

Name_____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) Effective mission statements can vary in 1) _____

- A) format.
- B) specificity.
- C) content.
- D) length.
- E) all of the above

Answer: E

Explanation: A)
B)
C)
D)
E)

2) Who is referred to as "the father of modern management?" 2) _____

- A) Deming
- B) Peters
- C) Steiner
- D) Drucker
- E) McGinnis

Answer: D

Explanation: A)
B)
C)
D)
E)

3) The three characteristics of a mission statement are a declaration of attitude, a declaration of social policy and 3) _____

- A) a customer orientation.
- B) a profit orientation.
- C) an employee orientation.
- D) an environmental orientation.
- E) a shareholder orientation.

Answer: A

Explanation: A)
B)
C)
D)
E)

4) What is the first step in the comprehensive strategic-management model?

4) _____

- A) Performing external audits
- B) Performing internal audits
- C) Measuring and evaluating performance
- D) Developing vision and mission statements
- E) Establishing long-term objectives

Answer: D

Explanation: A)
B)
C)
D)
E)

5) In the process of developing a mission statement, it is important to involve

5) _____

- A) as few managers as possible.
- B) the board of directors only.
- C) upper-level management only.
- D) lower-level management only.
- E) as many managers as possible.

Answer: E

Explanation: A)
B)
C)
D)
E)

6) What is needed before people can focus on specific strategy formulation activities when developing a mission statement?

6) _____

- A) Compromise
- B) Negotiation
- C) Eventual agreement
- D) A and B
- E) all of the above

Answer: E

Explanation: A)
B)
C)
D)
E)

7) All stakeholders

7) _____

- A) have ownership rights in an organization.
- B) have environmental concerns as their top priority.
- C) have claims and concerns about an organization, but these claims and concerns vary.
- D) have the same voting rights in an organization.
- E) have the same claims and concerns about an organization.

Answer: C

Explanation: A)
B)
C)
D)
E)

8) Corporate social policy should be designed and articulated during which phase of strategy development?

8) _____

- A) Management
- B) Control
- C) Evaluation
- D) Implementation
- E) Formulation

Answer: E

Explanation: A)
B)
C)
D)
E)

9) Which country has the lowest percentage of foreign workers to the total population?

9) _____

- A) United Kingdom
- B) Saudi Arabia
- C) UAE
- D) United States
- E) Japan

Answer: E

Explanation: A)
B)
C)
D)
E)

10) According to McGinnis, a mission statement should be all of the following *except*

10) _____

- A) it should be specific enough to control creative growth.
- B) it should serve as a framework for evaluating both current and prospective activities.
- C) it should distinguish an organization from all others.
- D) it should define what an organization is.
- E) it should be stated in clear terms.

Answer: A

Explanation: A)
B)
C)
D)
E)

11) The vision statement answers which of the following questions?

11) _____

- A) What is our business?
- B) How can we increase profitability?
- C) Who are our stakeholders?
- D) How can we improve ourselves?
- E) What do we want to become?

Answer: E

Explanation: A)
B)
C)
D)
E)

12) Which of these examples of a mission statement's focus area *is not* effective? 12) _____

- A) Starbucks focuses on the café experience rather than coffee.
- B) Union Pacific focuses on transportation rather than railroads.
- C) Exxon/Mobil focuses on oil and gas rather than energy.
- D) Universal Studios focuses on entertainment rather than movies.
- E) AT&T focuses on communication rather than telephones.

Answer: C

Explanation: A)
B)
C)
D)
E)

13) According to Drucker, when is the best time to develop a mission statement? 13) _____

- A) When the firm is in legal trouble
- B) Before a business is opened
- C) When the firm is successful
- D) When the firm encounters competition
- E) When the firm is in financial trouble

Answer: C

Explanation: A)
B)
C)
D)
E)

14) According to the comprehensive strategic-management model, which step needs to be completed immediately following the establishment of long-term objectives? 14) _____

- A) Performing internal audits
- B) Generating, evaluating, and selecting strategies
- C) Measuring and evaluating performance
- D) Developing vision and mission statements
- E) Performing external audits

Answer: B

Explanation: A)
B)
C)
D)
E)

15) A proactive environmental policy is likely to lead to 15) _____

- A) reduced customer loyalty.
- B) conservation of energy.
- C) numerous liability suits.
- D) higher cleanup costs.
- E) higher medical costs.

