

Mission Statement Practice: Cascading Impact
On Firm Performance.

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BY

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Abstrak

Pelbagai lumpang yang terdapat dalam susasteraan mengenai sumbangan pernyataan misi terhadap prestasi firma dan ketekalan pernyataan tersebut dilaporkan sebagai satu daripada alat pengurusan yang terpenting di dunia adalah merupakan rasional kepada kajian ini. Kajian keratan rentas yang bersifat deskriptif serta ujian hipotesis ini mencakupi empat bidang utama iaitu tinjauan dan huraian tentang keluasan amalan misi di kalangan syarikat-syarikat di Malaysia; sebab-sebab kegagalan untuk mengadakan pernyataan misi di kalangan sebahagian syarikat; menguji serta memutuskan tentang beberapa perhubungan bersifat hipotesis yang melibatkan pembolehubah-pembolehubah berkaitan dengan misi, keputusan dan prestasi; dan membina model tentang impak pernyataan misi ke atas prestasi firma. Suatu rangkakerja penyelidikan yang sesuai telah dibena dan sebanyak sebelas hipotesis telah dikemukakan dan diuji. Data prima untuk kajian ini telah diperolehi daripada CEO syarikat atau wakilnya melalui borang soal-selidik manakala data-data sekunder pula diperolehi menerusi laporan tahunan yang diterbitkan oleh syarikat. 74 daripada 500 buah syarikat tersenarai di BSKL yang terpilih secara rawak dan dijemput untuk menyertai soal-selidik ini telah memberikan respon. Respon yang diberikan itu meliputi kadar penyertaan sebesar 15% ataupun 11% daripada kesemua syarikat yang disenaraikan di BSKL. Tiga jenis analisis statistik telah digunakan dalam kajian ini iaitu deskriptif, regresi linear mudah dan pemodelan persamaan struktur menggunakan teknik AMOS. Keputusan-keputusan berikut telah diperolehi: (i) hampir 84% daripada syarikat-syarikat itu mempunyai pernyataan misi masing-masing; (ii) syarikat-syarikat yang gagal mengadakan pernyataan misi telah memberikan pelbagai sebab yang mempunyai kepentingan tidak sama bagi kegagalan mereka itu; (iii) rasional misi didapati mempengaruhi matlamat dan cara misi secara positif; (iv) rasional misi didapati mempengaruhi cara misi lebih kuat berbanding dengan matlamat misi; (v) kandungan misi (cara dan matlamat) didapati mempengaruhi komitmen pengurusan terhadap misi secara positif; (vi) komitmen pengurusan terhadap misi didapati memberi impak positif ke atas Desired Future Position (DFP) organisasi; (vii) DFP organisasi didapati memberi kesan positif terhadap tahap komprehensif Strategic Decision-Making Processes (SDP) (viii) tahap komprehensif SDP diperhatikan telah mempengaruhi secara positif prestasi firma dalam keadaan persekitaran industri yang stabil, tak stabil dan sama ada stabil ataupun tidak; dan (ix) laluan impak bagi perhubungan antara pernyataan misi dengan prestasi firma telah dikenalpasti melalui urutan perantaraan DFP dan SDP. Dalam kajian ini beberapa batasan kajian telah dikenalpasti dan dibincangkan. Di samping itu beberapa cadangan penyelidikan pada masa hadapan turut dikemukakan.

ABSTRACT

Gaps in the existing literature especially in respect of mission statement contributions to firm performance and the consistency that mission statements have been reported to be amongst the most popularly used management tool the world over provide the rationales to the current study. It is a cross-sectional of the descriptive and hypothesis testing types covering four broad areas namely establishment and description of the prevalence of mission practice among Malaysian companies; reasons for the failure of some companies to develop their mission statements; testing and establishing certain hypothesized relationships among mission, decision and performance related variables; and modeling the impact of mission statements on firm performance. A research framework was developed and eleven hypotheses were posited and tested. Primary data was collected from the CEOs or their designated representatives using mailed questionnaire while secondary data was sourced from the companies' published annual reports. 74 of the 500 KLSE-listed companies randomly sampled and invited to participate responded giving a participation rate of about 15% or a representative rate of slightly more than 11 % of the population. Three types of statistical analyses were utilized namely descriptive, simple linear regression and structural equation modeling with AMOS. The following results were obtained: (i) almost 84% of companies had their written mission statements and the majority (about 53%) were from the production sector; (ii) Companies that failed to develop mission statements attributed their failure not to one but to a host of factors of varying importance; (iii) mission rationale was found to positively influence mission ends and mission means; (iv) mission rationale was observed to exert relatively greater impact on mission means than on mission ends; (v) mission content (ends and means) was observed to positively influence management commitment to the mission; (vi) management commitment to the mission was established to positively influence organization DFP; (vii) organization DFP was observed to positively influence the comprehensiveness of SDP; (viii) comprehensive SDP was found to positively impact firm performance in stable, unstable and irrespective of industrial conditions respectively; and (ix) the impact path of mission statement-firm performance relationship was established through the intermediary sequence of DFP and SDP respectively. Limitations to the current findings were also discussed and directions for future research proposed.

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In the name of Allah, Most Gracious, Most Merciful. Praise and peace be upon His beloved our Prophet Muhammad s.a.w., his family and his companions from whom, and by the will of God we escape darkness into enlightenment.

It is important to note that reward in Islam is contingent upon the effort and not the achievement as the Prophet said:

``Whosoever puts an effort and succeeds has two rewards and whosoever puts an effort and fails has one reward.”

(Reported by Abu Dawud).

It was in this spirit that I set out to undertake the current study, and the quest for self-actualization provided the additional push that kept me going and finally see this project came to its expected conclusion; Alhamdulillah. The whole process was rather long-drawn, consuming and most certainly painstaking but nevertheless, satisfying. I am greatly indebted to so many wonderful people for their contributions and assistance in so many ways that special mention is only natural although words can never truly reflect their actual importance in making this project a success.

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List Of Abbreviations

AMOS	Analysis Of Moment Structure
ANOVA	Analysis Of Variance
CEO	Chief Executive Officer
DFP	Desired Future Position
IS	Industrial Stability
KLSE	Kuala Lumpur Stock Exchange.
ROA	Return On Assets
ROS	Return On Sales
SDP	Strategic Decision-Making Process
VIF	Variance Inflation Factor

CHAPTER ONE

BACKGROUND OF THE STUDY

1.0. Introduction

Current thought on mission statements is largely based on Peter Drucker's research and writing in the mid-1970`s (David 1989). According to Drucker (1973) a business is not defined by its name, statute or article of incorporation; it is defined by the business mission and asking the question `what is our business?' is synonymous with asking the question `what is our mission?' Mission is the organization's vision of its future position and how it will be achieved (Strong, 1997). Many organizations define their fundamental unique purpose and reason for existence in terms of their mission statements (Jauch & Glueck, 1988; David, 1989; Ireland & Hitt, 1992; Calfee, 1993; Bart, 1996a) or alternatively called creed statements, statements of purpose, statements of philosophy, statement of general principles, statement of corporate intent, vision statement and statements defining our business (Pearce II & David, 1987; David, 1989; Strong, 1997).

How do organizations define their business through mission statements? Research has shown considerable disagreement about what mission statements should consist (David, 1989; Campbell and Young, 1991; Hooley, Cox and Adams, 1992). Ackoff (1987) maintains a mission statement should contain goals, differentiation factors, identify the organization's aspiration and define the role of all stakeholder groups. In addition, mission statements should establish the behavior standards and values required to achieve the desired goals (Campbell and Young, 1991). A narrower view is offered by Dalrymple and Parsons (1995) who advise that mission statements should cover four areas namely product line definition, market scope, growth directions and level of technology. David (1989) details these contents into a total of nine components namely customers, products or services, location, technology, concern for survival, philosophy, self-concept, concern for public image and concern for employees. In a more recent study, Jackson, Choi Yau, Gitlow and Scandura (1996) discover there are altogether fifty two components that can be grouped into two main categories – root effect and root cause. The former category relates to the dreams of an organization while the latter concerns with the action items of the organization. The decision on what components to include and what to exclude should be left to the discretion of the organizations

because every organization has a unique purpose and reason for being and this uniqueness should be reflected in a statement of mission (David, 1989).

Just as there is little agreement about what a mission statement should contain, there is also no consensus on what the statement's primary roles should be (Klemm, Sanderson and Luffman, 1991). In its most basic form mission statement is usually viewed as a strategic tool that exists to answer some really fundamental questions such as 'why do we exist?' 'What are we here for?' and 'what are we trying to accomplish?' Mission statements, therefore, describe an organization's main 'purpose' and activities (Byars, 1984, 1987; Campbell, 1989, 1993; Campbell and Yeung 1991; David 1989, 1993; Germain and Cooper, 1990; Ireland and Hitt 1992 ;). They are not to be confused with objectives - the latter being usually much more quantitative, detailed and dispassionate statements of specific near-term performance targets (Bart, 1996b).

Some organizations however, see mission statements as the cultural 'glue' that enables them to function as a collective unity. This cultural glue consists of strong norms and values that heavily influence the way in which people

behave, how they work together and how they pursue the goals of the organization (Campbell, Devine and Young, 1990; Fahrnam, 1993).

There are some others (e.g. Klemm, Sanderson, and Luffman, 1991; Strong, 1997; Bartkus, Glassman, and McAfee, 2000) who believe the role of mission statements should be nothing more than as a communication device that realistically reflects what the current managers, directors, and owners believe the firm is, and where it is likely to be headed. The statements as such present the firms' current status and their belief about future directions; thus enabling current and potential stakeholders to decide on the basis of information contained there in whether or not they can develop some forms of relationship with the firms (Bartkus et al., 2000).

In 1996a Bart, having reviewed extensively the mission literature, summarizes the various opinions on the roles of mission statements into the following most frequently cited:

1. a means for creating common purpose for the organization;
2. a strategic tool for defining the scope of the organization's activities and operations;

3. a mechanism that allows the CEO to exert control over the organization;
4. a benchmark of performance for the firm;
5. a cultural glue;
6. a tool for promoting shared expectation among organizational members;
7. a means for motivating and inspiring organizational members;
8. a decision tool that serves as a basis for the allocation of organizational resources;
9. a mechanism that helps refocus organizational members during a crisis;
and
10. a tool for promoting the interest of external stakeholders.

Pearce II and David (1987) maintain that an effective mission statement helps to satisfy people's need to produce something worthwhile, to gain recognition, to help others, to beat opponents, and to earn respect. An organization that fails to develop a comprehensive and inspiring mission statement loses the opportunity to present itself favorably to existing and potential constituencies (Drucker, 1973). Thus the proponents of corporate mission statements conclude 'designing a clear, comprehensive and exciting mission is job number one because mission is what drives everything else (McGinnis 1981; Staples

and Black 1984; Cochran, David and Gibson 1985; David, 1989; Metejka, Kurke and Gregory, 1993; Strong, 1997; Wickham, 1997).

Although research suggests that there is little agreement about what a mission statement should contain (Hooley, Cox and Adams, 1992) and what the statements primary roles should be, all firms have a mission of one type or another even if not in writing (Klemm et al., 1991). Studies carried out to determine the prevalence of written mission statements among business organizations in various parts of the world seem to suggest that the adoption of such document is showing a continuously increasing trend (Pearce and David, 1987; Byars, Neil's and Thomas, 1987; David, 1989; Klemm et al., 1991; Hooley et al., 1992; Baetz and Bart, 1996). Amongst organizations that do not have corporate mission statements, the most commonly cited reasons for the void are: the number and diversity of stakeholders; the amount of work required; the preference for status quo; the belief that mission statements may reveal too much confidential information; the possibility of controversy; the difficulty encountered when too much time spent on operational rather than strategic issues; the requirement to think as a 'generalist' not as a 'specialist'; the desire for autonomy; and the formality of the planning processes (Ireland and Hitt, 1992).

The surge in popularity has not spared mission statements of some serious criticism especially in respect of their uses (Bartkus, Glassman, and McAfee, 2000). It is said that mission statements provide a clear sense of what the organization stands for, but they are often found to be everything and nothing: the supposed orientation of the business but at the same time meaningless statements for purposes of strategic planning and management (Bates and Dillard, 1991). This theoretical stand is compounded by the finding of a study on over 200 mission statements undertaken by Wright (1996) in which he concludes that most of them are mere rhetoric, full of sound and furry and signifying nothing. Thus it is not surprising that in most companies there are a feeling that mission statements are just words on paper; directors and senior managers are not always thought to be committed to their application (Coulson-Thomas, 1992).

Then there are those companies that did not have any mission statement at all to guide their actions; yet, interestingly though, some of them have successfully acquired other companies to diversify their scope of operations beyond their original core businesses or product areas (Porter, 1987). This practical evidence coupled with the findings from fifteen case studies involving international corporations by the London Institute of Personnel and

Development which suggest that companies without mission statements often have the most apparent sense of missions, provide clear hints that the contribution of mission statements is less important than has previously been suggested by some sources (Krohe, 1995).

From the foregoing literature it is quite apparent that the current discussion in respect of mission statements' contributions is neither conclusive nor exhaustive. Advocates and skeptics have not produced systematic evidence that mission statements help or hurt organizational performance. More empirical evidences are required to better understand the issue and allow for partisan stand on the same. However, until recently mission statements have remained amongst the least empirically examined area of the strategic planning process (Bart, Bontis, and Taggar, 2001). This neglect is surprising especially since studies have indicated that mission statements can go beyond mere 'feel good' outcomes and contribute to organizational effectiveness and profitability (Pearce II and David, 1987; Bart, 1996; Jackson et. al, 1996). As a result very little is known about the relationship among the various mission constructs (Bart et al., 2001), and how these constructs singularly or collectively affect strategic and management initiatives and processes.

1.1. Problem Statements and Research Questions

Given that there are gaps in the existing literature on various issues pertaining to corporate mission and taking cognizance of the outcomes of studies by Bain & Company (1998,1999) that conclude mission statements as one of the most widely used management tools in the world – slipping only recently from the number one ranked management tool position which it held for over ten years in 1998 to the number two ranked position (losing out the top spot to the much broader concept of strategic planning) in 1999 (Bart, 2001), there is a need for empirical research into the manner and circumstances in which this very important and dominant tool is used in organizational management and how it influences firm's success/failure. The purpose of the present study is to model and test the relationships among selected dimensions of mission statements and their collective relationship to selected strategic decision-making process variable and then to determine how they contribute to firm performance. Specifically this study will attempt to answer the following questions:

1. To what extent are mission statements prevalent among Malaysian companies?

2. What are the factors that account for companies' failure to develop mission statements?
3. To what extent does prior knowledge of the rationales for developing a mission statement influence the specification of mission ends?
4. To what extent does prior knowledge of the rationales for developing a mission statement influence the specification of mission means?
5. Is there any difference in the relative influence of prior knowledge of the rationales for developing a mission statement on the specification of mission ends and mission means respectively?
6. To what extent does specification of mission statement content influence management satisfaction with the mission statement?
7. To what extent does management satisfaction with a mission statement content affect its commitment to the statement?
8. To what extent does management commitment to a mission statement influence an organization's Desired Future Position?
9. To what extent does organization's Desired Future Position bear relation to its strategic decision-making processes (SDP)?
10. To what extent does organization's SDP bear relation to its performance?
11. Whether or not the various hypothesized causal relationships among mission-related, SDP and performance variables collectively constitute a

good fit path-model of the impact of mission statements on firm performance?

1.2. Objectives of the Study

This study will have the followings as objectives:

1. To explore and describe the extent of prevalence of mission statements among Malaysian companies.
2. To identify the factors that account for the failure of companies to develop their mission statements.
3. To determine the extent to which prior knowledge of the rationales for developing a mission statement influences the degree of specification of mission ends.
4. To determine the extent to which prior knowledge of the rationales for developing a mission statement influences the degree of specification of mission means.
5. To determine whether or not there is any difference in the relative influence of prior knowledge of the rationales for developing a mission

statement on the degree of specification of mission ends and mission means respectively.

6. To determine the extent to which specification of mission statement content influences management satisfaction with the statement.
7. To determine the extent to which management satisfaction with a mission statement affects its commitment to the statement.
8. To determine the extent to which management commitment to a mission statement influences organization Desired Future Position.
9. To determine the extent to which organization Desired Future Position influences strategic decision-making processes.
10. To determine the extent to which organization strategic decision-making processes impact firm performance.
11. To model the impact of mission statements on firm performance and test the goodness of fit of the model.

1.3. Significance of the Study

The outcome of the present study will benefit:

1. Corporate managers, business practitioners and academics by enhancing their awareness of the materiality of mission statements in the corporate life of an organization, and providing some insights into the prerequisites of a successful mission statement and the dynamics of such mission-related practices and processes.
2. Students and researchers by enlightening them on some basic facts about mission practices among Malaysian companies. This being a maiden Ph. D. study in Malaysia should provide the impetus and serve as important source of reference for Malaysian consultancies and offer unpublished work for future discussions and a starting point for further researches on the subject. In the latter context, they may find some benefit in the form of a tool for measuring organization's DFP, which has been developed and utilized for the first time in this study.
3. The body of knowledge by strengthening the existing theory on which most discussions in respect of mission statements rest – the strategic planning theory. The theory identifies mission statement development as the foremost task in an eight-step sequential strategic planning processes (i.e. mission statement development, external environment

scanning, internal environment auditing, objective setting, strategy crafting, annual objectives and policies establishment, resource allocation, and performance evaluation) with the potential of positively impacting organizational performance. Although studies have produced empirical evidence in support of the value of strategic planning and its other components to organizational management (e.g. Karger and Malik, 1975; Wood and LaForge, 1979; Fredrickson, 1984; Rhyne, 1986), nothing much has been said about mission statements especially in terms of how they affect organizational performance. Thus, the outcomes of the current study will be crucial not only in filling the void in the existing literature but most importantly in justifying the position of mission statements within the strategic planning model and in strengthening the strategic planning theory.

1.4. Scope Of The Study

The focus of this study is on the manner and circumstances in which mission statements can impact the financial performance of Malaysian companies that are incorporated and resident in Malaysia with Malaysians equity holding

majority (i.e. 50 % or more equity ownership held by Malaysians). Thus, the impact of mission statements on the financial performance of Malaysian multinational corporations and non-resident Malaysian companies is excluded. Within the delineated companies, only those listed on the main and second boards of the Kuala Lumpur Stock Exchange (KLSE) will be included in the sampling frame. This is to insure that relevant secondary data required for the study will be easily available through the mandatory published annual reports of companies. Hence, Malaysian private limited companies, irrespective of their positions in terms of mission statement development will not form part of the sampling frame due to the problem of data accessibility. This study will also exclude state-owned corporations despite the ease of access to important data because being socio-economic in nature; they are not financial performance driven or profit-focused organizations.

1.5. Organization Of The Thesis

This thesis has six chapters. The first chapter provides a background of the study that incorporates such aspects as the definition of a mission statement and its various dimensions, the identification of the research problems and

objectives, the discussion on the significance of and the delineation of the scope of study.

The second chapter expounds on the various findings of prior studies especially in respect of the indirect nature of mission statement-firm performance relationship with a view to identifying the variables of interest and thereon, addressing the issue of theoretical framework development. It also discusses the various hypotheses and provides justification for why they are so formulated.

The third chapter deals with the issue of methodology of the study. It covers three main areas namely research design, measurement of variables, and analytical approach used in the study. Specifically, the discussion includes such topics as purpose of study, type of investigation, study setting, time horizon, choice of respondents, instrument of study, measuring tools, pre-testing and validity of variables of study.

The next chapter provides the results of the analyses. It begins with a descriptive analysis of the prevalence of mission statements among 'corporate Malaysia'; then it proceeds with the outcome of the analysis on the factors

contributing to the failure of some organizations to develop their mission statements. Finally, it expounds on the results of the various hypothesis testing in respect of the relationships among the identified variables of the model.

In chapter five the outcomes of various analyses are discussed in the context of the study's objectives, prior literature and implications. It also discusses the limitations and problems associated with the study.

The last chapter is devoted to synthesizing and summarizing all outcomes of the study and explaining their managerial and academic implications. It also discusses the study's limitations and the scope and direction for future research.

1.6. Conclusion

This chapter has provided an overview of the broad concept, role and significance of mission statements in the corporate life of business organizations and highlighted the gaps in the existing literature that has prompted the current research undertaking. Specifically, it has identified and

put in perspective the various research problems, the objectives, the significance, and the scope of the study. It has also discussed the organization of this thesis. In the next chapter the focus of the discussion will be on the main outcomes of prior studies and literature contributions in the area of mission statement and firm performance relationship, the development of the theoretical framework and the hypotheses of this study.

CHAPTER 2

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0. Introduction

It is still not clear what relationship does mission statement have with corporate performance. This is so despite the abundance of theoretical writings and so much rhetoric emanating from virtually all strategic planning textbooks praising highly the statement's virtues (Bart and Baetz, 1998). According to Bart et al. (2001) the reason for this void is that in the past researchers have tended to focus on analyzing and identifying the components of a mission content and then developing checklists of the preferred elements that should be addressed in the statement (e.g. Pearce, 1982; Pearce and David, 1987; Klemm et al., 1991 and Ireland and Hitt, 1992). Very few studies have focused on mission-performance relationship and none has found substantial, direct linkages. As for the relationship between mission statements and strategic decision-making processes it is theoretically assumed that the two constructs are linked, with the former serving as guidelines for the latter in a typical strategic planning

process (e.g. Pearce, 1982; Campbell, 1989; Ireland and Hitt, 1992; Mintzberg and Quinn, 1996; Lipton 1996; Bart, 2001).

However, to date there has been no known attempt made to empirically prove or disprove this widely held assumptions although numerous studies have consistently found the existence of a direct relationship between strategic decision-making processes and firm performance (e.g. Fredrickson, 1984; Fredrickson and Mitchell, 1984; Welch, 1984; Rhyne, 1986). The net result of past studies can best be summed up as a patchwork quilt of relationships that only imply the possibility of presence of some sort of a model (Bart et al., 2001). A brief review of some of the theoretical and research contributions in this field will now be in order.

2.1. Literature on Mission-Strategic Decision Process Relationship

One of the earliest known literary discussions on the linkage of mission statements to strategic decision-making processes can be traced back to the writing of Pearce II (1982), which claims that a company's mission is a description of the firm's product, market, and technology in a way that reflects

the values and priorities of the strategic decision makers. It establishes what the organization does and wants to succeed in and sets the parameters for resource allocation, strategic and annual planning and acceptable opportunities for new and expanded businesses (Pascarella and Frohman, 1989). In a similar vein, Ireland and Hitt (1992) maintain that effective mission statements yield general indicators regarding what an organization intends to be, whom it intends to serve and philosophies and values that will guide its strategic and operation decisions-making process.

When management's strategic vision/mission conveys something substantive about what business position it intends for the company to stake out and what course the company is going to follow, then vision/mission is truly capable of guiding managerial decision making, shaping the company's strategy and impacting how the company is run (Thompson and Strickland, 1999). A company that misses out on such statements will tend to be reactive in its approach to strategic planning and lacking in direction and flexibility that often lead to nowhere (Larson, 1998). According to Matejka, Kurke and Gregory, (1993) organizations without missions are like ships without clear destinations; wherever the prevailing economic and competitive winds take these organizations is fine, since they have no preference. In fact, a major trap in

the strategy process is the failure of a business to develop a desired future position suitable as a basis for strategic planning and decision-making (Bates and Dillard, 1991). Thus developing a business mission is an important step in improving management effectiveness because failure to agree on organizational direction may give rise to many conflicts on operational matters, and a firm's short-term actions to be counterproductive to its long-term interests (David, 1989).

Whilst claims of mission significance in strategic decision making appear to be well supported theoretically as the forgoing literature has attested, its practical utility is not so and the few available seems to suggest that it rests on the management's philosophical and operational commitment to the statements (Ireland and Hitt, 1992; Thibodeaux and Favilla, 1996). Without such commitment mission statements will be like campaign platforms that can leave one embarrassed when the high hopes expressed in the statements are not borne out by subsequent performance (Krohe, 1995). According to Bates and Dillard (1991) management commitment to the mission is manifested in the formulation of the organization's DFP – a long-term plan or program of actions developed to bring it close to its mission. It is in the implementation of this mission driven long-term action plan that strategic decisions dictate and the

nature of the decisions involved that influences the decision-making processes (Papadakis, Lioukas and Chambers, 1998). These theoretical positions certainly are not the only positions that can be put forth, but they do indicate the importance of corporate mission statements in providing a broad framework for strategic decision making (Ledford, Wendenhof, and Strahley, 1995).

2.2. Literature on Mission-Firm Performance Relationship

Although very few studies have focused on mission-firm performance relationship there is a growing body of literature particularly of the theoretical and conceptual types to support their association (Bart, 2001). In 1973 Drucker observed and lamented 'that business purpose and business mission are so rarely given adequate thought is perhaps the most important cause of business frustration and failure'. Unfortunately his comment is as true today as it was then (Campbell and Yeung, 1991).

A clear mission can aid the performance of an entrepreneurial venture - if it is developed in an appropriate way (Wickham, 1997). Mission statements act as the 'invisible hand' that guides people within the organization so that they can

work independently and yet collectively to achieve desired levels of organization performance (Kotler et al., 1996). Besides, they also affirm the companies' commitment to responsible actions that are symbiotic with their needs to preserve and protect the essential claims of insiders for sustained survival, growth and profitability of the firms (Pearce II, 1982).

An effective mission statement will have an impact on organizational performance by providing a focused and supportive organizational environment to lead decision makers in the strategy process (Morris, 1996). Jackson et al. (1996) claim that a good mission statement has an essential part to play in aligning strategy with culture, integration of employees, and the performance outcomes of organizations. An organization that fails to develop a comprehensive and inspiring mission statement loses the opportunity to present itself favorably to existing and potential constituencies (Drucker, 1974). This may partially account for the fact that approximately 50% of start-ups fails in the first year of operation, whereas 75 to 80 percent fail within their first three to five years (Ireland and Hitt, 1991).

The foregoing literature is but only a few of the numerous conceptual articles that have appeared in various sources suggesting the linkage of mission

statements to firms' performance. However, the truth of such suggestions and the nature of the probable relationship are far from being established for want of plausible evidence due to the modicum of empirical research in this particular field of study (Bart et al., 2001).

Pearce II and David (1987) are perhaps the pioneers in empirical study of mission statement-firm performance relationship when they successfully show a link between mission statement contents measured in terms of organization's public image, self-concept and philosophy and firm performance measured in terms of high versus low performing Fortune 500 companies. A somewhat similar outcome is observed by Weiss (1999) when her study on the impact of mission statements on public agencies performances suggests that missions do vary substantially and that the choices that managers make in the content and rhetoric style of their mission statements can have consequences that facilitate or impair subsequent performance. Both research findings however, are contradicted by Bart (1997) when the outcome of the latter's study of 44 industrial companies to determine the relationship between 25 mission content items and 5 performance outcomes namely ROA, ROS, percentage change in sales, percentage change in profits, and influence of mission on employees behavior, demonstrates only a weak relationship with the financial variables is

observed. In fact, the strongest and most frequent associations are found with the intermediate behavioral variable that is seen as being significantly linked to financial success (Bart, 1996). Similarly, O’Gorman and Doran (1999) who use Irish small and medium-sized businesses (SME) to replicate Pearce and David’s (1987) landmark study of mission statements in large organizations find that mission statements per se are not correlated positively with SME performance.

