Name:______________________________ Class:__________________ Date:__________

Chapter 1 - Strategic Leadership: Managing the Strategy-Making Process for Competitive Advantage

1. A strategy can be defined as a set of related actions that managers take to increase their company's performance.
   a. True
   b. False

ANSWER: True

2. Strategic leadership is concerned with how to most effectively manage a company's strategy-making process to create competitive advantage.
   a. True
   b. False

ANSWER: True

3. To increase shareholder value, managers must try to venture into new markets whether the results are profitable or not.
   a. True
   b. False

ANSWER: False

4. A firm obtains competitive advantage when its strategy results in superior performance compared to its competitors.
   a. True
   b. False

ANSWER: True

5. ROIC is a measure of how efficiently and effectively managers use the capital at their disposal to produce profitability.
   a. True
   b. False

ANSWER: True

6. The profit growth of a company can be measured by the increase in net profit over time.
   a. True
   b. False

ANSWER: True

7. A business model is managers' conception of how the set of strategies their company pursues should mesh together into a congruent whole, thus enabling the company to gain a competitive advantage and achieve superior profitability and profit growth.
   a. True
   b. False

ANSWER: True

8. One of the factors that distinguish organizations in the nonprofit sector from profit-making businesses is the lack of a need for strategic management.
   a. True
   b. False

ANSWER: False

9. General managers bear responsibility for the overall performance of the company or for one of its major self-contained

subunits or divisions.

a. True

b. False

ANSWER: True

10. The CEO is a company's principal general manager.

a. True

b. False

ANSWER: True

11. The final component of the strategic management process is crafting the organization's mission statement, which provides the framework or context within which strategies are formulated.

a. True

b. False

ANSWER: False

12. The concepts *vision* and *mission* can be used interchangeably.

a. True

b. False

ANSWER: False

13. The mission of a company lays out some desired future state and articulates what the company would like to achieve.

a. True

b. False

ANSWER: False

14. The values of a company state how managers and employees should conduct themselves.

a. True

b. False

ANSWER: True

15. Well-constructed goals provide a means by which the performance of managers can be evaluated.

a. True

b. False

ANSWER: True

16. A SWOT analysis is implemented to fine-tune strategies.

a. True

b. False

ANSWER: True

17. The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as a SWOT analysis.

a. True

b. False

ANSWER: True

18. The feedback loop in the model of the strategic management process indicates that the process is ongoing; it never ends.
    a. True
    b. False

ANSWER: True

19. The planning model suggests that a company's strategies are the result of a plan from a highly structured process orchestrated by top management.
    a. True
    b. False

ANSWER: True

20. Emergent strategies are the unplanned responses to unforeseen circumstances.
    a. True
    b. False

ANSWER: True

21. Mintzberg maintains that emergent strategies are often successful and may be more appropriate than intended strategies.
    a. True
    b. False

ANSWER: True

22. In practice, the strategies of most organizations are probably a combination of the intended and emergent strategies.
    a. True
    b. False

ANSWER: True

23. Emergent strategies arise from within the company as a result of prior planning.
    a. True
    b. False

ANSWER: False

24. The great virtue of scenario planning is that managers must think outside of the box to anticipate what they might do in different situations.
    a. True
    b. False

ANSWER: True

25. Rules of thumb, or heuristics, always help to avoid severe and systematic errors in the decision-making process.
    a. True
    b. False

ANSWER: False

26. Research finds that leaders who exhibit a high degree of emotional intelligence tend to be significantly less effective than those who do not.
   a. True
   b. False

ANSWER: False

27. Which of these principal factors helps increase shareholder value?
   a. profitability.
   b. risk factors.
   c. low brand awareness.
   d. government regulations.
   e. high production costs.

ANSWER: a

28. Which of the following statements is true about competitive advantage?
   a. It is unaffected by the strategies taken by the company.
   b. It is considered to be sustained when it lasts for three months.
   c. It exists only when the company's profitability is greater than the ten highest grossing firms in the world.
   d. It exists only when the company's profitability is greater than the average profitability and profit growth of its rivals.
   e. It is seldom affected by the business model of the company.

ANSWER: d

29. Which of the following best defines shareholder value?
   a. It refers to the returns that shareholders earn from purchasing shares in a company.
   b. It refers to the capital invested in a company by the shareholders.
   c. It refers to the efforts taken by a company to sell its shares to prospective shareholders.
   d. It refers to the efforts taken by a company to buy back its shares from its shareholders.
   e. It refers to the non-monetary benefits that a company provides to its shareholders.

