

Exploring the Quality of Mission Statements on Croatia`s Corporate Websites

Jelena Horvat, Irena Kedmenec, Ivan Malbašić

Faculty of Organization and Informatics, University of Zagreb

Pavlinska 2, 42 000 Varaždin, Croatia

{jelena.horvat, irena.kedmenec, ivan.malbasic}@foi.hr

Abstract. *Mission statements are important strategic management tools that capture entity's reason for existence. While the literature recognizes the importance of communicating meaningful mission statements on corporate websites, its practical use by the companies in Croatia is open for research. The purpose of this research is to examine whether companies in Croatia use their websites to effectively communicate their mission statements. This study is based on the content analysis of the websites of the 150 best companies in Croatia according to the list The Best 500 Companies for the year 2008. The results obtained will hopefully provide insight into the quality of companies` mission statements in Croatia.*

Keywords. Mission statements, Website, 150 best companies in Croatia

1 Introduction

Vision and mission statements present company's reason for existence by referring to the main companies' aims and defining ways of achieving them. A survey by Bain & Company [20] states clearly that mission and vision statements are one of the most popular management tools today in use. In fact, these statements are heavily used and are positioned on the 3rd place of the 'Top ten management tools and trends in 2009'.

Companies in Croatia, on the threshold of entering the European Union, should not neglect these tools. On the contrary, a company that seeks survival and growth should consider the potential of its mission and vision statements. These statements promote company`s image and make companies appear more attractive to the current and potential stakeholders. Communicating meaningful mission statements on corporate websites provides enormous

leverage for companies which want free access to international markets.

2 Mission Statements

The most basic definition of mission statement is a formal written document intended to capture an organizations unique 'raison d'être' that is 'reason for being', according to Bart [1]. Different authors agree with his averment; mission statements should give answers to vital questions: why does an organization exist, what is its real purpose and what is it trying to accomplish [3, 11, 17]. These statements of purpose should enable the reader to distinguish one organization from another, as they present a starting point for an organization's entire planning process.

Already in 1974, Drucker [10] argued that defining the purpose and mission of the business is difficult, painful and risky. However, well crafted mission statement facilitates the setting of objectives and development of strategies. Ireland and Hitt [12] emphasized the importance of the mission statements for both profit and non-profit organizations. While in the profit sector mission is used as a platform for a planning process which leads to the profit making as the final goal, in nonprofit sector achieving the mission is analogous to making a profit [13].

2.1 Developing mission statements

O'Brien and Meadows [17] argue that the need of developing a new or a better vision exists when the companies are at the turning point in order to provide the focus and sense of direction. They shaped five issues that characterize the

need for an organizational vision: the change in organizational status; the change in top management; the change in profitability; changing environmental circumstances; and being a part of wider change programs, for example, downsizing, restructuring or branding.

Bart [3] emphasizes that companies which have the fortitude and the foresight to invest in their mission, await clear and tangible future. In 1997, Bart researched mission statements of 88 leading North American companies. Obtained results were discouraging, indicating that mission statements do not hold favor within the top ranks of major Western corporations. He came to the following conclusion: "In any sample of mission statements, the vast majority is not worth the paper they are written on and should not be taken with any degree of seriousness."

On the other hand, writing a mission statement is not an easy task. While there are a lot of advices on the content and the form of the mission statement, there is no strict formula. Considering different sources of literature, Stone [21] sums up seven essential features of well crafted mission statement: clearly articulated; appropriate to the organization in terms of its history, culture, and shared values; changeable according to new goals and changing environment; written in a positive (inspiring) tone; unique or at least it should establish individuality; adapted to the target audience; and enduring, which means that it should guide and inspire the organization for many years. Hodgkinson [11] asserts that building a shared vision pro-actively and with daily reinforcement is a never-ending process. According to her, a company's vision must rise from personal vision, so the leaders must be willing to continually share their own vision. According to Mintzberg et al. [15], a mission statement has to be articulated with clarity, consistency and continuity. As it can be seen, theory offers a broad framework within which a company should shape its mission statement.