In 1998 Bart and Baetz in their study of 130 Canadian companies obtain results that not only confirmed the finding of Pearce II and David (1987) but also demonstrate once again that the relationship between mission statements and firm performance is an indirect one – the identified intermediate variables this time being ‘satisfaction with the mission’ and ‘satisfaction with the mission development process’ which are found to be significantly and positively correlated to firms financial success. In 1999 Bart studied 103 Canadian Hospitals and found a strong connection between mission content and degree of satisfaction with the mission and between mission content and degree of satisfaction with financial performance.

Armed with the results of current empirical studies, Bart et al. (2001) embarked on the development of a conceptual model of the impact of mission statements on firm performance. The model which consists of six interrelated mission

dimension variables (rationale, ends, means, alignment, satisfaction, commitment and behavior) shows the nature and direction of the expected relationship between mission statement rationale and content and firm performance through the intermediate variables of mission-organization alignment, satisfaction with mission content, commitment to mission and mission effect on employees' behavior. Results of empirical tests of the model seem to suggest that mission statements can affect financial performance provided they (mission statements) have the proper rationale, contain sound content, have organizational alignment and bring about sufficient behavioral change in the desired direction.

The review of recent literature has provided the basis for the drawing of two important conclusions. One, that the impact of mission statement on firm success or failure appears to be more indirect than previously imagined; that there are numerous intervening variables that need to be considered in understanding the relationship between mission statements and firm performance (Bart et al., 2001).

Two, although recent studies appear to be heading to some sort of convergence with respect to the understanding of mission practices (Bart et al.,

2001), not much detail is available on the linkage of mission statements to strategic decision-making processes and subsequently to firm performance. This is because the various interactions among the relevant variables have not been modeled or empirically tested as such (Bart et al., 2001). As a result the exact nature of the relationships among the assorted mission-related, strategic decision-making process and performance variables is not known and the direction of such relationships within the context of a mission-based strategic decision-making process and performance model is not resolved. Dealing with process or path relationship is central to the current study.

2.3. The Strategic Planning Theory

Having identified the specific issue of concern, the following sections provide a review of the theory of strategic planning on which the proposed research model is built and the literature pertaining to the main components of the said model.

Strategic planning theory evolves from the sixties following increasing awareness among top management and chief executive officers that earlier

management models, which assume organizations as passive and reactive to environmental changes, are inadequate to deal with the reality of the impact of such changes on the future survival of these organizations (Melcher and Kerzner, 1988). Emerging from various paradigms (e.g. Glueck, 1972; Glueck and Jauch, 1984; McCarthy, Minchello and Curran, 1975; Grant and King, 1982; Thompson and Stickland, 1984; Pearce and Robinson, 1982; McGlashan and Singleton, 1987; Byars, 1984; David, 1988), the theory finally consolidates after more than three decades with greater uniformities and regularities in terms of concepts, application processes and outcomes.

Conceptually, strategic planning is about envisioning an organization future and developing the necessary procedures and operations to achieve that future (Goodstein, Pfeiffer and Nolan, 1991). It involves processes and constituent tasks that are designed to adapt organizations to their ever-changing environment (Melcher and Kerzner, 1988). These processes and their respective tasks or components that are commonly discussed in most strategic management textbooks (e.g. Byars, 1984; David, 1999; Thompson and Stickland, 1998; Dess and Lumpkin, 2002) are as shown in Table 1.

Table 1: Strategic Planning Processes and Tasks

Processes	Tasks/Components
Strategic Formulation	Mission statement development, internal and external environment analyses, objective setting and strategy crafting. Annual objectives and policies
Strategic Implementation	establishment, and resource allocation Performance measurement and
Strategic Evaluation	evaluation

Source: Melcher and Kerzner, 1988, pp 12.

Mission statements, which define an organization mission, are at the foundation of strategic planning. Business strategies cannot be developed until fundamental decisions are made about the business an organization is in (Mc Tavish, 1995); and its basic goals, characteristics and philosophies that will shape the strategic perspective of the firm are clearly spelt out (Strong, 1997; Pearce II, 1982).

There is a consensus among all strategic planning models that proper execution of the various tasks during the planning process will ultimately lead to long-term survival of the firm. Indeed, during three decades of empirical research, strategic planning has been proven to be an essential prerequisite in successful organizations (Phillips and Moutinho, 2000).

2.4. Mission Versus Vision

The literature discussion up to this point has made no distinction between mission statement and the concept of vision. In fact, many text-book writers and theoretical contributors of strategic management treat them as one and the same (e.g. Jauch and Glueck, 1988; Ireland and Hitt, 1992; Wheelen and Hunger, 2002). Although both concepts are complementary and constitute part of the strategic planning process, there are some fundamental differences between them (Wilson, 1992). Among those who hold to this view and emphasize on the need to adopt both for clearer direction, better focus and effective control include Campbell and Yeung, 1991; Wilson, 1992; Thompson and Strickland, 1999; David, 2003; and Dess and Lumpkin, 2003. This section will now highlight and discuss briefly some of these differences.

According to Campbell and Yeung (1991), mission is an organization's character, identity and reasons for existence that consists of four inter-relating parts: purpose, strategy, behavior standards and values; it exists to answer two fundamental questions: "What is our business, and what should it be?" Thus, mission statements are more of expressions of **present** orientation of organizations (Campbell and Yeung, 1991; Wilson, 1992; Thompson and Strickland, 1999; David, 2003; and Dess and Lumpkin, 2003). Vision on the other hand is the dream an organization wishes to create for itself; it articulates a view of a realistic, credible, attractive **future** for the organization, a condition that is better in some important ways than what now exists (Matejka, Kurke and Gregory, 1993). As a general rule, strategic vision should have a time horizon of a decade or more (Thompson and Strickland, 1999). Thus, vision is not what we are, but what we want to be (Campbell and Yeung, 1991; Wilson, 1992; El-Namaki, 1992; Thompson and Strickland, 1999; David, 2003; and Dess and Lumpkin, 2003).

Another point of difference lies in the level at which the concepts are adopted. While strategic vision is the essence of top leadership and reflects the common aspiration for the whole organization (Matejka, Kurke and Gregory, 1993) there is a place for mission statements for key functions and units within an

organization. Every department can benefit from a consensus statement spelling out its contribution to the organization's mission, its role and activities and the direction it is moving (Thompson and Strickland, 1999).

Vision statements tend to be quite enduring and a much more timeless concept, that is, it seldom changes. The same however, cannot be said of mission statements. Indeed, mission can and should change when competitive conditions dramatically change or the firm is faced with new threats or opportunities (Dess and Lumpkin, 2003).

The final crucial point of difference between mission and vision rests with the stage at which the role of each is identified within the normal strategic management model. Mission statement is basically a strategic planning variable; it is the foundation of strategic planning as business strategies cannot be developed until fundamental decisions are made about the business the organization is in (Mc Tavish, 1995; Lipton, 1996; Strong, 1997). The role of vision statement on the other hand, is in strategy implementation. It aids implementation by focusing corporate thought and action on agree-upon strategy, and providing both the readiness and the aim – as in “ready, aim, fire”

– for both strategic and operational decisions, helping ensure consistency throughout the decision-making process (Wilson, 1992).

The review cited above has important bearing on this study. Conceptual differences highlighted in the foregoing discussion have provided the crucial justification to the approach adopted, that is, the treatment of mission as distinct from vision and the focus on mission to the exclusion of vision. With this stand taken on the subject matter, we are now ready for development of the theoretical framework.

2.5. Theoretical Framework Development

In the discussion on the theory of strategic planning the prominent position of mission statement in the model and its potential contribution to the ultimate outcome of strategic planning – improved organizational performance - was highlighted. The following theoretical framework development is an extension to the said theory; it is designed to offer plausible explanations to how mission statement through its interplay with other intermediary variables can affect

organizational performance. The ensuing discussion will also lay down the foundation for the development of research hypotheses.

2.5.1. Mission Rationale, Mission Content and Firm Performance

Mission rationale is defined as the underlying purpose of the formulation of a mission statement (Emery, 1996; Bart, 2001). As cited in prior literature there is a host of reasons for this and Bart (1996a) has identified ten of them. In a series of studies to investigate the relationships among the ten mission rationales and several selected organizational and performance variables Bart (1996b, 1997, and 1998) has consistently found that the former tends to be more strongly associated with mission intermediary variables (i.e. behavioral impact, organizational alignment, satisfaction with the mission and commitment to the mission) than with firm performance (i.e. both financial and non financial performance). This finding is again supported by the outcome of his latest study on mission-performance relationship that concludes it is the dynamic of these intermediary variables that is observed to have the most direct relationship with financial performance (Bart et al., 2001).

As regard to the relationship between mission rationales and mission content, there are two opposing views. The first maintains that there is no relationship between them and the creation of a mission statement is not driven by any single rationale but instead, by some notion of needs. The second however, contends that organizations actually formulate mission statements based on some governing criteria or rationales (Bart et al., 2001). The latter view is the more acceptable as the following contributions will attest. Wickham's (1997) five-staged theoretical framework on mission development for entrepreneurial venture claims that mission content (the depicted second stage) is an elucidation of the entrepreneur's prior envisioning in respect of how the proposed mission statement can act to improve performance. This theoretical position is subsequently confirmed by the outcome of Bart et al. (2001) latest modeling study on mission-performance relationship which successfully establishes the direct relationship between mission rationales and mission contents (categorized into mission ends and mission means) – the former was observed to have driven the latter. They also found a difference in the relative strength of influence of mission rationales on the two mission content constructs - the linkage was very much stronger between mission rationales and mission means than between mission rationales and mission ends. What these suggest are that the more a mission rationale is known a priori the more

this will lead to greater emphasis on clarity and specification of the mission content and that of the two mission content constructs the said emphasis will be greater in respect of mission means than in respect of mission ends (Bart et al., 2001). Based on these contributions and taking cognizance of the difference in research setting and the priority to focus on the linkage between mission rationales and mission content that the current study is concerned with, the two hypotheses in respect of mission rationale-mission content relationship tested in the original model are deemed relevant in the present context and will be repeated.

2.5.2. Mission Content and Performance

Although several studies have successfully shown a link between mission content and performance (e.g. Pearce and David, 1987; Weiss and Piderit, 1999), they have not until recently explained the mechanism that leads from mission statements to subsequent performance (Weiss and Piderit, 1999). Bart (1996a, 1997, 1998, 1999, and 2001) is the pioneer in filling this void when he consistently demonstrates that most mission components have no direct association with financial outcomes and that the bulk of the significant

relationships exist between various mission components and some other intermediary non-financial performance variables (i.e. satisfaction with the mission, commitment to the mission, behavior impact of a mission and satisfaction with the organization performance).

In the past 20 years mission literature has been dominated by content analyses of mission statements (Bart, 2001); yet, surprisingly there is little agreement about what the preferred content should be (Hooley et al., 1992; Bart, 2001). In fact, as cited earlier the list of items that have been included in such statements at one time or other is a fairly long one. Bart (2001) claims there are two reasons for this apparent non-convergent phenomenon: one, the failure of previous researchers to build upon earlier mission content categorizations – opting instead to create their own unique labels (e.g. McGinnis, 1981; David, 1989; Coats et al., 1991; Klemm et al., 1991; Jackson et al., 1996); and two, very few attempts have been made to date to relate various mission content categories to organization performance (those that did have failed to take into account the inter-relationship among various intermediary variables) resulting in difficulties among managers to discriminate and decide which ones should be included in their missions. He also establishes that while some mission statement components are used more often than

others and one particular component namely 'a clear compelling goal' seems to be mentioned consistently regardless of its organizational context, a high frequency of mention of some mission components do not always translate into financial success; instead, he concludes it's the interplay among mission components and intermediary variables that contributes to the success. Thus, any attempt at directly relating mission statements to firm performance may be viewed off-track and as such a ruled-out option in the present model.

2.5.3. Mission Content and Satisfaction with the Mission

The general relationship between 'mission content' and 'satisfaction with the mission' appears to be well established (Bart, 2001); but specific relationship especially in respect of management as opposed to employee satisfaction with the mission and the direction of that relationship remains unresolved. This is so despite the fact that managers are almost always the main players in mission statements creation (Baetz and Bart, 1996; Ireland and Hitt, 1992). There are two possible explanations to the void.

Firstly, according to the stakeholder theory, effective mission statement formulation calls for the involvement of as many stakeholders as possible as such involvement will engender a sense of ownership and so encourage commitment (Wickham, 1997; Baetz and Bart, 1996; Ireland and Hitt, 1992). However, such extended participation implies that diversity of values, experience and skills go into the creation of the mission and the resultant output or contents may not necessarily articulate the management team's vision for the organization and hence its satisfaction with the mission (Wickham, 1997). Thus, to the extent that this theory is adhered by organizations, one cannot possibly ascertain the created statements will satisfy the management concerned.

Secondly, there is no consensus in the mission literature on how specific the contents of a mission statement should be in terms of business scope and strategy in order for it to serve as useful guide for strategic decision-making. One school of thought claims that such a statement should be specific and tightly focused if it is to demarcate an organization's role in a constellation of other organizations and policy participants (e.g. Campbell and Yeung, 1991; Moore, 1995; Weiss and Piderit, 1999) but the other school of thought argues that specific and tightly focused mission statement may backfire as it can

restrict management's strategic plans and firm's flexibility and freedom of action (e.g. Levitt, 1960; Barnard, 1966; Pearce II and David, 1987; David, 1989). The former contention however, seems more plausible from the management and stakeholders' point of view because a mission that is vague is open to liberal interpretation, will not be of much help to strategic decision-making, and certainly cannot serve as a management control mechanism (Bartkus et al., 2000). Besides, research has also found that if mission is more clearly defined it can be managed better (Campbell and Yeung, 1991).

These theoretical and empirical positions make it possible to argue that the more managers are satisfied with their mission statements (for whatever reasons) the more they will report that these statements appear to be specified. Based on this line of reasoning the following hypothesis is developed: the degree to which the ends and the means in a mission statement are specified will positively affect the degree to which managers report satisfaction with the mission respectively.

2.5.4. Mission Satisfaction and Commitment to the Mission

Motaz (1997) argues that a high degree of employee satisfaction is an important precursor to their commitment. A study by Bart et al. (2001) supports this contention when it establishes a strong positive relationship between employees' satisfaction with and their commitment to the company's mission. Although the linkage between management satisfaction with the mission and its commitment to it has not been investigated previously it is not difficult to predict some kind of relationship between the two variables. Given the possibility of management dissatisfaction with its company's mission as the stakeholders theory cited previously would have it and the abundance of theoretical citations and empirical evidence suggesting management's non commitment to its organization's mission for various reasons related to mission deficiencies (e.g. Coulson-Thomas, 1992; Ledford et al., 1995; Krohe, 1995; Wright, 1996; Bartkus et al., 2000), it is reasonable to expect that when managers are dissatisfied with their firm's mission they are unlikely to commit the company's resources to it. Thus commitment follows satisfaction. The reverse is not anticipated because it is highly plausible to have an institution in which managers feel compelled to work towards realizing the objectives in the mission and yet they do not like specific parts of the mission, certain words or

how it was created (Bart et al., 2001). Grounded in these theoretical positions, one may hypothesize that the more satisfied a manager is with his organization's mission statement the more committed he will be to the promises made in the statement and vice-versa.

2.5.5. Mission Commitment and Desired Future Position (DFP)

DFP or desired future position may be described as strategic programs and practices that collectively project a clear and distinct description of what an organization is to become in respect of the present business five or more years into the future; it consists of specifics (labeled as strategic categories and measures) derived from the business mission and serves as an important link between strategic planning and the operational aspects of an organization (Bates and Dillard, 1991). A somewhat comparable concept is variously called long-range plan (Steiner, 1972), strategic intent (Hamel and Prahalad, 1989), long-term programs of actions (Asher, 1991), and specific operationalisable goals (Miller and Dess, 1996). Irrespective of the terminology used, the concept as argued by Asher (1991) is an integral part of the entire task of mission realization; it brings scope to the mission statements with specificity

about what is to be achieved at a specific time in the future. However, it is not the same as objective which tends to be more quantitative, short-term and uninspiring (Bates and Dillard, 1991). It is also different from vision as it is concerned only with the future aspect of current business and not the future make-up of the organization.

Until recently organization DFP has remained one of the least understood and abandoned tools of strategic planning leading to the creation of a major trap in the strategy process as firms rely on or be guided by only fuzzy mission statements to chart through relatively unknown waters (Steiner, 1972; Pearson, 1976; Bates and Dillard, 1991). With an ill conceived DFP or no DFP at all, there will be no defined picture of the future and getting there will be made more difficult at the best and impossible at the worst (Bates & Dillard, 1991).

Although the relationship between mission commitment and DFP, and the direction of such relationship have not been investigated, it is quite natural to expect a manager who is committed to his company's mission statement to 'operationalise' it; after all, as reasoned by Asher (1991) if a mission is worth having, it is worth using to drive the programs and to demonstrate that the whole executive team is behind it. This contention is supported by the outcome

of a study by Coulson-Thomas (1992) that demonstrates the greatest barrier to successful implementation of a company's vision/mission is the lack of commitment on the part of its managers to the common direction.

Since the development of a DFP is regarded as the first step in operationalising the fuzzy mission statements (Bates and Dillard, 1991; Asher, 1991), it is envisaged that a committed manager will positively account his company's mission statements in the strategic categories of its DFP. In line with this thinking it is plausible to theorize that the more committed a management team is to its organization mission statement the more it will account the content of the statement and hence the more specified will be the DFP.

2.5.6. Desired Future Position (DFP) and Strategic Decision-Making Processes (SDP)

Accomplishing a DFP requires significant commitment of resources and extensive changes or modification to the organization's way of doing business rendering such initiative difficult to reverse once started (Bates and Dillard, 1991). These characteristics imply that the pursuit of a DFP involves making

what Marsh et al. (1988), Marc J and Marie-Josee (1997), and Papadakis et al. (1998) classify as strategic decisions of investment nature. Prior literature has identified strategic decision-making processes as entailing several dimensions including the following:

1. Comprehensiveness/rationality (e.g. Miller, Burke and Glick, 1998; Dean and Sharfman, 1993; Miller, 1987; Lyles and Mitroff, 1980)
2. Formalization (Stein, 1980)
3. Centralization (Cray et al., 1988; Miller, 1987)
4. Negotiation/bargaining (Cray et al., 1988)
5. Political dissensions (Dean and Sharfman, 1993)
6. Duration (Wally and Baum, 1994)

For the purpose of current study, investigation shall focus on the relationship between DFP and comprehensiveness/rationality of the strategic decision-making processes. This choice of strategic decision dimension is based on the following considerations – its popularity among researchers as prior citations have attested and importance (Fredrickson, 1984), its influence on investment decision (Papadakis et al., 1998) and most importantly its established linkage to firm performance (Miller et al., 1998; Fredrickson, 1984; Fredrickson and

Mitchell, 1984). Besides, evidence from prior study has also confirmed that comprehensiveness can be studied without having to consider an endless number of decisions at any point in time because of consistency of the strategic processes (Fredrickson, 1984).

Fredrickson and Mitchell (1984) define comprehensiveness as the extent to which organizations attempt to be exhaustive or inclusive in making and integrating strategic decisions; such phenomenon being characterized by thorough canvassing of wide range of alternatives, surveying full range of objectives, carefully weighing costs and risks of consequences, intense search for information, objectively evaluating information, reexamining the positive and negative consequences of all known alternatives, and making detailed plans.

In contrast, Miller et al. (1998) define the same as the extent to which management utilizes an extensive decision-making process when dealing with immediate opportunities and threat; characterizing the extensiveness by such indicators as the extent to which brainstorming sessions occur, the number of alternative solutions seriously considered, and the extent to which quantitative analyses are conducted. For the present study the latter definition is adopted

in view of its currency and ease of measurement; the former definition being in reference to total possible investigatory activity as opposed to the amount of investigatory activity, makes it difficult to operationalise (Miller et al., 1998).

While the nature and direction of relationship between DFP and strategic decision process has not been established, prior studies have shown that decision makers act more comprehensively/rationally when decisions imply important consequences (e.g. Papadakis et al., 1998; Dean and Sharfman, 1993; Stein, 1980); and that strategic decisions pertaining to capital investment tend to be subjected to a more comprehensive analysis than strategic decisions of the marketing type (Papadakis et al., 1998). Since these findings seem to concur with the properties of a DFP as cited earlier, it is reasonable to argue that the pursuit of the latter will involve comprehensive strategic decision-making process and the extent of comprehensiveness of such process will depend on the extent of specificity or details of the DFP. The more specified a DFP the more information will be made available and the less ambiguity and uncertainty to contend with; all of which are important prerequisites to comprehensive strategic decision-making processes (Braybrooke and Lindblom, 1970; Galbraith, 1973; Quinn, 1978). Thus, one may hypothesize the relationship between the DFP and strategic decision-making processes as

follows: the extent to which an organization's DFP is specified, will positively affect the extent of comprehensiveness of the strategic decision-making processes involved.

2.5.7. Strategic Decision-Making Processes (SDP) and Firm Performance

Evidence suggesting the relationship between comprehensive strategic decision-making process and firms performance abound (e.g. Fredrickson, 1984; Fredrickson and Mitchell, 1984; Miller, et al., 1998). However, studies have shown there is no consensus in respect of the direction of such relationship.

Two factors most often identified as affecting organization decision makings are firm size and environmental stability. With respect to the former it is argued that bigger-sized firms are often associated with more complex decisions and hence more comprehensive decision-making processes than are the cases for smaller-sized firms (Miller et al., 1998). In this context the role of firm size is not to influence the direction of the relationship between comprehensive

decision making processes and firm performance but merely to moderate its effect. Since the purpose of the current study is to examine the direction of impact in the relationship, firm size is not expected to feature prominently in the analysis and hence its exclusion from the proposed model. With respect to the latter, Fredrickson and Mitchell (1984) argue that a stable industrial environment is one that allows critical decision variables to be easily identified and theory regarding the relationships between those variables and the organization to be developed. Two of the common characteristics of a stable industry identified are very slow rate or lack of sales growth and modest technological change (Fredrickson, 1984; Miller et al., 1998).

A study by Fredrickson (1984) has established the existence of positive relationship between comprehensive strategic decision-making processes and firm performance in condition of stable environment. In the same year Fredrickson and Mitchell (1984) found a negative relationship between these two variables in condition of unstable environment. However, most empirical research supports a positive comprehensive process-performance relationship in turbulent industries and null effects in stable industries (see Priem et al., 1995; Bourgeois and Eisenhardt, 1988; Miller and Toulouse, 1986). More recent meta-analyses by Boyd (1991), and Miller and Cardinal (1994) provide strong

evidence that extensiveness (a concept operationally defined similar to comprehensiveness in terms of measurement but differentiated on time-frame coverage) of decision-making process positively influences firm performance especially in turbulent industries. These findings point to the tendency to gradually converge on some sort of positive directional relationship between comprehensiveness of strategic decision-making processes and firm performance. In view of this development the formulation of the following hypotheses are in order: the more comprehensive the strategic decision-making process the higher the firm performance will be in a stable, unstable and irrespective of environments stability respectively.

2.6. The Model

The entire network or path of relationships that has been discussed this far may be schematically diagramed as shown in Figure 1. The model, which is adapted from Bart et al. (2001), consists of seven interrelated variables namely mission rationales (rationales), mission content categorized into mission ends (ends) and mission means (means), satisfaction with the mission (satisfaction),

commitment to the mission (commitment), company's desired future position (DFP), strategic decision-making process (SDP), and firm performance

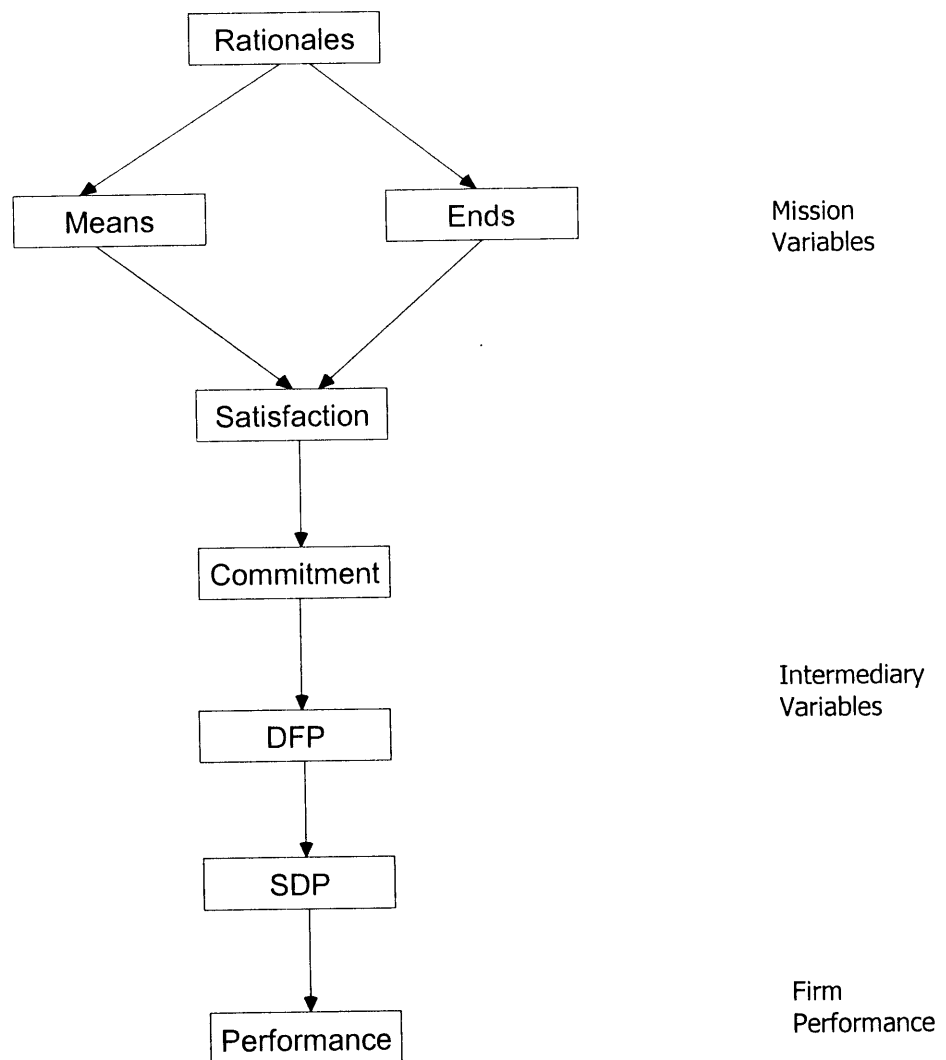


Figure 1: A conceptual model of the cascading impact of mission statements on firm performance

(performance). They are classified into three main categories – mission variables comprising the first three, intermediary variables made up of the next four, and firm performance comprising the last single variable – based on outcomes of recent studies (e.g. Bart, 1996; Bart and Baetz, 1998; Bart, 1999; and Bart et al., 2001) and numerous theoretical writings cited earlier which overwhelmingly conclude that a mission's impact on firm performance is indirect and that there is a host of intervening variables that needs to be considered in understanding the mission-performance relationship.

