strategic purpose must be tied to a coherent set of activities, goals, and objectives anchored in measurable strategic outcomes.
Answer: ● True   False
Diff: 3   Type: TF   Page Ref: 51
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Analytical
AACSB Coding: Analytic Skills

49. Strategic coherence is the symmetrical coalignment of the five elements of the firm's strategy, the congruence of functional-area policies with these elements, and the overarching fit of various businesses under the corporate umbrella.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 52
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Definition
AACSB Coding: None

50. Strategic coherence is best demonstrated by firms that move in and out of new businesses.
Answer: True   ● False
Diff: 3   Type: TF   Page Ref: 52
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Analytical
AACSB Coding: Analytic Skills

51. A firm's decision to grow rapidly through acquisitions is consistent with a corporate strategy aimed at differentiating its product line.
Answer: True   ● False
Diff: 3   Type: TF   Page Ref: 52
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Analytical
AACSB Coding: Analytic Skills

52. Coherence is an alignment of the strategy with the industry environment and the vision of how the firm will be positioned in that environment in the future.
Answer: ● True   False
Diff: 3   Type: TF   Page Ref: 52
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Definition
AACSB Coding: None

53. Stakeholders are individuals or groups who have an interest in an organization's ability to deliver intended results and maintain the viability of its products and services.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 52
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Definition
AACSB Coding: None

54. The top-management team is an important stakeholder group because of their ultimate role in strategy implementation.
Answer: ● True   False
Diff: 3   Type: TF   Page Ref: 53
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: Analytic Skills

55. Typically, stakeholder evaluation of both quantitative and qualitative performance outcomes determines whether strategic leadership is effective.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 53
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: Analytic Skills

56. Different stakeholders place similar emphasis on organizational outcomes because of similar priorities.
Answer: True   ● False
Diff: 3   Type: TF   Page Ref: 53
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: Analytic Skills

57. Stakeholder analysis allows managers to gain a better understanding of the groups and individuals who have a vested interest in the firm's strategy and some influence on the firm's performance.
Answer: ● True　　　False
Diff: 2　　Type: TF　　Page Ref: 53
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: Analytic Skills

58. Employees, customers, governments, and even competitors may be considered stakeholders.
Answer: ● True　　　False
Diff: 2　　Type: TF　　Page Ref: 54
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Definition
AACSB Coding: None

59. Organizational stakeholders include shareholders, banks, and other financial intermediaries.
Answer:　　True　　● False
Diff: 3　　Type: TF　　Page Ref: 54
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Definition
AACSB Coding: None

60. Product-market stakeholders include parties with whom the firm shares the industry, including suppliers and customers.
Answer: ● True　　　False
Diff: 3　　Type: TF　　Page Ref: 54
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Definition
AACSB Coding: None

61. As social stakeholders, governments have an economic interest in firms doing well.
Answer: ● True　　　False
Diff: 2　　Type: TF　　Page Ref: 55
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: Analytic Skills

62. Stakeholder analysis is an important input into both strategy formulation and implementation.
Answer: ● True　　　False
Diff: 2　　Type: TF　　Page Ref: 54
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: Analytic Skills

63. Sometimes the parties that exercise significant power over firm decisions don't register as having a significant stake in the firm.
Answer: ● True   False
Diff: 3   Type: TF   Page Ref: 55
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: Analytic Skills

64. The authority structure of modern organizations inhibits lower-level employees from disclosing questionable management practices.
Answer: ● True   False
Diff: 2   Type: TF   Page Ref: 61
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Analytical
AACSB Coding: Ethical Reasoning

65. Research suggests that stock-option pay induces executives to make decisions aimed at enhancing the firm's long-term performance.
Answer: True   ● False
Diff: 2   Type: TF   Page Ref: 61
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Fact
AACSB Coding: None

66. Good corporate governance can reduce the risk of unethical and illegal activities.
Answer: ● True   False
Diff: 1   Type: TF   Page Ref: 61
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Analytical
AACSB Coding: Ethical Reasoning

67. Escalation of commitment is a person's belief that he or she is in greater control of a situation than rational analysis would support.
Answer: True   ● False
Diff: 2   Type: TF   Page Ref: 61-62
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Definition
AACSB Coding: None

68. The term *stereotyping* means relying on a conventional conception of another group based on some common characteristic.
Answer: ● True   False
Diff: 1   Type: TF   Page Ref: 62
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Definition
AACSB Coding: None

69. People tend to give themselves less credit than they deserve and give others more credit than they deserve.
Answer: True   ⊘ False
Diff: 2   Type: TF   Page Ref: 62
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Analytical
AACSB Coding: Analytic Skills