2.2 Mission statements and the stakeholders

Mission statements are important for the development of business strategy. Stone [21] compares the role of vision and mission statement for a company with the importance of mental image of a perfect routine for an athlete. Nicholls [16] advocates mission statement as a "strategic compass" that helps organization find

its way. Hence, an entity which knows its destination should also have greater probability to determine the necessary activities to achieve that plan, than a subject which has a vague image of its future position.

The answers to the questions where a company wants to go and how will it get there, depend heavily on the stakeholders. The stakeholders are different subjects who affect or can be affected by the company's actions. That is why the content of the mission statements has to combine the interests of different groups. From the motivational perspective, Campbell and Nash [8] argue that a mission statement serves as the "glue" that binds the organization together through shared values and standards of behavior. According to the Bennis and Nanus [4] a mission statement empowers individuals in finding their roles as a part of the organization and the larger society, which makes them important motivational tool. Bart goes further [2] by saying that having a 'sense of mission' encourages employees to feel a greater degree of affiliation to a whole company, which contributes to a company's financial success.

Some authors argue that it is extremely important to present mission statements to the stakeholders, while others say this is not the case. Leuthesser and Kohli [14] recognize the importance of a mission statement in communicating a company's fundamental values to their stakeholders. On the other hand, Piercy [18] argues that the mission statement is just a disguise for incapable management who do not know how to deal with the real problems in their companies. Campbell and Nash [8] pointed out that mission statements often pursue values that cannot be observed in the realistic organization culture. This gap between the mission content and the culture could cause cynicism among the stakeholders. Campbell [7] states that even well crafted mission statements may cause emotional resistance in employees if the values and behavior standards are different from their own. The management has to formulate its mission so it appears trustworthy to the stakeholders.

2.3 Mission statements on corporate websites

Communicating the mission statements opens many doors. Possible communication methods include [1]: employees' manuals, verbal one-on-one explanations, seminars, workshops, different internal documents, annual reports,

advertisements, newsletters and the Internet. Practically all company's stakeholders have access to the Internet, and use it in different ways, exploring and exporting its content every day. The World Wide Web is a powerful, still growing, business tool which provides a quick way to gather intelligence on almost any company. A company's website is a 24-hour accessible presentation of a company to the all interest groups (such as employees, shareholders, customers, suppliers, local community and others). For a company, World Wide Web is the best way of communicating mission statements for relatively insignificant costs.

A number of studies have explored the mission statements accessibility on the Web in different countries. Bart [1] wanted to see how many companies, in the sample of 100 from 'Fortune 500 companies' have and do not have their mission statements posted on the websites and why 45 companies posted a mission. For the five respondents from the profit companies, to the 'why have they posted' inquiry, reasons were the spreading of the mission to other companies and organizations, and also ensuring enough information for potential and present stakeholders.

Biloslavo [5] analyzed mission statements of Slovenian companies which were published on the companies' websites. He found significant differences between Slovenian mission statements and those of European and American companies. He argues that these differences are culturally, institutionally, and historically based. That is why he proposes that blending of individual elements among different cultural and economic systems should be considered as a factor when analyzing mission statement components.

3 Research questions and data collection

As Croatia is preparing for the accession to the European Union, new challenges force companies to adopt contemporary communication and strategic tools. Clear, concise and meaningful website content encourages the development of existing and creation of the new relationships between the company and its stakeholders. The mission statements facilitate these processes by capturing the company's identity.

In this research authors investigate the extent to which the World Wide Web is used as a medium of conveyance for Croatia's companies' mission statements. The first objective of this research is to find the percentage of the companies in the sample that use their websites for communicating the mission statement to the stakeholders. The second objective is to analyze the content of available mission statements. The third objective is to investigate the existence of the correlation between the mission statement scores and business performance indicators. The fourth objective is to examine the availability of the mission statements in foreign languages. The researchers performed a content analysis of the websites of the 150 best companies in Croatia focusing on the 33 items regarding the mission statements and their internationalization.

