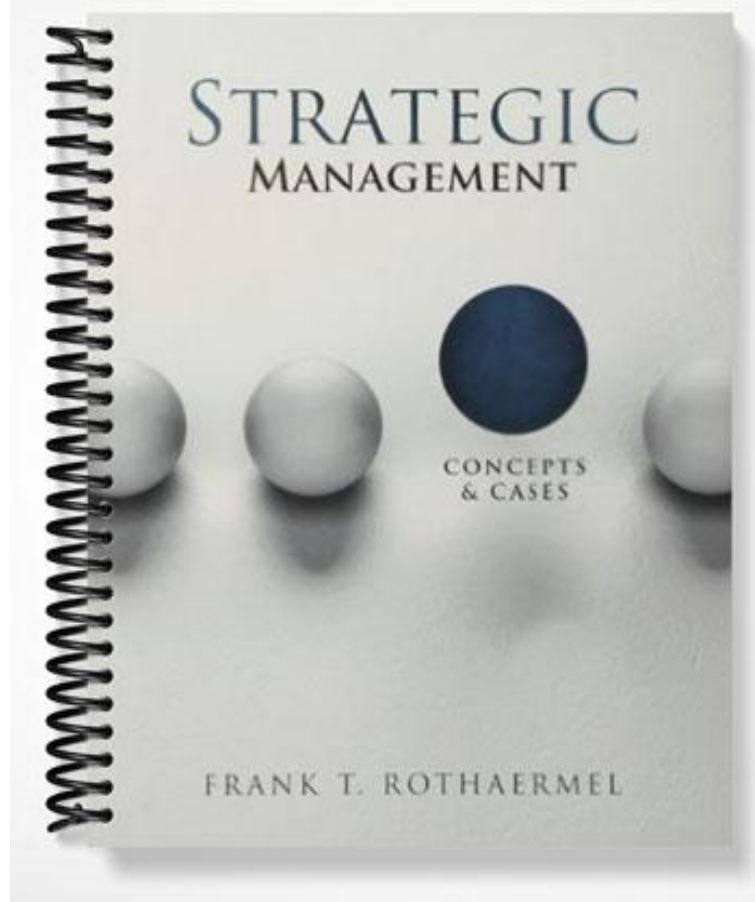


TEST BANK



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

- 1) Vision and mission statements can often be found in the front of annual reports. 1) _____
- 2) 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. 2) _____
- 3) The foundation for development of a comprehensive mission statement is provided by a clear vision. 3) _____
- 4) The mission statement should be short – preferably one sentence. 4) _____
- 5) When developing a vision statement, input should be received from as many managers as possible. 5) _____
- 6) If an organization chooses to have both mission and vision statements, the mission statement should be established first. 6) _____
- 7) According to Peter Drucker, asking the question "What is our business?" is synonymous with asking the question "What is our vision?" 7) _____
- 8) A mission statement is a declaration of an organization's "reason for being." 8) _____
- 9) 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." 9) _____
- 10) There is no need for a mission statement in small, nonprofit organizations. 10) _____
- 11) A mission statement is a declaration of an organization's financial status. 11) _____
- 12) A mission statement can sometimes be called a statement of philosophy. 12) _____
- 13) Carefully prepared statements of vision and mission are widely recognized as the first step in strategic management. 13) _____
- 14) An important question a mission statement should answer is, "What do we want to become?" 14) _____
- 15) Whereas the mission statement answers the question "What do we want to become?," the vision statement answers the question "What is our business?" 15) _____
- 16) In order to motivate a workforce effectively, both profit and vision are needed. 16) _____
- 17) When developing a mission statement, it is usually advisable to involve as few managers as possible. 17) _____
- 18) 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. 18) _____
- 19) 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. 19) _____

- 20) According to Campbell and Yeung, an organization's vision is associated with behavior and with the present. 20) _____
- 21) According to King and Cleland, carefully developed and written mission statements help to ensure unanimity of purpose within the organization. 21) _____
- 22) Research has failed to find a positive relationship between mission statements and organizational performance. 22) _____
- 23) Mission statements are sometimes difficult to derive because top management may disagree over company objectives. 23) _____
- 24) The most important time for a company to develop a mission and vision statement is when the company is experiencing financial difficulty. 24) _____
- 25) In multidivisional organizations, each division should develop a mission statement independent of the parent company. 25) _____
- 26) 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. 26) _____
- 27) A mission statement promotes a sense of shared expectations among all levels and generations of employees. 27) _____
- 28) The question "What is our business?" should be asked whether a company has been successful or not. 28) _____
- 29) A mission statement is usually a simple statement of specific beliefs. 29) _____
- 30) A mission statement should be broad enough to reconcile differences between an organization's various stakeholders. 30) _____
- 31) Stakeholders of an organization include stockholders, customers and creditors, but not competitors. 31) _____
- 32) Individuals who own stock in a corporation are considered stakeholders. 32) _____
- 33) Stakeholders both affect and are affected by an organization's strategic decisions. 33) _____
- 34) Mission statements should be stated with a high level of precision. 34) _____
- 35) A good mission statement shows the relative attention an organization will devote to meeting the claims of various stakeholders. 35) _____
- 36) Precision might stifle creativity in the formulation of an acceptable mission or purpose. 36) _____
- 37) 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. 37) _____
- 38) In most cases, several paragraphs are required for a mission statement. 38) _____

