

A study of Indian Mission Statements across three Industries

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Abstract: Mission Statements drive the strategic planning process of organizations. Mission Statements adorn the receptions and websites of organizations the world over. It is a mission statement which defines the role that the organization plays in the society. A mission statement speaks about the essential purpose of the organization, concerning with why it is in existence, the nature of business it is in and the customers it seeks to serve and satisfy.

Keywords: Mission, vision, strategy

Introduction

It has said that “Mission Statement tells two things about a company, who it is and what it does”. These statements address number of audiences or stakeholders which include the management, employees, clients, shareholders, suppliers, communities and countries. (Abrahams, (1995); Amato & Amato (2002), Bart (1999). A different definition is offered by Bartkus, Glassman and McAfee (2000) “We view a mission statement solely as a communication tool”. Peace & David (1987) had identified eight key components of a mission statement. The mission statement should provide information about its clients or customers, employees, products or services, markets, technology, self concept, philosophy, desired public image and strategies for growth and survival (David, 1989, 2007).

Literature Review

Companies create a mission statements for numerous reasons such as to assert leadership (Klemm et al., 1991), to unify the employees and help them to achieve the companies goals, (Bart 1998; Ireland and Hilt. 1992), to inspire enthusiasm about the firm (Bartkus et.al., 2000)

Research conducted by Verma (2009) concluded that significant numbers of various stakeholders are now more aware of the mission statements and further they have understood the meaning, the context and the purpose of the mission statement. This research concluded that in order to approach the importance of the mission statement, the top management must use pragmatism in identifying the contents of the mission statement that would ardently reflect the stakeholders aspirations, company’s goals and other issues that will assist the company achieving the objectives of the business. Mission statements assume great importance in laying the foundations for creating the atmosphere and culture of the organization wherein the deviations from the mission statements are automatically detected and corrected through monitoring and reviews.

Some of the researchers have conducted study on the life of the mission statement. King, Darwin L, *et.al, al* (2011) in their research “*Mission statement Analysis comparing the United States and three other English speaking countries*”, concluded that there exists misconception with regards to the life of the mission statement. The researchers pointed out that there is a belief that a mission statement once constructed is applicable for the entire life cycle of the corporate as it would be sufficient enough to meet the needs and requirements of the business units. However, Drucker (1974) estimated that the life of the mission statement is approximately 10 years and that the managers must take time to review, revise or modify the mission statements. The author attributed this phenomenon to the dynamic environment of the business world wherein the conditions keep on changing with respect to the various forces in which the business is required to operate.

With the passage of time, the researchers began to focus on other aspects of the mission statement. A study was conducted by King (2001) (*King, Case & Premo, 2010*). The researchers made a comparative analysis of the mission statements in the year 2001 and in the year 2010 for fortune 100 firms in the United States. During the 10 years, due to changing business environment, they came out with the analysis. The main focus of their study was the stakeholders as reflected in the mission statements and secondly the identified goals and objectives of the firm. We have compared the mission statement content from the following three sectors of Indian economy Manufacturing, service and trading .The table given below is the summarized results of the analysis of the mission statements from the manufacturing sector in the current year.

| Table 1 : Analysis of mission statement content from manufacturing companies in percentage | |
|--|-------------------|
| Stakeholders | Goals/ Objectives |
| | |

| | |
|-------------------|----------------|
| Customers 55 | Quality 45 |
| Stockholders 6 | Core Values 25 |
| Employees 21 | Leadership 17 |
| Competitors 12 | Global 15 |
| Suppliers 18 | Technology 34 |
| Government/ law 9 | Environment 19 |
| Profits 11 | Ethics 13 |
| Communities 7 | |

From the table it is amply clear that the customers and stockholders were mentioned as stakeholders (55% and 6% respectively). The focus on the employees was relegated after the customers (21%) in the mission statements. The focus on the goals or objectives was on quality, core values, and technology. This provided the perception that the focus of the firms was on producing quality product for their customers. Further, the focus on ethical behaviour was mentioned in only thirteen percent of the firms. Table 2 below presents the same analysis for the service industry.

| Table 2 : Analysis of mission statement content from service companies in percentage | |
|--|-------------------|
| Stakeholders | Goals/ Objectives |
| Competitors 21 | Timely 26 |
| Customers 53 | Quality 15 |
| Communities 15 | Core Values 25 |
| Employees 27 | Leadership 17 |
| Stockholders 7 | Global 15 |
| Profit 18 | Technology 38 |
| Suppliers 0 | Environment 9 |
| Government/ Laws 8 | Ethics 4 |

From the table 2, it is evident that Customers and employees were the most commonly mentioned stakeholders in these statements, while technology and core values were the most

included goal or objective. Further, there has been decrease in the utilization of ethics 13% to 4% of these in the mission statements between the manufacturing and the service sector.

