A Content Analysis of the Mission Statements of Iranian Joint Stock Firms in Four Industries: A further research to explore the implications of Peyrefitte & David (2006) findings

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Introduction

The actual purpose of mission statements has been subject to much debate in the academic literature. Some authors (e.g. Wright, 2002) argue that the mission statement is primarily used as a 'public relations statement,' and therefore mission statements do not reflect reality. However, authors with a less cynical view to mission statements claim that mission statements are useful tools for internal purposes, such as the development of company strategy, providing leadership, and performance evaluation (e.g. Drucker, 1977; Klemm et al., 1991). For example, Drucker stressed the strategic importance of the company mission (Drucker, 1977, p. 66): “Only a clear definition of the mission and purpose of the business makes possible clear and realistic business objectives. It is the foundation for priorities, strategies, plans, and work assignments.” Others have stressed the importance of mission statements for external communication purposes, for example to influence the perceptions of stakeholders (e.g. Campbell, 1997; Bartkus et al., 2000). This study through a content analysis tries to suggest that mission statements may be written to illustrate organizational objectives and values consistent with key stakeholders rather than to reveal organizational distinctiveness (Ashforth & Gibbs, 1990; Wright, 2002; Campbell et al. 2001; Peyrefitte & David 2006). This study along side of other studies may help to explain why some mission statements fail to provide direction and specificity (Bart, 1997; Leuthesser & Kohli, 1997), and why there have been few direct associations between mission content and performance (Bart, Bontis, & Taggar, 2001).

Therefore, this study adds to the existing stream of literature on mission statements by additional research to explore the implications of Peyrefitte & David (2006) findings in another environment and other industries before generalizations about the roles of mission statements. Consequently, this study uses institutionalization theory to explain the content of mission statements.

Mission Statements and Institutional Pressures

A well-designed mission statement is essential for formulating, implementing, and evaluating business strategy. Development of an organizational mission is an essential part of strategic planning and strategic management (David, 2001). A mission statement is a general expression of the overriding purpose of an organization that, ideally, is in line with the values and expectations of major stakeholders. Mission statements are often regarded as ‘enduring statements of purpose that distinguish one business firm from others’. Some theorists regard the organization’s mission as cultural glue which enables it to function as a collective unit. This ‘cultural glue’ consists of strong norms and values that influence the way in which people behave, how they work together and how they pursue the goals of the organization (Campbell & Yeung, 1991a: 11). An organization without a shared vision of what it wants to be is like a traveler without a destination (Ackoff, 1987). Nonetheless, firms to achieve success must be different from their competitors in ways that provide competitive advantage without sacrificing legitimacy, the perception that firm actions are desirable and proper (Deephouse, 1999; Suchman, 1995). Peyrefitte and David (2006) found similar use of mission statement
components across and within four industries. They claimed that under the influence of institutional coercive, normative, and mimetic pressures (DiMaggio & Powell, 1983) firms’ mission statements become similar to one another. For example, the multidivisional structure of organizations in the present era is not because of their similar strategies, but because firms watch out one another, have CEOs from elite business schools, and have interlocking board relations (Scott, 2001). As a result we suspect that the use of mission components will be used similarly to some degree across many firms. Because of different demands in different industries, due to different environmental and internal factors, norms, regulatory agencies, etc, we also expect to find mission statement component usage to be related to a firm’s industry. When firms follow industry norms, they may be viewed as more legitimate by their industry stakeholders (Deephouse, 1999).

Although differences in mission statement content between countries have been identified by Brabet and Klemm (1994) and Bartkus et al. (2004), we on the basis of Peyrefitte and David (2006) recommendation for further research on their findings in other environments and industries, and similar to their methodology propose these two hypotheses,

H1: The use of mission statement components will be similar across industry boundaries.

H2: The use of mission statement components will be similar within industry boundaries.

Methods

Fifty Iranian joint stock firm’s mission statements from plastic, banking, steel and electric equipment industries were collected as the sample of this study. These firms are listed in Iran’s Joint Stock Organization in 2010 whose missions are available either in their statute (David, 1989) or their websites. The influence of professional or trade association, regulatory agencies, and generalized belief systems are likely to vary across sectors (Scott & Meyer, 1991). Analyzing large Iranian firms, we make our study consistent with and comparable to other studies which were in relation with mission components (e.g. David, 1989; Pearce & David, 1987; Peyrefitte & David, 2006).