- 39) An effective mission statement generates the impression that a firm is successful, has direction, and is worthy of time, support and investment. 39) _____
- 40) According to Vern McGinnis, an effective mission statement should define what the organization is and what the organization aspires to be. 40) _____
- 41) It is generally a good idea to use the mission statement as a guide when completing an external and internal analysis. 41) _____
- 42) Good mission statements identify the utility of a firm's products to its customers. 42) _____
- 43) Attracting customers is a major reason for developing a mission statement. 43) _____
- 44) Social policy should be designed and articulated during the strategy-implementation stage. 44) _____
- 45) During the strategy-implementation process, social policy should be set and administered. 45) _____
- 46) Social policy should be reaffirmed or changed during strategy implementation. 46) _____
- 47) Corporate policies related to mandatory retirement are a growing concern in many countries. 47) _____
- 48) In 2007, Arabian Business magazine rated Saudi German Hospital (KSA) as a highly socially responsible corporation. 48) _____
- 49) In the Arab region, social responsibility is increasingly viewed as part of normal business conduct. 49) _____
- 50) A good mission statement describes an organization's purpose, customers, products or services, markets, philosophy, and basic technology. 50) _____
- 51) 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. 51) _____
- 52) The percentage of foreign workers within the total population is greater in the United Kingdom than in the United States. 52) _____
- 53) A firm's philosophy in a mission addresses the question, "What is the firm's distinctive competence?" 53) _____
- 54) A firm's concern for employees in a mission addresses the question, "Is the firm responsive to social, community, and environmental concerns?" 54) _____
- 55) According to Peter Drucker, developing a clear business vision and mission is the first responsibility of strategists. 55) _____
- 56) Environmental changes should not change a mission statement. 56) _____
- 57) A well-conceived mission statement is the cornerstone of effective strategic management. 57) _____

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

- 58) The vision and mission statement can often be found 58) _____

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

- 59) According to recent studies, what percentage of companies have used a mission statement sometime in the past five years? 59) _____
A) 75% B) 90% C) 30% D) 15% E) 60%
- 60) Which of these basic questions should a vision statement answer? 60) _____
A) What is our business?
B) Who are our competitors?
C) What do we want to become?
D) Who are our employees?
E) Why do we exist?
- 61) Which of the following should be defined first and foremost? 61) _____
A) Vision
B) Competitive advantage
C) Mission
D) Objectives
E) Strategic
- 62) The ideal length of a vision statement is 62) _____
A) as long as necessary to convey the message.
B) one page.
C) several sentences.
D) several paragraphs.
E) one sentence.
- 63) Who is referred to as "the father of modern management?" 63) _____
A) Peters B) McGinnis C) Deming D) Steiner E) Drucker
- 64) What is the first step in the comprehensive strategic-management model? 64) _____
A) Developing vision and mission statements
B) Establishing long-term objectives
C) Performing internal audits
D) Measuring and evaluating performance
E) Performing external audits
- 65) According to the comprehensive strategic-management model, which step needs to be completed immediately following the establishment of long-term objectives? 65) _____
A) Performing external audits
B) Performing internal audits
C) Generating, evaluating, and selecting strategies
D) Developing vision and mission statements
E) Measuring and evaluating performance
- 66) The purpose of a mission statement is to declare all of these *except* 66) _____
A) whom it wants to serve.
B) a statement of purpose.

- C) an annual financial plan.
- D) a statement of beliefs.
- E) a reason for being.