| Table 3 : Analysis of mission statement content from trading companies in percentage | |
|--|-------------------|
| Stakeholders | Goals/ Objectives |
| Customers 43 | Quality 9 |
| Communities 13 | Core Values 25 |
| Employees 22 | Leadership 11 |
| Stockholders 36 | Global 13 |
| Competitors 8 | Timely 18 |
| Profit 11 | Technology 28 |
| Suppliers 0 | Environment 7 |
| Government/ Laws 21 | Ethics 22 |

From table 3 it is amply clear that customers and stockholders were given maximum importance as stakeholders in in the trading sector and among the goals core values, technology and ethics scored high.

This article deals with a comparative study done on top 100 Indian companies by market capitalization taken from the Money Control list for the current year 2018. This is studied in a manner similar to the study done by King, Case and Premo on US companies which are mentioned above. Fifty four companies had a formal written down Mission Statement and forty six companies did not exhibit mission statements.

Method

We accessed the website of all the 100 companies on the list and only the mission statements alone not vision or philosophy or value statements were considered and copied in word file to carefully record the frequency of how often various words were used. Frequency distributions were generated and common themes were analysed for similarities and differences among companies.

Results

Chart below , brings out some trends and patterns which provided the insight as to how the

contents of the mission statements were changed with respect to the changes that were going on in the environment in various sectors.

Firstly, the term “communities” become popular stakeholder in the service sector in many of the mission statements of the companies. Customers was the most popular stake holder in all three sectors and rightly so as we all know customer in king. The distribution of customers stood at 55, 53 and 43% respectively in the three sectors of manufacturing, service and trading. Employees were the second most commonly used stakeholder in all three sectors.

The following chart depicts pictorially the comparison of percentages of stakeholder mentioned in mission statements in all three sectors

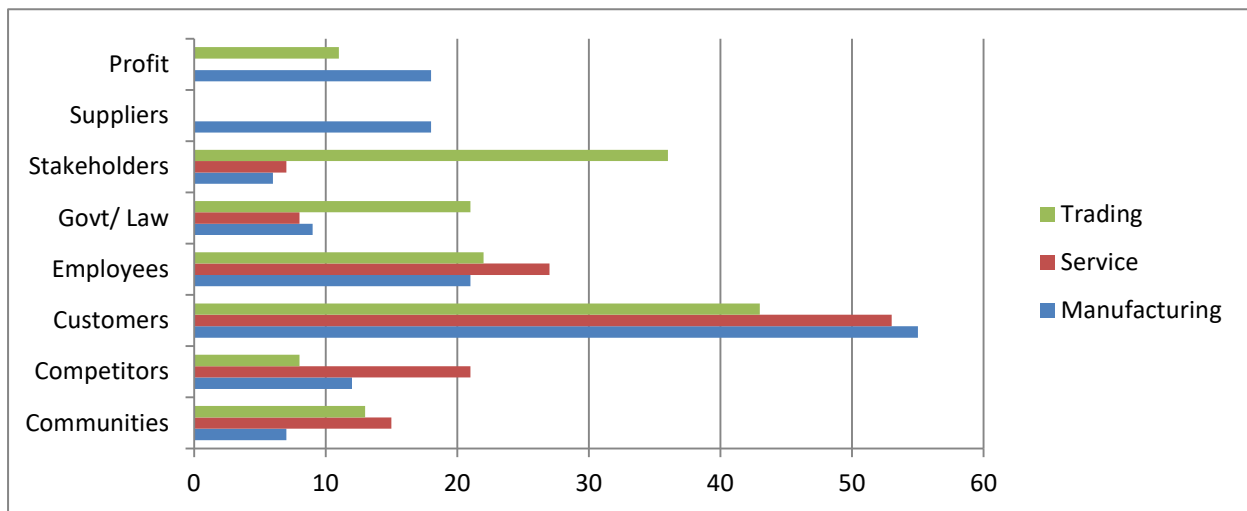


Figure -1

Suppliers was mentioned as a stakeholder in only the manufacturing sector it was completely missing in the other two sectors. Government and law was the most used is the trading sector at 21% and was less popular in the other two sectors. In India stockholders were mentioned maximum at 46% of the trading companies mentioned. However, different companies had different connotations for the word communities.

Another significant trend that is noticed was the increased appreciation for employees as reflected in the mission statements. The number of mission statements that specifically identified employees as an important stakeholder from 21% in manufacturing to 27% in service and 22% in trading companies. This may be due to the fact that organizations have begun to realize that employees are the most important assets for the company.