The conceptual model begins with a mission rationale that drives the content (divided into ends and means) of the mission statement. The latter in turn emanates 'power' and 'drive' that set in motion the various intermediary variables giving rise to a sequence of impact along the way to the final connection of firm performance. In a nutshell, the working dynamics of the model may be likened to a cascading waterfall of a flowing river from its source to the estuary; hence the choice of the current title. Mathematically, the network of cascading relationships as shown in Figure 1 may be expressed by the following sets of regression equations:

$$X_{1a} = a_{1a} + b_{1a}X_0 + e_{1a} \dots\dots\dots i$$

$$X_{1b} = a_{1b} + b_{1b}X_0 + e_{1b} \dots\dots\dots ii$$

$$X_2 = a_2 + b_2 (X_{1a} + X_{1b}) + e_2 \dots\dots\dots \text{iii}$$

$$X_3 = a_3 + b_3 X_2 + e_3 \dots\dots\dots \text{iv}$$

$$X_4 = a_4 + b_4 X_3 + e_4 \dots\dots\dots \text{v}$$

$$X_5 = a_5 + b_5 X_4 + e_5 \dots\dots\dots \text{vi}$$

$$X_6 = a_6 + b_6 X_5 + e_6 \dots\dots\dots \text{vii}$$

Where:

X_0 stands for the construct 'Rationales'; X_{1a} for the construct 'Means'; X_{1b} for the construct 'Ends'; $X_{1a} + X_{1b}$ for mission statement content, that is the sum of the constructs 'Means' and 'Ends'; X_2 for the construct 'Satisfaction'; X_3 for the construct 'Commitment'; X_4 for the construct 'DFP'; X_5 for the construct 'SDP'; and X_6 for the construct 'Performance'.

This model differs from Bart's et al. (2001) model (Appendix 1) on several scores:

- i. Analytical perspective: while the original model views the relationship between mission and firm performance from the organization behavior impact of the former construct, the current model analyses

the impact of the same from the strategic decision process perspective.

- ii. Model variables: In order to capture the difference in perspective as mentioned in the preceding paragraph the variables 'alignment' and 'behavior' in Bart's et al (2001) model are excluded while two new variables namely desired future position (DFP) and strategic decision-making process (SDP) are introduced as additional intermediary variables. This is necessary because both variables replaced are considered behavior-related and hence not expected to relate directly to strategic decision-making processes.
- iii. Research setting: Notwithstanding the model-related variations highlighted earlier, the proposed model is also different in terms of the environment in which it is tested since differences in politics, economy, social and technological environment in which the Malaysian business operates are likely to have important bearing on the relationship among its variables.

2.7. The Hypotheses

To establish the depicted relationships among the assortment of variables shown in the model and represented by the cascading equations, the following hypotheses (almost all of which have been cited previously in the course of theoretical framework development) will be tested.

1. The degree to which the rationales for developing a mission statement is known a priori will affect positively the degree to which the ends in a mission statement are specified.
2. The degree to which the rationales for developing a mission statement is known a priori will affect positively the degree to which the means in a mission statement are specified.
3. There is no difference in the relative influence of prior knowledge of the rationales for developing a mission statement on the degree to which the ends and the means in a mission statement are specified.

4. The degree to which the content in a mission statement is specified will positively affect the degree to which management reports satisfaction with the mission.
5. The degree to which management reports satisfaction with a mission statement will positively affect the degree to which it (management) is committed to the statement.
6. The degree to which management is committed to a mission will positively affect the degree to which the organization DFP is specified.
7. The extent to which an organization DFP is specified will positively affect the degree of comprehensiveness of the strategic decision-making process involved.
8. The more comprehensive the strategic decision-making process the better the firm performance will be in a stable environment.
9. The more comprehensive the strategic decision-making process the better the firm performance will be in an unstable environment.

10. The more comprehensive the strategic decision-making process the better the firm performance will be irrespective of environment condition.

11. The overall hypothesized model of the impact of mission statements on firm performance has a good fit.

2.8. Conclusion

Review of prior literature has irrefutably established that the relationship between mission statements and firm performance is indirect. It has also identified a host of intermediary variables through which the impact of mission statements on performance is believed to be effected. These expositions subsequently led to the development of a conceptual model for the study. The chapter also discusses the nature of the expected relationship among the various variables identified and the reasons for expecting such relationship to prevail; it ends with a list of hypotheses to be tested. In the following chapter the methodology of the research will be addressed.

CHAPTER 3

METHODOLOGY

3.0. Introduction

In this section details of the study will be discussed under three broad headings namely research design, measurements and analytical tools. The first deals with such elements as purpose of study, type of investigation, time horizon, population and sample, data and data collection. The second focuses on the measurement of concepts and the scales used for measuring the variables. The last heading concerns the analytical aspect of the study that is the types, the purposes and the conditions of analyses carried out.

3.1. Research Design

This section discusses briefly the guiding framework for collecting and gathering of the relevant data with a view to providing answers to the various research questions.

3.1.1. Purpose of Study and Time Horizon.

The purpose of this study is three-fold: to ascertain and describe certain phenomena, to test empirically certain hypotheses in respect of mission statement practices and to confirm a path of causal relationships within a model; thus it is a descriptive study in the first, a hypothesis testing in the second and a confirmatory structural modeling in the last instance respectively. This cross-sectional study involves surveying the perception of respondents in their natural non-contrived setting within the business organizations without the researcher controlling or manipulating the variables. According to Kerlinger (1973), such a setting is preferred as it allows better understanding of phenomena in the real situations.

3.1.2. Population, Sample and Unit of Analysis

The population of study comprised public limited companies listed on the first and second boards of the Kuala Lumpur Stock Exchange (KLSE). This delineation of population is to ensure accessibility to sources of secondary data and companies selected are Malaysian owned either wholly or jointly. The

institution of ownership criterion is considered an important measure to minimize the possible influence of cultural differences on perceptions about mission statement practices between Malaysian and foreign companies. As at 30 August 2002, there were altogether 683 companies listed on the two boards of KLSE (New Straits Times Press, as per the said date). Following Krejcie and Morgan (1979) in Uma Sakaran (1992, pp. 253) the recommended sample size to represent the various industries is 248; however, to ensure sufficient participation a sample of 500 companies was selected from the population using simple random method. Since aggregation of data in subsequent analyses were done at companies level, the unit of analysis for the current study is organization; each organization or company being represented by its chief executive officer or his assigned representative as respondent.

3.1.3. Data And Data Collection

Two types of data – secondary and primary – were utilized in this study. The former relating to current 3-year financial performance of companies was obtained through their respective published annual reports (i.e. 1999, 2000 & 2001). The latter was collected through a 6-page survey questionnaire

(Appendix 2). The questionnaire containing 44 items grouped into 8 sections designed to measure respondents' background, mission and mission related variables, strategic decision process, environmental stability and performance related variables respectively, was mailed to the respondents. In all, 500 sets of questionnaire were dispatched. Respondents were given a time frame of one and a half calendar months and a self-addressed stamped envelope each to respond. After two reminders, 74 companies duly completed and returned the questionnaire (For details of respondents' responses and secondary data on firm performance refer Appendix 3). The participation rate of 15 per cent or a representative rate of slightly more than 11 per cent was fairly satisfactory given the level of respondents. Respondents were 35% CEOs, 35% senior executives and 30% executives from 47% service and 53% production organizations participating in this study.

To determine whether or not position level of respondents or nature of core business of organizations participating in the survey biased the responses, one-way variance analyses were performed for each of the study's dependent variables based on the two main factors. In terms of response bias arising from positions held by respondents, results of the test (Appendix 4) showed that significant differences at $p=0.05$ were detected in only two instances

namely in respect of general corporate aims and in respect of multiple examination. Thus, there did not appear to be sufficient difference in the responses to warrant concern for such bias. As regard to response bias arising from the nature of core business of the firms, results (Appendix 5) showed there was no significant difference in all the responses received at the $p=0.05$ or less.

3.1.4. Pilot Test

Prior to adoption, the questionnaire was pilot-tested on 10 public listed companies selected on the basis of convenience to determine whether or not all items contained therein were well understood by respondents. Since no changes were deemed necessary to the final version of the questionnaire, the piloted companies were included in the sample of study.

3.2. Measurement

In this section the issue of measurement of concepts will be addressed.

Specifically, it discusses the operational definitions of, the scales used and the development of the instruments for measuring the various concepts involved.

3.2.1. Mission Statement Prevalence

To measure the prevalence of mission statements among corporate Malaysia, a single-item instrument that asks respondents the question: 'does your organization have a written mission statement?' was developed. Response to this question was made on a dichotomous 'Yes' or 'No' nominal scale. The proportion of companies with indicated mission statements to the total response received reflected the popularity of such statements among Malaysian companies.

3.2.2. Reasons For Not Having Mission Statements

David (1989) establishes a host of reasons why business organizations fail to develop mission statements and the two most frequently cited being fear of controversy and management time constraint. Subsequent contribution by

Ireland and Hitt (1992) help identify nine probable reasons for the failure including the two that was mentioned earlier. Based on these literatures and the skeptics' views cited previously, a ten-item instrument that asked the question 'To what extent do you agree that each of the following is a contributing factor to your organization's failure to develop its mission statement?' was developed. The ten items or options being:

- i. The large number and diversity of stakeholders makes it difficult to develop an all satisfying mission statement (R1);
- ii. The amount of work involved to develop an effective mission statement is a turn-off (R2);
- iii. Comfortable with the status quo (R3);
- iv. Fear of loss of confidentiality (R4);
- v. Fear of controversy that might arise in the process of a mission statement development (R5);
- vi. Time constraint imposes barrier on management's participation in the time-consuming mission statement development process (R6);

- vii. The need for managerial personnel to think as generalists instead of specialists in the process of mission statement development, is not easy to accomplish (R7);
- viii. The fear of loosing organizational autonomy (R8);
- ix. The formality of the planning process involved is a turn-off (R9).
- x. The uncertainty about the value of mission statements (R10)

Response to each option was made on a ten-point interval scale ranging from 0 (totally disagree) to 9 (totally agree). For ease of analyses responses were classicified on the rule of thumb into 3 broad categories namely (i) 'very strong factor', which encompassed the scores of 7, 8 and 9; (ii) 'strong factor', which comprised the scores of 4, 5 and 6; and (iii) 'weak factor', which included the lower four scores of 0, 1, 2 and 3 respectively. Classification of scores into categories for better understanding of the measured phenomenon is not an uncommon practice. In fact, it is widely used in research especially in the medical profession to enable researchers make decisions (McCall, 2001).

3.2.3. Mission Statement Rationale

A study by Baetz and Bart (1996) has shown that while there are many reasons for developing mission statements, some reasons are somewhat more important than others; and five rationales achieving the highest average scores in terms of frequency are:

1. to guide the strategic planning system;
2. to define the organization's scope of business operations/activities;
3. to provide a common purpose or direction transcending individual and department needs;
4. to promote a sense of shared expectations among all levels of employees, thereby building a strong corporate culture;
5. to guide leadership styles.

For the present purpose the top three rationales were adopted. In the context of strategic decision-making process, they are believed to be most congruous to the popular contention that mission statements play the role of control mechanism to keep the firms on track and boundary lines for making decisions (Bartkus et al., 2000). Accordingly, a three-item construct labeled

`RATIONALE' was created to capture these mission drivers. The instrument in Bart et al. (2001) was adapted to measure the three items; the first item (PLAN) was measured by asking the question: to what extent is your organization mission statement developed to guide its strategic planning system? Another item (SCOPE) was measured by asking the question: to what extent is your organization mission statement developed to define the scope of its business operations/activities? The final item (PUPOS) was measured by asking the question: to what extent is your organization's mission statement developed to provide a common purpose or direction transcending individual and department needs? Response to each question was made on a five-point Likert scale ranging from 1 (not at all) to 5 (greatest possible extent); and the average of three scores returned measured the extent to which the development of a mission statement was driven by its rationales.

3.2.4. Mission Statement Content

Mission statement content was operationalized by means of two constructs - `ends' representing the outcomes desired by the organization and `means' denoting the methods for achieving those desired outcomes or ends (Bart et

al., 2001). Following Bart (1998 & 1999), Bart and Baetz (1998), and Bart et al. (2001), each construct was measured using a three-item measurement on a three-point scale given below in response to their respective questions:

1(not included in the mission statement);

2(somewhat included in the firm's mission statement); and

3(clearly specified in the firm's mission statements).

In respect of mission 'ends', the three questions asked were: to what extent are the following specified in your organization's formal mission statements:

- i. general corporate aims (ENDS1)
- ii. non-financial objectives (ENDS2)
- iii. desired competitive position (ENDS3)

As regard to the 'means' construct the three questions asked were: to what extent are the following specified in your organization's formal mission statements:

- i. distinctive competence (MEANS1)
- ii. competitive strategy (MEANS2)
- iii. key success factors (MEANS3)

Item (iii) for the construct Means is included to replace the same ordered item in the original instrument of Bart, et al., (2001). This replacement is deemed necessary for two main reasons: (1) the replaced question (To what extent is 'concern for employees and their welfare' specified in your organization's formal mission statement?) is viewed less efficient as a measure in the context of strategic decision-making process that this study is focused upon; and (2) the importance of critical success factor as a mean for achieving organization's mission has been identified and widely discussed in strategic management-related literature (e.g. Ohmae, 1982; Thompson and Strickland, 1995; Jauch and Glueck, 1988; Asher, 1991, Roth and Miller, 1992).

In each case the computed average score reflected the degree to which the 'ends' and the 'means' was respectively specified in the organization's mission statement.

3.2.5. Satisfaction With The Mission

Bart et al., (2001) was totally adopted to measure the degree of management satisfaction with the company's mission statement. It is a two-item instrument

comprising the following questions:

- i. To what extent are you satisfied with the clarity of your organization's mission statement? (SAT1); and
- ii. To what extent are you satisfied with your organization's mission statement being right? (SAT2).

Responses to the above questions were made on a ten-point measuring scale ranging from 0 (very dissatisfied) to 9 (very satisfied); and the average of both scores measured the perceived level of management satisfaction with the mission.

3.2.6. Commitment To The Mission

To measure management's commitment to the organization mission, the instrument in Bart et al. (2001) was adapted by restricting the subject of measurement from encompassing all individuals in the organization to management only. The one item instrument (COM) involved asking managers: to what extent are you committed to achieving your organization's mission? A

ten-point measuring scale ranging from 0 (not at all) to 9 (to the greatest possible extent) was used to make out the responses.

3.2.7. Desired Future Position (DFP)

Since no report of empirical study on DFP is available, there is no ready operational measure for this construct. To develop the instrument this study drew heavily on the theoretical contribution of Bates and Dillard (1991) which has identified, through one DFP formulation session involving practitioners, four important strategic categories generally included in a DFP namely expansion in product-related areas, market-leadership position, level of integrity/quality standard, and market drivenness. D'Alessandro (1990) singled out one other important strategic issue that organizations continuously strive to achieve and preserve for their long term success – corporate image; he argues that reputation is the only positive thing a company has when it introduces a new product or is in a crisis and that one reason for the gap between corporate performance and public perception is the degree to which a business concern has mismanaged its own corporate image. So important is this issue that many organizations incorporate 'concerned for corporate image' in their mission

statements' definition (David, 1989). These strategic categories were accordingly assumed to constitute the main dimensions of the DFP construct. Since they were drawn from the organizations' mission statements as cited earlier, they were utilized to measure the degree of relationship between DFP and Mission Statements. Thus, a five-item instrument that asked the following questions was developed:

- i. To what extent is your organization mission statement taken into account in establishing its desired future position in respect of product-related areas? (DFP1)
- ii. To what extent is your organization mission statement taken into account in establishing its desired future market-leadership position? (DFP2)
- iii. To what extent is your organization mission statement taken into account in establishing its desired future integrity/quality level? (DFP3)
- iv. To what extent is your organization mission statement taken into account in building its desired future image? (DFP4)
- v. To what extent is your organization mission statement taken into account in ensuring that its desired future market drive ness is secured? (DFP5)

Responses to the above questions were made on a five-point measuring scale ranging from 1 (not at all) to 5 (to the greatest possible extent). The computed average of five scores measured the extent to which mission statement influenced the detailed content of the DFP.

3.2.8. Comprehensiveness Of Strategic Decision Making Processes (SDP)

To measure comprehensiveness of the strategic decision-making processes the instrument used in Miller, Burke and Glick (1998) was adopted for reasons cited earlier. It was a five-item instrument that involved asking managers the following questions: When confronted with an important, non-routine problem or opportunity, to what extent does your organization.....

- i. develop many alternative responses? (SDP1)
- ii. consider many diverse criteria for eliminating possible courses of action? (SDP2)
- iii. thoroughly examine multiple explanations for the problem or opportunity? (SDP3)

- iv. conduct multiple examinations of any suggested course of action? (SDP4)
- v. search extensively for possible responses? (SDP5)

Responses to the above questions were made on a ten-point instead of the original seven-point measuring scale ranging from 0 (not at all) to 9 (to the greatest possible extent) for greater flexibility without sacrificing reliability (Cavana et al., 2000 pp-206). The computed average of the five scores recorded indicates the degree of comprehensiveness of the decision process involved.

3.2.9. Performance

In evaluating firm performance many prior studies have resorted to accounting measures such as return on sales (ROS) and return on assets (ROA) as the bases (e.g. Mc Dougall et al., 1994; Roth and Ricks, 1994; Brush and VanderWerf, 1991; Pearce and David, 1989). Although such measures are objective, they are historical and lacking in consistency, comprehensiveness and adequacy in reflecting the true economic value of a firm (Sharpe, Alexander

and Bailey, 1995 pp. 853; Burrit, 1997; Chesnick, 1996). Besides, the increasing incidences of falsifying financial statements by overstating assets, sales and profit or understating liabilities, expenses or losses among companies in recent years (Spathis, 2002) has rendered the validity and reliability of performance indicators computed on the basis of such information questionable.

Bart et al., (2001) avoid these shortcomings by opting for perceptual evaluation in firm performance measurement. They contend that the use of such measure is empirically supported as test has shown that the score on perceptual item is positively and significantly correlated to the traditional financial indicators mentioned above. Similar tests conducted in respect of the present study yielded the same result in terms of ROA-performance relationship but not in respect of ROS-performance relationship (Appendix 6). Despite the minor setback, perceptual evaluation of performance nevertheless was adopted because recent study has shown that such measure is accurate enough to be incorporated as a valuable tool in managerial decision processes (Hansson, 2001). Hence, the instrument PERFOM comprising a single item that asked managers the question: 'how satisfied are you with your firm's current overall financial performance (i.e. sales, profit, growth and margin)?' was developed.

Response to this question was measured on a ten-point scale ranging from 0 (very dissatisfied) to 9 (extremely satisfied).

3.2.10. Industrial Stability

Industrial stability was measured using a four-item instrument adapted from Miller et al., (1998). A similar instrument was designed and used earlier by other researchers for the same purpose (e.g. Miller, 1987, Miller and Friesen, 1983; Miller, and Toulouse, 1986). It involves asking respondents the questions: How strongly do you agree or disagree with each of the following statements?

- i. Products/services become obsolete very slowly in my firm's principal industry (IS1).
- ii. My firm seldom needs to change its marketing practices to keep up with competitors (IS2).
- iii. Consumer demand and preferences are very easy to forecast in my firm's principal industry (IS3).

- iv. My firm does not need frequent change(s) in its production/service technology to keep up with competitors and/or consumer preferences (IS4).

Responses to the above statements were made on a ten-point scale ranging from 0 (strongly disagree) to 9 (strongly agree) instead of the original seven-point scale for the same reason cited earlier. The computed average of the four scores returned measured the overall stability of the industry. An average score of 5 or less indicates a situation of relative industrial instability while a computed average score of more than 5 reflects a relatively stable industrial environment.

3.2.11. Summary On Instruments And Scales

The foregoing discussions on measurement instruments and measuring scales used in respect of the various constructs may be summarized as follows:

Table 2: Summary of measurement instruments and scales

No.	Constructs	Items	Scale	Literature
1	Mission Statement Prevalence	i. YES/NO	Dichotomous nominal	
2	Reason for No Mission Statement	Ten items i. R1 ii. R2 iii. R3 iv. R4 v. R5 vi. R6 vii. R7 viii. R8 ix. R9 x. R10	10-point interval	Ireland and Hitt (1992)
3	Mission Rationale	iii. PLAN iv. SCOPE iii. PUPOS	5-point Likert	Bart et al.,(2001): adapted.

4a.	Mission Statement	i.	ENDS1	3-point	Bart et al.,(2001)
	Content – ENDS	ii.	ENDS2	interval	
		iii.	ENDS3		
4b.	Mission Statement	i.	MEANS1	3-point	Bart et al., (2001): adapted.
	Content- MEANS	ii.	MEANS2	interval	
		iii.	MEANS3		
5	Mission Statement	i.	SAT1	10-point	Bart et al.,(2001)
	Satisfaction	ii.	SAT2	interval	
6	Mission Statement	i.	COM	10-point	Bart et al.,(2001): adapted.
	Commitment			interval	
7	Desired Future	i.	DFP1	5-point Likert	Bates and Dillard (1991); D'Alessandro (1990); David (1989).
	Position	ii.	DFP2		
		iii.	DFP3		
		iv.	DFP4		
		v.	DFP5		

8	Comprehensiveness	i.	SDP1	10-point	Miller et al., (1998)
		ii.	SDP2	interval	
		iii.	SDP3		
		iv.	SDP4		
		V	SDP5		
9.	Performance	i.	PEFOM	10-point interval	Bart et al. (2001)
10.	Industrial Stability	i.	IS1	10-point	Miller et al. (1998)
		ii.	IS2	interval	
		iii.	IS3		
		iv.	IS4		

3.3. Analytical Tools

To answer the various research questions posted earlier three types of statistical analyses – descriptive, inferential and structural equation modeling,

were utilized in this study. The first, which involved the application of such basic statistics as frequencies, cross-tabulation and measures of central tendency, was utilized to describe the various phenomena associated with research questions 1 and 2. The second, made use of simple liner regression to test hypotheses 1 through 10, and thereafter to answer the similarly numbered research questions.

Finally, the technique of structural equation modeling (SEM) with AMOS (acronym for Analysis of Moment Structures) was utilized to test the various hypothesized relationships collectively and simultaneously, and establish the good fit model of hypothesis 11. The choice of AMOS over other techniques such as LISREL, EQS, COSAN and LVPLS is prompted by its increased popularity in recent years due to its simple interface for the user (Rigdon, 1994; Hox, 1995; Kline 1998), and its ability to estimate with incomplete data and has a variety of sophisticated bootstrap simulation tools for analyzing non-normal data (Arbuckle and Wothke, 1999).

Besides, it has also been described as technically advanced and able to meet most needs that researchers using SEM are likely to encounter (Miles, 2000). Perhaps the most important attribute of this technique is its ability to deal with

samples of different sizes effectively. Tests carried out reveal that although the chi square statistics tend to be more precise with larger-sized samples than with smaller-sized samples the same final outcome is returned in respect of the null hypothesis (Arbuckle and Wothke, 1999, pp.106).

3.4. Linearity, Normality And Homoscedasticity Conditions

An important part of simple linear regression analysis is checking whether the basic assumptions of linearity, normality and homoscedasticity are met (Hair et al., 1998 pp 70-73). To ensure no violation of these assumptions, three separate tests were performed on each variable. Results of linearity tests through scatterplot diagrams for various variables indicate no evidence of nonlinear pattern in the current data (Appendix 7). Similarly, the outcomes of homoscedasticity tests through scatterplot diagrams of studentized residuals (Appendix 8) seem to suggest that the variance of each dependent variable is the same for all values of the independent variable as no distinct pattern in the data point is detected. Thus, the present data may be said to have fulfilled the linearity and homoscedasticity conditions for regression analysis.

In respect of normality however, results of the Kolmogorov-Smirnov tests (Appendix 9) seem to suggest that two of the dependent variables namely SDP and firm performance violate the normality assumption in relation to their respective independent variables. In both cases however, the graphical portrayals of the standardized residuals (comprising the stem and leaf, Q-Q plot and detrended Q-Q plot) do not seem to convincingly suggest that the data could not be a sample from a normal population as the distributions are not very asymmetrical and also there are not many outliers. Furthermore, results of statistical tests cannot be heavily relied upon because they can be distorted by the size of samples. When samples are small, tests are not very powerful, that is they tend not to reject the hypothesis of normality even if it is incorrect; and when sample size is large such tests often lead to rejection of normality assumption based on small departures that won't affect the regression analysis. Thus, as long as the distribution of values is not extremely far from normal there is really no need to worry about fulfilling the normality assumption (Norusis, 1995, pp 247 and 453). Based on these arguments, the present study opts to maintain the existing observed data in respect of the two variables for subsequent regression analysis purposes.

3.5. Tests For Multicollinearity

Since part of this study is concerned with developing a multi-variate structural equation model and explaining the working of the model, a test for multicollinearity of the various predictor variables was carried out. This is to ensure there is no serious collinearity problem among them that may impair the accuracy and stability of the model's parameter estimates (Koutsoyiannis, 1977). As a general rule the variance inflation factor (VIF) of these variables must not exceed 10 (Belsley, Kuh, & Welsch, 1980, pp 110-114). Results of the test (Appendix 10) indicate that all predictor variables exhibit values of VIF within the acceptable limit. This implies that the presence of multicollinearity among the variables is mild and not expected to seriously affect the parameter estimates (Graybill & Iyer, 1994).

3.6. Conclusion

In this chapter the focus of discussion has been on the approach adopted for the current study. It encompasses three main aspects namely the research design, the measurements and the tools of analyses. In the next chapter the

results of this study will be reported and it will be followed by some discussions on how these outcomes compare to those of prior studies.

CHAPTER 4

Data Analysis And Results

4.0. Introduction

This section will now report the outcomes of data analyses that were carried out to provide answers to the various research questions posted early on. Analyses were based solely on primary data furnished by the participating companies through a returned questionnaire.