Answer: B

Explanation: A)
B)
C)
D)
E)

- 16) After a draft mission statement has been developed, it is important to _____
- A) ask managers to prepare a mission statement for the organization.
 - B) ask managers to seek support for the mission statement from their subordinates.
 - C) provide a request for modifications, additions and deletions to the mission statement.
 - D) vote on the mission statement.
 - E) ask managers to read several articles about mission statements as background information.

Answer: C

Explanation: A)
B)
C)
D)
E)

- 17) Which group would *not* be classified as a stakeholder? _____

- A) competitors
- B) Suppliers
- C) Communities
- D) Banks
- E) Employees

Answer: A

Explanation: A)
B)
C)
D)
E)

- 18) In regard to its elderly workforce, Japan varies from the United States in that _____

- A) Japanese citizens are required to retire at 60.
- B) a smaller percentage of Japan's senior citizens work.
- C) most Japanese workers retire before 60.
- D) Japan does not have laws banning discrimination based on age.
- E) Japan is phasing in a shift from ages 65 to 60 as the date when a pension can be received.

Answer: D

Explanation: A)
B)
C)
D)
E)

- 19) The ideal length of a vision statement is _____

- A) one sentence.
- B) several paragraphs.
- C) as long as necessary to convey the message.
- D) one page.
- E) several sentences.

Answer: A

Explanation: A)
B)
C)
D)
E)

20) Which component of a mission statement addresses the firm's distinctive competence or major competitive advantage? 20) _____

- A) Concern for public image
- B) Customers
- C) Technology
- D) Self-concept
- E) Philosophy

Answer: E

Explanation: A)
B)
C)
D)
E)

21) The mission statement answers which of the following questions? 21) _____

- A) Who are our stakeholders?
- B) How can we increase profitability?
- C) How can we improve ourselves?
- D) What is our business?
- E) What do we want to become?

Answer: D

Explanation: A)
B)
C)
D)
E)

22) The vision and mission statement can often be found 22) _____

- A) on supplier invoices.
- B) on customer receipts.
- C) in the SEC report.
- D) in annual reports.
- E) on community news bulletins.

Answer: D

Explanation: A)
B)
C)
D)
E)

- 23) King and Cleland recommend that organizations carefully develop a written mission statement for all of the following reasons *except* 23) _____
- A) to ensure a command-and-control structure.
 - B) to provide a basis for allocating organizational resources.
 - C) to establish a general tone or organizational climate.
 - D) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization.
 - E) to ensure unanimity of purpose within the organization.
- Answer: A
Explanation: A)
B)
C)
D)
E)
- 24) In 2009, which of the following companies was ranked as the most admired company for social responsibility, according to *Fortune* magazine? 24) _____
- A) Anheuser-Busch
 - B) Walt Disney
 - C) Toys "R" Us
 - D) IBM
 - E) Starbucks
- Answer: A
Explanation: A)
B)
C)
D)
E)
- 25) In developing a mission statement, arousing emotion 25) _____
- A) is important.
 - B) is the most important goal.
 - C) is counterproductive.
 - D) should be avoided if possible.
 - E) is not a benefit.
- Answer: A
Explanation: A)
B)
C)
D)
E)
- 26) *Business Week* reports that firms using mission statements have _____ percent higher return on certain financial measures than those without such statements. 26) _____
- A) 57 B) 15 C) 30 D) 54 E) 10
- Answer: C
Explanation: A)
B)
C)
D)
E)

27) The process of developing a vision and mission statement includes which of these as the first activity? 27) _____

- A) Having a brainstorming session on whether the organization should have a mission statement.
- B) Asking managers to prepare a mission statement for the organization.
- C) Merging several mission statements into one document.
- D) Requesting to modify the current document.
- E) Asking managers to read selected articles about mission statements.

Answer: E

Explanation: A)
B)
C)
D)
E)

28) The purpose of a mission statement is to declare all of these *except* 28) _____

- A) whom it wants to serve.
- B) an annual financial plan.
- C) a statement of purpose.
- D) a reason for being.
- E) a statement of beliefs.

