A mission statement is an organisation - written statement that outlines the basic fundamental purpose of the organisation. In general it gives the definition of a company or organisations operations and scope and sets to set it apart from similar organisations. It says why the organisation exists.**.**

“Organisations have general and specific goals... They have goals regarding development, growth and investment in long term viability.” (Funrham, 2005, p.759) All of these goals can be summarised into one large goal – the mission statement.It might say what the company aims to achieve, how it treats its customers or what technologies it uses.

They can take the form of sentences, long or short, phrases, bullet points or paragraphs. The mission statement might be based on the strategy – what it is the organisation wants to do – and strategy – how it is going to do it. It could include the aspirations, values, future plans and be inspiring, bold, ambitious and easy to understand. There are no set criteria for the design of the mission statement other than that it should be positive and promote the organisation.

A mission statements can be found framed on the walls of an organisations buildings or on their website, and can also be named as the vision statement, core values and guiding principles to name just a few.

The mission statement can be designed for communication to the public, stakeholders, shareholders, customers and employees.

According to Pinto and Prescott (1987) in a study of more than 400 teams:“a clearly stated mission was the only factor which predicted success at all stages of the innovative process,” (West, 2001, p.280) hence it is a very important feature of any organisation and should be well designed.

In this essay four assignment questions will be looked at in an analysis of different aspects of the use and performance of mission statements. Also ten different real mission statements will be acquired.

**Question 1: Why do companies have mission statements?**

There are many reasons and benefits to be had from having a mission statement. Put simply, they are very important. According to Bain and Company, in a survey of five hundred firms, 90% used a mission statement in the preceding five years so they are widely used. They are “usually considered the cornerstone of every company’s strategy formulation exercise.” (Bart, 1997, p.9) The effectiveness of a mission statement depends on whether it can inspire and motivate employees and guide organisation efforts in a consistent manner and direction. Thus it gives the organisation a sense of purpose.

Naturally there is the potential that high level managers are not able to agree on where the organisation should be going. This causes confusion and distractions in the workplace and therefore threatens productivity. A well designed mission statement will prevent this happening. It gives everyone a clear, common goal to work towards. They can be thought of as the “pivotal starting point for effectively wielding almost every new management program and initiative.” (Bart, 1997, p.9) They have great influence on the way work is carried out in an organisation. Mission statements “form the only solid foundation upon which any corporate program can rest if it is to endure for the long term.” (Bart, 1997, p.9-10)It is a very important organisation document that all employees should be able to look to for purpose in their employment. It also states the purpose of the organisation in the long run.

Mission statements also “ensure that the interests of key stakeholders are not ignored.” (Bart, 1997, p.10)Obviously this is important, however it is important that organisations do not solely focus on stakeholders and neglect their customers – after all if they wanted to they could go elsewhere meaning that the organisation could not survive.

Mission statements “sharpen a firm’s business focus.” (Bart, 1997, p.10)No firm can do everything well all the time – it cannot serve every market to the highest standards thus it must be refined down to the primary functions it set out to carry out to its customers and stakeholders etc. The mission statement constantly reminds the organisation of this so they do not drift away from their main reason for existence. If boundaries on the movements of the organisation are not set then focus is lost and performance potentially decreases.

Another reason organisations use mission statements is that they “enable better control over employees.” (Bart, 1997, p.10)If an employee can relate to a mission statement, then he or she may be more induced to control their behaviour at work and conform to rules.

“They promote shared values and behavioural standards.” (Bart, 1997, p.11) Mission statements give a strong sense of identity to the employees that do conform to the values of the organisation. Obviously this means positive results for the company through the likes of better teamwork and work ethic. Those that do not conform tend to leave the organisation through choice.

Most people in life are searching for some sort of meaning. According to Campbell (1989, p.4)“if organisations can provide meaning for an employee on top of pay and conditions, it will inspire greater commitment and loyalty.” If an organisation is to do well one thing it certainly needs is employees that are committed and willing to stay for a long time. If the mission statement relates personally to the employee then it has more of a benefit.

“Organisations with clear values find it easier to select, recruit, promote and develop the right kind of people.” (Campbell, 1989, p.4)Therefore by stating missions and aims, it lets the employees know the kinds of people that the organisation is looking for and means that people that do not fit the criteria will know about it, and are less likely to apply for a position or stay in the position if they have it, meaning time and effort is saved for the organisation.

Mission statements also promote better cooperation and trust – “organisations with a sense of mission find it easier to work together, to respect each other and to search for the solution that is in the best interest of the organisation.” (Campbell, 1989, p.5). If everyone feels they are part of the same team working towards the same goal, they are far more likely to be willing to help each other out and there is also the camaraderie aspect to it.