70. *Ethnocentrism* is the conviction that one's own national, group, or cultural characteristics are "normal" and ordinary.
Answer: ⊘ True   False
Diff: 1   Type: TF   Page Ref: 62
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Definition
AACSB Coding: Multicultural and Diversity

71. People with ethnocentrism believe that their ethnic group is superior to all others.
Answer: ⊘ True   False
Diff: 2   Type: TF   Page Ref: 62
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Analytical
AACSB Coding: Multicultural and Diversity

72. *Stereotyping* means ascribing limiting characteristics to an entire set of people.
Answer: ⊘ True   False
Diff: 1   Type: TF   Page Ref: 63
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Definition
AACSB Coding: Multicultural and Diversity

73. Ignoring individual qualities puts executives at risk of making unethical, unfair, and sometimes illegal decisions.
Answer: ⊘ True   False
Diff: 2   Type: TF   Page Ref: 63
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Analytical
AACSB Coding: Ethical Reasoning

74. When managers rationally evaluate the probability of risks, they tend to underestimate their ability to control these risks.
Answer: True   ⊘ False
Diff: 3   Type: TF   Page Ref: 62
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Analytical
AACSB Coding: Analytic Skills

75. Business leaders tend to ignore collective future outcomes by focusing on today's problems.
    Answer: ● True   False
    Diff: 3   Type: TF   Page Ref: 63
    Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
    Skill: Analytical
    AACSB Coding: Analytic Skills

MULTIPLE CHOICE

1. According to the text, *leadership* can best be defined as which of the following?
    A) the task of ensuring that all people hired within an organization are qualified
    B) the task of exerting influence on other people's pursuit of goals in an organizational context
    C) the task of reporting company progress in the business world to the media
    D) the task of finding new locations, designing new facilities, and hiring contractors
    Answer: B
    Diff: 1   Type: MC   Page Ref: 34
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: None

2. According to the text, executives tend to be reactive and defensive in their decisions when their firms don't have which of the following?
    A) leadership training
    B) skilled personnel
    C) positive net worth
    D) clear strategies
    Answer: D
    Diff: 2   Type: MC   Page Ref: 34
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

3. Executive activities can be divided into three basic areas that include *interpersonal, informational,* and _____.
    A) managerial
    B) supervisory
    C) decisional
    D) relational
    Answer: C
    Diff: 1   Type: MC   Page Ref: 34
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: None

4. All of the following are examples of a leader's interpersonal roles <u>except</u> _____.
    A) liaison
    B) monitor
    C) leader
    D) figurehead
   Answer: B
   Diff: 1   Type: MC   Page Ref: 34
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: None

5. All of the following are examples of a leader's informational roles <u>except</u> _____.
    A) monitor
    B) spokesperson
    C) entrepreneur
    D) disseminator
   Answer: C
   Diff: 1   Type: MC   Page Ref: 34
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: None

6. Executive activities include interpersonal roles, informational roles, and _____.
    A) decisional roles
    B) strategic roles
    C) communication roles
    D) relationship roles
   Answer: A
   Diff: 1   Type: MC   Page Ref: 34-35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: None

7. The leader's role of disseminator is best described by which of the following?
    A) The executive taps into a network of contacts to collect needed information.
    B) The executive passes necessary information to external stakeholders.
    C) The executive passes necessary information to internal stakeholders.
    D) The executive designs the firm's strategy.
   Answer: C
   Diff: 1   Type: MC   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

8. The best description of the leader's role of spokesperson is which of the following?
    A) The executive taps into a network of contacts to collect needed information.
     B) The executive passes necessary information to external stakeholders.
    C) The executive passes necessary information to internal stakeholders.
    D) The executive designs the firm's strategy.
   Answer: B
   Diff: 1   Type: MC   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

9. As spokespersons, CEOs perform such communication tasks as lobbying, public relations, and _____.
    A) formal reporting
     B) recruiting
    C) financial analysis
    D) forecasting
   Answer: A
   Diff: 1   Type: MC   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

10. All of the following are examples of a leader's decisional roles except _____.
    A) entrepreneur
     B) disturbance handler
    C) negotiator
    D) leader
   Answer: D
   Diff: 1   Type: MC   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

11. Decisional roles include all of the following except _____.
    A) entrepreneur
     B) disturbance handler
    C) spokesperson
    D) negotiator
   Answer: C
   Diff: 2   Type: MC   Page Ref: 35
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

