

Mission statements

Business



Strategic Management in a Global Context (SOP09101) MODULE LEADER
Miss Grace Sharkey ASSESSMENT A Mission statements may play an important role in the strategic management process but the creation of a 'sense of mission' is even more beneficial to organisations Submitted by Lukas Radzevicius 20th October 2010 2201words This essay is to debate the question whether the role of a mission statement is as important and beneficial as sense of mission and if they can work as two separate functions in the strategic management process for organisations.

Clear definition of mission statement and sense of mission must be understood to begin the research. Afterwards to analyse benefits and problems associated with mission statement is essential to implement this understanding into the strategic management model. So that we could finish with conclusion which will estimate importance of mission statement in organisation and its necessary connection with all levels of the company called "sense of mission". Mission statement in some companies has a huge influence in all management levels of the firm, but in others it is still just addition on the wall and usually what's forgotten.

However the aim of this paper is to find out if sense of mission is more beneficial for organisations than mission statement, not to give a vivid view of all possible ways of mission statement realization. So when managers are asked what is the influence of mission statement in their company, can't answer this simple question, what's really clear, those mission statements are still relatively neglected and don't find their way to every company's management. Here the main problem emerges: is the mission statement needed at all, if the company can survive without it?

Before answering this it is essential to clearly understand, what is meant by the mission statement. First of all it is worth saying that there are different schools of thought, one is described in term of business strategy and the other as philosophy and ethics, A. Campbell (1992). If you look closer they are deeply connected. The school of strategy presents mission as a strategic tool in its initial process of the strategy creation, it states what is the business they are in, and where is it going to be? For example well known company Google Inc. answers this question: “ to organize the world’s information and make it universally accessible and useful”. It is visible that their mission statement is their purpose connected with strategic objectives and well implemented as it is number one search tool in World Wide Web. Another school of thought which glues the company and creates a common “ language” for a sense of collective unity is called philosophical school of thought. Shared values and standards of behavior are concerned to generate co-operation among employees (A.

Campbell 1991). A good example for this is IBM as the foundation of its corporate philosophy is based on: quest for superiority in all things, dedication to service and respect for the individual. These three concepts are deeply transcendent in every employee in IBM which is global company and has different people connected for one common mission: “ At IBM, we strive to lead in the invention, development and manufacture of the industry's most advanced information technologies. ” Is it possible to connect these schools?

Definitely yes, as the organization is a living and dynamic organism so every part of it is. The school of strategy is its head and leads toward the goals, the

school of philosophy is its heart which connects all the body throughout bloodstream and actually makes it happen. To connect two schools of thought, analysis of four cores of mission statement is significantly important to see how this organism actually works. As A. Campbell and S. Yeung stated that a powerful mission statement exists only when four elements work in harmony reinforcing and supplementing each other. Purpose, Values, Strategy and Behavior Standards are those essential parts. To state a good mission statement it is a must to create a good purpose which aims at a higher ideal, Starbucks' environmental mission statement determines their internal obligations, and their influence on the supply chain is so significant that it places emphasis on their role in influencing their partners. Purpose is the answer to the question, why this company exists?

It is noticeable that in this example the purpose which doesn't aim to stakeholder's selfish interests tends to bind organization together and leads it to its higher aimed goal. To lead a good purpose it is necessary to provide commercial logic which will cover the competitive position and distinctive competences of the firm, A. Campbell (1992) such as Ryanair which does not announce their mission statement, but as Jack Welch's once said, " Strategy, then, is simply finding the big aha and setting a broad direction" for Ryanair, is simply to continue being the largest Cheap Flights leader in European market.

Exercising this leadership is a sum of great individual tactics, including attitude to low cost priority in every part of process, standardization of services and products, including other tactics which creates Ryanair a high competitive rival. This strategy defines the segment of the sector in which

company exists and states the way it is going to be superior. Both purpose and strategy are only thoughts and logical conclusions of some abstract idea of the company, to bind them together behavior standards which convert that thought into action and lets the employees to feel what they should do in day to day basis.

As Hilton Hotels group states: “ We will be the preeminent global hospitality company – the first choice of guests, team members and owners alike” it is clearly visible as it is world’s leading luxurious hotels taking in account quality, scope of services, care of their employees and worldwide spread. In book “ Emotional Intelligence” By Daniel Goleman, it is clearly stated that humans are mostly driven by their emotional – right brain logic, than rational-left brain logic.

This is important to understand as we all are living beings and to find the satisfaction in job we are doing we must feel it with our “ emotional side of the brain” and connect it with rationality to find an ultimate goal we are looking for – same values of ours, synchronized with company’s. As A. Campbell (1991) once said that company’s culture is the moral principles and faith in values. Values are sense for behavior standards and norms for the firm, they connect company as “ right brain” they create connection between purpose, strategy and behavior standards.