It has been shown that there are many strong reasons in support of organisations having mission statements. Most of these reasons seem to be for the benefit of managers and employees in the organisation rather than for customers that would be using the products or services.

**Question 2: How similar or different are company mission statements?**

Ten organisation’s mission statements were acquired from their websites. (See Appendix) These mission statements could sometimes be seen under the of vision statement also. The two terms have quite similar meaning. These organisations included Harley Davidson, Michelin, Virgin Atlantic, Microsoft, Coca Cola, University of Glasgow and more.

A template was used to outline the difference or similarities in the mission statements by meanings of checking for different components, for example, whether the mission statement mentioned its reason for existence, its technology and concern for employees.

The mission statements varied a lot in length from short sentences to small paragraphs. On the whole the content of the mission statements varied quite a lot. All the organisations showed reason for existence, for example, the BBC’s mission statement is “To enrich people’s lives with programmes and services that inform, educate and entertain.” This has a clear purpose in it – to enrich people’s lives. Microsoft’s is “At Microsoft our mission and values are to help people and businesses throughout the world realize their full potential.” Again there is a clear purpose, a reason for existence – to help businesses perform to their full potential.

The following components were included in four out of ten of the mission statements – principal product or service being mentioned; geographic domain; customers and markets; desired public image; way of life/having an effect on people’s lives and finally benefits to general society. The University of Glasgow has the following mission statement: “To undertake world-leading research and to provide an intellectually stimulating learning environment, thus delivering benefits to culture, society and the economy.” This clearly shows its benefits to society, and the principal services it provides – providing an intellectually stimulating learning environment.

The following components were included in three out of ten of the mission statements – company philosophy; company self concept and concern for employees. For example Michelin’s statement is: “...to enhance mobility by putting into practice its core values of respect for customers, respect for people, respect for shareholders, respect for the environment and respect for facts.” It shows Michelin’s philosophy – the value of respect it has for everyone, and it concern for employees encompassed by its respect for everyone.

The following components were included in two or less of the ten mission statements: aspirational vision; distinguishing itself from others; location; how the product or service is provided; technology and concern for firm survival. Location and how the product or service is provided did not appear at all in any of the mission statements.

Hence it can de deduced that components of mission statements vary significantly from organisation to organisation. There did not appear to be any obvious trends for inclusion of components from statement to statement. Of the sixteen trends looked at most mission statements appeared to include around four or five.

**Question 3: How effective are company mission statements in achieving company goals?**

Mission statements on the whole, if well written are effective in achieving high performance or company goals – “mission statements - from their pre development rationale to their post development alignment with employee behaviours – have a positive association with performance and make a positive contribution towards it.” (Bart, Bontis and Taggar, 2001, p.32)Mission statements must have proper reasoning, quality content, be focussed and influence behavioural change in the right direction to be effective.

It is well understood that mission statements are “supposed to harness employee’s energies and focus company resources.” (Bart, Bontis and Taggar, 2001, p.33) However the employee must understand and have a sense of the mission so he can execute it with passion. Thus the employer must “manage their mission wisely” to get the highest performance and achieve the goals.

If an employee is not satisfied with the mission then he will not commit as much to it – “The degree of satisfaction with a mission will positively affect the degree of employee commitment to it.”(Bart, Bontis and Taggar, 2001, p.33) If the employee likes the mission statement, can relate to it, or approves of it in general, then by committing to it he will work hard and more specifically towards the goals which promotes the success of the organisation.

In addition “The degree of employee commitment to a mission will positively affect degree the to which employee behaviour is influenced by that mission.” (Bart, Bontis and Taggar, 2001, p.33)

So if the employee is satisfied by the mission, he is committed to it and therefore his behaviour is influenced it, ideally.

Mission statements must influence employee behaviour to positively affect firm performance – “The degree to which a mission influences employee behaviour will positively affect firm performance.” (Bart, Bontis and Taggar, 2001, p.33) Employee behaviour has a significant and positive effect on performance and therefore goals.

Also it was found that “more successful firms are likely to mention the stakeholder groups “employees” and “society” and the component “values” ” (Bartkus, Glassman and McAfee, 2000, p.91) and “components that were not significantly related to performance were financial objectives, industry, geographic scope, core competency, future orientation and motivational phrases.” (Bartkus, Glassman and McAfee, 2000, p.92)

In summary, if a mission statement can please or satisfy one of its employees this will have a positive effect on the achieving of goals in the organisation. Certain components should be included in mission statements to promote the achieving of goals and certain components are best left out if possible.