- 67) As indicated in the strategic-management model, a clear _____ is needed before alternate strategies can be formulated and implemented. 67) _____
- A) short-term objective
 - B) long-term objective
 - C) policy
 - D) evaluation strategy
 - E) mission statement
- 68) A businesses mission is the foundation for all of the following *except* 68) _____
- A) plans.
 - B) work assignments.
 - C) strategies.
 - D) priorities.
 - E) employee wage rates.
- 69) The mission statement answers which of the following questions? 69) _____
- A) Who are our stakeholders?
 - B) How can we increase profitability?
 - C) What is our business?
 - D) What do we want to become?
 - E) How can we improve ourselves?
- 70) The vision statement answers which of the following questions? 70) _____
- A) What do we want to become?
 - B) Who are our stakeholders?
 - C) How can we increase profitability?
 - D) How can we improve ourselves?
 - E) What is our business?
- 71) In the process of developing a mission statement, it is important to involve 71) _____
- A) as few managers as possible.
 - B) the board of directors only.
 - C) lower-level management only.
 - D) as many managers as possible.
 - E) upper-level management only.
- 72) The process of developing a vision and mission statement includes which of these as the first activity? 72) _____
- A) Requesting to modify the current document.
 - B) Asking managers to read selected articles about mission statements.
 - C) Having a brainstorming session on whether the organization should have a mission statement.
 - D) Merging several mission statements into one document.
 - E) Asking managers to prepare a mission statement for the organization.
- 73) After a draft mission statement has been developed, it is important to 73) _____
- A) vote on the mission statement.
 - B) ask managers to prepare a mission statement for the organization.

- C) ask managers to seek support for the mission statement from their subordinates.
- D) provide a request for modifications, additions and deletions to the mission statement.
- E) ask managers to read several articles about mission statements as background information.

- 74) What can be used to promote unbiased views and to manage the development of the mission statement more effectively? 74) _____
- A) An internal group
 - B) A facilitator
 - C) Surveys
 - D) A committee of managers
 - E) Command-and-control
- 75) 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. 75) _____
- A) five times
 - B) half
 - C) three times
 - D) one quarter
 - E) twice
- 76) *Business Week* reports that firms using mission statements have _____ percent higher return on certain financial measures than those without such statements. 76) _____
- A) 57
 - B) 10
 - C) 54
 - D) 15
 - E) 30
- 77) King and Cleland recommend that organizations carefully develop a written mission statement for all of the following reasons *except* 77) _____
- A) to ensure unanimity of purpose within the organization.
 - B) to provide a basis for allocating organizational resources.
 - C) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization.
 - D) to establish a general tone or organizational climate.
 - E) to ensure a command-and-control structure.
- 78) What is needed before people can focus on specific strategy formulation activities when developing a mission statement? 78) _____
- A) Compromise
 - B) Negotiation
 - C) Eventual agreement
 - D) A and B
 - E) all of the above
- 79) According to Drucker, when is the best time to develop a mission statement? 79) _____
- A) When the firm is in financial trouble
 - B) When the firm encounters competition
 - C) When the firm is successful
 - D) Before a business is opened
 - E) When the firm is in legal trouble
- 80) What is likely to happen if a mission or vision statement is implemented during troubled times for a firm? 80) _____
- A) Profitability will decline.

- B) Nothing.
- C) Managers will be unable to resolve divergent views.
- D) Employees will ignore the new mission or vision statement.
- E) The firm will experience a reverse in the decline of profitability.

- 81) Which group would *not* be classified as a stakeholder? 81) _____
- A) Communities
 - B) Banks
 - C) Employees
 - D) competitors
 - E) Suppliers
- 82) All stakeholders 82) _____
- A) have ownership rights in an organization.
 - B) have environmental concerns as their top priority.
 - C) have the same claims and concerns about an organization.
 - D) have the same voting rights in an organization.
 - E) have claims and concerns about an organization, but these claims and concerns vary.
- 83) The three characteristics of a mission statement are a declaration of attitude, a declaration of social policy and 83) _____
- A) a customer orientation.
 - B) an employee orientation.
 - C) a shareholder orientation.
 - D) an environmental orientation.
 - E) a profit orientation.
- 84) The potential for creative growth for the organization can be limited by 84) _____
- A) not enough emphasis on stakeholders.
 - B) an overemphasis on stakeholders.
 - C) a mission statement that is too dynamic.
 - D) a mission statement that is too specific.
 - E) a mission statement that is too general.
- 85) A proactive environmental policy is likely to lead to 85) _____
- A) higher cleanup costs.
 - B) reduced customer loyalty.
 - C) conservation of energy.
 - D) higher medical costs.
 - E) numerous liability suits.
- 86) The general public is especially interested in _____, whereas stockholders are more interested in _____. 86) _____
- 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
- 87) In developing a mission statement, arousing emotion 87) _____
- A) is important.
 - B) should be avoided if possible.