12. As a negotiator, the CEO is usually concerned with all of the following activities <u>except</u>
_____.
    A) making decisions to acquire or merge with another firm
    B) selling a major division
    C) renegotiating a labor contract
    D) hiring vendors
    Answer: D
    Diff: 1   Type: MC   Page Ref: 36
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

13. Which of the following best describes the leader role of negotiator?
    A) The executive designs the firm's strategy.
    B) The executive deals with unforeseen internal and external conflicts.
    C) The executive makes decisions concerning nonroutine transactions with other
       organizations.
    D) The executive effectively allocates resources.
    Answer: B
    Diff: 3   Type: MC   Page Ref: 36
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

14. According to the Level 5 Hierarchy, what skills must leaders demonstrate first?
    A) Leaders must demonstrate teamwork abilities.
    B) Leaders must prove their competency.
    C) Leaders must show their ability to manage people.
    D) Leaders must be able to delegate major responsibilities.
    Answer: B
    Diff: 3   Type: MC   Page Ref: 36
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

15. Which of the following best describes level 2 of the Level 5 Hierarchy?
    A) Leaders must demonstrate teamwork abilities.
    B) Leaders must prove their competency.
    C) Leaders must show their ability to manage people.
    D) Leaders must prove they are capable of leading a large organization.
    Answer: A
    Diff: 3   Type: MC   Page Ref: 37
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

16. Studies of psychological determinants of strategic leadership focus on four personality characteristics: locus of control, need for achievement, tolerance for risk or ambiguity, and _____.

    A) verbal communication
    B) nonverbal communication
    C) social behavior
    D) charisma and emotional intelligence

    Answer: D
    Diff: 1   Type: MC   Page Ref: 38
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

17. If uncertainty or a lack of information makes someone uncomfortable, he or she is probably _____.

    A) tolerant of ambiguity
    B) complex
    C) intolerant of ambiguity
    D) intolerant of complexity

    Answer: C
    Diff: 2   Type: MC   Page Ref: 39
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

18. Ambiguity arises from three main sources: novelty, insolubility, and _____.

    A) complexity
    B) simplicity
    C) routine
    D) relativity

    Answer: A
    Diff: 3   Type: MC   Page Ref: 39
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

19. Leader background differences include _____.

    A) gender
    B) network ties
    C) religion
    D) work experience

    Answer: D
    Diff: 2   Type: MC   Page Ref: 39
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

20. *Demographics* refers to all but which of the following?
    A) education
    B) gender
    C) nationality
    D) race
    Answer: A
    Diff: 1   Type: MC   Page Ref: 39
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: None

21. Religion falls into the category of _____.
    A) nationality
    B) demographics
    C) socioeconomics
    D) background differences
    Answer: B
    Diff: 2   Type: MC   Page Ref: 39
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

22. The theory of "natural" leaders suggest that leaders can be classified according to _____.
    A) personality differences
    B) education
    C) work experience
    D) demographics
    Answer: A
    Diff: 2   Type: MC   Page Ref: 39
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

23. Superior executives are distinguished by a talent for _____.
    A) coordinating suppliers
    B) building relationships
    C) strategic thinking
    D) supervising employees
    Answer: C
    Diff: 2   Type: MC   Page Ref: 41
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

24. Firms increasingly seek competitive advantage through the quality of their _____.
    A) technology
    B) vendors
    C) human capital
    D) equipment
    Answer: C
    Diff: 2   Type: MC   Page Ref: 42
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

25. Any form of bias that prevents talented employees from being promoted will put a firm at a distinct competitive disadvantage, particularly in terms of its ability to _____.
    A) attract and retain necessary supply channels
    B) attract and retain financial capital
    C) attract and retain customers
    D) attract and retain talented people
    Answer: D
    Diff: 2   Type: MC   Page Ref: 42
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

26. The concept of "toughness" can best be described by which of the following?
    A) The leader tends to perceive situations as promising rather than threatening.
    B) The leader is willing and able to change an organization's strategic course even when it represents a significant change from the traditional way of doing business.
    C) The leader works to develop a strong strategic plan and empowers the organization to realize this vision.
    D) The leader develops a coherent plan for executive succession.
    Answer: B
    Diff: 2   Type: MC   Page Ref: 41
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: None

27. Effective teamwork requires which of the following?
    A) The team responds to a complex and changing environment.
    B) The team can manage the needs of similar, independent units.
    C) The team will work best with similar members.
    D) The team requires a stable environment.
    Answer: A
    Diff: 3   Type: MC   Page Ref: 42
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