**Question 4: How would you advise companies to change their mission statements in order to improve them?**

There are certain mission statement components that appear to have greater effect on employee behaviour than others. As we know employee behaviour is the key to achieving goals and as high performance as possible.

Managers should, when changing or developing their mission statements, give as deep thought as possible to develop them to the best standard and way they can. They should pay “close attention to the motives which drive their mission statements in the first place.” (Bart, 1997, p.382)

To get the full advantage of their employee’s behaviour benefits managers need to “be much more aggressive and explicit with their mission rationales up front.” (Bart, 1997, p.382)They should be direct and to the point.

“Effective mission statements yield general indicators regarding what an organisation intends to be, whom it intends to serve and the philosophies and values that will guide its strategic and operational design making processes.” (Ireland and Hitt, 1992, p.40) Organisations should follow these guidelines in an attempt to improve their mission statements. They should not include unnecessary information.

Customers can be considered to be the most important stakeholder and “therefore should play a prominent role in the mission statement’s focus.” (Ireland and Hitt, 1992, p.41) Managers should write mission statements that relate and apply to what the customer wants or needs, and wants to read.

According to Bart (1997, p.14)a lot of mission statements do not work how they ought to – “Most of these mission statements appear to be more hype and hysteria than real beliefs , philosophies and attitudes...” Organisations should not get to carried away when writing mission statements and remain concise and stick to the point.

Also, “managers would do well to avoid cluttering their mission statements with any more components than necessary.” (Bart, 1997, p.15) There are certain components, highlighted in Question 3 that are sometimes best left out. These generally include financial objectives, industry, geographic scope, core competency, future orientation and motivational phrases.

In summary, managers and organisations should aim to be direct and state what their unique purpose is. They should address the customer when possible. They should aim to avoid creating too much hype in their mission statement and avoid the certain components highlighted.

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**Appendix**

Organisation mission statements (or vision) used:

Harley Davidson (Motorcycles): “We fulfil dreams inspired by the many roads of the world by providing extraordinary motorcycles and customer experiences. We fuel the passion for freedom in our customers to express their own individuality.”

http://www.harley-davidson.com/en\_GB/Content/Pages/Company/company.html?locale=en\_GB&bmLocale=en\_GB

Ford (Automobiles): “we are a globally diverse family, with a proud heritage, that’s passionately committed to providing outstanding products and services.”

<http://www.ford.co.uk/AboutFord/CompanyInformation>

Iveco (Transport vehicles): "To offer solutions for the transport industry based on our outstanding competence, together with our partners all over the world.”

<http://web.iveco.com/uk/company/pages/iveco-values-vision-mission-values.aspx>

Michelin (Tyres): “Michelin’s mission is to enhance mobility by putting into practice its core values of respect for customers, respect for people, respect for shareholders, respect for the environment and respect for facts.”

<http://www.michelin.co.uk/about/michelin-worldwide>

Virgin Atlantic (Airline): “Our mission: At Virgin Atlantic our mission is simple

Mission 1: To grow a profitable airline...

Mission 2: Where people love to fly...

Mission 3: And where people love to work.”

<http://www.virgin-atlantic.com/en/us/allaboutus/missionstatement/index.jsp>

BBC (Broadcaster): “To enrich people's lives with programmes and services that inform, educate and entertain.”

<http://www.bbc.co.uk/aboutthebbc/insidethebbc/whoweare/mission_and_values/>

Microsoft (Computing): “At Microsoft our mission and values are to help people and businesses throughout the world realize their full potential”

<http://www.microsoft.com/about/en/us/default.aspx>

Tesco (Retailer): “Our vision is for Tesco to be most highly valued by the customers we serve, the communities in which we operate, our loyal and committed staff and our shareholders; to be a growth company; a modern and innovative company and winning locally, applying our skills globally.”

<http://www.tescoplc.com/about-tesco/our-vision/>

Coca-Cola (Drinks): “Our mission is:

* To refresh the world - in mind, body and spirit
* To inspire moments of optimism - through our brands and actions
* To create value and make a difference everywhere we engage”

<http://www.coca-cola.co.uk/about-us/coca-cola-mission-vision-statement.html>

University of Glasgow (Education): to undertake world-leading research and to provide an intellectually stimulating learning environment, thus delivering benefits to culture, society and the economy.”

<http://www.gla.ac.uk/about/values/>

The components that were used in the mission statement comparison were: Reason for existence; Principal products and services provided; Aspirational vision; Distinguish itself from others; Location; Geographic domain; Customers and markets; How product or service is provided; Technology; Concern for survival; Company philosophy; Company self concept; Desired public image; Concern for employees; Way of life/effect on peoples life; Benefits to general society.