Answer: B

Explanation: A)
B)
C)
D)
E)

29) The corporate social policy should be reaffirmed or changed during which phase of strategy development? 29) _____

- A) Implementation
- B) Control
- C) Formulation
- D) Evaluation
- E) Mission

Answer: D

Explanation: A)
B)
C)
D)
E)

30) As indicated in the strategic-management model, a clear _____ is needed before alternate strategies can be formulated and implemented. 30) _____

- A) short-term objective
- B) evaluation strategy
- C) long-term objective
- D) mission statement
- E) policy

Answer: D

Explanation: A)
B)
C)
D)
E)

31) Which question(s) are *not* answered in a mission statement? 31) _____

- A) What do we want to become?
- B) What technology will we employ to achieve our objectives?
- C) Who are the firm's customers?
- D) What is the purpose of our organization?
- E) What is our company philosophy or self-concept?

Answer: A

Explanation: A)
B)
C)
D)
E)

32) The general public is especially interested in _____, whereas stockholders are more interested in _____. 32) _____

- A) environmental concerns; profitability
- B) profitability; social responsibility
- C) social responsibility; the treatment of employees
- D) social responsibility; profitability
- E) the treatment of employees; environmental concerns

Answer: D

Explanation: A)
B)
C)
D)
E)

33) Good mission statements identify the _____ of a firm's products to its customers.

33) _____

- A) demand
- B) price
- C) profit margin
- D) utility
- E) popularity

Answer: D

Explanation: A)
B)
C)
D)
E)

34) According to recent studies, what percentage of companies have used a mission statement sometime in the past five years?

34) _____

- A) 30%
- B) 90%
- C) 75%
- D) 15%
- E) 60%

Answer: B

Explanation: A)
B)
C)
D)
E)

35) What can be used to promote unbiased views and to manage the development of the mission statement more effectively?

35) _____

- A) An internal group
- B) A facilitator
- C) A committee of managers
- D) Surveys
- E) Command-and-control

Answer: B

Explanation: A)
B)
C)
D)
E)

36) Which of these basic questions should a vision statement answer?

36) _____

- A) What do we want to become?
- B) Who are our competitors?
- C) What is our business?
- D) Why do we exist?
- E) Who are our employees?

Answer: A

Explanation: A)
B)
C)
D)
E)

37) A study by Rarick and Vitton found that firms with a formalized mission statement have _____ the average return on shareholders' equity compared to those firms without a formalized mission statement. 37) _____

- A) three times
- B) five times
- C) one quarter
- D) half
- E) twice

Answer: E

Explanation: A)
B)
C)
D)
E)

38) The potential for creative growth for the organization can be limited by 38) _____

- A) an overemphasis on stakeholders.
- B) a mission statement that is too specific.
- C) a mission statement that is too dynamic.
- D) a mission statement that is too general.
- E) not enough emphasis on stakeholders.

Answer: B

Explanation: A)
B)
C)
D)
E)

39) An effective mission statement is all of the following *except* 39) _____

- A) it provides useful criteria for selecting among alternative strategies.
- B) it reflects judgments about future growth directions that are based upon forward-looking external and internal analyses.
- C) it is static in orientation.
- D) it should include options that are considered less promising.
- E) it provides a basis for generating and screening strategic options.

Answer: C

Explanation: A)
B)
C)
D)
E)

40) Which of the following dimensions are not recommended aspects of a mission statement?

40) _____

- A) Concern for employees
- B) Strategies
- C) Customers
- D) Self-concept
- E) Markets

Answer: B

Explanation: A)
B)
C)
D)
E)

41) A businesses mission is the foundation for all of the following *except*

41) _____

- A) plans.
- B) priorities.
- C) employee wage rates.
- D) work assignments.
- E) strategies.

Answer: C

Explanation: A)
B)
C)
D)
E)

42) Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?

42) _____

- A) Philosophy
- B) Self-concept
- C) Technology
- D) Customers
- E) Concern for public image

Answer: A

Explanation: A)
B)
C)
D)
E)

43) Which of the following should be defined first and foremost?