ANSWER: a

30. Daryl works for Delta Corp. He is involved in all of the important decision-making processes of the company and is also responsible for the overall performance of the company. In the context of strategic management, Daryl is most likely to be a _____.
   a. line manager
   b. functional manager
   c. general manager
   d. production supervisor
   e. project manager

ANSWER: c

31. Which of the following dimensions is encompassed by a company's business model?
   a. Configuring resources
   b. Avoiding focus on acquiring new customers

c. Reducing emphasis on product quality
d. Maintaining high costs
e. Restricting growth

ANSWER: a

32. Between 2005 and 2011, Blue Drinks, a multinational beverage corporation, increased its return on investment from $5 million to $25 million. The company was able to do this by expanding its product line to include a wider variety of flavors. The $20 million increase in its return on investment between 2005 and 2011 can be referred to as which of the following?
a. Shareholder value
b. Dividend payment
c. Profit growth
d. Profitability turnover
e. Risk capital

ANSWER: c

33. Which of the following statements is true about nonprofit organizations?
a. They compete with each other for resources.
b. Their ultimate aim is to maximize shareholder value in order to attract risk capital.
c. Their managers do not need to develop careful strategies, because making a profit is not the organization's goal.
d. They do not have to worry about exceeding budgets.
e. They seldom set any performance goals like profit-making organizations do.

ANSWER: a

34. Which of the following statements is true about strategic leadership?
a. It is the primary responsibility of the functional managers of an organization.
b. It does not take into account the task of maximizing shareholder value.
c. It is involved with making decisions regarding how to create a competitive advantage.
d. It is a concept that does not apply to multidivisional companies with several business units.
e. It is essentially about supervising workers at a manufacturing unit of an organization.

ANSWER: c

35. _____ refers to the investment that shareholders make in a company that cannot be recovered if the company fails and goes bankrupt.
a. Profitability
b. Shareholder value
c. Debt
d. Risk capital
e. Dividend payments

ANSWER: d

36. Which of the following is the organization's principal general manager?
a. Line manager

b. Marketing division head
c. CFO
d. CEO
e. Sales manager

ANSWER: d

37. Within a diversified company, the responsibilities of corporate-level strategic managers include:
a. supervising production at the manufacturing units of the company.
b. compiling sales reports, company costs, employee productivity and calculating the employee turnover rate.
c. responding to employee complaints on a daily basis.
d. providing leadership for the entire organization and allocating resources among its different business areas.
e. maintaining records of transactions with suppliers.

ANSWER: d

38. In the context of strategic management of a company, _____ have profit-and-loss responsibility for a product, a business, or the company as a whole.
a. line managers
b. functional managers
c. general managers
d. government regulators
e. marketing managers

ANSWER: c

39. Philip oversees the processes of the research and development department of his company. He is responsible for all of the activities and tasks undertaken by the department. In the context of strategic management, Philip is most likely to be a _____.
a. corporate-level general manager
b. functional manager
c. managing director
d. CEO
e. business development manager

ANSWER: b

40. Which of the following statements is true about functional-level managers?
a. They oversee the operation of an entire company or division.
b. Their sphere of responsibility is generally confined to one organizational activity.
c. Their activities and roles have no importance in realizing the strategic goals of an organization.
d. They provide a link between the people who oversee the strategic development of a firm and those who own the firm.
e. They occupy the apex of decision-making within an organization.

ANSWER: b

41. Roza Munoz oversees the overall operations of Maxwell Coffee House which is one of the divisions of Kraft Foods Company. Roza is also responsible for the overall performance of the business division. Which of the following is *not*

likely to be one of Roza's responsibilities?

a. Turning corporate-level strategy into action
b. Defining Kraft Food's mission statement
c. Deciding how to compete in the coffee industry
d. Supervising functional-level managers
e. Developing a business-level strategy

ANSWER: b

42. The first component of the strategic management process is:

a. crafting the organization's mission statement.
b. coming up with a damage control plan.
c. analyzing the macroenvironment.
d. determining the firm's employee turnover rate.
e. deciding on a fit between the organization's strengths and weaknesses and the environment's opportunities and threats.