28. Effective top-management teams require all <u>except</u> which of the following criteria?
    A) The team can manage the needs of interdependent but often diverse functional areas.
    B) The team has a valuable and effective social network.
    C) The team is able to respond to sudden changes in the global economy.
    D) The team is able to develop a coherent plan for executive succession.
    Answer: C
    Diff: 2   Type: MC   Page Ref: 42-43
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

29. *Social capital* is defined as _____.
    A) the advantage created by a person's location in a structure of relationships
    B) a pool of reserve funds designated for a company's social activities
    C) the group within an organization that is perceived to contain the social leaders
    D) the most important social network associated with a company
    Answer: A
    Diff: 2   Type: MC   Page Ref: 44
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: Communication

30. The process of managing a well-planned and well-executed transition from one CEO to another is called _____.
    A) human resource planning
    B) leadership planning
    C) managerial development
    D) succession planning
    Answer: D
    Diff: 2   Type: MC   Page Ref: 44
    Topic/Objective: CH2: Strategic Leadership
    Skill: Definition
    AACSB Coding: None

31. Succession planning is typically overseen by the board of directors, often with an outside consulting firm, and usually involves which of the following company employees?
    A) company vice presidents
    B) human resources manger
    C) current CEO
    D) former CEOs
    Answer: C
    Diff: 2   Type: MC   Page Ref: 44
    Topic/Objective: CH2: Strategic Leadership
    Skill: Analytical
    AACSB Coding: Analytic Skills

32. When the succession process founders, it can destroy the CEO's legacy by all but which of the following?

    A) undermining investor confidence

    B) depressing the stock price

    C) creating dissention on the board

    D) causing an inferior CEO to be hired

Answer: D

Diff: 2   Type: MC   Page Ref: 46
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

33. Effective strategic leaders craft vision and mission statements because _____.

    A) they provide measurable outcomes

    B) they are the basis for a balanced scorecard

    C) they influence strategy formulation and implementation

    D) they provide a rigid framework for strategic management

Answer: C

Diff: 3   Type: MC   Page Ref: 47
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

34. Which of the following is the best description of a vision statement?

    A) a declaration of what the firm stands for

    B) a statement of the firm's values and purposes

    C) a statement of what the firm will be in the future

    D) a statement of the firm's measurable outcomes

Answer: C

Diff: 2   Type: MC   Page Ref: 46
Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
Skill: Definition
AACSB Coding: None

35. Which of the following is the best description of a mission statement?

    A) a statement of what the firm will be in the future

    B) a statement of the firm's values and purposes

    C) a statement of the firm's measurable outcomes

    D) a statement of the firm's specific targets

Answer: B

Diff: 2   Type: MC   Page Ref: 47
Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
Skill: Definition
AACSB Coding: None

36. According to the text, strategy provides a coherent plan for realizing_____.
    A) vision and mission
    B) policies and procedures
    C) healthcare coverage
    D) a strong customer base
    Answer: A
    Diff: 2   Type: MC   Page Ref: 47
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

37. Vision and mission statements express all but which of the following?
    A) fundamental purpose
    B) values
    C) organizational hierarchy
    D) view of the future
    Answer: C
    Diff: 2   Type: MC   Page Ref: 47
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

38. *Strategy* is the central, integrated, externally oriented concept of how the firm will _____.
    A) achieve its objectives
    B) meet investors' expectations
    C) grow in an orderly fashion
    D) recruit and hire personnel
    Answer: A
    Diff: 1   Type: MC   Page Ref: 47
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Definition
    AACSB Coding: None

39. All of the following are part of a mission statement <u>except</u> _____.
    A) values
    B) beliefs
    C) standards of behavior
    D) long-term action horizons
    Answer: D
    Diff: 3   Type: MC   Page Ref: 48
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

40. _____ enables flexibility for changing strategy or implementation tactics when it looks as if business as usual isn't going to realize the expressed vision.
    A) Divestment
    B) Diversification
    C) Coherence
    D) Ambiguity
    Answer: D
    Diff: 1   Type: MC   Page Ref: 48
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

41. A firm will use its mission statement to identify certain core concepts that include all but which of the following?
    A) values and beliefs
    B) standards of behavior
    C) financial standing
    D) corporate-level aims
    Answer: C
    Diff: 2   Type: MC   Page Ref: 48
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

42. The best description of goals is which of the following?
    A) a broad indication of organizational intentions
    B) intentionally vague and ambiguous
    C) specific measurable outcomes
    D) statements of organizational purpose
    Answer: A
    Diff: 2   Type: MC   Page Ref: 49
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Definition
    AACSB Coding: None

43. _____ goals serve as an overarching reference point for other goals and objectives.
    A) Superordinate
    B) Subordinate
    C) Umbrella
    D) Mission
    Answer: A
    Diff: 2   Type: MC   Page Ref: 49
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