The content analysis of mission statements is done on the basis of nine components commonly included by large firms: 1. Customers, 2. Products and Services, 3. Markets, 4. Technology, 5.Survival, Growth and Profitability, 6. Philosophy, 7. Self-concept, 8. Public Image, 9. Employees (David, 1989). A binary coding procedure was used to rate each firm’s use of a particular mission component. The component received a rating of 0 if it was not mentioned, whereas it received a rating of 1 if the component was either identified or discussed. Two nonparametric tests were conducted to content analyze the mission components: The chi-square analyses were used to compare the observed and expected frequencies to test for differences between categories, while the Kruskal-Wallis tests were used to rank the scores on variables rather than the actual observations to test for differences across the industries.

Results

Conducting chi-square tests, we found that mission statement component usage would be similar across industry boundaries (table 1). Seven out of the nine mission components were included similarly in the mission statements of our sample. The Customers, Products & Services, Markets and Technology were used by eighty percent or more of the sample firms. On the other hand, The
Philosophy and Self-concept were included less than 5%; Public Image was used by 32% percent of our sample firms. Finally, there was no significantly different usage of other components – Survival, and Employees. These findings statistically support our first hypothesis.

Table 1. Relationship between component type and component usage*  

<table>
<thead>
<tr>
<th>Component</th>
<th>Included Firms</th>
<th>Included Percent</th>
<th>Not Included Firms</th>
<th>Not Included Percent</th>
<th>$\chi^2$</th>
<th>$p$-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>42</td>
<td>84%</td>
<td>10</td>
<td>16%</td>
<td>23.120</td>
<td>.000</td>
</tr>
<tr>
<td>Products &amp; Services</td>
<td>41</td>
<td>82%</td>
<td>9</td>
<td>18%</td>
<td>20.480</td>
<td>.000</td>
</tr>
<tr>
<td>Markets</td>
<td>40</td>
<td>80%</td>
<td>10</td>
<td>20%</td>
<td>18.000</td>
<td>.000</td>
</tr>
<tr>
<td>Technology</td>
<td>43</td>
<td>86%</td>
<td>7</td>
<td>14%</td>
<td>25.920</td>
<td>.000</td>
</tr>
<tr>
<td>Survival, Growth, Profitability</td>
<td>27</td>
<td>54%</td>
<td>23</td>
<td>46%</td>
<td>.320</td>
<td>.572</td>
</tr>
<tr>
<td>Philosophy</td>
<td>2</td>
<td>4%</td>
<td>48</td>
<td>96%</td>
<td>42.320</td>
<td>.000</td>
</tr>
<tr>
<td>Self-concept</td>
<td>2</td>
<td>4%</td>
<td>48</td>
<td>96%</td>
<td>42.320</td>
<td>.000</td>
</tr>
<tr>
<td>Public Image</td>
<td>16</td>
<td>32%</td>
<td>34</td>
<td>68%</td>
<td>6.480</td>
<td>.011</td>
</tr>
<tr>
<td>Employees</td>
<td>26</td>
<td>52%</td>
<td>24</td>
<td>48%</td>
<td>.080</td>
<td>.777</td>
</tr>
</tbody>
</table>

* Bald cells show significantly different categories ($p$-value<.05)

Chi-square analyses in table two show that there were similarities in relation to mission statement component usage unique to each industry. For example steel industry firms were most likely to use Customers, Products & Services, Markets and Technology; in contrast they were likely to exclude, Survival, Philosophy, self-concept, and Public Image.