ANSWER: a

43. Strategy formulation refers to the:

a. task of executing corporate- and business-level plans.
b. process by which strategies are put into action.
c. design of organizational structures and control systems.
d. implementation of emergent strategies.
e. analyzing an organization's external and internal environment and then the process of selecting an appropriate strategy.

ANSWER: e

44. An important first step in the process of formulating a company's mission is to answer the question:

a. What is our budget for advertising?
b. What are the government regulations that are most likely to impact our business?
c. What is our business?
d. How do we persuade shareholders to provide risk capital?
e. How many employees should we hire?

ANSWER: c

45. Beta Corp., a gaming software company, recently launched a new game. The target audience identified by the company was the age group of 12-18 years. The advertising and marketing strategies were designed exclusively to target this age group. However, sales data revealed individuals who belong to the age bracket 18-25 years were the ones who actually bought the game. The managers at Beta Corp. decided to redesign their marketing strategies to position the game as something that people of all ages would enjoy. The company's decision to modify its product positioning demonstrates:

a. downsizing strategy.
b. emergent strategy.
c. deliberate strategy.
d. concurrency control strategy.
e. unrealized strategy.

ANSWER: b

46. Which of the following is *not* a characteristic of well-constructed goals?
   a. They provide a means by which the performance of managers can be evaluated.
   b. They are lengthy and wordy.
   c. They specify a time period.
   d. They are challenging but realistic.
   e. They address critical issues.

ANSWER: b

47. Which of the following statements is true about emergent strategies?
   a. They are essentially the strategies that arise from the feedback loops.
   b. They are also influenced by the kind of culture that the organization's structure and control systems foster.
   c. They are the strategies that require the least amount of evaluation and strategic thinking from the managers.
   d. They cannot be combined with the intended strategies of an organization.
   e. They are the product of formal top-down planning mechanisms.

ANSWER: b

48. A company, at its inception, states that its goal is "to provide the best customer service possible." Which of the following best describes this objective?
   a. The company's emergent strategy
   b. The company's corporate structure
   c. The company's HR strategy
   d. The company's mission statement
   e. The company's damage control plan

ANSWER: d

49. A component of strategy implementation is:
   a. designing the best organization structure, culture, and control systems to put a strategy into action.
   b. providing the number and kind of periodic reports that must be submitted by functional-level managers.
   c. defining the goals and objectives of the organizations.
   d. answering the question, "What is our business?"
   e. eliminating the feedback loop.

ANSWER: a

50. Which of the following statements is true about the feedback loop in the context of strategy implementation?
   a. It provides managers with input for the next round of strategy formulation and implementation.
   b. It emerges within an organization without prior planning, and in response to unforeseen circumstances.
   c. It cannot reveal whether or not a business model is working.
   d. It carries information from corporate level managers to functional level managers.
   e. It indicates that the strategy implementation process has ended.

ANSWER: a

51. Which of the following statements is true about a SWOT analysis?

a. It does not encompass the analysis of an organization's external environment.
b. It essentially results in the generation of a single strategy that deals with one particular internal function of an organization.
c. It does not encompass functional-level strategies directed at improving the effectiveness of operations within a company.
d. It essentially produces strategies that are incongruent with each other.
e. It is a methodology for choosing between competing business models.

ANSWER: e

52. The scenario approach to strategic planning involves:
a. devising plans for coping with a number of different possible future states of the world.
b. designing the best organization structure and the best culture and control systems to put a chosen strategy into action.
c. functional managers setting key corporate objectives.
d. anticipating the reoccurrence of problems that were previously encountered and designing solutions accordingly.
e. designing plans for problems that the company believes it will most certainly face in the near future.

ANSWER: a

53. A company's mission:
a. describes the marketing strategies the company intends to use to sell its products.
b. outlines the manner in which employees and managers should conduct themselves.
c. defines the manner in which strategies will be developed and goals achieved.
d. describes what the company does.
e. describes the benefits offered to the shareholders.

ANSWER: d

54. In a typical scenario planning exercise:
a. managers entirely depend on employee feedback.
b. managers try to come up with alternative plans after a business model has failed.
c. managers formulate plans based on 'what-if' situations about the future.
d. managers do a 'postmortem' to understand what went wrong with a strategy.
e. the corporate-level management sets targets for functional-level managers.

ANSWER: c

55. Scenario planning is a technique for coping with the problem of:
a. uncertainty.
b. planning equilibrium.
c. bottom-up planning.
d. strategic fit.
e. cognitive bias.