44. A system for translating vision and strategy into tangible performance measured by criteria such as sales growth and customer retention is called a(n) _____.
   A) objective
   B) balanced scorecard
   C) stakeholder analysis
   D) goal analysis
   Answer: B
   Diff: 2   Type: MC   Page Ref: 49
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Definition
   AACSB Coding: None

45. The best scorecards let managers know how the strategy is going before they see the company's _____.
   A) growth projections
   B) financial numbers
   C) customer totals
   D) vendor totals
   Answer: B
   Diff: 2   Type: MC   Page Ref: 50
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Analytical
   AACSB Coding: Analytic Skills

46. A simplified, widely shared model of an organization and its future, including anticipated changes in its environment, is called _____.
   A) vision and mission
   B) an organizational chart
   C) strategic purpose
   D) a hierarchy model
   Answer: C
   Diff: 2   Type: MC   Page Ref: 50
   Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
   Skill: Definition
   AACSB Coding: None

47. The challenge posed by a strategic purpose is to close the gap between the firm's aspirations and its current _____.
   A) capabilities and market positions
   B) productivity level
   C) personnel numbers
   D) return on invested capital (ROIC)
   Answer: A
   Diff: 2   Type: MC   Page Ref: 50
   Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
   Skill: Analytical
   AACSB Coding: Analytic Skills

48. The symmetrical coalignment of the five elements of a firm's strategy diamond contributes to
_____.
     A) a firm's complexity
     B) future balance
     C) strategic purpose
     D) strategic coherence
    Answer: D
    Diff: 2   Type: MC   Page Ref: 50
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Analytical
    AACSB Coding: Analytic Skills

49. Most strategic decisions require a tradeoff between _____.
     A) vision and mission
     B) efficiency and effectiveness
     C) strategic purpose and strategic coherence
     D) short-term and long-term goals
    Answer: B
    Diff: 3   Type: MC   Page Ref: 51
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Analytical
    AACSB Coding: Analytic Skills

50. One element of the organizational strategy diamond is _____.
     A) demographics
     B) resources
     C) differentiators
     D) values
    Answer: C
    Diff: 2   Type: MC   Page Ref: 52
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Analytical
    AACSB Coding: Analytic Skills

51. Which of the following is <u>not</u> one of the five elements of the strategy diamond?
     A) vision
     B) vehicles
     C) staging
     D) economic logic
    Answer: A
    Diff: 2   Type: MC   Page Ref: 52
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Analytical
    AACSB Coding: Analytic Skills

52. Which of the following is <u>not</u> a nonfinancial performance metric?
    A) customer retention
    B) employee turnover
    C) inventory turn
    D) new products released
    Answer: B
    Diff: 2   Type: MC   Page Ref: 53
    Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
    Skill: Analytical
    AACSB Coding: Analytic Skills

53. The stakeholder group composed of the CEO and the members of the top-management team is important for which of the following reasons?
    A) its responsibility for formulating a strategy that realizes the vision and mission
    B) its influence over the shareholders and board of directors
    C) its role in environmental scanning
    D) its responsibility for encouraging teamwork
    Answer: A
    Diff: 3   Type: MC   Page Ref: 53
    Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
    Skill: Analytical
    AACSB Coding: Analytic Skills

54. The technique used to identify key people who have to be won over for an organization to be successful is called _____.
    A) dimensional analysis
    B) stakeholder analysis
    C) psycho-social analysis
    D) human resources analysis
    Answer: B
    Diff: 1   Type: MC   Page Ref: 54
    Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
    Skill: Definition
    AACSB Coding: None

55. Product-market stakeholders include all of the following <u>except</u> _____.
    A) suppliers
    B) customers
    C) shareholders
    D) distributors
    Answer: C
    Diff: 2   Type: MC   Page Ref: 54
    Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
    Skill: Analytical
    AACSB Coding: Analytic Skills

56. Social stakeholders include all of the following except _____.
    A) unions
    B) venture capitalists
    C) governments.
    D) activist groups
    Answer: B
    Diff: 2   Type: MC   Page Ref: 54
    Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
    Skill: Analytical
    AACSB Coding: Analytic Skills

57. Which of the following statements best describes the second step of stakeholder analysis?
    A) determine the influences on strategy formulation
    B) determine stakeholders' power and influence over decisions
    C) determine the roles of the individuals who comprise a stakeholder group
    D) determine the effects of strategic decisions on the stakeholder groups
    Answer: D
    Diff: 3   Type: MC   Page Ref: 54
    Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
    Skill: Analytical
    AACSB Coding: Analytic Skills