To carry out the various analyses, two types of computer software packages were utilized namely SPSS version 10 and AMOS. The former was used to perform descriptive analysis and hypothesis testing while the latter was utilized for modeling purposes.

Data gathered from 74 of the 500 invited companies who participated in the survey were analyzed and the following results are reported.

4.1. Prevalence Of Mission Statements

Table 3: Prevalence Of Mission Statements Among Malaysian Companies

Status	Frequency	Percent	Cumulative Percent
Without written mission statements	12	16.2	16.2
With written mission statements	62	83.8	100.0
Total	74	100.0	

Using frequency analysis (Table 3), it is found that 62 out of 74 or nearly 84 per cent of the companies participating in this study have a written mission statement in some form. Of these, 52 per cent are in the production sector while the balance of 48 per cent is in the service industry (Table 4).

Table 4: Prevalence Of Mission Statements Among Malaysian Companies By Business Sector

Core Business	Frequency	Percent	Cumulative Percent
Production	32	52	52
Service	30	48	100.0
Total	62	100.0	

Further analysis reveals (Table 5) that 24 percent of these companies have had mission-guided experience of not exceeding 5 years; 52 percent of them between 5 and 10 years; and only 24 percent have had such experience which exceeded 10 years as at the beginning of year 2002 respectively.

Table 5: Mission Statement Experience Among Malaysian Public Listed Companies

Experience Category	Frequency	Percent	Cumulative Percent
Less than 5 years	15	24.2	24.2
Between 5 and 10 years	32	51.6	75.8
More than 10 years	15	24.2	100.0
Total	62	100.0	

4.2. Failure To Develop Mission Statements

Results of the descriptive analysis given in Table 3 shows that 12 companies or 24 percent of the respondents are without mission statements as at the

beginning of year 2002. Seventy five percent of them are from the production sector and the rest are service organizations (Table 6).

Table 6: Distribution Of Companies Without Mission Statements By Business Sector

Core Business	Frequency	Percent	Cumulative Percent
Service	3	25.0	25
Production	9	75.0	100.0
Total	12	100.0	

For most of these companies (about 67 percent of them) they have had no mission statements to guide them for more than 10 years since their incorporation and in one particular case it has endured the situation for almost one century now. The question is what prevented these companies from developing one? This study has identified and analyzed ten factors that could plausibly explained the phenomenon and the results are as shown in Table 7.

Table 7: Factors Inhibiting Mission Statement Development*

Inhibiting Factors	Scale		
	Very Strong (%)	Strong (%)	Weak (%)
Diversity of stakeholders	16.7	16.7	66.6
Amount of work involved	8.3	58.3	33.3
Comfortable with status quo	33.3	50.0	16.7
Fear of loss of confidentiality	8.3	33.3	58.3
Fear of Controversy	8.3	50.0	41.7
Management time constraint	25.0	41.7	33.3
Fear of loss of organizational autonomy	0	66.7	33.3
Need to think as generalist	0	66.7	33.3
Formality of planning processes	8.3	41.7	50.0
Uncertainty of mission benefits	0	0	100

Diversity of stakeholders as a deterring factor was not perceived by majority of respondents as critical. Almost 67% of them rated it as a weak obstacle to mission statement development initiative and only 33% of the companies without mission statements perceived it either as a strong or very strong inhibiting factor.

In respect of the amount of worked involved in developing mission statements, 58% of the respondents perceived it as a strong or fairly important inhibiting factor to companies effort at mission statement development, about 33%

considered it a weak or minor inhibitor; and only a small percentage of less than 9% of respondents viewed the factor a strong deterrent to management initiatives. Overall, this seemed to be an important factor as 67% or majority of respondents rated it from strong to very strong contributor to the failure of some companies to develop their mission statements.

As for the third factor, half of the respondents concerned apparently agreed that being comfortable with the status quo or resistance to change was a strong reason in explaining the existing planning void among some established companies. Another 33% of them considered it a very strong factor; and only 17% viewed it as a weak factor. Thus, a big proportion (about 83%) of the 'no- mission-companies' surveyed agreed that this is perspectively an important obstacle to mission statement development effort.

Like the first factor, fear of loss of confidentiality was not perceived by majority of respondents as a critical deterrent. About 58% of them viewed it as a weak obstacle, 33% regarded it as a strong obstacle and only about 9% considered it a very strong deterrent to mission statement development initiatives.

Fear of controversy arising in the process of mission statement development, was perceived by majority of companies without mission statement as another important contributor to their present state of affair. More than 58% of such companies surveyed rated this factor as either strong (50%) or very strong (8.3%); and only about 42% of them considered it a weak obstacle.

In respect of management time constraint, almost 42% of respondents concerned perceived it as a strong factor and another 25% of them rated it as very strong inhibiting factor to mission statement development. Hence, majority of the respondents surveyed (about 67%) viewed this factor a relatively important obstacle and only 33% considered it a weak or minor hindrance to such management initiatives.

The next two factors namely need for managerial personnel to think as generalists instead of specialists and fear of loosing organizational autonomy displayed similar perceptual trend in terms of their inhibiting impact on mission statement development initiatives. Sixty seven percent of respondents rated them as strong and the remaining 33% as weak obstacles respectively. No respondent surveyed perceived them as major or very strong obstacles.

On the impact of 'formal nature of strategic planning processes' on mission statements development initiatives, respondents surveyed were equally divided in their perceptions. One half of them considered its inhibiting impact as weak, while the other half rated it as either strong or very strong.

Finally, there appeared to be consensus among all respondents in their perceptions in respect of uncertainty of benefits as a turn-off factor to mission statement development initiatives. They unanimously rated the factor a weak obstacle. Diversity of stakeholder was rated very strong inhibiting factor by 16.7 % of respondents, strong inhibiting factor by 16.7% of respondents and weak inhibiting factor by 66.6% of respondents. Amount of work involved in mission statement development was rated as very strong, strong, and weak in that order by 8.3%, 58.3%, and 33.3% of respondents respectively.

4.3. The Impact Of Mission Statement Rationale On Mission Statement Content.

Since objectives three, four and five of the study are concerned with the same variables, they will be analyzed together in this section. To determine the

extent to which prior knowledge of the rationales for developing a mission statement influences the degree of specification of mission ends; and to test the hypothesis that the degree to which the rationales for developing a mission statement is known a priori will affect positively the degree to which the mission ends are specified, mission 'Ends' was regressed on mission 'Rationales'. Results of this simple regression analysis are as follows:

Table 8: Model Summary Of The Influence Of Mission Rationales On Mission Ends**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.404*	.163	.149	.3888

* Predictors (Constant): Mission Rationales

** Dependent variable: Mission Ends

In Table 8 the output obtained seems to suggest that there is a positive relationship between prior knowledge of mission rationales and specification of the mission ends as indicated by the positive R value of .404; and that variances in the latter is explained by the former to the tune of 16 per cent with a standard error of estimate of about .4 as the R square value of .163 and Std. Error of Estimate value of .3888 will imply respectively.

From the ANOVA output in Table 9 the regression model is observed to be significant at the 95% confidence level with an F value of 11.695 and a p-value of .001. The regression coefficients of the model are as given in Table 10 where the β value of .226 for mission rationales is also found to be significant at the 95% confidence level with a t-value of 3.420 and a p-value of .001.

Table 9: ANOVA Of The Influence Of Mission Rationales On Mission Ends**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.768	1	1.768	11.695	.001*
Residual	9.071	60	.151		
Total	10.839	61			

* Predictors (Constant): Mission Rationales

** Dependent variable: Mission Ends

Table 10: Model Coefficients Of The Influence Of Mission Rationales On Mission Ends**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
(Constant)	1.645	.272		6.048	.000
Rationales*	.226	.066	.404	3.420	.001

* Independent Variable: Mission Rationales

** Dependent Variable: Mission Ends

Based on all the outputs presented above there is sufficient evidence to accept the hypothesis that the degree to which the rationales for developing mission statements are known a priori will positively affect the degree to which mission ends are specified in the statements; and the model of relationship may be mathematically approximated thus:

$$X_1 = 1.65 + .23X_0 + \epsilon_1 ; \text{ where}$$

X_0 represents the degree to which mission rationales are known a priori;

X_1 denotes the degree to which mission ends are specified in the statement;

and, ϵ_1 stands for the error term or the unexplained portion of the model variance.

Proceeding to the fourth objective that is to determine the extent to which prior knowledge of the rationales for developing a mission statement influences the degree of specification of mission means; and to test the hypothesis that the degree to which the rationales for developing a mission statement is known a priori will affect positively the degree to which the mission means are specified, mission 'Means' was regressed on mission 'Rationales'. Results of the simple regression and variance analyses carried out are presented in Tables 11 and 12 respectively.

Table 11: Model Summary Of The Influence Of Mission Rationales On Mission Means**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.634*	.402	.392	.4377

* Predictors (Constant): Mission Rationales

** Dependent Variable: Mission Means

Table 12: ANOVA Of The Influence Of Mission Rationales On Mission Means**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.728	1	7.728	40.35	.000*
Residual	11.492	60	.192		
Total	19.220	61			

* Predictors (Constant): Mission Rationales

** Dependent variable: Mission Means

The output from the two tables seems to indicate the existence of a positive (R value of .634) and significant relationship (F value of 40.35 and Sig. = .000) between mission rationales and mission means at the 95% confidence level. The R square value of .402 tends to suggest that a priori knowledge of mission rationales accounts for 40% of variation in specification of mission means in a mission statement. Based on the output of Table 13 the regression model may be expressed as:

$$X_2 = .45 + .47X_0 + \epsilon_2; \text{ where}$$

X_0 , X_2 , and ϵ_2 represent the degree to which mission rationales are known a priori, the degree to which mission means are specified in the statement and the error term respectively.

Table 13: Model Coefficients Of The Influence Of Mission Rationales On Mission Means**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	β	Std. Error			
Constant	.448	.311		1.439	.156
Rationales*	.468	.076	.625	6.145	.000

* Independent Variable: Mission Rationales

** Dependent Variable: Mission Means

The above Table also indicates that the coefficient for mission rationales with a t-value of 6.145 is observed to be significant at the 95% level of confidence. This and the preceding outputs taken together provide sufficient evidence for the hypothesis 'the degree to which mission rationales are known a priori will positively influence the degree to which mission means are specified in a mission statement' not to be rejected.

In attempting to establish whether or not there is any difference in the relative influence of prior knowledge of the rationales for developing a mission statement on the degree of specification of mission ends and mission means respectively and to test the hypothesis that there is no difference in the relative influence of prior knowledge of the rationales for developing a mission statement on the degree to which the ends and the means in a mission statement are specified, values of standardized beta of Table 10 and Table 13 were compared. Result obtained seems to suggest that there is a significant difference in the relative impact of a priori knowledge of mission rationales on the degree of specification of mission ends and mission means in a mission statement. Mission rationales are observed to have greater impact on the latter (the standardized beta value being .63) than on the former (where the standardized beta value stands lower at .404). Thus, there is sufficient evidence to reject the null and accept the alternative hypothesis.

4.4. The Impact Of Mission Statement Content On Management Satisfaction.

To determine the extent to which mission statement content influences management's satisfaction with the statement; and to test the hypothesis that the degree to which the content in a mission statement is specified will positively affect the degree to which management reports satisfaction with the mission a simple regression analysis was performed with the former variable as the predictor and the latter as the dependent variable. The following results are observed.

Table 14: Model Summary Of The Influence Of Mission Content On Management Satisfaction With The Mission**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.703*	.494	.486	1.1138

* Predictors (Constant): Mission Content

** Dependent Variable: Management Satisfaction With The Mission

In Table 14 the extent of specification of a mission statement content is found to be positively correlated (R value = .703) to the level of management satisfaction with the overall mission statement. The estimated strength of the

relationship (R square of .494) is such that more than 49 per cent of variances in management satisfaction are attributable to the statement's content with a standard error of estimate of 1.114.

In Table 15 result of the ANOVA shows that the regression model of the influence of mission content on management satisfaction is observed to be significant with an F-value of 58.583 at the 95 per cent level of confidence.

Table 15: ANOVA Of The Influence Of Mission Content On Management Satisfaction With The Mission **

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	72.669	1	72.669	58.583	.000*
Residual	74.428	60	1.240		
Total	147.097	61			

* Predictors (Constant): Mission Content

** Dependent variable: Management Satisfaction With The Mission

The computed coefficients of the model are as shown in Table 16 where the value for mission content is also found to be significant at the same level of confidence with a t-value of 7.654. Based on these outputs there is sufficient evidence to accept the hypothesis that the more specified the content of a

mission statement the more satisfied the management will be with the statement. For predictive purposes the relationship between the two variables may be mathematically expressed thus:

$$X_3 = .264 + 2.58(X_1 + X_2) + \epsilon_3; \text{ where}$$

X_3 stands for management satisfaction,

$X_1 + X_2$ for mission content specification, and

ϵ_3 for the residual component.

Table 16: Model Coefficients Of The Influence Of Mission Content On Management Satisfaction With The Mission**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
Constant	.264	.837		.315	.754
Mission Content*	2.579	.337	.703	7.654	.000

* Independent Variable: Mission Content

** Dependent Variable: Management Satisfaction With The Mean

4.5. The Impact Of Management Satisfaction On Management Commitment To The Mission

To fulfill the seventh objective that is to determine the extent to which management satisfaction with a mission statement affects its commitment to the statement and test the hypothesis that the extent of management satisfaction with a mission statement influences its level of commitment to the statement, a simple regression analysis was performed in which the latter variable was regressed on the former variable. The results are as follows:

Table 17: Model Summary Of The Influence Of Management Satisfaction With On Management Commitment To The Mission**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.744*	.554	.547	1.01

* Predictors (Constant): Mission Satisfaction With The Mission

** Dependent variable: Management Commitment To The Mission

Management satisfaction (the independent variable) is observed to be positively correlated to management commitment (the dependent variable) as indicated by the positive R-value of .744 in Table 17. A computed R square value of .554 seems to suggest that management satisfaction is responsible for more than 55

per cent of the variances in management commitment to the mission with a standard error of estimate of about 1. Analysis of variance carried out shows that the regression model of the influence of management satisfaction on management commitment (Table 18) is significant at the 95 per cent confidence level with an F-value of 74.574

Table 18: ANOVA Of The Influence Of Management Satisfaction With On Management Commitment To The Mission**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	76.222	1	76.222	74.574	.000*
Residual	61.326	60	1.022		
Total	137.548	61			

* Predictors (Constant): Management Satisfaction With The Mission

** Dependent variable: Management Commitment To The Mission

In Table 19 the coefficient for the predictor variable is observed to be .72 and this value is found to be very significant with a t-value of 8.6 at the 95 per cent level of confidence.

Table 19: Model Coefficients Of The Influence Of Management Satisfaction With On Management Commitment To The Mission* *

Model	Unstandardized Coefficients β	Std. Error	Standardized Coefficients Beta	t	Sig.
Constant	2.586	.563		4.589	.000
Management Satisfaction*	.720	.083	.744	8.636	.000

* Dependent Variable: Management Commitment To The Mission

** Independent Variable: Management Satisfaction With The Mission

Based on these outputs there is sufficient evidence to reject the null and to accept the postulated alternative hypothesis respectively. Thus, we have reason to believe that management's commitment to a mission statement is dependent on its satisfaction with the content of the statement itself. The more satisfied management is with the statement the more committed it is expected to be to the same *ceteris paribus*. This direct and positive relationship may be expressed in terms of equation as follows:

$$X_4 = 2.586 + .72X_3 + \epsilon_4; \text{ where}$$

X_4 = management's commitment to a mission statement,

X_3 = management's satisfaction with a mission statement, and

ϵ_4 = residual factor.

4.6. The Impact Of Management Commitment To A Mission

Statement On Organization Desired Future Position (DFP).

It is hypothesized that management's commitment to a mission statement positively influences the extent to which the statement is taken into account or specified in an organization DFP. To test this hypothesis and hence fulfilled the eighth objective of the current study, a simple regression analysis involving commitment as the independent variable and DFP the dependent variable was carried out. The following results are obtained:

Table 20: Model Summary Of The Impact Of Management Commitment To The Mission On DFP**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763*	.583	.576	.5357

* Predictors (Constant): Management Commitment To The Mission

** Dependent variable: DFP

In Table 20 commitment to the mission is observed to be fairly highly correlated to organization DFP (R value of almost .8). The relationship is also

observed to be strong with an R square value close to .6, implying that almost 60 per cent of variances in DFP is explained by management commitment to the mission with a standard error of estimate standing at .54.

Table 21: ANOVA Of The Impact Of Management Commitment To The Mission On DFP**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.061	1	24.061	83.856	.000*
Residual	17.216	60	.287		
Total	41.277	61			

* Predictors (Constant): Management Commitment To The Mission

** Dependent variable: DFP

As shown in the ANOVA output of Table 21 the regression model with an F value of 83.856 is observed to be significant at the 95 per cent level of confidence. This, coupled with the previous and the following results in Table 22 that shows all variable coefficients to be significant at $p = .05$ taken together seem to suggest that there is sufficient evidence to accept the research and reject the null hypothesis respectively. Thus, we accept the research hypothesis and conclude that management's commitment to a mission statement positively influences the extent to which the DFP will be specified.

Table 22: Model Coefficients Of The Impact Of Management Commitment To The Mission On DFP**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
Constant	.931	.341		2.728	.008
Management Commitment*	.418	.046	.763	9.157	.000

**Independent Variable: Management Commitment To The Mission

* Dependent Variable: DFP

The resultant model may be expressed as follows:

$X_5 = .931 + .42X_4 + \epsilon_5$, where:

X_5 represents DFP;

X_4 stands for commitment to the mission; and

ϵ_5 denotes the residual factors.

4.7. The Impact Of The Desired Future Position (DFP) On Strategic Decision-Making Processes (SDP).

To determine the impact of the desired future position (DFP) on strategic decision-making processes (SDP) and to test the hypothesis that the extent to which the DFP is specified will positively affect the degree of comprehensiveness of the strategic decision-making processes involved, SDP was regressed on DFP. The result in Table 23 shows that the two constructs are correlated with an R-value of .595. An R square value of .35 suggests that 35% of the variances in SDP is traceable to DFP with the standard error of estimate at about 1.2.

Table 23: Model Summary Of The Impact Of The DFP On SDP **

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.595*	.353	.343	1.2237

* Predictors (Constant): DFP

** Dependent variable: SDP

Result of analysis of variance (Table 24) indicates that the regression model obtained is significant with an F value of 32.799 at $p = .05$.

Table 24: ANOVA Of The Impact Of The DFP On SDP **

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	49.115	1	49.115	32.799	.000*
Residual	89.846	60	1.497		
Total	138.961	61			

* Predictors(Constant): Management Commitment To The Mission

** Dependent variable: DFP

Coefficients of the model are observed significant at the 95% confidence level (Table 25). Based on these outcomes, there is sufficient evidence to accept the research hypothesis. Hence, the hypothesis is accepted and we conclude that the extent to which the DFP is specified will positively affect the degree of comprehensiveness of the strategic decision-making processes involved. The predictive model derived may be expressed thus:

$X_6 = 2.3 + 1.1X_5 + \epsilon_6$, where:

X_6 represents the SDP;

X_5 stands for the DFP; and

ϵ_6 denotes the residual factors.

Table 25: Model Coefficients Of The Impact Of The DFP On SDP **

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
Constant	2.333	.776		3.005	.004
DFP*	1.091	.190	.595	5.727	.000

* Dependent Variable: SDP

** Independent Variable: DFP

4.8. The Impact Of Strategic Decision-Making Processes (SDP) On Firm Performance

To test hypotheses 8, 9 and 10 three simple regression analyses were performed in two phases. In phase one where the aim of the analysis was to test hypothesis 10 that is the more comprehensive the strategic decision-making process the better the firm performance will be irrespective of environment condition, the construct performance was regressed on SDP. Results of the analysis are as follows:

Table 26: Model Summary Of The Impact Of SDP On Firm Performance **

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722*	.521	.513	1.36

* Predictors(Constant), SDP

** Dependent variable: Firm Performance

SDP is found positively correlated to performance (R value=.7 in Table 26) such that about 52 per cent (R square value of .52) of variances in the latter are explained by the former with a standard error of estimate of 1.4. Test of ANOVA (Table 27) reveals that the regression model with an F-value of 65.2 is highly significant at the 95 per cent confidence level.

Table 27: ANOVA Of The Impact Of The SDP On Firm Performance**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	120.353	1	120.353	65.206	.000*
Residual	110.744	60	1.846		
Total	231.097	61			

* Predictors(Constant): SDP

** Dependent variable: Firm Performance

Based on these results there is sufficient evidence to accept the research hypothesis and reject the null hypothesis. Thus, we accept the former and conclude that the more comprehensive the strategic decision processes are the better the organization's performance will be.

Table 28: Model Coefficients Of The Impact Of SDP On Firm Performance**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
Constant	.194	.790		.245	.807
SDP*	.931	.115	.722	8.075	.000

*Independent Variable: SDP

**Dependent Variable: Firm Performance

From the output of Table 28 the current relationship may be expressed as

follows: $X_7 = .2 + .9X_6 + \epsilon_7$, where:

X_7 represents the firm performance;

X_6 stands for the SDP; and

ϵ_7 denotes the residual factors.

In phase two the dual regression analyses performed were to test hypotheses 8 'the more comprehensive the strategic decision-making process the better the firm performance will be in a stable environment' and 9 'the more comprehensive the strategic decision-making process the better the firm performance will be in an unstable environment' respectively. For ease of analysis the study sample was regrouped on the basis of individual company's mean score for IS (industrial stability) into two categories namely companies of relatively stable environment (with mean IS scores of more than 5) and companies of relatively unstable environment (with mean IS scores of 5 or less). The categorization saw 24 companies falling into the former and 38 companies into the latter category respectively.

Table 29: Model Summary Of The Impact Of SDP On Firm Performance In Relatively Stable Industry**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891*	.7933	.784	1.10

* Predictors (Constant): SDP

** Dependent variable: Firm performance in stable industry

A simple regression analysis was performed on each category with the SDP serving as independent variable and firm performance as dependent variable.

The outcomes in respect of hypothesis 8 are shown in Tables 29, and 30. While the results in respect of hypothesis 9 are as contained in Tables 31, and 32.

In Table 29, it is observed that the relationship between SDP and firm performance in a relatively stable industry is strong and positive (R- value = .89) and that 79 percent of the variances (R square value of .79) in the latter is explained by the former.

Table 30: ANOVA Of The Impact Of The SDP On Firm Performance In Relatively Stable Industry**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	101.521	1	101.521	84.481	.000*
Residual	26.437	22	1.202		
Total	127.958	23			

* Predictors(Constant): SDP

** Dependent variable: Firm performance in relatively stable industry

In Table 30 the regression model in respect of the relationship is shown to be highly significant at $p = .05$. Thus, there is sufficient evidence to accept

hypothesis 8 and conclude that comprehensive strategic decision-making processes tend to lead to superior firm performance in relatively stable industry.

Table 31: Model Summary Of The Impact Of SDP On Firm Performance In Relatively Unstable Industry **

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.544*	.296	.277	1.42

* Predictors(Constant): SDP

** Dependent variable: Firm performance in relatively unstable industry

The output of Table 31 shows that SDP is positively related to firm performance in relatively unstable industry (R-value of .54). The strength of the relationship is such that about 30 per cent of variances in performance is accounted for by SDP with the standard error of estimation at 1.42. Result of ANOVA analysis (Table 32) seems to establish that the regression model for the relationship is highly significant at the 95 per cent level of confidence. This implies that that there is sufficient evidence to accept hypothesis 9 and conclude that the more

comprehensive the strategic decision-making processes of firms in relatively unstable industry the better their performance will tend to be.

Table 32: ANOVA of The Impact Of SDP On Firm Performance In Relatively Unstable Industry**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	30.536	1	30.536	15.154	.000*
Residual	72.543	36	2.015		
Total	103.079	37			

* Predictors(Constant). SDP

** Dependent variable: Firm performance in relatively unstable industry

4.9. Structural Equation Modeling With AMOS

Up to this point, results of separate bivariate regression analyses of various set of variables seem to suggest the existence of interdependent causal relationships among them where some dependent variables become independent variables in subsequent relationships, giving rise to the probable structural model depicted in Figure 1 and the cascading equations on page 53

that are all sequentially supported by the various estimated regression equations. Indeed, in each of these relationships (except mission rationale-mission ends relationship) the exogenous construct was observed to exhibit (according to Bart et al., 2001) very good explanatory power with R square value exceeding 33 per cent. The question is whether or not collectively and simultaneously these seemingly interdependent relationships adequately explain the theorized sequential path of the impact of mission statements on firm performance.

To answer this question the probable model was tested for its goodness of fit using AMOS. The null hypothesis (Ho) was stated as follows:

The overall hypothesized model has a good fit (such postulation implies that there is no difference between the observed and the expected values).

On the other hand, the alternative hypothesis (H1) was postulated thus:

The overall hypothesized model does not have a good fit.

In AMOS analysis failure to reject the null hypothesis is desired. Rejecting this hypothesis indicates that the model does not adequately reproduce the observed covariance matrix (Arbuckle and Wothke, 1999; Mueller, 1996; Bollen, 1989; Joreskog and Sorbom, 1989). Failure to reject the null hypothesis suggests that the model fits the data.

4.9.1. Validity And Reliability

To meet the requirements of specifying the measurement model and identifying the indicators measuring each construct in a structural equation modeling, tests for construct validity and reliability were performed. As suggested by Hulland (1999) the former involving multiple-item constructs was effected through confirmatory factor analysis; while the latter by utilizing the Cronbach's coefficient alpha measure. Results of the first test are summarized in Table 33.

Since all items except two namely general corporate aim and distinctive competence have loading factors greater than the recommended value of 0.7, they are said to have high construct validity (Shimp and Sharma, 1987; Carmines and Zeller, 1979; Hulland, 1999). The two items despite having

loading factors slightly lower than the threshold value were retained because they make theoretical sense and their loading factors lie in the range of .65 and .7 that is significant at $p = .05$ for sample size of between 60 and 70 (Hair et al., 1998, pp385).

Table 33: Factor Loadings of Items on Constructs

Item	Constructs	Loading	Eigen-values	% Variance
Planning System Business Scope Direction	Mission Rationales	.80 .82 .79	1.95	64.9
General Corporate Aims Non Financial Objectives Competitive Position	Mission Ends	.69 .70 .72	1.47	49.1
Distinctive Competence Competitive Strategy Key Success Factors	Mission Means	.66 .83 .86	1.87	62.4
Clarity of Statement Right Statement	Management Satisfaction	.96 .96	1.85	92.2
Commitment	Management Commitment	1.0	N.A*.	N.A.
Product Area Market Position Integrity Market Driven Corporate Image	DFP	.75 .80 .84 .88 .88	3.40	68.7
Alternative Response Diverse Criteria Multiple Explanation Multiple Examination Search Extensively	SDP	.90 .88 .92 .92 .84	3.98	79.7
Performance	Firm Performance	1.0	N.A.	N.A.