4 Methodology

Using 'The Best 500 Companies for the Year 2008' listing, the first 150 companies, based on the new added value, were included in the sample. This listing is formed in association of Financial Agency of Croatia, Institute for Business Intelligence and magazine 'Lider' [23]. Companies are ranked according to the new added value, which is a sum of profit before tax and expenditures for salaries. Authors of this article made a search of their websites to investigate whether the companies choose to declare their mission statements, or similar type statements (vision statement, values statement, goals) on the World Wide Web.

4.1 Mission statements content analysis

Mission statements that were found on the companies' websites were extracted. The analysis of their content was performed using the adjusted mission statements' content recommendations developed by Pearce and David [19]. They researched the nature and the role of mission statements in organizational processes by surveying 'Fortune 500 companies'. In their article "Corporate Mission Statements: The Bottom Line" eight key components of mission statements were identified. These components include: the identification of target customers and markets, principal products/services, geographic domain, core technology, commitment to survival and profitability, key elements in the company

philosophy, the company self-concept and the firm's desired public image. After establishing eight explicit components, researchers all around the world performed content analysis using these components. David [9] investigated mission statements in large manufacturing and service firms, which resulted in the identification of the ninth component. That component was the concern for employees. Authors of this article performed a pilot investigation, of 15 companies' websites. It was discerned that many mission statements were not simple or clear, or even gave enough information about the purpose of a company. After the pilot, authors have added the tenth component, 'the clarity of the statement'. Therefore, each mission statement was assessed through the evaluation of the ten following components:

- 1) The identification of target customers and markets.
- 2) The identification of principal products/services.
- 3) The specification of geographic domain.
- 4) The identification of core technology.
- 5) The expression of commitment to survival, growth, and profitability.
- 6) The specification of key elements in the company philosophy.
- 7) The identification of the company self-concept.
- 8) The identification of the firm's desired public image.
- 9) The concern for employees.
- 10) The clarity of the statement.

The researchers assigned a mark to the each component with a following meaning. Mark 0 means that a given component is not mentioned at all in the mission statement. Mark 0.5 implies that the component is mentioned, but yet cannot be clearly understood. Mark 1 was assigned to the component which was included in the mission statement and could be easily identified and clearly understood.

4.2 Mission statements and business performance indicators

Based on the literature review three hypothesis were developed:

H1: The quality of the mission statements measured by its total score after content analysis is positively associated with the return on assets.

H2: The quality of the mission statements measured by its total score after content analysis is positively associated with new added value.

H3: The quality of the mission statements measured by its total score after content analysis is positively associated with the annual income.

The mission statement score was correlated with the indicators available in 'The Best 500 Companies for the Year 2008' listing using the SPSS software. Considering the data is parametric, Pearson's correlation coefficient was calculated. To test these three hypotheses one tailed test of significance was appropriate to use.

4.3 International availability of the mission statements

For a successful business it is recommended that mission statements are accessible to as many stakeholders as possible. Translating the contents of websites in various foreign languages facilitates communication with the stakeholders in international markets.

The segment of the data collection was the investigation of the international availability of the companies' websites. The researchers also looked for the mission statements published on the websites in various foreign languages.

5 Findings

Analyzing the first 150 companies from 'The Best 500 Companies for the year 2008' listing, it was found that 4 of them do not operate business in the same form as in the year 2008, due to the acquisitions or insolvency. For that reason the next 4 companies from the list were included in order to maintain the sample of 150 entities. Of the 150 analyzed companies, 94.67 per cent have websites, while there are 8 companies that operate business without their own websites. The percentage of the companies with published vision and/or mission statement is lower and amounts 54.7 per cent. Half of 142 analyzed websites (47.88 per cent) does not contain vision and/or mission statement. Publishing of the mission and vision statements among the companies is presented in Table 1.

Table 1: Publication of the mission and vision statements on the WWW

Companies that do not have a website	8
Companies that have a website	142
Both vision and mission statement	55
Mission, without vision statement	11
Vision, without mission statement	8
Neither vision, nor mission statement	68

The total of 74 websites contains mission and/or vision statement. Exploring the literature, authors concluded that the phrase ‘mission statements’, can adopt two meanings. Mission statement implicates elements of mission and vision statements, but also, mission statement is exclusively a statement about the mission of the company. When discussing the mission statement, authors of the article imply both mission and vision as the object of research.