58. Stakeholder power can take the form of all but which of the following?
    A) socioeconomic power
    B) voting power
    C) economic power
    D) political power
    Answer: A
    Diff: 2   Type: MC   Page Ref: 55
    Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
    Skill: Analytical
    AACSB Coding: Analytic Skills

59. The steps in stakeholder planning include all but which of the following?
    A) Arrange functions that keep stakeholders involved in the firm.
    B) Fill in names of key stakeholders.
    C) Plan the approach to stakeholder management.
    D) Think through what you want from each stakeholder.
    Answer: A
    Diff: 2   Type: MC   Page Ref: 56
    Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
    Skill: Analytical
    AACSB Coding: Analytic Skills

60. The trait that can lead people to give themselves more credit for their successes and take less responsibility for their failures is _____.
    A) compassion
    B) confidence
    C) aggressiveness
    D) passiveness
    Answer: B
    Diff: 2   Type: MC   Page Ref: 61
    Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
    Skill: Analytical
    AACSB Coding: Analytic Skills

61. The text discusses three sets of theories about the conditions under which we make decisions. These theories are about _____.
    A) ourselves, other people, and our world
    B) ourselves, our government, and our environment
    C) other people, our world, and our families
    D) other people, ourselves, and our families
    Answer: A
    Diff: 2   Type: MC   Page Ref: 61
    Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
    Skill: Analytical
    AACSB Coding: Analytic Skills

62. *Corporate governance* is defined as _____.
    A) a corporation's group of decision makers
    B) the roles of owners, directors, and managers in making corporate decisions
    C) the styles and ways in which corporations are led by CEOs, managers, and supervisors
    D) lower, middle, and upper level management personnel within a company or organization
    Answer: B
    Diff: 1   Type: MC   Page Ref: 61
    Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
    Skill: Definition
    AACSB Coding: None

63. Decision-making bias under which people are willing to commit additional resources to a failing course of action is called _____.
    A) illusion of control
    B) self-serving fairness bias
    C) illusion of optimism
    D) escalation of commitment
    Answer: D
    Diff: 2   Type: MC   Page Ref: 62
    Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
    Skill: Definition
    AACSB Coding: None

64. Belief in the conviction that one's own national group or cultural characteristics are "normal" is called _____.
    A) stereotyping
    B) cultural bias
    C) ethnocentrism
    D) racial bias
    Answer: C
    Diff: 2   Type: MC   Page Ref: 62
    Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
    Skill: Definition
    AACSB Coding: None

65. Relying on a conventional conception of another group based on some common characteristic is called _____.
    A) stereotyping
    B) cultural bias
    C) ethnocentrism
    D) racial bias
    Answer: A
    Diff: 2   Type: MC   Page Ref: 63
    Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
    Skill: Definition
    AACSB Coding: None

66. The task of managing an overall enterprise and influencing key organizational outcomes is referred to as _____.
    A) top management
    B) stakeholder analysis
    C) management by objectives
    D) strategic leadership
    Answer: D
    Diff: 2   Type: MC   Page Ref: 64
    Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
    Skill: Definition
    AACSB Coding: None

SHORT ANSWER

1. How does the text define *strategic leadership*?
   Answer: Strategic leadership is defined as the task of managing an overall enterprise and influencing key organizational outcomes.
   Diff: 1   Type: SA   Page Ref: 33
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: None

2. What are the three basic leadership roles?
   Answer: The three basic leadership roles are interpersonal, informational, and decisional.
   Diff: 2   Type: SA   Page Ref: 34
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

3. What is the Level 5 Hierarchy?
   Answer: The Level 5 Hierarchy is a model of leadership skills calling for a wide range of
           abilities, some of which are hierarchical in nature.
   Diff: 2   Type: SA   Page Ref: 36
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: None

4. Give three examples of leader demographic differences.
   Answer: Possible answers given in the text include gender, nationality, race, religion, and
           network ties.
   Diff: 2   Type: SA   Page Ref: 39
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

5. What is the definition of *succession planning*?
   Answer: Succession planning is the process of managing a well-planned and well-executed
           transition from one CEO to the next with positive outcomes for all key stakeholders.
   Diff: 1   Type: SA   Page Ref: 43
   Topic/Objective: CH2: Strategic Leadership
   Skill: Definition
   AACSB Coding: Analytic Skills

6. What is the difference between an organization's vision and mission?
   Answer: The vision is a statement of what the firm will be in the future. The mission is a
           declaration of what the firm is and what it stands for. The vision is deliberately vague
           and ambiguous. The mission identifies specific core values and beliefs.
   Diff: 3   Type: SA   Page Ref: 46
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Analytical
   AACSB Coding: Analytic Skills

7. What are goals and objectives?
   Answer: Goals and objectives are a combination of a broad indication of organizational
           intentions (goals) and specific measurable steps (objectives) for reaching them.
   Diff: 2   Type: SA   Page Ref: 49
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Definition
   AACSB Coding: None

8. Vision and mission statements provide all employees with strategic purpose. What is the definition of strategic purpose?