43) _____

- A) Objectives
- B) Mission
- C) Competitive advantage
- D) Strategic
- E) Vision

Answer: E

Explanation: A)
B)
C)
D)
E)

- 44) In 2009, which of the following companies was ranked as the least admired company for social responsibility, according to *Fortune* magazine? 44) _____
- A) McDonalds
 - B) Navistar International
 - C) Circuit City Stores
 - D) UPS
 - E) Toys "R" Us

Answer: C

Explanation: A)
B)
C)
D)
E)

- 45) Effective mission statements 45) _____
- A) are usually changed every few years.
 - B) become ineffective in the first year.
 - C) are usually changed every few months.
 - D) never require revision.
 - E) stand the test of time and require little revision.

Answer: E

Explanation: A)
B)
C)
D)
E)

- 46) What is likely to happen if a mission or vision statement is implemented during troubled times for a firm? 46) _____
- A) Employees will ignore the new mission or vision statement.
 - B) Profitability will decline.
 - C) Managers will be unable to resolve divergent views.
 - D) Nothing.
 - E) The firm will experience a reverse in the decline of profitability.

Answer: E

Explanation: A)
B)
C)
D)
E)

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 47) Social policy should be reaffirmed or changed during strategy implementation. 47) _____

Answer: True ☒ False

Explanation:

- 48) If an organization chooses to have both mission and vision statements, the mission statement should be established first. 48) _____

Answer: True ☒ False

Explanation:

- 49) In 2007, Arabian Business magazine rated Saudi German Hospital (KSA) as a highly socially responsible corporation. 49) _____
Answer: ☒ True ☐ False
Explanation:
- 50) The foundation for development of a comprehensive mission statement is provided by a clear vision. 50) _____
Answer: ☒ True ☐ False
Explanation:
- 51) A mission statement should be broad enough to reconcile differences between an organization's various stakeholders. 51) _____
Answer: ☐ True ☒ False
Explanation:
- 52) An important question a mission statement should answer is, "What do we want to become?" 52) _____
Answer: ☐ True ☒ False
Explanation:
- 53) A mission statement is a declaration of an organization's "reason for being." 53) _____
Answer: ☒ True ☐ False
Explanation:
- 54) A firm's concern for employees in a mission addresses the question, "Is the firm responsive to social, community, and environmental concerns?" 54) _____
Answer: ☐ True ☒ False
Explanation:
- 55) In order to motivate a workforce effectively, both profit and vision are needed. 55) _____
Answer: ☒ True ☐ False
Explanation:
- 56) Stakeholders both affect and are affected by an organization's strategic decisions. 56) _____
Answer: ☒ True ☐ False
Explanation:
- 57) Mission statements are sometimes difficult to derive because top management may disagree over company objectives. 57) _____
Answer: ☒ True ☐ False
Explanation:
- 58) Although it is important for companies to have a clearly defined mission statement, research has shown that less than 50% of all companies have used a mission statement in the previous five years. 58) _____
Answer: ☐ True ☒ False
Explanation:
- 59) An effective mission statement generates the impression that a firm is successful, has direction, and is worthy of time, support and investment. 59) _____
Answer: ☒ True ☐ False
Explanation:

- 60) According to Campbell and Yeung, the process of developing a mission statement should create an "emotional bond" and "sense of mission" between the organization and its employees. 60) _____
Answer: ☒ True ☐ False
Explanation:
- 61) The mission statement should be short – preferably one sentence. 61) _____
Answer: ☐ True ☒ False
Explanation:
- 62) Stakeholders of an organization include stockholders, customers and creditors, but not competitors. 62) _____
Answer: ☐ True ☒ False
Explanation:
- 63) The percentage of foreign workers within the total population is greater in the United Kingdom than in the United States. 63) _____
Answer: ☐ True ☒ False
Explanation:
- 64) In most cases, several paragraphs are required for a mission statement. 64) _____
Answer: ☐ True ☒ False
Explanation:
- 65) When developing a vision statement, input should be received from as many managers as possible. 65) _____
Answer: ☒ True ☐ False
Explanation:
- 66) In the Arab region, social responsibility is increasingly viewed as part of normal business conduct. 66) _____
Answer: ☒ True ☐ False
Explanation:
- 67) A mission statement is usually a simple statement of specific beliefs. 67) _____
Answer: ☐ True ☒ False
Explanation:
- 68) When developing a mission statement, it is usually advisable to involve as few managers as possible. 68) _____
Answer: ☐ True ☒ False
Explanation:
- 69) During the strategy - implementation process, social policy should be set and administered. 69) _____
Answer: ☒ True ☐ False
Explanation:
- 70) Mission statements provide managers with a unity of direction that transcends individual, parochial and transitory needs, by promoting a sense of shared expectations among all levels and generations of employees. 70) _____
Answer: ☒ True ☐ False
Explanation:

- 71) According to Peter Drucker, developing a clear business vision and mission is the first responsibility of strategists. 71) _____
Answer: ☒ True ☐ False
Explanation:
- 72) According to Vern McGinnis, an effective mission statement should define what the organization is and what the organization aspires to be. 72) _____
Answer: ☒ True ☐ False
Explanation:
- 73) A good mission statement shows the relative attention an organization will devote to meeting the claims of various stakeholders. 73) _____
Answer: ☒ True ☐ False
Explanation:
- 74) It is generally a good idea to use the mission statement as a guide when completing an external and internal analysis. 74) _____
Answer: ☐ True ☒ False
Explanation:
- 75) A good mission statement describes an organization's purpose, customers, products or services, markets, philosophy, and basic technology. 75) _____
Answer: ☒ True ☐ False
Explanation:
- 76) In Saudi Arabia, the Presidency of Meteorology and Environment has developed specific guidelines for public and private institutions to implement the Kingdom's strategy for protecting the environment and preserving wildlife. 76) _____
Answer: ☒ True ☐ False
Explanation:
- 77) Whereas the mission statement answers the question "What do we want to become?," the vision statement answers the question "What is our business?" 77) _____
Answer: ☐ True ☒ False
Explanation:
- 78) A mission statement promotes a sense of shared expectations among all levels and generations of employees. 78) _____
Answer: ☒ True ☐ False
Explanation:
- 79) A mission statement is a declaration of an organization's financial status. 79) _____
Answer: ☐ True ☒ False
Explanation:
- 80) According to King and Cleland, carefully developed and written mission statements help to ensure unanimity of purpose within the organization. 80) _____
Answer: ☒ True ☐ False
Explanation:

- 81) Attracting customers is a major reason for developing a mission statement. 81) _____
Answer: ☒ True ☐ False
Explanation:
- 82) The most important time for a company to develop a mission and vision statement is when the company is experiencing financial difficulty. 82) _____
Answer: ☐ True ☒ False
Explanation:
- 83) According to Campbell and Yeung, an organization's vision is associated with behavior and with the present. 83) _____
Answer: ☐ True ☒ False
Explanation:
- 84) The question "What is our business?" should be asked whether a company has been successful or not. 84) _____
Answer: ☒ True ☐ False
Explanation:
- 85) Corporate policies related to mandatory retirement are a growing concern in many counties. 85) _____
Answer: ☒ True ☐ False
Explanation:
- 86) A mission statement, sometimes called a creed statement, can be defined as an "enduring statement of purpose that distinguishes one organization from other similar enterprises." 86) _____
Answer: ☒ True ☐ False
Explanation:
- 87) Individuals who own stock in a corporation are considered stakeholders. 87) _____
Answer: ☒ True ☐ False
Explanation:
- 88) Carefully prepared statements of vision and mission are widely recognized as the first step in strategic management. 88) _____
Answer: ☒ True ☐ False
Explanation:
- 89) A well-conceived mission statement is the cornerstone of effective strategic management. 89) _____
Answer: ☒ True ☐ False
Explanation:
- 90) According to Peter Drucker, asking the question "What is our business?" is synonymous with asking the question "What is our vision?" 90) _____
Answer: ☐ True ☒ False
Explanation:
- 91) In multidivisional organizations, each division should develop a mission statement independent of the parent company. 91) _____
Answer: ☐ True ☒ False
Explanation:

- 92) Social policy should be designed and articulated during the strategy-implementation stage. 92) _____
Answer: ☒ True ☐ False
Explanation:
- 93) Good mission statements identify the utility of a firm's products to its customers. 93) _____
Answer: ☒ True ☐ False
Explanation:
- 94) Environmental changes should not change a mission statement. 94) _____
Answer: ☐ True ☒ False
Explanation:
- 95) There is no need for a mission statement in small, nonprofit organizations. 95) _____
Answer: ☐ True ☒ False
Explanation:
- 96) Research has failed to find a positive relationship between mission statements and organizational performance. 96) _____
Answer: ☐ True ☒ False
Explanation:
- 97) A firm's philosophy in a mission addresses the question, "What is the firm's distinctive competence?" 97) _____
Answer: ☐ True ☒ False
Explanation:
- 98) Mission statements should be stated with a high level of precision. 98) _____
Answer: ☐ True ☒ False
Explanation:
- 99) The first step in the process of developing a mission statement is to ask all participants to prepare what they believe the organization's mission should be. 99) _____
Answer: ☐ True ☒ False
Explanation:
- 100) Japan's national debt is difficult to reduce largely because the country does not view immigration as a good means to offset declines in the number of workers. 100) _____
Answer: ☒ True ☐ False
Explanation:
- 101) A mission statement can sometimes be called a statement of philosophy. 101) _____
Answer: ☒ True ☐ False
Explanation:
- 102) Vision and mission statements can often be found in the front of annual reports. 102) _____
Answer: ☒ True ☐ False
Explanation:

103) Precision might stifle creativity in the formulation of an acceptable mission or purpose.

103) _____

Answer: ☒ True ☐ False

Explanation:

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

104) Explain the process of developing a mission statement.

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

105) Describe why a mission statement is so important in the strategic-management process.

Answer: A clear mission statement is essential for effectively establishing objectives and formulating strategies. It reveals what an organization wants to be and whom it wants to serve. A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and for the design of managerial structures.

106) List and define the nine major components of an effective mission statement.

Answer: Students should list and define the following components of an effective mission statement: 1) customers, 2) products or services, 3) markets, 4) technology, 5) concern for survival, growth and profitability, 6) philosophy, 7) self-concept, 8) concern for public image and 9) concern for employees.

107) Compare and contrast vision statement with mission statement.

Answer: Many organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question, "What is our business," the vision statement answers the question, "What do we want to become?" When employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge.

108) Define and give an example of the self-concept component in a mission statement.

Answer: The self-concept component of a mission statement asks the question, "What is the firm's distinctive competence or major competitive advantage?" An example of the self-concept component is, "Our history is full of almost 150 years of achievements, which mark the growth of Gandour from a factory store to a leading Fast Moving Consumer Goods (FMCG) producer, with various production sites spread around the globe." (Gandour)

109) King and Cleland recommend that organizations carefully develop a written mission statement for six reasons. List and describe five of these reasons.

Answer: Students may list and describe any five of the following: 1) to ensure unanimity of purpose within the organization; 2) to provide a basis, or standard, for allocating organizational resources; 3) to establish a general tone or organizational climate; 4) to serve as a focal point for individuals to identify with the organization's purpose and direction, and to deter those who cannot do so from participating further in the organization's activities; 5) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization; 6) to specify organizational purposes and then to translate these purposes into objectives in such a way that cost, time and performance parameters can be assessed and controlled.

110) A good mission statement effectively reflects the anticipations of customers and reveals the utility that various products or services offer customers. Give three examples of this.

Answer: Student answers may vary, but could include: 1) SABIC's mission statement, which focuses on concern for survival, growth and profitability, and self-concept; 2) Etisalat's mission statement, which focuses only on technology; 3) Gulf Glass Manufacturing Company's mission statement, which focuses on five components namely, customers, products and services, concern for survival, growth and profitability, concern for public image, and concern for employees; and 4) Saudi Research and Marketing Group's mission statement, which focuses on customers, product and services, markets, and technology.

111) Describe the characteristics of an effective mission statement.

Answer: The major characteristics of an effective mission statement are a declaration of attitude, a customer orientation and a declaration of social policy. It needs to be broad, both to reconcile effectively differences among, and to appeal to, an organization's diverse stakeholders, the individuals and groups of individuals who have a special stake or claim on the company. In addition to being broad in scope, it should not be too lengthy.