ANSWER: a

56. Which of the following cognitive biases occurs when decision-makers allocate even more resources to a project after

they receive feedback that the project is failing?

a. Prior hypothesis bias
b. Reasoning by analogy
c. Illusion of control
d. Escalating commitment
e. Representativeness

ANSWER: d

57. Feelings of personal responsibility for a project are most likely to lead to:

a. prior hypothesis biases.
b. escalating commitment.
c. reasoning by analogy.
d. representativeness.
e. ivory tower planning.

ANSWER: b

58. More people seem to fear a snake bite than a dog bite, and yet statistically one is more likely to be bitten by a dog than by a snake. This is because people tend to estimate the probability of an outcome based on how easy the outcome is to imagine. This represents which of the following cognitive biases?

a. Escalating commitment
b. Hypothesis bias
c. Availability error
d. Representativeness
e. Illusion of control

ANSWER: c

59. Devil's advocacy:

a. involves generating a plan and a counter-plan that reflects plausible conflicting courses of action.
b. is an example of ivory tower planning.
c. hides the possible perils of a recommended course of action.
d. involves generating a plan, and a critical analysis of that plan.
e. includes downplaying the problems that could result from implementing a particular plan .

ANSWER: d

60. Systematic errors in the decision-making process are most often caused by:

a. inadequate information.
b. information overload.
c. cognitive biases of decision makers.
d. poor data collection procedures.
e. the devil's advocacy method.

ANSWER: c

61. Which of the following cognitive biases refers to the fact that decision makers who have strong pre-existing beliefs about the relationship between two variables tend to make decisions on the basis of these beliefs, even when presented

with evidence that their beliefs are wrong?

a. Prior hypothesis bias
b. Reasoning by analogy
c. Illusion of control
d. Escalating commitment
e. Representativeness

ANSWER: a

62. Holly owns a landscape company and is thinking about expanding her services to include outdoor water features (waterfalls, streams, ponds). If, before making this decision, she looks at the experience of similar firms that have added outdoor water features, she is employing:

a. cognitive bias.
b. illusion of control.
c. devil's advocacy.
d. outside view.
e. dialectic inquiry.

ANSWER: d

63. Which of the following is *not* a cognitive bias?

a. Escalating commitment
b. Reasoning by analogy
c. Ivory tower thinking
d. Representativeness
e. Illusion of control

ANSWER: c

64. Mike, the CEO of a retail chain, wanted to keep costs low. To set an example for others, he drove his own car and furnished his office with plain, metal desks. In this case, Mike was displaying:

a. commitment.
b. ego.
c. astute use of power.
d. devil's advocacy.
e. autocratic leadership.

ANSWER: a

65. Edward Wrapp's ideas about the astuteness of power suggest that successful strategic managers:

a. act as members of a coalition or as its democratic leaders rather than as dictators.
b. usually have little control over resources that are important to the organization.
c. maintain tight control over as many decisions as possible by demanding complete obedience.
d. publicly commit themselves to bold strategic agendas whether or not they are rational.
e. recognize the futility of pursuing planned strategies.

ANSWER: a

66. Jeffrey Pfeffer believes that a manager's power comes from his or her:

a. ability to prioritize the well-being of the company over personal well-being.
b. ability to be emphatic and understanding of the feelings and emotions of subordinates.
c. control over important organizational resources.
d. ability to cut overhead costs.
e. personal rapport with the senior management.

ANSWER: c

67. Good strategic leaders:
a. possess a willingness to delegate and empower subordinates.
b. control all facets of decision-making.
c. make decisions without consulting others.
d. ensure uniformity of purpose through the authoritarian exercise of power.
e. are usually inconsistent in their approach.