Answer: Strategic purpose is a simplified, widely shared model of the organization and its future, including anticipated changes in its environment.

Diff: 2   Type: SA   Page Ref: 50
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Definition
AACSB Coding: None

9. What are the five facets or elements of the strategy diamond?

Answer: The five facets of the strategy diamond are arenas, differentiators, vehicles, staging, and economic logic.

Diff: 2   Type: SA   Page Ref: 52
Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
Skill: Analytical
AACSB Coding: Analytic Skills

10. Who are an organization's external stakeholders?

Answer: External stakeholders include shareholders, community-based organizations, governments, political action groups, and trade unions.

Diff: 2   Type: SA   Page Ref: 54
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: None

11. What is the definition of ethnocentrism?

Answer: Ethnocentrism is a belief in the superiority of one's own ethnic group or, more broadly, the conviction that one's own national, group, or cultural characteristics are "normal."

Diff: 2   Type: SA   Page Ref: 67
Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
Skill: Definition
AACSB Coding: None

12. Discuss the three informational roles of a leader.

Answer: The three information roles are monitor, disseminator, and spokesperson. As monitor, the executive taps into a network of contacts to collect the information needed to understand the organization and its environment. As disseminator, executives pass along necessary information to internal stakeholders. As spokesperson, executives pass along necessary information to external stakeholders.

Diff: 2   Type: SA   Page Ref: 35
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Analytic Skills

13. Which leadership skills are present in level 1 of the Level 5 Hierarchy?
   Answer: In level 1, leaders must prove that they are highly competent in their work. On this first level of leadership, leaders must make productive contributions of their talent, knowledge, hard work, and skills.
   Diff: 2   Type: SA   Page Ref: 36
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

14. What are the four most commonly examined personality determinants of strategic leadership?
   Answer: The four most commonly researched personality determinants of strategic leadership are locus of control, need for achievement, tolerance for risk or ambiguity, and charisma and emotional intelligence.
   Diff: 3   Type: SA   Page Ref: 38
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: None

15. What are the three criteria required for effective teamwork?
   Answer: Basically, effective teamwork requires three criteria:

   1.   The team responds to a complex and changing environment.
   2.   The team can manage the needs of interdependent, but often diverse units, arenas, or functional areas.
   3.   The team is able to develop a coherent plan for executive succession.
   Diff: 2   Type: SA   Page Ref: 42-43
   Topic/Objective: CH2: Strategic Leadership
   Skill: Analytical
   AACSB Coding: Analytic Skills

16. What is the purpose of the vision statement?
   Answer: A statement of vision is forward looking and identifies the firm's desired long-term status. The vision statement clarifies what a firm will be in the future and provides direction in making strategic decisions.
   Diff: 2   Type: SA   Page Ref: 46
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Analytical
   AACSB Coding: Analytic Skills

17. What is the purpose of the mission statement?
   Answer: A firm will use its mission statement to identify core concepts such as its purpose, values and beliefs, standards of behavior, and/or corporate-level aims. These stated core ideals guide strategic decisions and actions.
   Diff: 2   Type: SA   Page Ref: 46
   Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
   Skill: Analytical
   AACSB Coding: Analytic Skills

18. Why are vision and mission statements not a substitute for strategy?
    Answer: Vision and mission statements are powerful tools, but because they are general and ambiguous by design, they must be realized through carefully crafted and executed strategies.
    Diff: 2   Type: SA   Page Ref: 48
    Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
    Skill: Analytical
    AACSB Coding: Analytic Skills

19. What is strategic coherence?
    Answer: Strategic coherence is the symmetrical coalignment of the five elements of the firm's strategy, the congruence of policies in such functional areas as finance, production, and marketing with these elements, and the overarching fit of various businesses under the corporate umbrella.
    Diff: 2   Type: SA   Page Ref: 52
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Definition
    AACSB Coding: None

20. How can firms achieve strategic coherence?
    Answer: Firms can achieve strategic coherence by serious commitment to, and widespread communication of, well-understood and shared organizational vision and values.
    Diff: 2   Type: SA   Page Ref: 52
    Topic/Objective: CH2: Strategic Purpose and Strategic Coherence
    Skill: Analytical
    AACSB Coding: Analytic Skills

ESSAY

1. Explain the five levels of the Level 5 Hierarchy.
   Answer: **Level 1.** Before becoming an effective leader, you must prove yourself highly competent in your work. On the first level of leadership, therefore, productive contributions of your talent, knowledge, hard work, and skills must be made.