* Not available

Table 34: Standardized Cronbach's Coefficient Alpha Measure of Variables

Variables	No. of Items	Reliability
Mission Rationales	3	.76
Mission Ends	3	.53
Mission Means	3	.73
Management Satisfaction	2	.92
Management Commitment	1	Not applicable
DFP	5	.91
SDP	4	.94
Performance	1	Not applicable

Similarly, in the second test results obtained (Table 34) indicate that these constructs possess acceptable to fairly-good internal consistency reliability with standardized Cronbach's coefficient alpha values ranging from the lowest of 0.53 to the highest of 0.94 (Sekaran, 1992). Hence, all indicators or items utilized in this study may be said to validly and reliably represent the tested constructs of the conceptual model.

As regard to the single item constructs, since it is not possible to empirically estimate their reliability it is set at 1.0 (following the recommendation of Hair, et al., 1998, pp 599) implying that there is no measurement error. Such treatment although lacking in accuracy is not an uncommon phenomenon in strategic management studies as several prior works have adopted the same strategy for simplicity and convenience (e.g. Bart et al., 2001; Birkinshaw, Morrison and Hulland, 1995).

4.9.2. AMOS Results

The chi-square for the goodness of fit statistics was used to evaluate whether or not manifest variables were related to their respective latent variables and also to test whether or not the structure among the latent variables was consistent with the data (Kanji, 1998). The following results were observed:

Table 35: Results Of The Overall Model Fit (Ho)

Statistics	Values
Chi-square	90.05
Degree of freedom	20
Probability level	0.000
Goodness of fit index (GFI)	0.774
Bollen (1989) non-normed index (IFI)	0.787
Bentler (1990) comparative fit model (CFI)	0.782
Tucker & Lewis TLI	0.695

Table 35 reports the parameter estimates and goodness of fit indicator of the structural equation system. Although a large and positive degree of freedom as reported above (df=20) is desirable as it implies over identification and generalizability of the model (Hair et al., 1998), the large Chi-square value of 90.05 that characterizes the current model indicates strong evidence against the null hypothesis (Arbuckle and Wothke, 1999). The reported probability level or p value of 0 (which means the model has been tested significant at the 95 percent level of confidence and the null hypothesis rejected) confirms this, implying that the probable model lacks overall goodness of fit. Results of the

other computed fit indices e.g. CFI, IFI and TLI that are all not within acceptable range (Hair et al., 1998) also support such conclusion in respect of the model. Thus, the current model does not satisfactorily represent the available data; and re-specification of or modification to the model is in order.

4.9.3. Model Re-specification

This is the process of adding or deleting estimated parameters from the original model with the objective of identifying a set of theoretically supported alternative or competing model that will improve the model fit. In the current exercise the process was implemented using the model development strategy (Hair et al., 1998). Since extensive model modification was anticipated, the original data sample was divided into two sub-samples, one providing the basis for modified model estimation and the other providing for validation of the final model (Hair et al., 1998). Several alternative models were identified by way of deletion of certain construct paths (individually and in combination) and addition of certain assumption to the original probable model. Each competing model developed was tested for its goodness of fit. As the construct and the correlation paths were deleted from and/or added to the model respectively,

they pushed it (the model) closer to a satisfactory fit as evidenced by its increasingly smaller Chi-square value and higher probability level (Arbuckle and Wothke, 1999). After several iterations and comparisons of the estimated output, and evaluation of the theoretical sensibility of the various alternatives the final conceptual model as illustrated in Figure 2 was identified.

Based on the text output of the model there does not seem to be any indication of the presence of offending estimate in the form of very large standard errors (S.E) or negative error variances or standardized coefficients exceeding or very close to 1. This implies that the model seems to have fulfilled all the basic assumptions of structural equation modeling at acceptable levels (Hair et al., 1998, pp639). Note the similarity between the sample and the implied covariance matrices. It suggests a strong evidence in favor of the null hypothesis and hence, a model of good fit (Arbuckle and Wothke, 1999, pp 97).

Maximum Likelihood Estimates

Regression Weights:	Estimate	S.E.	C.R.
	-----	-----	-----
DFP <----- Ends	0.100	0.190	0.526
DFP <----- Means	0.847	0.144	5.868
SDP <----- DFP	0.971	0.220	4.410
Perform <----- SDP	0.862	0.121	7.139

Standardized Regression Weights: Estimate

DFP <----- Ends	0.056
DFP <----- Means	0.627
SDP <----- DFP	0.492
Perform <----- SDP	0.675

Variances: Estimate S.E. C.R. Label

Ends	0.163	0.029	5.523
Means	0.282	0.051	5.523
error1	0.297	0.054	5.523
error2	1.525	0.276	5.523
error3	1.788	0.324	5.523

Sample Covariances

	Means	Ends	DFP	SDP	Perform
Means	0.282				
Ends	0.089	0.163			
DFP	0.248	0.092	0.516		
SDP	0.322	0.141	0.501	2.011	
Perform	0.409	0.170	0.599	1.733	3.282

Implied Covariances

	Means	Ends	DFP	SDP	Perform
Means	0.282				
Ends	0.089	0.163			
DFP	0.248	0.092	0.516		
SDP	0.241	0.089	0.501	2.011	
Perform	0.207	0.077	0.432	1.733	3.282

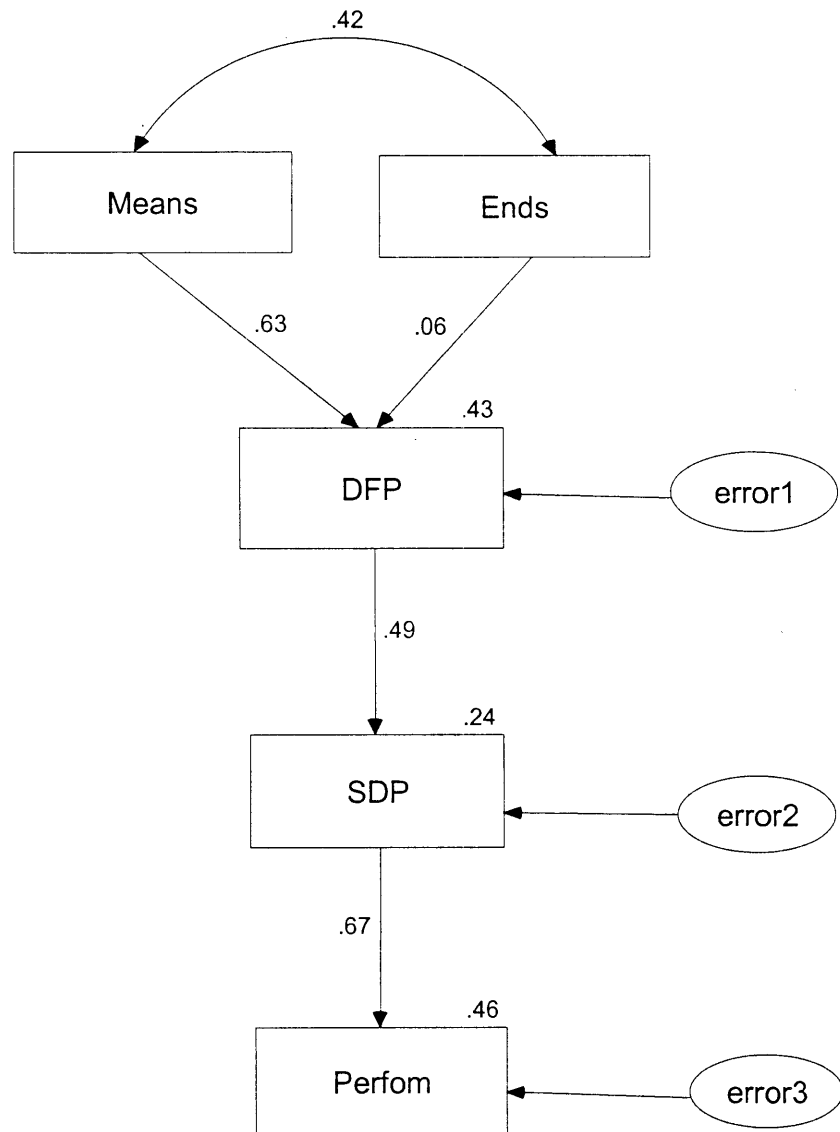


Figure 2: Final Conceptual Model Of The Cascading Impact of Mission Statements On Firm Performance

In Figure 2, values closed to the single-headed arrows represent the standardized regression weights of the various paths while the one that is closed to the double-headed arrow is the correlation coefficient between mission means and mission ends. Note the positively increasing regression weights as we proceed along the paths from the two mission content dimensions to the endogenous construct of firm performance (Perfom). They seem to suggest that the impact of mission statements on firm performance is positive all the way and gaining momentum with every additional path. Such phenomena are consistent with the interdependent nature of relationships that the model is built on and the significant enabling and enhancing role that each intermediary variable play.

In the model, values on the top right-hand corners of the endogenous variables (variables with the arrow heads pointing to them) represent the respective R-square values. Once again these values display increasing trend as we proceed towards the performance construct, implying an increasing predictive power of the model. The R-square value of .46 shown near the performance construct seem to suggest that mission statement content, DFP and SDP collectively and simultaneously account for about 46 percent of the variances in firm performance.

4.9.4. Model Validation

The model was validated and the following results are observed:

Table 36: Validation of Final Model

Statistics	Values
Chi-square	5.236
Degree of freedom	5
Probability level	0.388
Goodness of fit index (GFI)	0.938
Bollen (1989) non-normed index (IFI)	0.993
Bentler (1990) comparative fit model (CFI)	0.992
Tucker & Lewis TLI	0.985

Table 36 presents the parameter estimates and goodness of fit indicators of the final model's structural equation system. The overall Chi-square ($\chi^2 = 5.236$), degree of freedom ($df = 5$) and the probability level ($p = 0.388$) correspond to a satisfactory fit, while the other fit indices (GFI, CFI, IFI and TLI) are all within

acceptable ranges. Hence, the model has a good fit and it is a reasonable representation of the data.

4.10. Conclusion

This chapter has attempted to resolve several issues relating to mission statement management and practices among Malaysian companies using descriptive analyses, hypotheses testing and analysis of moment structure (AMOS). On the questions of mission statement prevalence and failure to develop such a statement, this study seems to suggest that about 84% of our companies have developed formal mission statements; and those that have not done so attributed their shortfall to a host of factors of varying degrees of importance. In this study several hypotheses were also formulated and tested in attempting to answer the various research questions pertaining to the relationships between several mission-related, decision-process and firm performance variables. Results of bivariate analyses not only suggest that all hypothesized relationships were found significant at $p=.05$ but also point to the possibility of existence of causal relationships among the variables as dependent variables in earlier significant relationships were also found

significant as independent variables in subsequent relationships. Drawing on these latest findings, an attempt was made to model the impact of mission statements on firm performance using AMOS path analysis. As a result of this analysis a five variable model comprising mission ends and means, DFP, SDP and performance is developed that satisfactorily fit the available data.

Chapter 5

Discussion of Results

5.0. Introduction

Basically, there are three main areas of interest that constitute the general objectives of this study. The first is to uncover certain existing mission statement practices among Malaysian companies. The second is to establish several hypothesized direct relationships among mission-related, strategic decision process and performance related variables; and finally, it attempts to model the indirect impact of mission statements on firm performance. Specifically, there are altogether eleven objectives to be met as enumerated on pages 9 and 10. In this chapter results of analyses reported in the previous chapter will be discussed in the context of objectives, hypotheses, prior findings and implications of the study.

5.1. Prevalence of Mission Statements

Results of the study have not only answered the research question and met the set objective, but also successfully brought to light certain important points relating to mission practice among Malaysian companies.

On the issue of mission prevalence, the result obtained seems to compare favorably with those of the more developed countries like New Zealand, which records a level of prevalence of 80% (Hooley et al., 1992); United Kingdom with a prevalence level of about 70% (Klemm et al., 1991) and Canada, with a record of 85% (Baetz and Bart, 1996). Such a relatively high measure of prevalence seems to suggest that Malaysian companies are very much aware of the role and potential contribution of mission statements in organization's strategy formulation and implementation (Baetz and Bart, 1996). It also reflects the high philosophical and operational commitment as well as the confidence of the majority of Malaysian corporate managers to address their organizations' situation candidly and objectively (Ireland and Hitt, 1992). After all isn't mission statement development a basically top management initiative?

On outcome of the extended analysis that shows more production or industrial corporations adopting mission statement compared to the service organizations, it is found that such a trend is also observed in earlier study by Jackson et al. (1996). However, in the context of the present study this may be attributed more to the fact that there are more industrial corporation included in the sample than there are service organizations rather than an indication of the actual prevailing situation. A study involving equal representation of samples would have yielded a more representative outcome.

Result of the study also indicates that mission statement practice in Malaysia is a relatively new phenomenon with the majority of companies having less than ten years of experience. The current state of affair is a fair reflection of Campbell and Yeung (1991) that mission statements are a relatively uncharted area of management and one that has been neglected for some time due to lack of understanding of their nature and importance. In many developed countries now the trend seems to be towards increasing prevalence and continued use of mission statements (Baetz and Bart, 1996). In Malaysia however, it is not known if the same phenomenon is occurring as absence of prior literature makes it impossible for such comparison and assessment to be made.

5.2. Failure to Develop Mission Statements

Outcome of the study seems to have fulfilled its objective when it clearly identifies ten possible reasons of varying importance. Based on information contained in Table 9, the following general observations are made:

1. The companies' failure to develop mission statements is apparently a multi-factor phenomenon in the sense it is not attributable to any particular obstacle. These factors are seemingly perceived by respondents as not equal in terms of their inhibiting impact on mission-statement development initiatives.
2. Of the ten factors identified in this study, it appeared that four namely stakeholder diversity, fear of loss of confidentiality, planning process formality and uncertainty about benefits were perceived relatively weak or minor obstacles as compared to the other six, which were rated ranging from strong to very strong by more than 50% of the respondents.

3. Although some tends to regard certain factors as very strong impediments, the majority of respondents were observed not subscribing to the view. Hence, no factor was distinctly viewed the main reason for the failure of some companies to develop their mission statements. In fact, three of the factors namely the need for managerial personnel to think as generalist, the fear of loosing organizational autonomy and the uncertainty about the benefits of mission statements were unanimously perceived not a major or very strong contributor to these companies' planning void.

Interestingly, these general findings confirm many of the results of prior studies e.g. Klemm et al., 1987; David, 1989; Ireland and Hitt, 1992; and Baetz and Bart, 1996.

From the micro perspective this study has produced several outcomes worthy of discussions. Firstly, by expounding the non-materiality of mission statement benefits uncertainty as a possible inhibiting factor, it has indirectly shown the existence of strong awareness among organizations of the benefits of such statements. To the extent that this is true, numerous proponents of mission statements (e.g. McGinnis 1981; Staples and Black 1984; Cochran, David and

Gibson 1985; David, 1989; Metejka, Kurke & Gregory, 1993; Strong, 1997; Wickham, 1997) will have found an important support to their claim of the criticality of such statements in the corporate life of a business organization; and the skeptics and the critics (e.g. Bates and Dillard, 1991; Coulson-Thomas, 1992; Krohe, 1995; Wright, 1996; Bartkus et al., 2000) will have encountered another evidence challenging the relevance of their current positions. Secondly, that diverse set of stakeholders was not perceived a major or important obstacle to mission statement development initiatives bears implication on existing theory. Indirectly this study has helped strengthened the stakeholder theory and the theoretical positions of several contributions extolling the virtues of extended involvement of stakeholders in mission statement development processes (e.g. Ireland and Hitt, 1992; Baetz and Bart, 1996; Larson, 1998; McManus, 2000). Thirdly, the exposition in respect of being comfortable with the status quo as a probable contributor to the presently discussed phenomenon is not unexpected. Indeed, the outcome goes to show how true the claim made by contributors (e.g. Kanter, 1985; Block, 1989; Mabin, Forgeson and Green, 2001) of the ubiquitousness of the nature of resistance to change can be. In the context of mission statement development, such resistance is likely to create a vicious circle because as frequently cited in prior literature one of the main prerequisites for successful change to take place

is the possession of a mission statement (Mabin, et al., 2001). To the extent that this contention is true it is little surprise to find companies that are already in existence for tens of years and yet make no attempt to develop a guiding mission statement. Finally, with an outcome showing the materiality of management time constraint as an inhibiting factor the current study has highlighted an important managerial issue that is in organizational management, operational matters take precedence. This finding confirms the position maintained by Baetz and Bart (1996), and supports one of the results of early on study by Jackson et al. (1996), which has established 'lack of time' as one of three main reasons for service companies not to have their mission statements.

5.3. The Impact of Mission Statement Rationale on Mission Statement Content

Results of the data analysis and hypothesis testing show that all three study objectives are met and all three hypotheses in respect of mission rationales – mission contents relationships proven significant and accepted. This suggests that the more a mission's rationale is known and pre-specified at the beginning

of a mission statement development process, the more this will lead to greater specification of the mission ends and mission means respectively. However, *ceteris paribus* the relative impact of mission rationale on the clarity and specification of the mission means will be greater than its impact on the mission ends.

These findings are consistent with the results obtained in Bart et al. (2001). They are important in a number of ways. Firstly, these results confirm that mission statement development is a serious matter and that most of the anecdotal commentaries on the virtues of mission rationales are very much grounded in reality (Bart et al., 2001; Duncan, Ginter and Kreidel, 1994).

Secondly, they demonstrate that in respect of specifying mission statement's content, organizations need something as guidance or driver. To cater to this, management of organizations should predetermine up front of a mission development process its rationale or purpose of developing one. This is essential because mission statements are not just any words; they are a product of well thought out strategic activity with dividend-paying potential (Wickham, 1997). When the promise of mission is fulfilled, performance benefits should, *ceteris paribus*, follow (Bart, 2001; Wickham, 1997).

Finally, these outcomes seem to suggest that of the two mission content constructs, the one that organization's management should focus more is on the specification of the mission means. Such suggestion however, contradicts with the current conventional wisdom which states that CEOs should focus more on the specification of mission ends and leave the problem of defining means to others (Bart et al., 2001). While acknowledging the potential controversy that this contradiction can create, it must be emphasized that these findings are never intended to downplay the linkage between mission rationale and mission ends. How can they be when the relationship between the two constructs is observed to be both significant and positive? Perhaps they are best interpreted in the light of large, diversified and global corporations to realize their significance. According to Bart et al. (2001) emphasizing on mission means as opposed to ends may be a better way for such companies to unite their disparate enterprises as it enables them to establish a common denominator for the creation of a 'unity of purpose'. To the extent that this is true, the current findings would have immensely benefited CEOs and managers of large and diversified organizations as another option would have been made available for consideration in their pursuit to stay on track and remain focused on all decisions made (Bartkus et al., 2000).

5.4. The Impact of Mission Statement Content on Management Satisfaction

Outcome of this study has successfully answered the question on the extent to which specification of mission statement content influences management satisfaction with the statement when the relevant hypothesis was tested significant. Thus the study's objective in respect of mission content and management satisfaction relationship is met.

The positive influence of mission statement content on management satisfaction reported in this study does not seem to differ from those of Bart (1997 and 1999) and Bart et al., (2001) despite the fact that the present focus is on management rather than on employee satisfaction with the mission statement. This is interesting as it suggests that on issues involving organization's goals and priorities managers and workers, whose interests on most other matters frequently stand on ends are equally concerned; they apparently need clear and specific mission statements to serve as bases for shared expectations, planning or collective action (Bart et al., 2001; Weiss and Piderit, 1999; Drucker, 1974; Barnard, 1966). To the extent that this contention is true, the present finding would have provided justification for the

inclusion and active participation of employees in mission statement development, an exercise mainly dominated in the past by the top management group and chief executive officers (Baetz and Bart, 1996).

The current study is also important in that it offers empirical evidence in support of some writers' argument for effective mission statement to be specific and tightly focused (Moore, 1995). At the same time it poses a challenge of relevance to other contributions favoring a more general mission statement for organizational flexibility and adaptability (Bartkus et al., 2000; David, 1989; Pearce and David, 1987; Barnard, 1966). Although the debate on how mission statement content should be phrased is not expected to end with this finding, the evidence available is expected to moderate future discussions on the issue into something less rhetoric and more substantive.

5.5. The Impact of Management Satisfaction on Management

Commitment to the Mission

The current study has attempted to determine the impact of management satisfaction with a mission on its (management) commitment to the mission by

testing certain hypothesis. Outcome of the test suggests that management satisfaction with a mission statement positively influences its commitment to the statement. Thus, the outcome meets the study's objective.

The above finding is also observed to concur with that of Bart et al. (2001). Again, this is so despite the difference in perspective the current study is focused on. This similarity seems to suggest two things. One, there is stability or consistency in the relationship between satisfaction and commitment in general. Numerous prior studies involving the two constructs in different settings and time have consistently produced empirical evidence supporting this contention (e.g. Ugur Yavas and Musaffar Bodor, 1999; Darwish A Yousef, 1998; Fletcher and Williams, 1996; Russ and McNelly, 1995; Wong et al., 1995; Baugh and Roberts, 1994; Elliott and Hall, 1994; Smith and Hoy, 1992; Shore and Martin, 1989; Hamaton et al., 1986). Two, in the context of mission statement management, managers and workers alike share a common value in respect of commitment to the mission – their behavior is contingent on the statement satisfying their respective needs. This suggestion is in line with Motaz (1997) that satisfaction is indeed an important precursor to commitment. However, since the needs of the two groups are apart – management needs the statement mainly as a strategic decision-making tool (Mullane, 2002) while

workers generally require it to serve as cultural glue that enables them to function as a collective unity (Campbell et al., 1990); the present finding may have implication on mission statement formulation. To be effective a mission statement not only must be appropriate to the strategic context of the business (Wickham, 1997) but also must be well constructed to ensure it says the right thing about the firm stakeholders and their potentially conflicting interests (Baetz and Bart, 1996). Perhaps, there is much more truth in the stakeholder theory on extended participation in mission statement development than previously thought of. Theoretical contributions extolling right mission statement content are abundantly available (e.g. Wickham's, 1997; Bart, 1998; Weiss and Piderit, 1999; Bartkus et al, 2000; Denton, 2001; Bart et al., 2001; Yamauchi, 2001; Mullane, 2002) but unfortunately the general process by which such a statement is actually developed is an issue that has not been given prominence in the literature. The current finding may be able to throw some light on some of the considerations that need be taken into account by managers when embarking on mission statement development.

This study also seems to suggest the existence of some kind of causal relationship between management commitment to a mission and its satisfaction with the statement. However, this should never be interpreted to imply that

the latter is the sole determinant of the former. In fact studies have shown that there is still confusion regarding the relationship between satisfaction and commitment in general (Elangovan, 2001). Bart et al. (2001) put this matter in perspective when they argue that management's commitment to a mission can be secured even in the absence of the element of satisfaction. This implies there are other factors affecting management commitment and the task of expounding them will be a subject for future research.

5.6. The Impact of Management Commitment to a Mission Statement On Organization Desired Future Position (DFP)

By testing significant the hypothesis that the degree to which management is committed to a mission statement will positively affect the degree to which the organization DFP is specified, this study has provided an answer to the relevant research question and achieved its set objective in respect of management commitment and DFP relationship.

The current finding has theoretical implication as it highlights an important characteristic associated with commitment as a construct. The nature of the

construct as an intermediate composite attitude variable that directs the voluntary level of an individual effort as measured by his performance (Putterill and Rohrer, 1995) is clearly manifested in the established direction of the relationship between management commitment to a mission statement and the extent to which the statement will be taken into account in formulating an organization DFP. Given the multi-faceted nature and hence the definitional and measurement problems of the commitment construct (Reichers, 1985; Mathieu and Zajac, 1990; Putterill and Rohrer, 1995) this finding may be of help in enhancing our understanding of the theory of commitment.

The result is also observed to have supported Bates and Dillard (1991) that organization DFP is effectively a translation of the fuzzy mission statements into actionable plans. The positive relationship between commitment to the mission and the subsequent make-up of the DFP tends to suggest the theoretical role of the latter in bringing scope to the mission statements with specificity about what is to be achieved by when is very much grounded in reality. To the extent that this is true this study would have established the strategic role of the DFP in providing what Bates and Dillard (1991) called the missing link between strategic planning and the organization's future.

5.7. The Impact of Organization Desired Future Position (DFP) On Strategic Decision-Making Processes (SDP)

The study's objective to determine the extent to which organization DFP influences SDP is achieved when the relevant hypothesis 'the extent to which an organization DFP is specified will positively affect the degree of comprehensiveness of the SDP involved' was tested significant at $p=.05$. Such outcome is very much in line with the views of Moore (1995), Drucker (1973) and Barnard (1966) that a formulated document should be specific and focused to effectively serve as a basis for shared expectations, planning or collective actions. In the present context a more specified DFP is likely to reduce ambiguity and facilitate decision-making process by allowing for serious and comprehensive deliberation of issues.

In the theoretical built-up for this study it was postulated that an organization's DFP had the characteristics of a strategic plan. Similarly, in the discussion of the previous finding the strategic role of the DFP was envisaged. By establishing the existence of a positive and significant relationship between the mission driven DFP and SDP, this study seems to confirm the strategic nature of the former and thereby provide support to the theory developed early on.

The finding has again reminded us on how true Bates and Dillard (1991) can be in their claim on the bridging role that the DFP played between strategic planning and future performance of organization. By establishing a direct and positive relationship between DFP and SDP a construct that has consistently been found to be positively related to organization performance (Miller et al., 1998), this study seems to suggest that formulation of the DFP is a right and essential move as it facilitates organizations in getting closer to their performance goal.

5.8. The Impact Of Comprehensive Strategic Decision-Making Process (SDP) On Firm Performance

Comprehensive process to make strategic decisions has been debated in the literature for years and is still unresolved. The controversy is not so much on the reality and desirability of the process as the appropriateness of such process to the setting (Frederickson and Mitchell, 1984). In this study the impact of comprehensive decision-making process on firm performance is investigated. Three hypotheses were posited and tested; and the results seem to have fulfilled the study's objectives. Thus, we now know that the more

comprehensive the strategic decision-making process the better the firm performance will be irrespective of environment condition (stable or unstable) in which it operates. Such outcomes are in line with Fredrickson (1984), and Fredrickson and Iaquinto (1989), who maintain that comprehensiveness of SDP is positively related to performance in a stable industry and Bourgeois and Eisenhardt (1988) who discovered the same relationship in an unstable environment. However, it contradicts with Fredrickson and Mitchell (1984) who found that comprehensive SDP is negatively related to performance in an unstable industry. The contradiction may be due to differences in decision situation leading to changes in pattern of behavior (Perrow, 1961; Fredrickson and Mitchell, 1984) or impact of individual environmental variables on industry even though overall environment condition may be similar (Fredrickson and Mitchell, 1984).