- C) is counterproductive.
- D) is not a benefit.
- E) is the most important goal.

- 88) According to McGinnis, a mission statement should be all of the following *except* 88) _____
- A) it should serve as a framework for evaluating both current and prospective activities.
 - B) it should be specific enough to control creative growth.
 - 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.
- 89) An effective mission statement is all of the following *except* 89) _____
- 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 provides a basis for generating and screening strategic options.
 - D) it is static in orientation.
 - E) it should include options that are considered less promising.
- 90) Good mission statements identify the _____ of a firm's products to its customers. 90) _____
- A) popularity
 - B) price
 - C) profit margin
 - D) demand
 - E) utility
- 91) Which of these examples of a mission statement's focus area *is not* effective? 91) _____
- A) Starbucks focuses on the café experience rather than coffee.
 - B) AT&T focuses on communication rather than telephones.
 - C) Universal Studios focuses on entertainment rather than movies.
 - D) Union Pacific focuses on transportation rather than railroads.
 - E) Exxon/Mobil focuses on oil and gas rather than energy.
- 92) Corporate social policy should be designed and articulated during which phase of strategy development? 92) _____
- A) Evaluation
 - B) Formulation
 - C) Implementation
 - D) Management
 - E) Control
- 93) The corporate social policy should be reaffirmed or changed during which phase of strategy development? 93) _____
- A) Evaluation
 - B) Implementation
 - C) Mission
 - D) Formulation
 - E) Control
- 94) In 2009, which of the following companies was ranked as the most admired company for social responsibility, according to *Fortune* magazine? 94) _____
- A) Starbucks

- B) Walt Disney
- C) IBM
- D) Anheuser-Bush
- E) Toys "R" Us

- 95) In 2009, which of the following companies was ranked as the least admired company for social responsibility, according to *Fortune* magazine? 95) _____
- A) Navistar International
 - B) Circuit City Stores
 - C) UPS
 - D) Toys "R" Us
 - E) McDonalds
- 96) In regard to its elderly workforce, Japan varies from the United States in that 96) _____
- A) Japan is phasing in a shift from ages 65 to 60 as the date when a pension can be received.
 - 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) Japanese citizens are required to retire at 60.
- 97) Which country has the lowest percentage of foreign workers to the total population? 97) _____
- A) Saudi Arabia
 - B) United States
 - C) UAE
 - D) United Kingdom
 - E) Japan
- 98) Effective mission statements can vary in 98) _____
- A) specificity.
 - B) content.
 - C) format.
 - D) length.
 - E) all of the above
- 99) Which component of a mission statement addresses the firm's distinctive competence or major competitive advantage? 99) _____
- A) Customers
 - B) Technology
 - C) Philosophy
 - D) Concern for public image
 - E) Self-concept
- 100) Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm? 100) _____
- A) Self-concept
 - B) Philosophy
 - C) Technology
 - D) Customers
 - E) Concern for public image
- 101) Which question(s) are *not* answered in a mission statement? 101) _____
- A) What is our company philosophy or self-concept?

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

102) Which of the following dimensions are not recommended aspects of a mission statement? 102) _____

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

103) Effective mission statements 103) _____

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

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

- 104) Describe why a mission statement is so important in the strategic-management process.
- 105) Compare and contrast vision statement with mission statement.
- 106) Explain the process of developing a mission statement.
- 107) King and Cleland recommend that organizations carefully develop a written mission statement for six reasons. List and describe five of these reasons.
- 108) Describe the characteristics of an effective mission statement.
- 109) 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.
- 110) List and define the nine major components of an effective mission statement.
- 111) Define and give an example of the self-concept component in a mission statement.

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

- 52) FALSE
- 53) FALSE
- 54) FALSE
- 55) TRUE
- 56) FALSE
- 57) TRUE
- 58) B
- 59) B
- 60) C
- 61) A
- 62) E
- 63) E
- 64) A
- 65) C
- 66) C
- 67) E
- 68) E
- 69) C
- 70) A
- 71) D
- 72) B
- 73) D
- 74) B
- 75) E
- 76) E
- 77) E
- 78) E
- 79) C
- 80) E
- 81) D
- 82) E
- 83) A
- 84) D
- 85) C
- 86) D
- 87) A
- 88) B
- 89) D
- 90) E
- 91) E
- 92) B
- 93) A
- 94) D
- 95) B
- 96) D
- 97) E
- 98) E
- 99) C
- 100) B
- 101) B
- 102) A
- 103) C

- 104) 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.
- 105) 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.
- 106) 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.
- 107) 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.
- 108) 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.
- 109) 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.
- 110) 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.
- 111) 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)