The average number of mouse clicks necessary to find the mission statements on a website is 3.11. The number of the mouse clicks is in the range between zero (companies have their mission statements published on the front page) to 10 mouse clicks, which researches evaluate as an extremely complicated path to mission statements.

The total of 37 companies publishes some similar types of statements, such as values and goals. Of these 37 companies, 10 have decided to publish neither vision, nor their mission statement, but express their values or goals. Corporate values describe what a company stands for and how its employees behave. Values frame the role of the business that gives a purpose beyond profit. A company’s statement of values is a high level statement that describes

how the company behaves [6]. Goals are final results of the planned activities and should be quantified. Tactical goals define how a company will implement its purpose and mission, while operational objectives define budget and resources that are necessary. Declaring values and goals of a company is a relatively new trend in business. Out of 150 companies only 25 per cent have published their goals and values.

The published mission statements differ strongly in size, from one sentence to several paragraphs. Some companies use bulleted lists to organize different parts within their statements. After investigating the existence of the mission statements on the websites, 74 statements were included in the further analysis. Researchers evaluated each mission statement using the earlier described methods. Table 2 contains the content analysis results.

The content analysis of the mission statements showed that in average, companies focus most on five topics: their principal products/services; specification of geographic domain of their business; their commitment to survival, growth, and profitability; company philosophy; and self-concept.

Table 2: Content analysis results

Component of the statement	Average score					
	All published mission statements	Manufacturing	Construction	Financial and insurance activities	Wholesale and retail trade; repair of motor vehicles and motorcycles	Transportation and storage
	n=74	n=20	n=8	n=9	n=8	n=8
1) customers	0.44	0.36	0.38	0.83	0.75	0.38
2) products/services	0.75	0.59	0.75	0.78	0.69	1.00
3) geographic domain	0.71	0.66	0.88	0.78	0.50	0.88
4) core technology	0.39	0.25	0.38	0.17	0.50	0.50
5) survival, growth, and profitability	0.73	0.68	0.63	0.72	0.88	0.63
6) company philosophy	0.68	0.61	0.63	0.72	0.88	0.63
7) company self-concept	0.75	0.73	0.56	0.83	0.94	0.50
8) public image	0.55	0.52	0.44	0.72	0.69	0.63
9) concern for employees	0.39	0.34	0.38	0.67	0.88	0.06
10) clarity of the statement	0.56	0.54	0.50	0.72	0.81	0.50
11) TOTAL SCORE	0.59	0.53	0.55	0.69	0.75	0.57

Those components gain the highest scores which include the information about the frequency and also about the clarity of each component. Identification of the firm's desired public image which purports its concerns for the environment, society or the local community, scored with 0.55.

The least emphasis in their mission statements, companies put on consumers, technology and their employees. Often companies mention consumers in the mission statement, but there is a lack of their clear definition. Perhaps companies think that defining their target customers also means limiting their market. However, there are ways to achieve a clear, but still sufficiently broad definition of the potential clients.

One of the important functions of the mission statements is its usage as a motivational tool. However, Croatia's companies do not see them in that way. The concern for employees scored 0.39 and occupies the penultimate position.

The researchers assessed the clarity of the statement with an average score of 0.56. The statements are often of complicated content, which makes them ambiguous and therefore difficult to understand. Based on the established framework of 10 measured categories, the average score for all investigated mission statements is 0.59, which indicates the existence of great opportunities to improve the statements.

The mission statements of the companies in the sectors Financial and insurance activities and Wholesale and retail trade; repair of motor vehicles and motorcycles, have the above average scores. This can be due to the fact that those companies have more contacts with a final consumer, than the companies that perform business in manufacturing, construction or transportation sector. This is evident in their identification of the customers in the mission statements, which scored 0.8333 in the financial sector and 0.7500 in the trade sector.

To test the correlation between mission statement scores and performance indicators: ROA, new added value and annual income, Pearson's correlation coefficient was calculated and one tailed test of significance was performed. As the results in Table 3 show, there is no significant correlation between the mission statement score and companies' return on assets. That is why the hypothesis H1, that the quality of the mission statements measured by its total score after content analysis is positively associated with the return on assets, is declined.