The current findings also seem to suggest that in so far as SDP-firm performance relationship is concerned the contextual role of environment is insignificant. This implication is in line with the findings of Papadakis, Lioukas and Chambers (1998). Suspecting the phenomenon is a reflection of what Papadakis et al. (1998); and Rajagopalan, Rasheed and Datta (1993) call the absence of support for the role of environmental heterogeneity/complexity on

SDP, an extension of investigation into the relationship between organization environment conditions (IS) and SDP was carried out. Result of the bivariate Pearson correlation analysis (Appendix 11) suggests there is no significant relationship between the two variables at the $p=.05$. Thus, one may conclude that the contextual role of environment in decision-making process may not be significant after all. To the extent that this is true, the view of several contributors (e.g. Nutt, 1976; Dess, 1980) that comprehensive decision process is not appropriate for some environment will not carry much weight in the present context. In the same breathe the arguments of several researchers that environmental factors as opposed to internal organizational factors are the primary sources of influence on strategic decision-making process (e.g. Hannan and Freeman, 1977; Jemison, 1981) does not seem to be supported in the light of current evidence.

5.9. Model Of The Impact Of Mission Statements On Firm Performance

In this study an attempt was made to model the impact of mission statements on firm performance using path analysis. Initial AMOS analysis has failed to identify the original probable model making it necessary for modeling

respecification. After several iterations, a final model consisting of fewer paths than the original model was identified. In this model three construct paths namely mission rationale-mission content (ends and means); mission content – satisfaction with the mission; and satisfaction with the mission – commitment to the mission, were dropped and an assumption – the assumption of positive correlation between mission ends and mission means was added.

The removal of these paths should not be interpreted as attempting to negate already established relationships. Instead, it merely suggests that while these relationships are significant individually, they do not constitute vital links in the chain of interdependent relationships or paths that collectively and simultaneously explain the impact of mission statements on firm performance. Hypothesis testing is not always a good tool for choosing a model (Joreskog, 1967); and in the present context what is more critical is whether or not the eliminations make theoretical sense to the final model. Let us address this issue by evaluating the removed paths.

The elimination of the mission rationale-mission content path does not create missing link in the model that renders it theoretically implausible. Given that mission rationale is antecedent of mission content (mission rationale was earlier

established as the driver for mission means and ends), the former will be reflected (according to Putteril and Rohrer, 1995) in the latter; and even if the construct were to have any bearing on subsequent relationships particularly with the construct performance, that impact would have been captured through the dynamics of the mission content construct. However, since prior studies (e.g. Bart, 1996b; 1997b; 1998; 2001) have consistently found mission rationales to be more associated with such intermediary variables as mission content, satisfaction with the mission, and commitment to the mission than with firm performance the construct is not expected to exude sufficient influence on the current model's subsequent relationships beyond the mission content construct.

As for the constructs satisfaction and commitment respectively, their elimination may be evaluated in terms of the mediating roles they are frequently featured in the literature (e.g Suliman, 2002; Elangovan, 2001; Williams and Hazer, 1986; Farkas and Tetrick, 1989). Being mediators they influence predictor-criterion relationships by neutralizing or enhancing or substituting or supplementing them, but do not meaningfully influence the criterion itself (Howell, Dorfman and Kerr, 1986). In the context of the current model, the role of both constructs was merely to intrinsically drive management to rightly

and efficiently enforce what is theoretically considered a sensible and necessary relationship between mission content and desired future position (DFP). With or without their mediation the DFP, a tool for operationalizing the mission statements will still be developed on the basis of mission content (Bates and Dillard, 1991). To the extent that these arguments are true eliminating those paths is not expected to structurally mis-specify or injure the theoretical validity of the model. Instead, as results of the test seem to suggest the move has led to increase in parsimony and goodness of fit of the model as lesser number of parameters were estimated, more degree of freedom were gained and greater constrained were created (Hair et al., 1998; Arbuckle and Wothke, 1999).

So what does the final conceptual model spell out for us in respect of mission statement management? Firstly, it demonstrates that mission statements matter in the corporate life of business organizations. With the right ingredients and approach they can be harnessed to contribute positively to organizations' bottom-line. Secondly, the model has identified several provisos for a mission statement to possibly make positive contribution to firm performance. In particular, it seems to suggest that effective mission statements must contain sound content, be translated into well-specified desired future positions and degenerate into comprehensive decision processes. Finally, it points to the

criticality of adopting a holistic approach to mission statement implementation. To get the maximum effect out of a firm's mission statement may require proper management of the intermediary variables namely the DFP and the SDP as well. Failure on one of these provisos may jeopardize the success of a whole mission; just as the cultivation of each, on the other hand, may improve the chances of a positive outcome (Bart et al., 2001).

The current model seems to be especially significant for its theoretical contributions. Firstly, it appears to have provided justification to the important position that mission statement occupies within the broad strategic planning framework. This widely regarded starting point for almost every major strategic initiative or *de rigeur* in initiating many modern management practices (Bart et al., 2001) has been shown to have the potential of going beyond mere feel good outcomes (David, 1989) and contribute to organizational performance. Secondly, it tends to consolidate the findings of prior studies in respect of mission statement-organization performance relationship (e.g. Pearce II and David, 1987; Weiss and Piderit, 1999;) by supplying a missing link in the relationship. These studies merely established the existence of a positive relationship between mission content and organization performance but the current model goes farther by addressing the mechanism that brings about the

positive outcome. Although Bart et al. (2001) have addressed the shortcoming earlier, the management decision approach that the current study is focused on as opposed to the employee behavioral impact approach utilized by them has added convergent validity and consistency to the finding and strengthened the theory on mission-performance relationship.

Finally, this study along side many prior works (e.g. Bart, 1997; Bart, 1998; Bart and Baetz, 1998; Bart, 1999; Bart, 2001) has yet again confirmed Bart's (1996) pioneer finding on the indirect nature of the relationship between mission statement and firm performance. There may be however, some added-value in the current path model as it offers opportunity to understand the mechanic and dynamic of what Campbell and Yeung (1991) classified the strategic role of mission statements as opposed to their cultural role. As a result, we now know what intermediary variables to tap and how they should be managed to obtain the maximum effect out of a firm's mission statement from the strategic planning perspective. Only when managers operationalize a well-developed mission statement by establishing clearly specified desired future positions and implementing them through comprehensive strategic decision-making processes will they probably be in a position to capture the oft

overlooked – yet highly prized – true performance contributing potential of this very popular management tool (Bain and Co., 2000).

5.10. Implication of Study

This study is expected to have managerial and academic implication of various forms. From the management perspective, by establishing the materiality of mission statements in organization performance determination, this study may have conveyed a clear message to managers on the importance of treating such statements seriously. Properly managed and manifestly implemented mission statements can lead to better strategic planning and organizational behavior. To the academia, the study's contribution may be evidently witnessed in the all-important area of research methodology. These implications will now be discussed in the following sections.

5.10.1. Management Implication

Generally, the findings of this study seem to confirm the criticality of mission statement as a management tool with performance contributing potential.

Organizations currently without such statement may wish to review their position and take all necessary measures to develop this value-adding document. This study also seems to establish the need for such strategic document to be managed and implemented holistically to produce results. Managers therefore, may need to evaluate their organizations' current mission practices with a view to ensuring other prerequisites in respect of mission content, organization DFP and SDP are met and well in-placed. Only when they can manage their missions wisely will they be in a position to reap the tool's potential benefit.

In terms of organization behavior, impact of this study can be traced to its very foundation – the mission statement development. Current findings in respect of the matter seems to advocate that managers and others involved in the process treat the effort with prominence and resolve because a right and well specified mission statement developed out of clearly understood mission rationales has the capacity to satisfy and promote commitment. It is suggested that when managers are satisfied with and committed to their organizations' mission they will be driven to execute and implement it by translating the same into decisions and actions that correspond to a positive performance objective.

Based on the present findings such commitment will be manifested in the form of Organization DFP.

In the area of strategic planning, this study may be the first to empirically investigate the connection between mission statement and DFP in the first instance; and between the latter and firm performance in the second instance. As a result we now know the significance of the DFP as a go-between in the mission-performance relationship. Based on the current findings it may be this variable that translates the mission into actionable programs and the latter through their implementation following comprehensive decision-making processes into performance. Thus, DFP is critical in the corporate life of business organization for without it strategic planning and performance may (according to Bates and Dillard, 1991) be at ends. In view of its potential contribution it may be pertinent that this little known dimension of performing organization captures the attention of strategic planners and be given the focus it rightly deserves.

5.10.2. Academic Implication

There are at least three main contributions that the present study may be credited with for the advancement of knowledge especially on corporate mission management. They are (i) approach of study, (ii) DFP measurement, and (iii) modeling analytical tool.

5.10.2.1. Approach of Study

The modeling approach adopted in this study was never attempted before in Malaysia. Contrary to the usual mission-impact behavioral approach utilized in all previous studies, the current research looks at the mission-performance relationship from the mission-impact strategic decision process perspective. This shift in approach is apt and timely considering the role of mission statement as a strategic tool to serve management in decision-making and maintaining strategic focus, despite being widely acknowledged in the literature has never been put to test. That the over-all outcome of this study is consistent with those of the precedents, not only confirms the purported role of mission statement is very much grounded in reality but also justifies the use of

the current approach in future studies of mission statements. In fact, there is something more in the present approach vis-à-vis the behavioral approach. Since perceptual data in respect of decision processes are collected from the people directly involved with the business, there is more validity reliability in the outcome of this study.

5.10.2.2. Measurement of DFP

Although DFP as a concept has been discussed in the literature as early as 1991, no attempt was made to empirically investigate its dimensions. As a result no specific instrument for measuring the construct was available. To fill the existing void and meet the present study's need, the researcher was forced to modify Bart's (2001) instrument. Sourcing the relevant theory largely from such contributions as Bates and Dillard (1991), D'Alessandro (1990), and David (1989), the outcome of that effort is a five-item instrument bearing an average Cronbach's coefficient alpha value of .91 for the instrument as a whole. It is a contribution to the academia because with the instrument now in place we can expect more researches carried out in the near future, and their findings to

advance the existing frontier of knowledge especially in respect of organization DFP.

5.10.2.3. Modeling Technique

The use of AMOS as a structural equation modeling technique has not received interest in prior strategic management literature. This is surprising especially since the technique is more robust in application - it is suitable for both small and large-sample predictive research respectively (Arbuckle and Wothke, 1999), and provides simpler interface for the user (Hair et al., 1998) than the traditional partial least squares (PLS) or LISREL. However, as the field of strategic management continues to mature, researchers need to increasingly rise to the challenge by looking beyond the tradition. The decision to model with AMOS is a move in this direction; and the subsequent outcome that confirms the application's capability, is another contribution of this study to the academia. Future strategic management researchers will now have a wider assortment of software applications to choose from.

5.11. Limitations Of Study.

The findings of this study must be interpreted in the light of certain limitations. These are in respect of methodology and generalizability of the study.

5.11.1. Methodology Limitations

The first such limitation concerns the time horizon. Being cross-sectional instead of longitudinal, this study is strictly speaking more appropriately designed for correlational rather than causal analysis. According to Cavana, Delahaye and Sekaran (2000, pp 121-123) inappropriate design of time horizon can adversely affect a study in terms of scientific rigor. In this respect, although James, Mulaik, and Brett (1982, pp 18-25) argue the use of cross-sectional data is permissible in the context of a self-contained probabilistic functional system as the present study is characterized where causal relations are not assumed to take the form of logical implication or deterministic but merely to show tendency or probability to effect, the problem of lack of rigor cannot be completely discarded. As such there is still risk of the present findings not

providing a sufficiently good insight into the cause-effect relationship being investigated.

The second limitation relates to the quantitative approach adopted in this study. Such approach while superior in several areas pertaining to research design and data analysis, tends to be handicapped compared to qualitative approach when it comes to addressing the issue of abstraction or subjectivity; giving rise to inadequate representation of abstract constructs on the quantitative measures. In respect of this study, although validity and reliability tests performed on all measurement items produce results that correspond to the acceptable level, the occurrence of such measurement bias cannot be completely ruled out.

The third limitation lies in the use of manifest instead of latent variables for modeling the impact of mission statements on firm performance. Due to the small sample of the study, use of latent variables that normally entails substantially more parameters to be estimated cannot be adopted. As a result certain information pertaining to item-construct relationships cannot be disclosed. Although the absence of such information is not critical as the prime concern of this study is merely to establish the paths of the indirect mission-performance constructs relationship that the present manifest-variable-based

model is found capable of serving, the void nevertheless limits the scope of discussion of the model.

Other important caveats that must be acknowledged with respect to the present results pertain to single respondent and social desirability biases. A methodological imperative considered critical for this research was for each respondent to be very familiar with the mission statement and its resultant organizational effect. It was believed that informants of lesser knowledge on the subject would result in less accurate data. Given the specialized knowledge expected of the informants, it was anticipated that only the top executive in each organization would meet the criterion. Accordingly, a single-respondent approach (not normally recommended due to its inherent bias) was deemed best and was therefore used. In this respect, the study is considered satisfactory as the majority of respondents were either chief or senior executives in their respective organizations. However, we still cannot discount totally the occurrence of single-respondent bias.

On the issue of social desirability bias that survey data are sometimes subject to, it is not expected to be a major concern for this study as appropriate survey measures to guarantee respondents anonymity were in place. Although the

strategic nature of the topic investigated was acknowledged, there was nothing so sensitive as to be likely to prevent responses that would put the respondents in an uncomfortable position. In fact, much of the information gathered was not considered highly confidential at all. However, in all fairness it must be acknowledged that the possibility of social desirability bias occurring in this study cannot be totally ruled out.

5.11.2. Generalisability Limitations

Any attempt at generalizing the current findings must take cognizance of previously discussed as well as other limitations associated with the study's sampling design. Two aspects of the design warrant further comments in this section namely sampling frame and size. In respect of the former, the decision to restrict its elements to KLSE listed companies for reasons cited before may limit the generalisability of findings if mission statement management practice in these organizations is significantly different from those prevailing in

organizations outside of the framework. To date there is no empirical evidence in support of such commonality that can be advanced. Although it is common knowledge that almost all public listed companies in Malaysia originate as either private or state owned enterprises – the categories of business organizations left out of the current sampling frame, this circumstantial evidence is neither adequate nor convincing to suggest management commonality. As it stands, the findings and conclusions appear to have validity only insofar as similar corporations are concerned and this fact should be noted when considering the study's general applicability.

With respect to sample size, although there is no correct sample size for structural equation modeling and the permissible minimum being 50 or more than the number of parameters to be estimated whichever is greater (Hair et al., 1998, pp 637) a representative rate of slightly more than 11 per cent of the population that this study managed to secure after some long-drawn and exhaustive effort is considered relatively small. As a result there is the fear that it might not be sufficiently representative as to create validity and generalisability problems in respect of the findings. Fortunately, this is subsequently allayed when all findings were observed to be consistent with the results of previous studies involving larger-sized samples. Such consistency

apparently suggests that validity reliability of the present findings may not be adversely affected by size of sample. To the extent that this contention is true generalization of these findings likewise may not be seriously jeopardized.

5.12. Study's Obstacle

In undertaking this study the single major obstacle encountered and one that was not satisfactorily surmounted all through is getting the companies to participate in the survey. Due to the geographical wide spread of these organizations' localities and the difficulty and constraints of personally administering the questionnaire, the researcher had to rely heavily on mailed questionnaire to do the job despite being fully aware of the heavy odds of success. After a long wait and 2 reminders, only about 8 per cent of the 500 companies invited participated. Supplementary approach in the form of enlisting personalities with known contacts in the identified companies to solicit response was also utilized on a limited scale but to a much greater success. Based on these experiences an important lesson is learnt – many of the anecdotal commentaries on the importance of building strong prior network with the business circle to secure priority and cooperation are very much

grounded in reality. Hence, future researchers intending to involve the business sector in their studies ought to take note of this and start building their network if they are to avoid going through the same pains and difficulties that this study has encountered and increase their chance of success.

5.13. Conclusion

In this chapter the various research findings reported in Chapter 4 have been discussed at length in the context of the study's objectives and prior literature. Implications of individual outcome as well as general implications of the study were deliberated to expound their significance from the academic and management perspectives. Limitations and generalisability of the study were also highlighted. On the whole every question posed has been answered and all objectives set met. A round-up report of the entire study will be presented in the next chapter.

Chapter 6

Conclusion and Recommendation

6.0. Introduction

This chapter will provide an overview of the current study and its outcome in a systematic, cogent and precise manner. It will also contain recommendations on the future direction of research for the benefit of certain quarters especially academics and researchers. The organization of the chapter will be sequenced according to the following sub-headings: the research in a nutshell, main findings, future research direction and salutation.

6.1. The Research In A Nutshell

This study is an empirical attempt at finding plausible answers to several questions pertaining to the strategic role of mission statements prompted by paradoxes in the existing literature. Survey of the literature has revealed on

the one hand a dearth in research on the subject in general and a lack of consistency in the outcomes of the few researches available particularly in respect of mission statement contribution to organization performance. On the other hand, despite the prevailing uncertainty over its potential contribution mission statement has continuously been found to remain amongst if not the most popular management tool among managers the world over. The paradoxical phenomenon suggests that more studies will be needed not only for better understanding of the role and contribution of mission statements but also for clearer insight into the manner in which it affects corporate performance. The current study is a move in this direction.

Survey of the literature has also revealed consistently the indirect nature of the relationship between mission statements and firm performance. Among the intermediary variables identified were mission rationale, satisfaction with the mission, commitment to the mission, organizational alignment with the mission and employees' behavior. Other variables with probable intermediary role in the mission-performance relationship discussed in the literature but have not been studied as such include organization DFP and strategic decision-making processes. These potential variables along with three of the previously cited variables namely mission rationale, satisfaction with the mission and

commitment to the mission were identified and hypothesized as intermediary variables for the current model in tandem with the mission-based strategic decision-making process perspective that this study is focused on. Drawing its sample randomly from the KLSE first and second boards' public listed companies, this cross-sectional survey study of the descriptive, hypothesis testing and modeling type had four major objectives in place. They were to determine the extent of prevalence of mission statement among Malaysian companies, to identify some of the reasons for the failure of companies to develop their mission statements, to test and establish eight hypothesized relationships between mission statement content, early on identified intermediary variables and firm performance, and finally, to model the impact of mission statements on firm performance.

6.2. Major Findings Of The Study

This study showed that almost 84% of the companies had their written mission statements; of which the majority (about 53%) were from the production sector. Companies that failed to develop mission statements attributed their failure not to one but to a host of factors of varying importance. Stakeholder

diversity, fear of loss of confidentiality, planning process formality and uncertainty about benefits were perceived as minor or relatively unimportant factors; while work amount, maintaining status quo, fear of controversy, management time constraint, the need to think as generalist, and safeguarding organizational autonomy were rated ranging from important to very important factors. It was also found that mission statement practice was a relatively new phenomenon in Malaysia with an average company's experience of less than 10 years.

As regard to the various hypothesized relationships, results of separate regression analysis carried out for each set of relationship showed there was sufficient evidence to accept the research hypothesis and reject the null hypothesis. A notable common outcome of all analyses is a strong explanatory power (R square of more than 25 per cent) posted by each exogenous or independent variable. Thus mission rationale was found to positively influence mission ends and mission means; the latter two constructs were found to positively influence management commitment to the mission; management commitment to the mission to positively drive the DFP; the DFP to positively influence the comprehensiveness of the SDP; and finally, the SDP to positively impact firm performance.

Highlight to the series of findings of the current study is the outcome of AMOS modeling in which the initial conceptual model of the cascading impact of mission statements on firm performance was found to lack goodness of fit. As a result of this, re-specification of the model became necessary and by it a final model that satisfactorily represented the available data and theoretically made sense was confirmed. Based on the model the impact path of mission statement-firm performance relationship was established through the intermediary sequence of DFP and SDP respectively.

6.3. Future Research Directions

Besides underscoring the role that a properly formulated and executed mission statement can play in an organization, findings of this study along with its limitations are also paving the way for future research in related areas. Several issues are identified and awaiting investigation.

In this study the role of mission rationales as the driver of mission content is established but what these rationales are in the context of Malaysian companies was not addressed. As a result we do not know the real reasons they develop

mission statements and whether or not such reasons are affected by contextual difference.

Another potential area for research highlighted in the current study is in respect of mission statement management among non-public listed companies. Initiative in this direction is needed to compliment and put in perspective the outstanding issue discussed previously on generalisability of the present findings.

Prior discussion on the relationship between management satisfaction with and management commitment to the mission has led to the identification of two prospective areas for research. The first is in respect of the process of mission statement development - an issue that has received the attention of and discussed quite extensively by theoretical contributors (e.g. Strong, 1997; Wickham, 1997; Denton, 2001), which has not been empirically investigated. The other area of concern is regarding factors affecting management's commitment to a mission. Identification of these factors is important to help increase our general understanding of the construct and its role in mission statement management for better organizational performance.

Up to this point in time, study of mission-performance relationship has remained segmented in approach. Available models trace the impact of mission statement on firm performance either through the its effect on behavior of individuals (cultural role of mission statement) or through its influence on strategic decision processes (strategic role of mission statement). Attempt should be made to integrate the two approaches so as to see the holistic and synergistic contribution of mission statement to organization performance. This should be the next avenue to pursue.

As mentioned earlier the concept of DFP was empirically investigated for the first time in this study. While results seem to establish its strategic role in the mission-performance relationship, there are at least three aspects pertaining to the concept that need to be further researched and highlighted for better understanding of this potentially important strategic planning variable. Firstly, we need to finalize on its dimensions. Although this study has identified certain dimensions based on theoretical contributions but these are yet to be empirically validated. Furthermore, there may be other dimensions not currently included that can only be identified through empirical study. Secondly, insofar as the Malaysian companies are concerned, it is not known how prevalent is the DFP as a formal planning tool. Outcome of the present study seems to indicate

that this concept is very much understood and utilized in the strategic management of local companies. However, whether or not these are manifested in a planning document can only be established after a formal study. Finally, it is important that future research looks into the issue of DFP planning horizon to differentiate it from objectives and other plans. Theoretically, the DFP is a five to ten year plan into the future; but what is the standard planning horizon in practice and whether or not it varies with environment conditions of organizations are issues that can only be resolved by later researchers. We certainly look forward to be updated on this very soon.

5.7. Conclusion

This study has shown that mission statements, from their pre-development rationales that are reflected in their content to their post development impact on various intermediary variables, seem to have a positive association with and make a contribution towards firm performance. Hence, mission statements may be viewed as important. However, for such a statement to be likely effective there are several conditions. The path model developed and tested shows that ultimately it must have sound content, be translated into implementable DFP,

and executed through comprehensive decision-making processes to possibly bring about the desired effect. As a result we now know the strategic role of these variables in the mission-performance relationship. Also we now know the potential contribution of a firm's mission statement that may be harnessed to its advantage if these variables are properly managed. It is hoped that this study will help throw some light on the importance of mission statements and how they can yield benefit to the organizations. To the academia it is hoped that this maiden attempt at uncovering the 'corporate mystery' of mission statements in respect of Malaysian companies will serve as an important catalyst to further investigations and discussions of the subject so that ultimately the whole truth shall prevail. Thank you.

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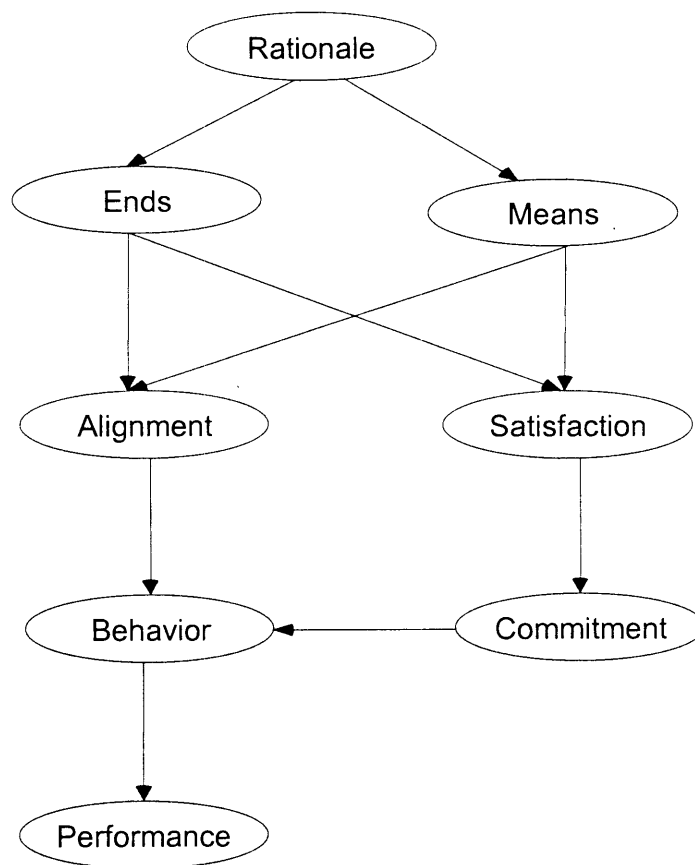
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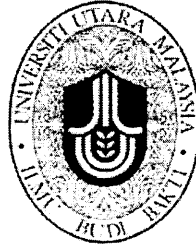
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Appendix 1

Bart, Bontis & Taggar (2001) Model Of The Impact Of Mission Statement On Firm Performance



Appendix 2



SCHOOL OF MANAGEMENT
UNIVERSITI UTARA MALAYSIA

QUESTIONNAIRE ON:

*MISSION STATEMENTS: PREVALENCE, SIGNIFICANCE AND IMPACT ON FIRM
PERFORMANCE*

**TO BE ANSWERED BY THE CEO OR HIS REPRESENTATIVE FOR THE
ORGANIZATION**

EVERY RESPONSE GIVEN IN THIS QUESTIONNAIRE WILL BE TREATED IN THE
STRICTEST OF CONFIDENCE AND SHALL BE USED ONLY AS A BASIC
RESEARCH INPUT.

THANKING YOU IN ADVANCE FOR YOUR COOPERATION.

SECTION 1.

1. Name of Organization:.....

2. Date of Incorporation:.....

3. Nature of Core Business (**tick "√"** the relevant option)

a. Service

☐

b. Production

☐

4. My position in this organization (Tick the relevant option)

☐

CEO

☐

Senior executive

☐

Executive

5. Does your organization have a written mission statement?

Yes/No.

(If your answer is 'Yes' proceed to items Nos. 6 through 21; if your answer is 'No' proceed to item No. 5 only).

6. To what extent do you agree that each of the following is a contributing factor to your organization's failure to develop its mission statement? Indicate your response by **circling the appropriate number** on the given scale that ranges from 0 (totally disagree) to 9 (totally agree).