   Level 2. Senior management is often a team endeavor, and CEOs must be able to delegate major responsibilities to teams of senior executives. At level 2, therefore, you must also show the ability to work effectively as a member of a team.

   Level 3. After teamwork abilities have been demonstrated, you need to show the ability to manage other people, the ability to organize people and marshal resources to achieve specific objectives.

   Level 4. Next, you must prove capable of leading a larger organization by generating broad commitment to a clear vision of the organization's future. At level 4, you need to show the ability to lead a group to superior levels of performance. Anne Mulcahy, for example, didn't reverse Xerox's fortunes by herself. She assembled a team with diverse backgrounds and capabilities and drew upon their collective abilities.

Level 5. Level-5 leadership tends to feature an unusual, even paradoxical, combination of skills. Level-5 leaders not only express an unwavering resolve, or professional will, to achieve higher goals but demonstrate a surprising degree of professional modesty.

Diff: 3   Type: ES   Page Ref: 36-37
Topic/Objective: CH2: Strategic Leadership
Skill: Analytical
AACSB Coding: Communication

2. What should vision and mission statements encompass?
   Answer: Vision and mission statements express a firm's identity and inform both managers and employees of the firm's direction. Together they convey organizational identity and purpose to critical stakeholders both inside and outside the firm. Vision statements express long-term action horizons and are designed to challenge external competitors and question the internal status quo. The ambiguity of vision statements enables organizational flexibility for changing strategy or implementation when change is necessary to realize the organizational goals.

   A firm can use its mission statement to identify core concepts such as purpose, values and beliefs, standards of behavior, and corporate-level aims. It will enable all employees to internalize core ideals and use these to guide their decisions and actions.

Diff: 2   Type: ES   Page Ref: 47-48
Topic/Objective: CH2: The Imprint of Strategic Leadership: Vision and Mission
Skill: Analytical
AACSB Coding: Analytic Skills

3. Discuss step 1 of stakeholder analysis: Determining Influences on Strategy Formulation.
   Answer: One way to analyze the importance and roles of the individuals who comprise a stakeholder group is to identify the people and teams who should be consulted as strategy is developed or who will play some part in its eventual implementation. These are *organizational stakeholders*, and they include both high-level managers and frontline workers. *Capital-market stakeholders* are groups that affect the availability or cost of capital–shareholders, venture capitalists, banks, and other financial intermediaries. *Product-market stakeholders* include parties with whom the firm shares its industry, including suppliers and customers. *Social stakeholders* consist broadly of external groups and organizations that may be affected by or exercise influence over firm strategy and performance, such as unions, governments, and activists groups.

Diff: 2   Type: ES   Page Ref: 54
Topic/Objective: CH2: Stakeholders, Stakeholder Analysis, and Stakeholder Planning
Skill: Analytical
AACSB Coding: Analytic Skills

4. Discuss the two organizational-level conditions that might make organizations vulnerable to ethics violations.

   Answer: The two organizational-level conditions that might make organizations vulnerable to ethics violations are authority structures and incentive systems.

   The authority structure of organizations may inhibit lower-level employees from disclosing questionable practices. People who are relatively obedient tend to follow the direction of legitimate authorities even when they know that what they are doing is questionable. And, whistle-blowing is not an attractive option when those who are engaged in the questionable behavior occupy positions of authority.

   Incentive systems may encourage unethical behaviors as the larger the potential reward, the more some people are willing to compromise their standards.

   Diff: 3   Type: ES   Page Ref: 61
   Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
   Skill: Analytical
   AACSB Coding: Analytic Skills

5. In terms of strategic and ethical decision making, explain how ethnocentrism and stereotyping can have disastrous results.

   Answer: Stereotyping puts executives at risk of making unethical, unfair, and sometimes illegal decisions because it limits their evaluations of other people to group affiliation while ignoring individual qualities. Ethnocentrism exposes business people to rationally and ethically unsound decisions because it exaggerates the differences between us and them.

   Diff: 3   Type: ES   Page Ref: 63
   Topic/Objective: CH2: Ethics, Biases, and Strategic Decision Making
   Skill: Analytical
   AACSB Coding: Analytic Skills