The surprising factor in the mission statement was the decreased emphasis on the owners of

the corporation as Stockholders were included in fewer mission statements in in the service and manufacturing sector 6% and 7%. Indian mission statements studied show supplier that this word is completely missing in usage in the service and trading sector. However suppliers are important and are used in the mission statements of the manufacturing sector at 18%.

The following chart depicts pictorially the comparison of percentages of goals/objectives mentioned in mission statements in all three sectors

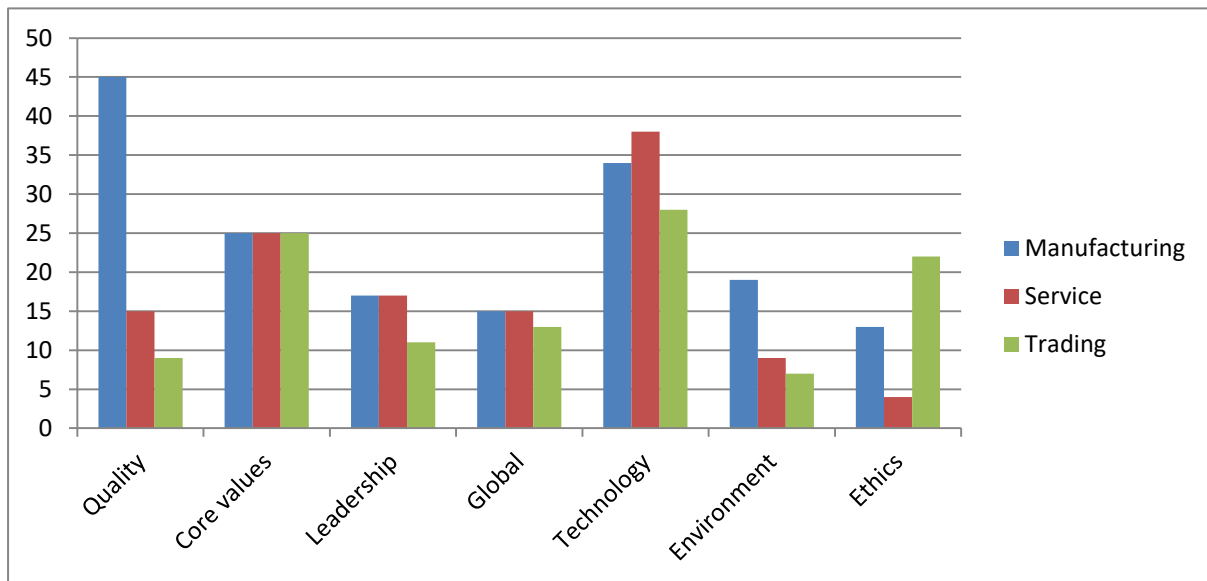


Figure -2

Perhaps with the happening of frauds and other scams the companies realized that ethics is an important issue which need to conveyed and adopted and executed by all the stakeholders including the employees, the customers and the shareholders. Hence it was observed that there was the increase in the importance of ethics and the maintenance of ethical behaviour. In the service sector, only 4% of the mission statements included ethics as a goal or objective however manufacturing and trading organizations realized that they must maintain a high standard of ethical behaviour as a foremost goal. In India 13% and 22% of the companies in manufacturing and trading sector studied have used ethics and ethical behaviour in their mission statements.

Another important factor that was witnessed was that the use of the term “core values” was equal at 25% in all three sectors. Global was another objective which was used nearly equally across all three sectors. The concept of being a global company and serving a worldwide market is reflected by all sectors. This is certainly a reasonable addition to mission statements

as current technology allows even small businesses to offer a homepage on the Internet and sell goods and services globally. However there is less usage of the term here in India as only 15% firms are using this term. This reflects that most of the Indian companies are still restricting their ambition to the local markets as they companies are still nascent.

The “marketing concept” has historically stated that a firm will only survive if it provides a quality product or service to its identified target market customer base. Hence a major trend over this objective was the emphasis by the firm on producing a product or service of the highest quality and best value for its customers. This is really no surprise good quality leads to great sales. The same can be seen that in manufacturing maximum of 45% firms have emphasised on quality. Indian mission statements show usage of the term technology is also very high at 34, 38 and 28% across the three sectors.

Limitations and Future Research

Future studies should continue from where this study ends. A larger sample of companies could be taken or the companies with good financial performance could be compared with companies whose financial performance is not as good to see if there is any difference in the content of the mission statements from both ends of the spectrum.

Although this study and other studies point to an association between an effective mission statement and greater success but without further research it would be difficult to assume casualty. For future researchers this study provides a rich field for further exploration, we hope that sufficient consistency and replication will result.

The mission statement is a corporate reporting tool which will survive and matter in the future as well. Much work remains before we will be able to understand the extent of influence of mission statements on corporate performance, planning and governance.

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