- i. The large number and diversity of stakeholders makes it difficult to develop an all satisfying mission statement;

0 1 2 3 4 5 6 7 8 9

- ii. The amount of work involved is a turn-off;

0 1 2 3 4 5 6 7 8 9

- iii. Comfortable with the status quo;

0 1 2 3 4 5 6 7 8 9

- iv. Fear of loss of confidentiality;

0 1 2 3 4 5 6 7 8 9

- v. Fear of controversy that might arise in the process of a mission statement development;

0 1 2 3 4 5 6 7 8 9

- vi. Time constraint imposes barrier on management's participation in the time-consuming mission statement development process;

0 1 2 3 4 5 6 7 8 9

- vii. The need for managerial personnel to think as generalists instead of specialists in the process of mission statement development, is not easy to accomplish;

0 1 2 3 4 5 6 7 8 9

- viii. The fear of losing organizational autonomy;

0 1 2 3 4 5 6 7 8 9

- ix. The formality of the planning processes involved is a turn-off.

0 1 2 3 4 5 6 7 8 9

- x The uncertainty about the value of mission statements

0 1 2 3 4 5 6 7 8 9

7. Since when does your organization have a written mission statement?

Since (Year)_____.

SECTION 2.

Indicate the extent to which each of these statements represents the rationale for developing your organization's mission statement by **circling the appropriate number** on the given scale, which ranges from 1 (not at all) to 5 (to the greatest possible) located on the right hand side of each statement.

7. To what extent is your organization's mission statement developed to guide its strategic planning system?

1 2 3 4 5

8. To what extent is your organization's mission statement developed to define the scope of its business operations/activities?

1 2 3 4 5

9. To what extent is your organization's mission statement developed to provide a common purpose or direction transcending individual and department needs?

1 2 3 4 5

SECTION 3.

Indicate your response to the following question by **putting a tick "✓"** in the appropriate box accompanying each given item.

10. To what extent are the followings specified in your organization's mission statement?

Not Included Somewhat included Clearly specified

- a. The general corporate aims
- b. The non-financial objectives
- c. The desired competitive position.
- d. The distinctive competence/activity that your organization can do better vis-a-vis its competitors.
- e. The competitive strategy.
- f. The key success factors/factors that your organization must have to compete successfully.

SECTION 4.

Indicate your response to each of the following questions by **circling the appropriate number** on the given ten-point scale ranging from 0 (not at all) to 9 (to the greatest possible).

11. To what extent are you satisfied with the clarity of your organization's mission statement?

0 1 2 3 4 5 6 7 8 9

12. To what extent are you satisfied with your organization's mission statement being right?

0 1 2 3 4 5 6 7 8 9

13. To what extent are you committed to achieving your organization's mission?

0 1 2 3 4 5 6 7 8 9

SECTION 5.

The following questions relate to the linkage between mission statement and your organization's desired future position. Indicate your response to each question by **circling the appropriate number**, ranging from 1 (not at all) to 5 (to the greatest possible) on the given scale.

14. To what extent is your organization's mission statement taken into account in determining its desired future expansion in product areas?

1 2 3 4 5

15. To what extent is your organization's mission statement taken into account in establishing its desired future market leadership position?

1 2 3 4 5

16. To what extent is your organization's mission statement taken into account in establishing its desired future integrity/quality level?

1 2 3 4 5

17. To what extent is your organization's mission statement taken into account in ensuring its desired future market drive ness is secured?

1 2 3 4 5

18. To what extent is your organization's mission statement taken into account in building its desired future image?

1 2 3 4 5

Indicate your response to each question in Sections 6 through 7 by CIRCLING the appropriate number, ranging from 0 (not at all) to 9 (to the greatest possible) on the given scale.

SECTION 6.

19. When confronted with an important, non-routine problem or opportunity, to what extent does your organization:

a. develop many alternative responses?

0 1 2 3 4 5 6 7 8 9

b. consider many diverse criteria for
eliminating possible courses of action?

0 1 2 3 4 5 6 7 8 9

c. thoroughly examine multiple
explanations for the problem or
opportunity?

0 1 2 3 4 5 6 7 8 9

d. conduct multiple examinations of any
suggested course of action?

0 1 2 3 4 5 6 7 8 9

e. search extensively for possible
responses?

0 1 2 3 4 5 6 7 8 9

SECTION 7.

20. How satisfied are you with your
Organization's current **overall**
financial performance (i.e. sales,
profit, growth & margin)?

0 1 2 3 4 5 6 7 8 9

SECTION 8.

21. How strongly do you agree or disagree with each of the following statements? Indicate your response by **circling the appropriate number** ranging from 0 (strongly disagree) to 9 (strongly agree) on the given scale.

- a. Product/services become obsolete very slowly in my firm's principal industry.

0 1 2 3 4 5 6 7 8 9

- b. My firm seldom needs to change its marketing practices to keep up with competitors.

0 1 2 3 4 5 6 7 8 9

- c. Consumer demand and preferences are very easy to forecast in my principal industry.

0 1 2 3 4 5 6 7 8 9

- d. My firm does not frequently change its production/service technology to keep up with competitors and/or consumer preferences.

0 1 2 3 4 5 6 7 8 9

Once again thank you so much for your cooperation.

Appendix 3

Key to data spreadsheet:

- a : Participating companies**
- b : Date of incorporation**
- c : Nature of core business**
- d : Position of respondents**
- e : Possession of mission statements**
- r1-r10 : Reasons for failure to develop mission statement**
- f : Year in which mission statement was developed**
- g1-g3 : Mission statement development rationales**
- h1-h3 : Mission ends**
- i1-i3 : Mission means**
- j1-j2 : Management satisfaction with the mission**
- k : Management commitment to the mission**
- L1-L5 : Desired Future Position (DFP)**
- m1-m5 : Strategic decision-making processes**
- n : Firm performance**
- o1-o4 : Industrial stability**
- p1, p2, & p3: Profit before tax for the year 1999, 2000 & 2001 respectively**
- q1, q3, & q5: Long term asset for the year 1999, 2000 & 2001 respectively**
- q2, q4, & q6: Current asset for the year 1999, 2000 & 2001 respectively**
- s1, s2, & s3: Turnover for the year 1999, 2000, & 2001 respectively**

a	b	c	d	e	r1	r2	r3	r4	r5	r6	r7	r8	r9	r10	f	g1	g2	g3
Co.01	1960	1	1	0	1	1	8	1	1	1	1	1	1	1	.	.	.	.
Co.02	1979	2	2	0	3	4	5	3	6	5	6	4	5	1	.	.	.	.
Co.03	1993	2	1	0	6	5	5	4	4	4	6	4	4	2	.	.	.	.
Co.04	1989	2	3	0	3	4	3	6	6	5	6	4	4	1	.	.	.	.
Co.05	1968	1	2	0	8	1	6	4	7	5	6	6	3	1	.	.	.	.
Co.06	1912	2	3	0	8	2	8	2	5	2	2	2	2	2	.	.	.	.
Co.07	1991	2	3	0	1	3	1	2	2	8	2	1	1	1	.	.	.	.
Co.08	1991	2	2	0	3	8	7	2	2	8	2	2	3	2	.	.	.	.
Co.09	1981	2	1	0	2	4	7	4	3	3	6	5	4	2	.	.	.	.
Co.10	1981	1	1	0	2	5	4	2	0	4	4	4	4	0	.	.	.	.
Co.11	1992	2	1	0	2	6	6	3	4	2	4	5	3	1	.	.	.	.
Co.12	1965	2	3	0	4	5	4	7	5	7	4	6	7	3	.	.	.	.
Co.13	1986	2	2	1	.	.	.	.	.	.	.	.	.	.	1996	4	5	4
Co.14	1984	1	2	1	.	.	.	.	.	.	.	.	.	.	1992	5	5	4
Co.15	1990	1	3	1	.	.	.	.	.	.	.	.	.	.	1992	4	4	5
Co.16	1995	2	3	1	.	.	.	.	.	.	.	.	.	.	1996	2	4	2
Co.17	1987	1	3	1	.	.	.	.	.	.	.	.	.	.	1989	3	2	3
Co.18	1991	2	3	1	.	.	.	.	.	.	.	.	.	.	1991	5	5	5
Co.19	1989	1	1	1	.	.	.	.	.	.	.	.	.	.	1995	4	4	4
Co.20	1994	1	1	1	.	.	.	.	.	.	.	.	.	.	1996	4	4	4
Co.21	1987	2	2	1	.	.	.	.	.	.	.	.	.	.	2001	4	1	4
Co.22	1978	2	2	1	.	.	.	.	.	.	.	.	.	.	2000	5	4	5
Co.23	1976	1	1	1	.	.	.	.	.	.	.	.	.	.	1996	4	3	2
Co.24	1965	2	2	1	.	.	.	.	.	.	.	.	.	.	1993	3	3	4
Co.25	1988	2	2	1	.	.	.	.	.	.	.	.	.	.	1998	4	5	5
Co.26	1986	2	1	1	.	.	.	.	.	.	.	.	.	.	1996	5	4	4
Co.27	1988	1	3	1	.	.	.	.	.	.	.	.	.	.	1988	5	3	5
Co.28	1972	1	2	1	.	.	.	.	.	.	.	.	.	.	1998	3	4	3
Co.29	1984	1	1	1	.	.	.	.	.	.	.	.	.	.	1984	5	5	5
Co.30	1968	1	1	1	.	.	.	.	.	.	.	.	.	.	1995	3	4	3
Co.31	1987	2	1	1	.	.	.	.	.	.	.	.	.	.	1998	2	3	3
Co.32	1972	2	1	1	.	.	.	.	.	.	.	.	.	.	1998	5	5	5
Co.33	1977	2	2	1	.	.	.	.	.	.	.	.	.	.	1992	4	4	4
Co.34	1990	1	1	1	.	.	.	.	.	.	.	.	.	.	1998	4	4	3
Co.35	1983	1	1	1	.	.	.	.	.	.	.	.	.	.	1995	4	4	4
Co.36	1982	1	3	1	.	.	.	.	.	.	.	.	.	.	2000	4	4	4
Co.37	1995	1	3	1	.	.	.	.	.	.	.	.	.	.	1998	2	5	5
Co.38	1961	1	3	1	.	.	.	.	.	.	.	.	.	.	1980	5	5	4
Co.39	1986	2	3	1	.	.	.	.	.	.	.	.	.	.	1987	3	3	3
Co.40	1972	1	3	1	.	.	.	.	.	.	.	.	.	.	1992	3	4	4

Co.41	1985	1	2	1	.	.	.	.	.	.	.	.	.	.	1995	4	4	4
Co.42	1980	2	2	1	.	.	.	.	.	.	.	.	.	.	1998	4	4	4
Co.43	1900	2	2	1	.	.	.	.	.	.	.	.	.	.	1985	4	4	5
Co.44	1963	1	1	1	.	.	.	.	.	.	.	.	.	.	1990	5	5	5
Co.45	1985	2	2	1	.	.	.	.	.	.	.	.	.	.	1995	5	4	3
Co.46	1989	2	1	1	.	.	.	.	.	.	.	.	.	.	1998	3	2	2
Co.47	1985	1	1	1	.	.	.	.	.	.	.	.	.	.	1995	3	4	5
Co.48	1972	1	2	1	.	.	.	.	.	.	.	.	.	.	1996	3	3	3
Co.49	1980	2	2	1	.	.	.	.	.	.	.	.	.	.	1995	4	4	4
Co.50	1973	1	1	1	.	.	.	.	.	.	.	.	.	.	1996	5	5	3
Co.51	1976	2	3	1	.	.	.	.	.	.	.	.	.	.	2001	5	4	4
Co.52	1992	1	2	1	.	.	.	.	.	.	.	.	.	.	1993	4	5	4
Co.53	1982	2	1	1	.	.	.	.	.	.	.	.	.	.	1998	4	4	3
Co.54	1983	2	1	1	.	.	.	.	.	.	.	.	.	.	1991	5	5	5
CO55	1993	1	2	1	.	.	.	.	.	.	.	.	.	.	2001	5	5	5
Co.56	1972	2	2	1	.	.	.	.	.	.	.	.	.	.	1997	4	5	4
Co.57	1996	2	2	1	.	.	.	.	.	.	.	.	.	.	1998	5	5	3
Co.58	1990	1	2	1	.	.	.	.	.	.	.	.	.	.	1994	4	4	4
Co.59	1996	1	1	1	.	.	.	.	.	.	.	.	.	.	1997	5	5	5
Co.60	1981	2	1	1	.	.	.	.	.	.	.	.	.	.	1995	5	5	4
Co.61	1978	2	1	1	.	.	.	.	.	.	.	.	.	.	1997	5	5	4
Co.62	1968	1	2	1	.	.	.	.	.	.	.	.	.	.	1998	3	3	3
Co.63	1955	2	1	1	.	.	.	.	.	.	.	.	.	.	1993	3	3	3
Co.64	1972	2	1	1	.	.	.	.	.	.	.	.	.	.	1993	5	4	4
Co.65	1995	2	2	1	.	.	.	.	.	.	.	.	.	.	1996	4	4	4
Co.66	1983	1	1	1	.	.	.	.	.	.	.	.	.	.	1983	5	5	5
Co.67	1979	2	2	1	.	.	.	.	.	.	.	.	.	.	1983	4	5	5
Co.68	1975	1	1	1	.	.	.	.	.	.	.	.	.	.	1984	5	4	4
Co.69	1981	1	3	1	.	.	.	.	.	.	.	.	.	.	1981	4	4	5
Co.70	1990	2	2	1	.	.	.	.	.	.	.	.	.	.	1993	3	3	4
Co.71	1985	2	1	1	.	.	.	.	.	.	.	.	.	.	1990	5	4	5
Co.72	1989	1	2	1	.	.	.	.	.	.	.	.	.	.	1993	4	5	5
Co.73	1978	2	1	1	1997	5	5	4
CO74	1974	2	2	1	1991	4	4	4

h1	h2	h3	i1	i2	i3	j1	j2	k3	L1	L2	L3	L4	L5	m1	m2	m3	m4	m5	n
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o1	o2	o3	o4	p1	p2	p3	q1	q2	q3	q4	q5
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4	3	2	4	1664	2612	5073	1680	909	1168	868	4674
5	2	7	8	7833	8816	9673	21481	4149	20918	6349	20979
2	2	1	0	210	226	210	83	127	82	147	81
4	4	6	4	257	153	1166	886	553	776	431	776
2	2	1	6	23	22	15	17	27	22	23	25
7	7	5	3	260	236	178	265	279	260	324	261
2	7	7	4	563	565	620	985	385	1351	256	1526
3	6	5	2	130	148	79	921	58	979	293	981
5	2	3	4	881	1254	1374	1396	445	1372	581	1302
7	1	3	6	175	228	114	68	331	71	367	78
2	4	2	4	240	309	303	157	133	166	170	164
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6	2	2	3	432	338	213	778	408	786	450	381
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4	3	5	5	132	40	26	836	142	827	145	928
9	0	6	7	1617	1598	2046	3774	1042	3982	2509	6311
7	8	6	3	74	60	46	171	60	172	53	166
7	2	7	8	35	51	63	56	34	52	34	50
6	6	6	6	317	380	444	161	463	160	416	122
3	3	4	4	817	1256	1431	187	24352	215	35149	239
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7	8	6	6	123	133	205	16	147	25	159	45
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5	4	6	2	1454	890	1024	3092	561	3360	623	3229
5	3	7	2	439	470	499	1710	291	1694	343	1673
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7	2	1	3	43	60	43	5	46	6	64	5
7	9	2	5	51	52	47	6	42	16	30	27
7	4	5	5	128	208	208	735	149	831	192	848
6	2	7	6	297	367	303	200	132	227	125	83
1	9	8	1	222	337	192	340	892	623	1111	700
0	0	4	4	126	134	140	89	87	97	91	102
3	2	2	1	163	204	168	15	41	17	49	21
2	3	8	7	62	88	113	41	30	57	40	65
5	5	2	1	226	432	439	54	357	69	571	68
8	5	9	9	231	260	260	759	208	790	222	788
4	4	6	5	461	185	189	1033	446	1117	502	1183
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0	0	4	2	62	52	134	11	155	9	175	17
2	4	2	1	142	285	216	41	136	51	222	67
9	8	8	7	42	52	53	37	43	35	44	31
2	3	4	1	42	35	54	98	144	97	134	95
7	6	6	8	257	147	55	186	122	179	67	164
6	7	5	5	12	8	12	97	91	160	23	202
7	7	7	6	180	205	204	219	154	197	189	185
7	2	4	2	201	296	441	241	7747	269	9845	305
7	2	5	2	1934	2174	2402	910	42327	952	44276	1417
7	6	7	8	179	182	185	443	467	413	416	230
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7	6	3	1	1179	1577	1657	4118	763	3978	724	3956
5	4	5	3	91	97	54	51	300	62	371	58
4	6	7	5	66	28	36	312	282	296	251	339
9	8	8	7	231	260	260	759	208	790	222	788
6	6	6	5	4002	5057	6388	1405	1012	1439	1401	1562

q6	s1	s2	s3
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22582	620	775	820
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3630	-184	-278	412
6409	1017	1250	2444
120	19	26	4
454	-115	-196	26
18	8	4	3
337	105	84	62
237	78	47	85
298	-86	105	17
478	-39	-13	-52
356	30	25	3
188	13	21	13
22	-5	-5	-2
257	-101	-122	-430
218	40	56	69
63	-21	-12	-83
1230	409	243	135
45	23	11	6
43	-4	-10	1
780	-384	6	290
39305	107	595	604
55	18	13	12
65	14	15	18
139444	1011	2137	1510
116	12	28	38
218	29	38	33

205	19	19	23
798	14	107	178
704	367	86	-15
341	-120	-115	-103
279	-1	9	23
56	10	6	2
19	12	10	5
193	-2	-17	-34
102	-25	25	37
968	103	62	-9
106	13	16	16
70	5	7	7
46	9	13	22
689	27	53	34
281	65	84	85
475	268	47	42
6	-2	-1	0
377	648	-647	605
282	33	25	49
186	34	39	40
51	7	7	12
128	-1	3	4
52	-24	-46	-24
2	4	2	2
208	11	6	20
12212	102	86	70
51826	838	1260	1268
374	-59	-111	-301
32	7	5	3
653	-22	107	75
336	16	23	29
262	101	47	60
281	65	84	85
1708	362	213	553

Appendix 4

ANOVA OF Dependent Variables By Positions OF Respondents

		Sum of Squares	df	Mean Square	F	Sig.
Planning System	Between Groups	2.907	2	1.453	1.963	.150
	Within Groups	43.690	59	.741		
	Total	46.597	61			
Business Scope	Between Groups	.663	2	.331	.418	.660
	Within Groups	46.757	59	.792		
	Total	47.419	61			
Direction	Between Groups	.283	2	.142	.191	.826
	Within Groups	43.717	59	.741		
	Total	44.000	61			
Gen. Corp. Aims	Between Groups	.777	2	.388	3.313	.043
	Within Groups	6.917	59	.117		
	Total	7.694	61			
Non Fin. Objective	Between Groups	1.144	2	.572	1.247	.295
	Within Groups	27.050	59	.458		
	Total	28.194	61			
Comp. Position	Between Groups	2.633	2	1.317	3.124	.051
	Within Groups	24.867	59	.421		
	Total	27.500	61			
Dist. Competence	Between Groups	.797	2	.398	.800	.454
	Within Groups	29.397	59	.498		
	Total	30.194	61			

Comp. Strategy	Between Groups	.887	2	.444	1.047	.357
	Within Groups	25.000	59	.424		
	Total	25.887	61			
Key Succ. Factors	Between Groups	8.269E-02	2	4.134E-02	.085	.919
	Within Groups	28.837	59	.489		
	Total	28.919	61			
Clarity of Statement	Between Groups	1.610	2	.805	.325	.724
	Within Groups	146.277	59	2.479		
	Total	147.887	61			
Right Statement	Between Groups	.993	2	.497	.245	.784
	Within Groups	119.717	59	2.029		
	Total	120.710	61			
Commitment	Between Groups	.394	2	.197	.094	.911
	Within Groups	123.800	59	2.098		
	Total	124.194	61			
Product Area	Between Groups	.388	2	.194	.283	.755
	Within Groups	40.467	59	.686		
	Total	40.855	61			
Market Position	Between Groups	.290	2	.145	.177	.838
	Within Groups	48.307	59	.819		
	Total	48.597	61			
Integrity	Between Groups	1.653	2	.827	.782	.462
	Within Groups	62.347	59	1.057		
	Total	64.000	61			
Market Driven	Between Groups	2.797	2	1.399	2.053	.137
	Within Groups	40.187	59	.681		
	Total	42.984	61			

Corp. Image	Between Groups	1.411	2	.706	1.108	.337
	Within Groups	37.557	59	.637		
	Total	38.968	61			
Alt. Response	Between Groups	7.494	2	3.747	1.756	.182
	Within Groups	125.877	59	2.134		
	Total	133.371	61			
Diverse Criteria	Between Groups	3.921	2	1.960	.937	.398
	Within Groups	123.450	59	2.092		
	Total	127.371	61			
Multiple Explanation	Between Groups	5.524	2	2.762	1.197	.309
	Within Groups	136.170	59	2.308		
	Total	141.694	61			
Multiple Examination	Between Groups	23.570	2	11.785	3.952	.025
	Within Groups	175.930	59	2.982		
	Total	199.500	61			
Search extensively	Between Groups	3.882	2	1.941	.667	.517
	Within Groups	171.667	59	2.910		
	Total	175.548	61			
Performance	Between Groups	.324	2	.162	.047	.954
	Within Groups	203.160	59	3.443		
	Total	203.484	61			
Obsolescence Rate	Between Groups	7.551	2	3.776	.591	.557
	Within Groups	376.917	59	6.388		
	Total	384.468	61			

Marketing Practice	Between Groups	18.744	2	9.372	1.588	.213
	Within Groups	348.240	59	5.902		
	Total	366.984	61			
Demand Forecast	Between Groups	5.812	2	2.906	.642	.530
	Within Groups	267.027	59	4.526		
	Total	272.839	61			
Technological Change	Between Groups	.733	2	.367	.066	.937
	Within Groups	329.477	59	5.584		
	Total	330.210	61			

Appendix 5:

One Way ANOVA Of Dependent Variables By Nature Of/Core Business

		Sum of Squares	df	Mean Square	F	Sig.
Stakeholders	Between Groups	2.778E-02	1	2.778E-02	.004	.950
	Within Groups	66.889	10	6.689		
	Total	66.917	11			
Work amount	Between Groups	11.111	1	11.111	3.185	.105
	Within Groups	34.889	10	3.489		
	Total	46.000	11			
Status quo	Between Groups	1.778	1	1.778	.379	.552
	Within Groups	46.889	10	4.689		
	Total	48.667	11			
Cofidentiality	Between Groups	4.000	1	4.000	1.304	.280
	Within Groups	30.667	10	3.067		
	Total	34.667	11			
Controversy	Between Groups	4.694	1	4.694	.987	.344
	Within Groups	47.556	10	4.756		
	Total	52.250	11			
Mgnt. Time Const.	Between Groups	5.444	1	5.444	1.017	.337
	Within Groups	53.556	10	5.356		
	Total	59.000	11			
Generalist thinking	Between Groups	.694	1	.694	.173	.687
	Within Groups	40.222	10	4.022		
	Total	40.917	11			
Org. Autonomy	Between Groups	.000	1	.000	.000	1.000
	Within Groups	34.667	10	3.467		
	Total	34.667	11			
Planning Process	Between	2.250	1	2.250	.785	.396

	Groups					
	Within Groups	28.667	10	2.867		
	Total	30.917	11			
Uncertain about benefit	Between Groups	2.250	1	2.250	4.821	.053
	Within Groups	4.667	10	.467		
	Total	6.917	11			
Planning System	Between Groups	.130	1	.130	.168	.683
	Within Groups	46.467	60	.774		
	Total	46.597	61			
Business Scope	Between Groups	.284	1	.284	.361	.550
	Within Groups	47.135	60	.786		
	Total	47.419	61			
Direction	Between Groups	.258	1	.258	.354	.554
	Within Groups	43.742	60	.729		
	Total	44.000	61			
Gen. Corp. Aims	Between Groups	.119	1	.119	.939	.336
	Within Groups	7.575	60	.126		
	Total	7.694	61			
Non Fin. Objective	Between Groups	.358	1	.358	.772	.383
	Within Groups	27.835	60	.464		
	Total	28.194	61			
Comp. Position	Between Groups	1.615	1	1.615	3.742	.058
	Within Groups	25.885	60	.431		
	Total	27.500	61			
Dist. Competence	Between Groups	1.225	1	1.225	2.537	.116
	Within Groups	28.969	60	.483		
	Total	30.194	61			

Comp. Strategy	Between Groups	.520	1	.520	1.231	.272
	Within Groups	25.367	60	.423		
	Total	25.887	61			
Key Succ. Factors	Between Groups	7.769E-02	1	7.769E-02	.162	.689
	Within Groups	28.842	60	.481		
	Total	28.919	61			
Clarity of Statement	Between Groups	1.680E-03	1	1.680E-03	.001	.979
	Within Groups	147.885	60	2.465		
	Total	147.887	61			
Right Statement	Between Groups	.441	1	.441	.220	.641
	Within Groups	120.269	60	2.004		
	Total	120.710	61			
Commitment	Between Groups	8.132E-03	1	8.132E-03	.004	.950
	Within Groups	124.185	60	2.070		
	Total	124.194	61			
Product Area	Between Groups	.388	1	.388	.576	.451
	Within Groups	40.467	60	.674		
	Total	40.855	61			
Market Position	Between Groups	2.177E-02	1	2.177E-02	.027	.870
	Within Groups	48.575	60	.810		
	Total	48.597	61			
Integrity	Between Groups	.581	1	.581	.550	.461
	Within Groups	63.419	60	1.057		
	Total	64.000	61			
Market Driven	Between Groups	.142	1	.142	.199	.657
	Within Groups	42.842	60	.714		
	Total	42.984	61			

Corp. Image	Between Groups	1.075E-03	1	1.075E-03	.002	.968
	Within Groups	38.967	60	.649		
	Total	38.968	61			
Alt. Response	Between Groups	.196	1	.196	.088	.767
	Within Groups	133.175	60	2.220		
	Total	133.371	61			
Diverse Criteria	Between Groups	1.171	1	1.171	.557	.458
	Within Groups	126.200	60	2.103		
	Total	127.371	61			
Multiple Explanation	Between Groups	.727	1	.727	.309	.580
	Within Groups	140.967	60	2.349		
	Total	141.694	61			
Multiple Examination	Between Groups	.258	1	.258	.078	.781
	Within Groups	199.242	60	3.321		
	Total	199.500	61			
Search Extensively	Between Groups	2.964E-02	1	2.964E-02	.010	.920
	Within Groups	175.519	60	2.925		
	Total	175.548	61			
Performance	Between Groups	4.684	1	4.684	1.414	.239
	Within Groups	198.800	60	3.313		
	Total	203.484	61			
Obsolescence Rate	Between Groups	4.001	1	4.001	.631	.430
	Within Groups	380.467	60	6.341		
	Total	384.468	61			
Marketing Practice	Between Groups	.142	1	.142	.023	.879
	Within Groups	366.842	60	6.114		
	Total	366.984	61			

Demand Forecast	Between Groups	.497	1	.497	.110	.742
	Within Groups	272.342	60	4.539		
	Total	272.839	61			
Technological Change	Between Groups	.124	1	.124	.023	.881
	Within Groups	330.085	60	5.501		
	Total	330.210	61			

Appendix 6

Correlations Between Perceptual Evaluation OF Performance And ROS

		Performance	ROS
Performance	Pearson Correlation	1.000	.181
	Sig. (2-tailed)	.	.158
	N	62	62
ROS	Pearson Correlation	.181	1.000
	Sig. (2-tailed)	.158	.
	N	62	62

Correlations Between Perceptual Evaluation Of Performance And ROA

		Performance	ROA
Performance	Pearson Correlation	1.000	.375**
	Sig. (2-tailed)	.	.003
	N	62	62
ROA	Pearson Correlation	.375**	1.000
	Sig. (2-tailed)	.003	.
	N	62	62

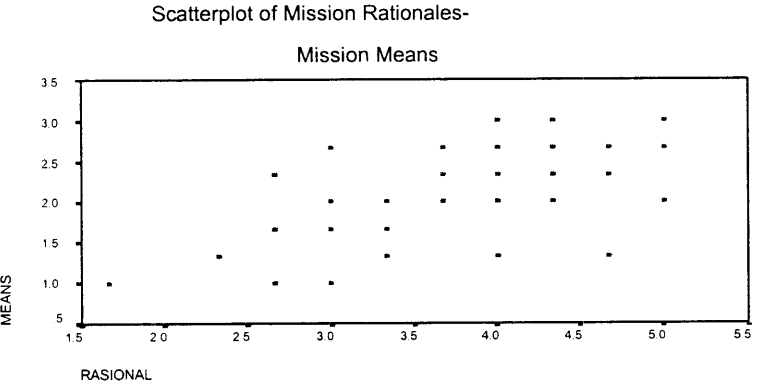
** . Correlation is significant at the 0.01 level (2-tailed).