ANSWER: a

68. Which of the following is not a characteristic of emotional intelligence?
a. Self-awareness
b. Self-regulation
c. Escalating commitment
d. Empathy
e. Social skills

ANSWER: c

69. Karen, a manager at Libra Inc, had noticed that her subordinates were experiencing a lot of stress. After conducting a meeting with her subordinates, Karen realized that they were extremely overworked and intimidated by close deadlines. Determined to reduce their stress, she introduced a new process that eliminated time-consuming activities and gave them more flexibility for work timelines. This action taken by Karen demonstrates which of the following aspects of emotional intelligence?
a. Availability error
b. Self-awareness
c. Self-regulation
d. Motivation
e. Empathy

ANSWER: e

70. Rebecca, a manager, was very annoyed after noticing several negligent errors in a critical report. However, while talking to the subordinate who created the report, Rebecca was calm and composed; she did not act impulsively and lose her temper. Which of the following aspects of emotional intelligence is illustrated in this scenario?
a. Self-awareness
b. Self-regulation
c. Motivation
d. Empathy
e. Social skills

ANSWER: b

71. Ralph is a well-liked manager at Aries Inc. He eloquently communicates the goals of the organization and has been successful in making the organization's vision part of its culture. Which of the following characteristics of good strategic leaders can be observed in Ralph?

a. Authoritarian leadership
b. Devil's advocacy
c. Eloquence
d. Inconsistency
e. Empathy

ANSWER: c

72. Identify the levels of strategic managers and discuss their role in the strategic management process.

ANSWER: The three levels of strategic managers are corporate, business, and functional. Corporate-level managers include the CEO, other senior executives, the board of directors, and corporate staff. The role of corporate-level managers is to oversee the development of strategies for the whole organization, including which businesses it should be in and how resources should be allocated among these businesses.

Business-level managers oversee business units-a self-contained division of a company with its own functions that are performed within the unit. The role of business-level managers is to translate the general statements of direction and intent that come from corporate-level managers into concrete strategies for individual businesses.

Functional-level managers are responsible for the specific business functions or operations that constitute a company or one of its divisions. These managers are generally responsible for one organizational activity. Their strategic role is to develop functional strategies in their area that help fulfill the strategic objectives set by business- and corporate-level managers.

73. Explain the difference between general and functional managers. Provide an example of each from your college or university.

ANSWER: General managers bear responsibilities for the overall performance of the company or one of its major self-contained subunits or divisions whereas functional managers are responsible for supervising a particular function, task, activity or operation. General managers have strategy formulation and implementation responsibility for their business unit. Functional managers have strategy formulation and implementation responsibility for their area of expertise or department. In a college or a university setting, a President would be a general manager where as Director of Admissions or VP of Student or Finance would be an example of a functional manager.

74. Describe the steps involved in the formal strategic planning process.

ANSWER: The formal strategic planning process has five main steps:

1. Select the corporate mission and major corporate goals.
2. Analyze the organization’s external competitive environment to identify opportunities and threats.
3. Analyze the organization’s internal operating environment to identify the organization’s strengths and weaknesses.
4. Select strategies that build on the organization’s strengths and correct its weaknesses in order to take advantage of external opportunities and counter external threats. These strategies should be consistent with the mission and major goals of the organization. They should be congruent and constitute a viable business model.
5. Implement the strategies.

75. Explain the formal strategic planning process. Name each step in the process and describe the specific activities included in each step and the relationship between the steps.

ANSWER: The strategy formulation portion of the formal strategic planning process begins with the specification of an organization's mission, values, and goals. In this step, top-level managers, members of the board of directors, and the company's CEO meet and work together to create a broad set of long-term aspirations for the firm, a set of corporate values that describes the way employees should conduct business, and the long-term goals of the corporation.
Next, an external and internal analysis is conducted to identify strengths, weaknesses, opportunities, and threats. This analysis is typically performed by general managers, sometimes by specialized planning staff. In this step, information about competitors, products, processes, functions, and the industry and community conditions is gathered and interpreted, resulting in detailed forecasts and estimates.
Based on the results of these first two steps, appropriate strategies are chosen, at the corporate, business, and functional levels, by the managers at each of those levels. In this step, decisions are made about actions to be taken in the future.

76. Identify and discuss the criticisms of the traditional strategic planning process and why it is useful to view strategy as an emergent process.

ANSWER: The traditional planning process is viewed as a rational, highly structured process that is orchestrated by top management. This view of the strategy process has been criticized for a number of reasons. First, the world is uncertain, complex, and full of ambiguity, and it is an environment in which small, chance events can have a large and unpredictable impact on outcomes; thus, plans can become obsolete in a short amount of time. In this environment, it is critical that organizations respond quickly as conditions change.

A second criticism of the traditional approach is that it places too much importance on the role of top management. The alternative view is that managers deep within an organization often do exert a profound influence over the strategic direction of the firm. The traditional model does not allow for the important strategic role that lower-level managers can play.