Table 3: Correlation between mission statement scores and business performance indicators

Correlations			
	ROA	New added value	Income
Pearson Correlation	-.109	.256*	.276**
Sig. (1-tailed)	.177	.014	.009
N	74	74	74
*. Correlation is significant at the 0.05 level (1-tailed).			
**. Correlation is significant at the 0.01 level (1-tailed).			

However, a significant positive correlation was found between the mission statement score and company's new added value, at the 0.05 significance level. Thus, the hypothesis H2, that the quality of the mission statements measured by its total score after content analysis is positively associated with the new added value, is accepted.

In addition, there is a significant positive linear association between the mission statement score and company's annual income, at the 0.01 significance level. Thus, the hypothesis H3, that the quality of the mission statements measured by its total score after content analysis is positively associated with the annual income, is accepted. The positive correlation between the mission statement score and the annual income was also found in the study of hospitality firms' mission statements [22].

The international availability of the companies' websites and their mission statements was investigated. Among the companies that have a website, 133 companies have a website in the Croatian language, which means that 9 companies that operate in Croatia do not have their website in Croatian. Completely translated websites into English are available for 89 companies, while another 5 companies have partially translated websites into English language.

Of the companies that have mission statements, 45 have translated the statements into English, while one company translated only part of its mission statement into English. The availability of the websites and mission statements in foreign languages is shown in Table 4.

Table 4: A number of websites and mission statements available in foreign languages

Language	A number of websites available in the foreign language	A number of mission statements available in the foreign language
English	94	46
German	12	4
Italian	7	2
Slovene	3	1
Russian	3	3
Dutch	2	2
Korean	1	1
Japanese	1	1
Chinese	1	1
Portuguese	1	1
Spanish	1	0

Other languages are used, but substantially less, and usually by the companies that perform accommodation and food service activities. Other Croatia's companies do not invest much effort in communicating in foreign languages, other than English.

6 Conclusion and implications for further research

Mission statements are one of the main strategic tools, at least according to the survey made by Bain & Company [20]. However, in Croatia, companies do not stress out enough their mission and vision on their websites. Research showed that 54.7 per cent of Croatia's companies in the sample promote their missions via websites. Compared to 94.7 per cent of companies that have a website, the proportion of those who decide to declare their mission statement is considerably lower. One reason for this disproportion could be that companies see a mission statement as an important tool for the internal and not so much for the external communication [14]. The second reason could be that Croatia's companies do not have explicit mission statements because of the lack of knowledge about the effects of meaningful mission statements. Although, it may be assumed that the significance of the mission statement for improving relationships with the stakeholders is today relatively well-known, further research in that direction could be useful.

Content analysis of the mission statements showed that companies focus most on these topics: their principal products/services; the

specification of geographic domain of their business; their commitment to survival growth and profitability; their company philosophy and the self-concept. Croatia's companies tend to disregard the concern for employees in their mission statements, which could imply the lack of awareness of workers' role in general success. Often companies mention consumers in the mission statement, but there is a lack of their clear definition. Perhaps there is fear that defining the target customers it may mean the limitation of the market. The statements are in average ambiguous, and achieve only about 50 per cent of the maximum score possible within the given framework, which indicates the existence of great opportunities to improve the statements. Sectors that have the highest mission statement scores are financial and trade sector, which may be due to their orientation to the final consumer and the impact of mostly foreign owners.

There is no significant correlation between the score of mission statements and companies' return on assets. However, there is significant positive correlation between the score of mission statements and company's new added value. Also, there is significant positive linear association between the mission statement score and the annual income. This association was also confirmed in the research by Sufi and Lyons in 2003. That is why it would be interesting to investigate this relationship into more details.

Croatia's companies have to increase their regional and global competitiveness. Among other issues, they should improve their communication with the foreign stakeholders. The most companies (62.67 per cent) use English language for their international presentation on the WWW, while communication in other foreign languages is much rarer.

As a proposition for a further research, it would be useful to examine who writes mission statements in Croatia's companies, what is the companies' perception of the importance of mission statements, and how often the companies change these statements.

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