A good mission statement will always have those connections strongly linked together. As Virgin Atlantic mission statement: “ To grow a profitable airline... Where people love to fly... And where people love to work. ” Every part of four elements is clearly visible. Strategy- profitable airline, behaviour standards- people love to work and purpose- people love to fly. To sum up

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and state that a powerful mission applies only when four elements are linked together, how the body can't survive without a heart or brains, so the mission must have a strong logical background and deep connection within its emotional base.

Easiest way to see it is to look at the links of value system and strategy and if that link can be acted through behavior standards to aim the purpose, the strong mission statement is created and efficiently implemented. However mission can be discussed without emotions and that's what is usually done when the creation of mission is held in top levels of company which are usually aimed to profit, expansion, coverage or other "selfish" aims.

Strategy is the guideline for this commercial behavior, however strategy is narrower concept than mission which has values and purpose aimed towards good purpose. Strong mission statement is than its emotional base is supported with rationality, and then there are gaps, mission statement is inefficient. Now than we understand what is a mission statement and what are the core elements, it is worth considering what is a relation between practice and theory, strategy and philosophy, tool and a manager.

Mission statement is still something to discover and to understand, but if you speak about "sense of mission" it's something that everybody feels, but can hardly describe it in words. Campbell and Yeung (1991) discovered that people's emotional devotion to their firm was strongest when employee's values and the company's values are moving the same way. To describe this in intellectual way is very difficult because sense of mission is not a technology or an asset it is just an idea, deep and emotional individual feeling.

Person with a sense of a mission has commitment and emotional attachment, which we found makes a greater influence than rationality to the company's performance if it stands for the same values and tries to do its best reaching the purpose. It is worth considering the role of sense of mission which can be described throughout benefits of mission statements. To reach organizational success mission statement connected with employees via sense of mission benefits the company in many ways.

First of all, as a rational tool, starting point for many organizational strategies, mission statements were used for many companies. Bart (2001), Campbell (1997) had an idea that to bring a common view and discuss differences between senior managers' mission statements were used as medium. As well as emotional connector, German and Cooper (1990) shared view and explained that it can synchronize all management levels including employees, Klemm (1991) perceived mission as communication tool for a company, covering internal and external fields (employees and investors etc. . Bartkus (2000) came up with the finding that the mission statement which is worth consideration as a good one will definitely describe what is the business of the company and will show the direction of where it is heading. If we perceive mission statement as a tool it is always a chance that it can be used incorrectly or even foolish. But then the right people use the right tools to reach their objectives the tool benefits in its best form.

It is worth considering if the tool is the really one that we need, if we need it all, Tahir Sufi and Howard Lyons questions this in their article " Mission Statements Exposed". The main objective was to find if the mission statement has a connection with a firm's financial performance and after

researching 200 biggest brands in hospitality sector the results showed that: “ significant correlation between the mission statements and the annual turnover, there was no significant correlation with the net profit margin or the return on equity” (T.

Sufi and H. Lyons, 2003). Now it is clear that mission statement benefits organization in leading it towards main goals, but we can insight and some problems in this, there are no tangible ways to describe the effects of mission statement and mission statements can be used in many different ways so it doesn't have the “ right” way of doing it correctly, as the organisation is a dynamic so mission statement must adopt to every changing situation.

To foresight how it works in a company it is best to look through strategic management model. In strategic management model mission statement is the tool which helps to create a concept of the company as a pen and a drawing paper for an architect. It influences all management levels, beginning with employees whereas positively affected employee behaviour influenced by commitment and established internal policies has an impact on financial account, Bart et al. (2001).

And other functional areas which lead organization towards competitive success thought commitment. It is clear that mission statement which has a clear purpose and direction will positively influence firm performance. Rigby (1994) reported that in US, mission statements is considered as the tool used the most out of 25 available options, this research was done in 500 companies. So as mentioned before if this tool is used by someone who is a

professional can make a significant impact for the performance of the company.

To conclude and to answer the question whether the role of a mission statement is as important and beneficial as sense of mission and if they can work as two separate functions in the strategic management process for organisations it is worth saying that after research what is clearly visible that sense of mission can't survive without strong mission statement and they can't work towards organizational success as two separate functions. Basically, mission statement is created to capture and convey the main purpose of the firm to answer the question, why this organisation exists?

In strategic management model it is pivotal point for a start and afterwards to effect connection of every management level and to influence commitment towards the main goal. This connection can be called “ sense of mission” the level of commitment towards the main goal. Research shows that the main objective shouldn't be selfish and created for the top level of the company as it is implemented through all stages of the firm. It is ironic than corporation focuses on its shareholders, it is those same stockholders who really lose in the end.