The third criticism of the traditional model is that it does not address serendipity□the stumbling across good things accidentally. Because serendipitous discoveries can yield numerous opportunities, companies must be able to pursue them, even if they are inconsistent with the current strategic plan.

Given these three criticisms, the role of emergent strategies becomes clear. Unplanned responses to unforeseen circumstances that often arise from autonomous action by individual managers deep within the organization can allow a company to prosper.

77. Select at least three of the cognitive biases that individual decision makers experience. Then describe the bias and a real or hypothetical situation for each of them, explaining how the bias is evident in the situation.

ANSWER: The prior hypothesis bias claims that individuals formulate and use theories about causation, which they sometimes use inappropriately or in spite of evidence that the theory is false. For example, managers for U.S. automakers in the 1960s and 1970s believed that Americans bought cars for the luxury features and styling, and therefore they completely missed the trend toward cars that were more reliable, safer, and fuel efficient. Japanese automakers saw the trends and were able to fill that demand first.
Escalating commitment causes managers to continue to "throw good money after bad," to invest in projects that are failing. This takes resources away from successful projects. Students exhibit this bias when they work harder to raise their class grade from a D to a C than they will work to raise their grade from a B to an A, even though both improvements have the same impact on their overall grade average.
Managers use reasoning by analogy when they inappropriately make decisions based on simple analogies. For example, some managers use war as a metaphor for business competition. However, this analogy limits their ability to consider options such as cooperation in joint ventures.
The representative bias asserts that decision makers make choices based on overreliance on just a few or even

just one data point. Managers who have had one extremely positive or negative occurrence tend to remember and rely on that occurrence when they make future decisions. If a gambler gets very lucky the first time he wagers, he tends to wager greater amounts and more often than do gamblers who are initially very unlucky. Illusion of control occurs when managers are overconfident about their abilities to control events. Managers who take on projects that are beyond their capabilities or who refuse to admit that they need help are guilty of this bias.

78. Describe at least three characteristics of strong strategic leaders. Explain how each of the three characteristics would help motivate and lead an organization's personnel.

ANSWER: Strong leaders have a clear vision of where they want the organization to go, and they are eloquent and consistent in articulating that vision. This ensures that employees understand the fundamental goals they are working toward, guiding them as they make decisions about their daily work.

Strong leaders are committed to accomplishment of the organization's goals, and they demonstrate their commitment through their actions as well as their words. By observing their leader's commitment directly in their actions, employees believe that the goals are truly important, and they also benefit from seeing the appropriate behavior modeled for them.

Strong leaders are well informed and seek out information through both formal and informal channels. Employees see that leaders value their input; they also respect leaders who are able to communicate well with individuals at different hierarchical levels.

Strong leaders delegate when possible but maintain control over critical decisions. Workers are motivated by decision-making power and are able to reduce the workload of their leaders when they are empowered. However, strong leaders understand that critical decisions must be made by leaders. This is best for the organization, and it also protects lower-level workers from the consequences of disastrous choices.

Strong leaders use power effectively, building consensus, relying on allies, committing to a vision rather than a specific course of action, and working to accomplish large goals one portion at a time. Workers are loyal when they are consulted and relied on. Politically astute leaders do not fall into the trap of advocating an action that might later be abandoned, nor do they try to make too many changes at once.

Strong leaders have emotional intelligence-that is, they are self-aware, self-regulated, passionate about their work, empathetic toward others, and friendly. Workers have respect and trust for leaders who exhibit self-control. Workers are inspired by observing another's passion for the work, and they appreciate being treated with empathy and friendliness.

79. If a company focuses on its customers and creates incentives for employee productivity, the company will likely be successful in delivering shareholder value.

a. True

b. False

ANSWER: True

80. Evidence suggests that the best way to maximize the long-run return to shareholders is to focus on:

a. increasing prices.

b. research & development goals.

c. satisfying customer needs and making sure employees are treated fairly.

d. compensating managers well.

e. maximizing employee overtime.

ANSWER: c

81. A general manager announces a new policy that includes an end-of-the year bonus for all employees if the company achieves its overall productivity goal. This is an example of a manager:

a. neglecting shareholders' desire for maximum profitability.
b. giving away money for no reason.
c. losing the competition with other businesses for top talent.
d. choosing to focus on employees to maximize shareholder value.
e. setting a policy to increase his or her own income.

ANSWER: d