In spite of Peyrefitte and David’s (2006) findings, we could not find enough support for our hypothesis two which proposed that the mission component usage would be similar within industry boundaries. Kruskal-Wallis analysis of variance tests in the last column of table two show that there are only significant differences for three of the nine components i.e. survival, public image and employees, within industries.
Table 2. Relationship between component type and component usage by industry

<table>
<thead>
<tr>
<th>Mission Statement Component</th>
<th>electric equipment (n= 10)</th>
<th>Steel (n= 19)</th>
<th>Banking (n= 7)</th>
<th>Plastic (n= 14)</th>
<th>Kruskal-Wallis Analyses of Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Included (percent)</td>
<td>$\chi^2$</td>
<td>p-value</td>
<td></td>
<td>H ratio, p-value</td>
</tr>
<tr>
<td>Customers</td>
<td>8 (80%)</td>
<td>3.600</td>
<td>.058</td>
<td>7 (100%)</td>
<td>10 (71%)</td>
</tr>
<tr>
<td></td>
<td>0.017 (89%)</td>
<td>11.842</td>
<td>.001</td>
<td>7.000</td>
<td>7.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.008</td>
<td>.008</td>
</tr>
<tr>
<td>Products &amp; Services</td>
<td>8 (80%)</td>
<td>3.600</td>
<td>.058</td>
<td>6 (85%)</td>
<td>11 (78%)</td>
</tr>
<tr>
<td></td>
<td>16 (84%)</td>
<td>8.894</td>
<td>.003</td>
<td>3.571</td>
<td>4.571</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.059</td>
<td>.033</td>
</tr>
<tr>
<td>Markets</td>
<td>07 (70%)</td>
<td>1.600</td>
<td>.206</td>
<td>6 (85%)</td>
<td>11 (78%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8.894</td>
<td>.003</td>
<td>3.571</td>
<td>4.571</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.059</td>
<td>.033</td>
</tr>
<tr>
<td>Technology</td>
<td>7 (70%)</td>
<td>1.600</td>
<td>.206</td>
<td>7 (100%)</td>
<td>12 (86%)</td>
</tr>
<tr>
<td></td>
<td>17 (89%)</td>
<td>11.842</td>
<td>.001</td>
<td>7.000</td>
<td>7.142</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.008</td>
<td>.008</td>
</tr>
<tr>
<td>Survival, Growth, Profitability</td>
<td>7 (70%)</td>
<td>1.600</td>
<td>.206</td>
<td>6 (32%)</td>
<td>03 (43%)</td>
</tr>
<tr>
<td></td>
<td>2.578</td>
<td>2.578</td>
<td>.108</td>
<td>.142</td>
<td>4.571</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.706</td>
<td>.033</td>
</tr>
<tr>
<td>Philosophy</td>
<td>0 (0%)</td>
<td>10.000</td>
<td>15.210</td>
<td>1 (14%)</td>
<td>0 (0%)</td>
</tr>
</tbody>
</table>
Self-concept | .002 | .000 | .059 | .000 |
--- | --- | --- | --- | --- |
0 (0%) | 1 (5%) | 1 (14%) | 0 (0%) | 2.947 |
10.000 | 15.210 | 3.571 | 14.000 | .400 |
.002 | .000 | .059 | .000 |
Public Image | .400 | .894 | 7.000 | 7.142 |
3 (16%) | 3 (16%) | 7 (100%) | 2 (14%) | 19.093 |
.527 | .003 | .008 | .008 |
Employees | 1.600 | .473 | 7.000 | .285 |
3 (30%) | 8 (42%) | 7 (100%) | 8 (57%) | 9.108 |
.206 | .492 | .008 | .593 |
* Bald cells show significantly different categories by industry (p-value<.10)

Conclusions

Trying to explore the implications of Peyrefitte & David (2006) findings in another environment, we conducted a content analysis of the mission statements of 50 large companies in four industries. We, in accordance with Peyrefitte & David (2006), hypothesized that mission statement components would be similar across and within industries due to institutionalization of mission statements. Conducting chi-square tests, we found that mission statement component usage would be similar across industry boundaries; this was similar to the findings of Peyrefitte & David (2006); however Kruskal-Wallis analysis of variance tests presented that there are only significant differences for three of the nine components within industry boundaries. Unlike Peyrefitte & David (2006) we could not find enough support for the second hypothesis. The results suggest that although the influence of institutional coercive, normative, and mimetic pressures (DiMaggio & Powell, 1983) may result in similarities of mission statements, we should not forget to take into consideration the major role of differences of contexts and environments of different countries. Comparing the results of the present research and that of Peyrefitte & David (2006), we could not find enough support for one of the two hypotheses.

We would like to recommend other researches to examine such hypotheses in other countries and preferably among governmental organizations, small and medium manufacturing companies, and service companies.

References


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