Answer Key
Testname: C2

- 1) E
- 2) D
- 3) A
- 4) D
- 5) E
- 6) E
- 7) C
- 8) E
- 9) E
- 10) A
- 11) E
- 12) C
- 13) C
- 14) B
- 15) B
- 16) C
- 17) A
- 18) D
- 19) A
- 20) E
- 21) D
- 22) D
- 23) A
- 24) A
- 25) A
- 26) C
- 27) E
- 28) B
- 29) D
- 30) D
- 31) A
- 32) D
- 33) D
- 34) B
- 35) B
- 36) A
- 37) E
- 38) B
- 39) C
- 40) B
- 41) C
- 42) A
- 43) E
- 44) C
- 45) E
- 46) E
- 47) FALSE
- 48) FALSE
- 49) TRUE
- 50) TRUE

Answer Key

Testname: C2

- 51) FALSE
- 52) FALSE
- 53) TRUE
- 54) FALSE
- 55) TRUE
- 56) TRUE
- 57) TRUE
- 58) FALSE
- 59) TRUE
- 60) TRUE
- 61) FALSE
- 62) FALSE
- 63) FALSE
- 64) FALSE
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- 70) TRUE
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- 79) FALSE
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- 81) TRUE
- 82) FALSE
- 83) FALSE
- 84) TRUE
- 85) TRUE
- 86) TRUE
- 87) TRUE
- 88) TRUE
- 89) TRUE
- 90) FALSE
- 91) FALSE
- 92) TRUE
- 93) TRUE
- 94) FALSE
- 95) FALSE
- 96) FALSE
- 97) FALSE
- 98) FALSE
- 99) FALSE
- 100) TRUE

Answer Key

Testname: C2

- 101) TRUE
- 102) TRUE
- 103) TRUE
- 104) A widely used approach to developing a mission statement is first to select several articles about mission statements and ask all managers to read these as background information. Then ask managers themselves to prepare a mission statement for the organization. A facilitator or committee of top managers should then merge these statements into a single document and distribute this draft mission statement to all managers. A request for modifications, additions and deletions is needed next, along with a meeting to revise the document. To the extent all managers have input into and support the final mission statement document, organizations can more easily obtain managers' support for other strategy formulation, implementation and evaluation activities.
- 105) A clear mission statement is essential for effectively establishing objectives and formulating strategies. It reveals what an organization wants to be and whom it wants to serve. A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and for the design of managerial structures.
- 106) Students should list and define the following components of an effective mission statement: 1) customers, 2) products or services, 3) markets, 4) technology, 5) concern for survival, growth and profitability, 6) philosophy, 7) self-concept, 8) concern for public image and 9) concern for employees.
- 107) Many organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question, "What is our business," the vision statement answers the question, "What do we want to become?" When employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge.
- 108) The self-concept component of a mission statement asks the question, "What is the firm's distinctive competence or major competitive advantage?" An example of the self-concept component is, "Our history is full of almost 150 years of achievements, which mark the growth of Gandour from a factory store to a leading Fast Moving Consumer Goods (FMCG) producer, with various production sites spread around the globe." (Gandour)
- 109) Students may list and describe any five of the following: 1) to ensure unanimity of purpose within the organization; 2) to provide a basis, or standard, for allocating organizational resources; 3) to establish a general tone or organizational climate; 4) to serve as a focal point for individuals to identify with the organization's purpose and direction, and to deter those who cannot do so from participating further in the organization's activities; 5) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization; 6) to specify organizational purposes and then to translate these purposes into objectives in such a way that cost, time and performance parameters can be assessed and controlled.
- 110) Student answers may vary, but could include: 1) SABIC's mission statement, which focuses on concern for survival, growth and profitability, and self-concept; 2) Etisalat's mission statement, which focuses only on technology; 3) Gulf Glass Manufacturing Company's mission statement, which focuses on five components namely, customers, products and services, concern for survival, growth and profitability, concern for public image, and concern for employees; and 4) Saudi Research and Marketing Group's mission statement, which focuses on customers, product and services, markets, and technology.
- 111) The major characteristics of an effective mission statement are a declaration of attitude, a customer orientation and a declaration of social policy. It needs to be broad, both to reconcile effectively differences among, and to appeal to, an organization's diverse stakeholders, the individuals and groups of individuals who have a special stake or claim on the company. In addition to being broad in scope, it should not be too lengthy.