Appendix 7

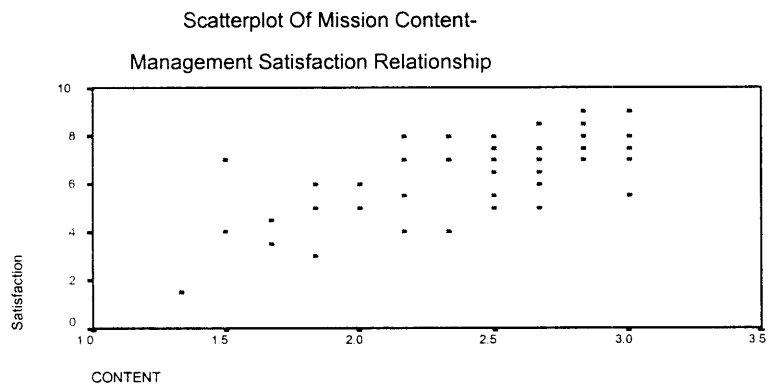
(i)



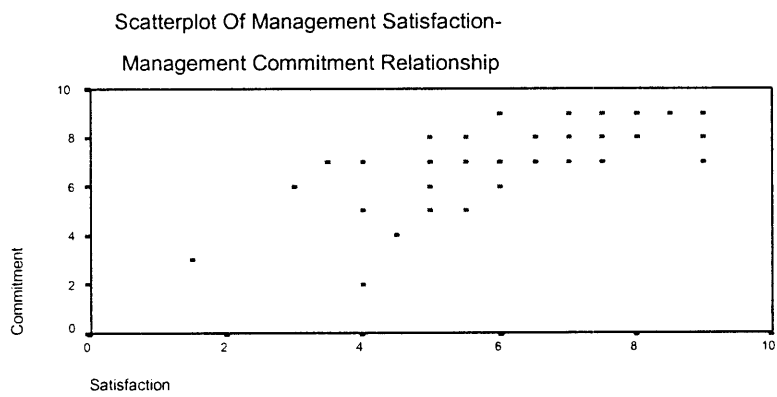
(ii)



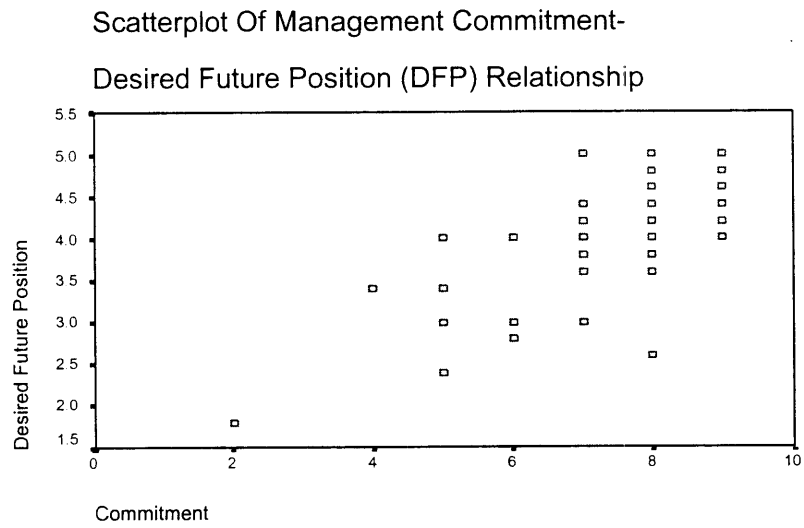
(iii)



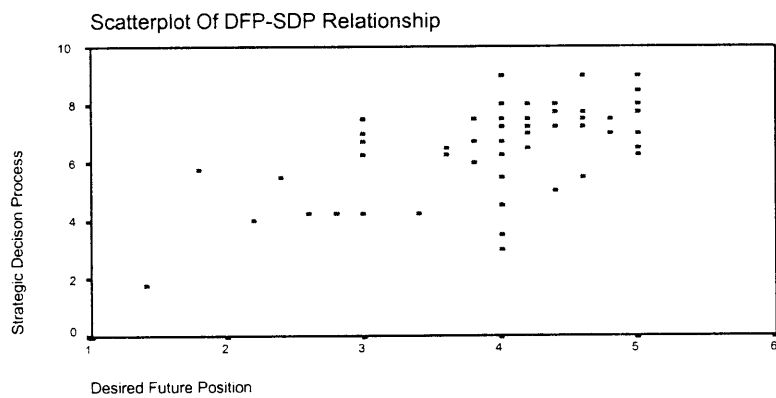
(iv)



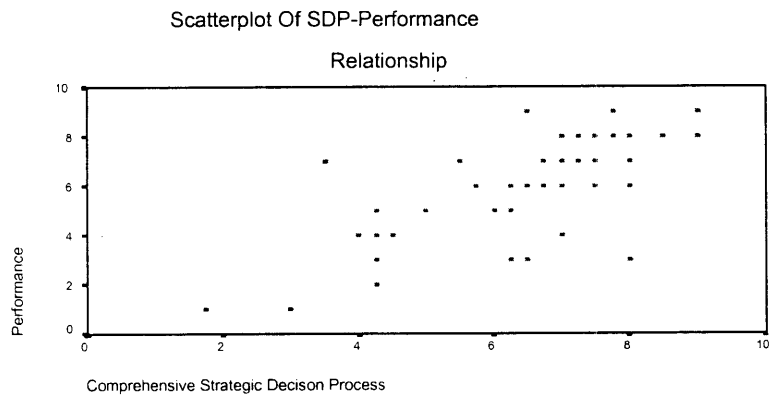
(v)



(vi)

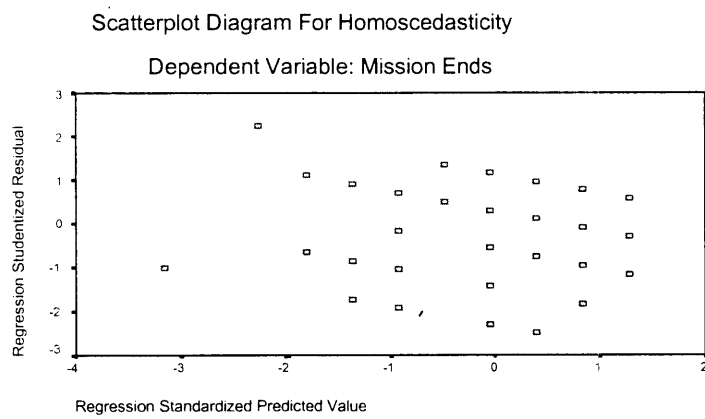


(vii)

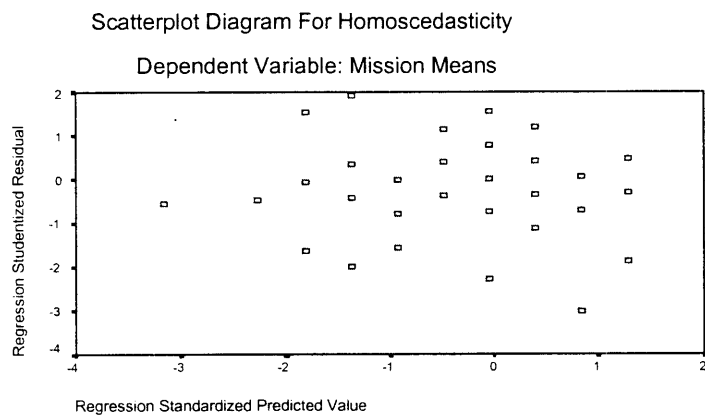


Appendix 8

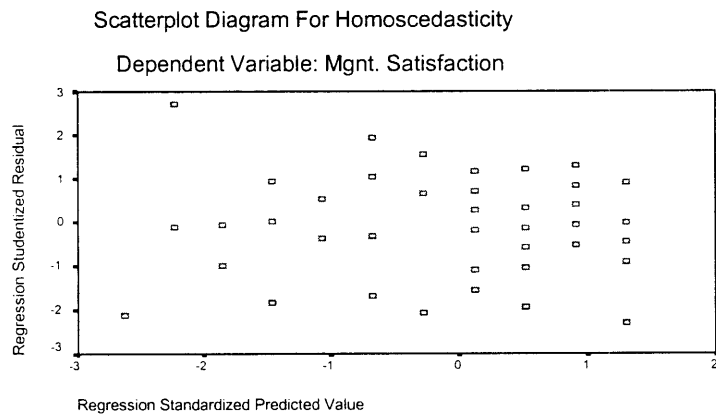
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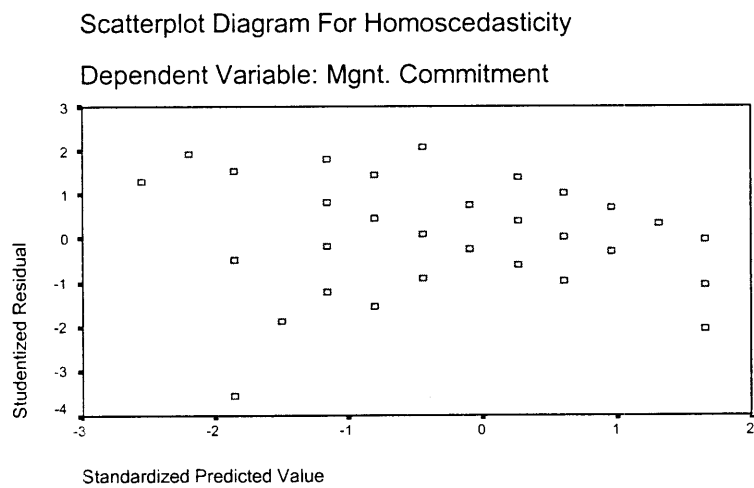
(ii)



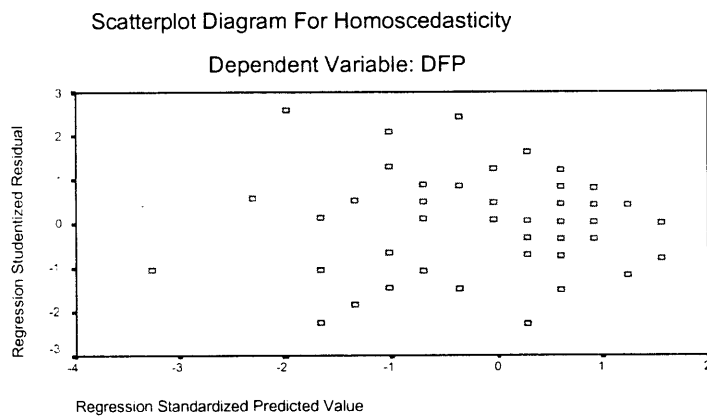
(iii)



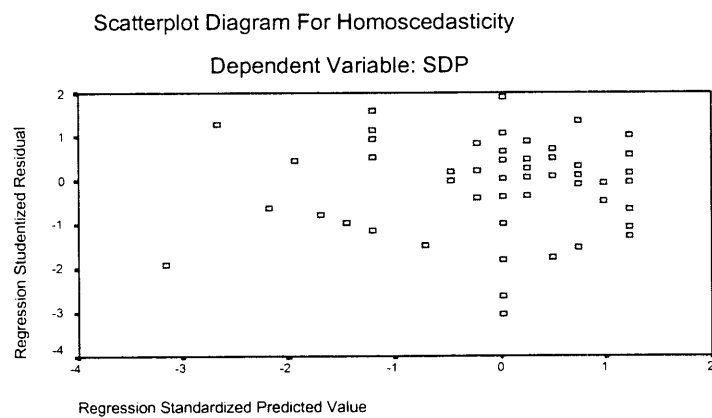
(iv)



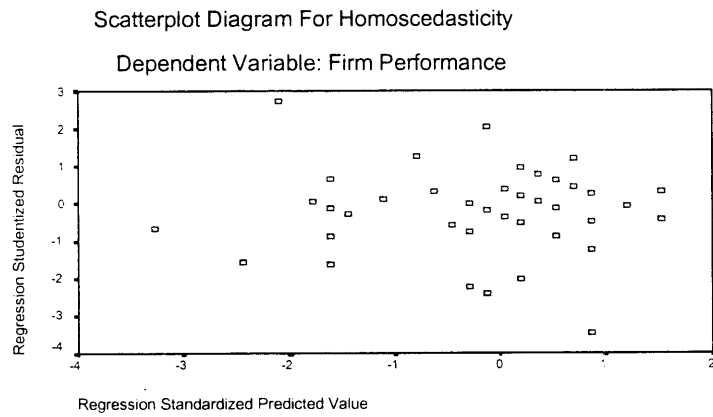
(v)



(vi)



(vii)



Appendix 9

(0a)

Tests of Normality For Mission Rationale

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
RATIONEL	.192	62	.000	.920	62	.001

a. Lilliefors Significance Correction

(0b)

Stem-and-Leaf Plot For Mission Rationale

Frequency Stem & Leaf

```

1.00      2 . 3
3.00      2 . 666
10.00     3 . 0000003333
3.00      3 . 666
27.00     4 . 000000000000000033333333333333
10.00     4 . 6666666666
8.00      5 . 00000000

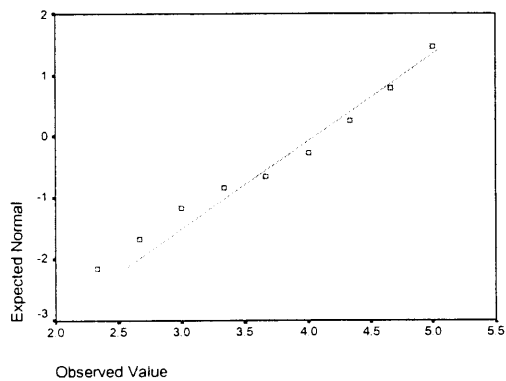
```

Stem width: 1.00

Each leaf: 1 case(s)

(0c)

Normal Q-Q Plot of Mission Rationale



(Ia)

Tests of Normality Of Studentized Residual For Mission Ends

	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Studentized Residual	.107	62	.077

a. Lilliefors Significance Correction

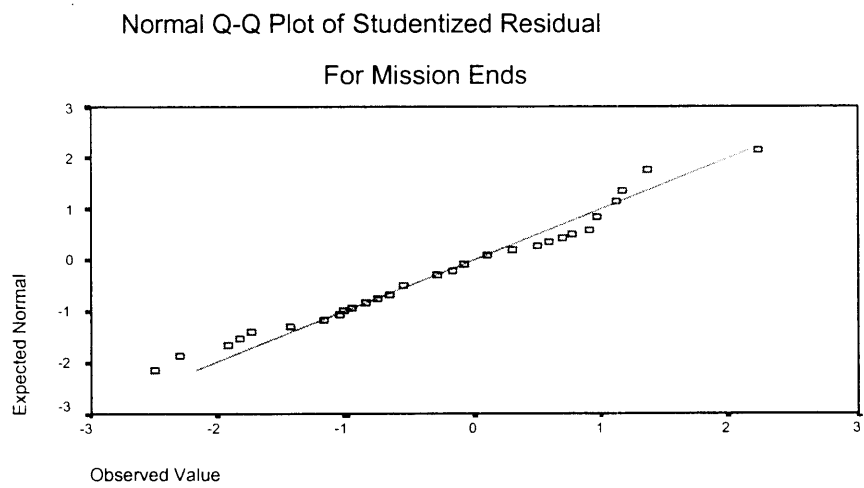
(Ib)

Studentized Residual Stem-and-Leaf Plot For Mission Ends

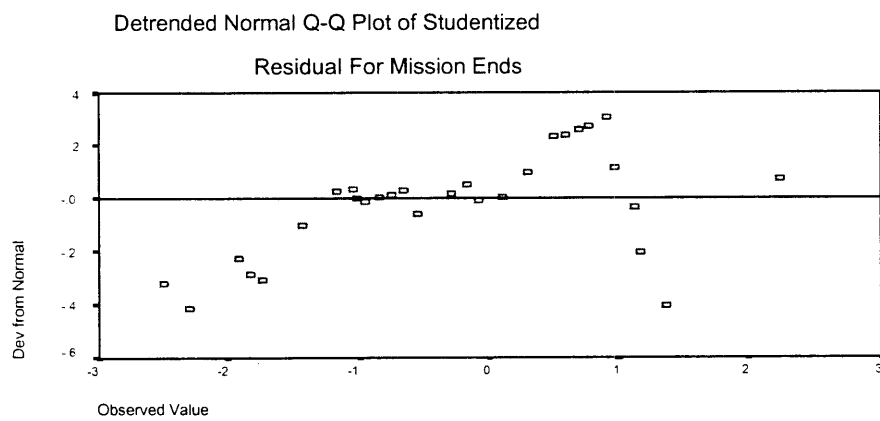
Frequency	Stem & Leaf
2.00	-2 . 24
8.00	-1 . 00114789
22.00	-0 . 0000001222555555667889
22.00	0 . 1113345556779999999999
7.00	1 . 1111133
1.00	2 . 2

Stem width: 1.00000
Each leaf: 1 case(s)

(Ic)



(Id)



(IIa)

Tests of Normality Of Studentized Residual For Mission Means

	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Studentized Residual	.089	62	.200*

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

(IIb)

Studentized Residual Stem-and-Leaf Plot For Mission Means

Frequency Stem & Leaf

1.00 Extremes (= < -3.0)

1.00 -2 . 2

4.00 -1 . 5689

2.00 -1 . 11

9.00 -0 . 577777777

10.00 -0 . 0023333344

20.00 0 . 00000000033444444444

5.00 0 . 77777

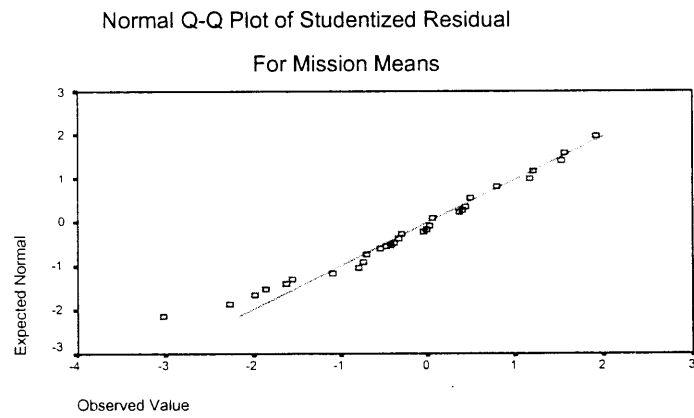
5.00 1 . 12222

5.00 1 . 55599

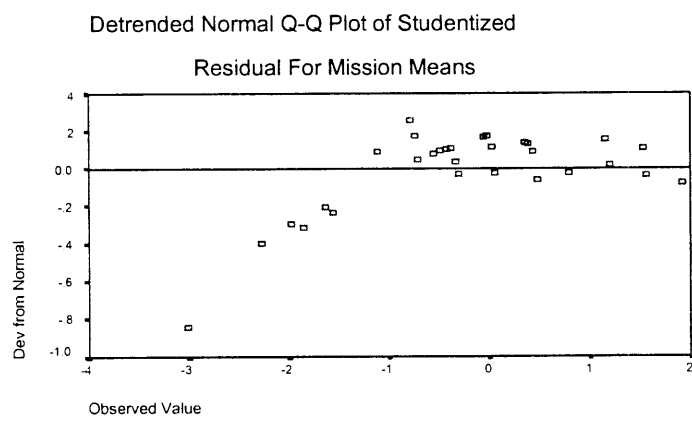
Stem width: 1.00000

Each leaf: 1 case(s)

(IIc)



(IIId)



(IIIa)

**Tests of Normality Of Studentized Residual For
Management Satisfaction**

	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Studentized Residual	.090	62	.200*

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

(IIIb)

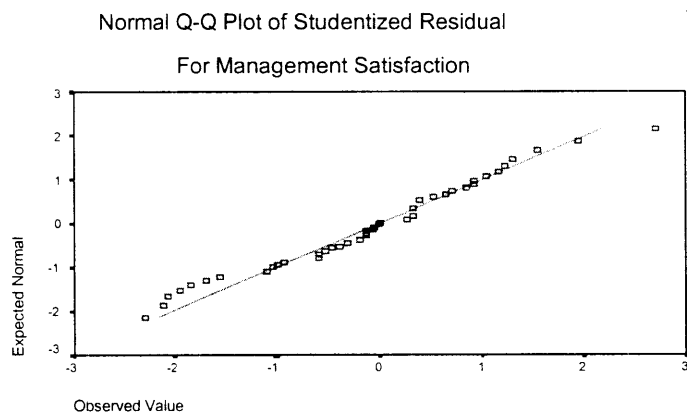
Studentized Residual Stem-and-Leaf Plot For Management Satisfaction
Frequency Stem & Leaf

```
1.00 Extremes  (= <-2.3)
2.00      -2 . 01
4.00      -1 . 5689
3.00      -1 . 000
7.00      -0 . 5555599
14.00     -0 . 00001111113334
14.00      0 . 02233333333333
8.00      0 . 56778999
6.00      1 . 011233
2.00      1 . 59
1.00 Extremes  (>=2.7)
```

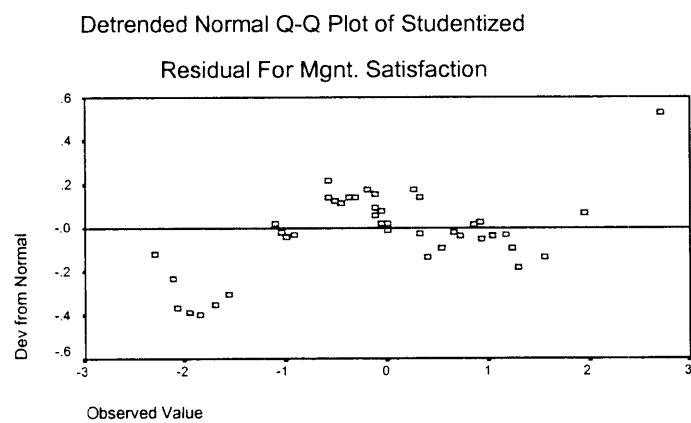
Stem width: 1.00000

Each leaf: 1 case(s)

(IIIc)



(IIIId)



(IVa)

**Tests of Normality Of Studentized Residual For
Management Commitment**

	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Studentized Residual	.087	62	.200*

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

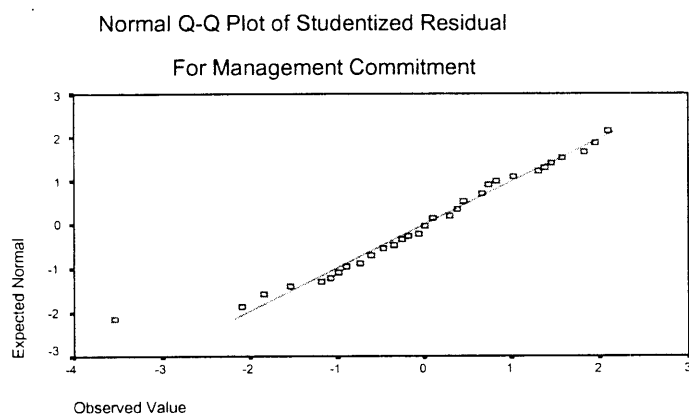
(IVb)

Studentized Residual Stem-and-Leaf Plot For Management Commitment
Frequency Stem & Leaf

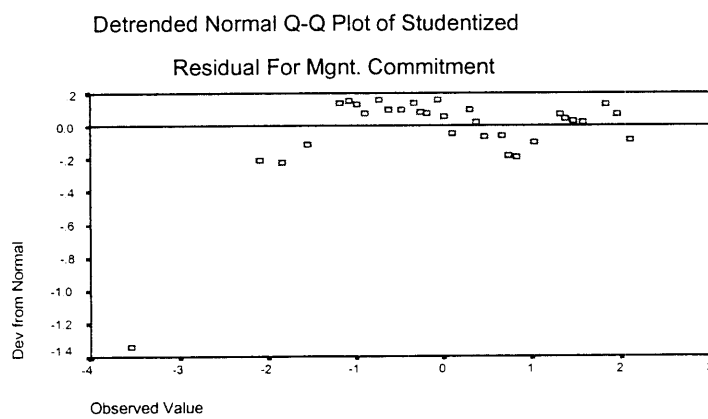
```
1.00 Extremes  (= < -3.5)
1.00      -2 . 1
5.00      -1 . 01588
19.00     -0 . 0122233346666679999
27.00      0 . 000000000223333344466666778
8.00       1 . 00334589
1.00       2 . 0
```

Stem width: 1.00000
Each leaf: 1 case(s)

(IVc)



(IVd)



(Va)

Tests of Normality Of Studentized Residual For DFP

	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Studentized Residual	.105	62	.087

a. Lilliefors Significance Correction

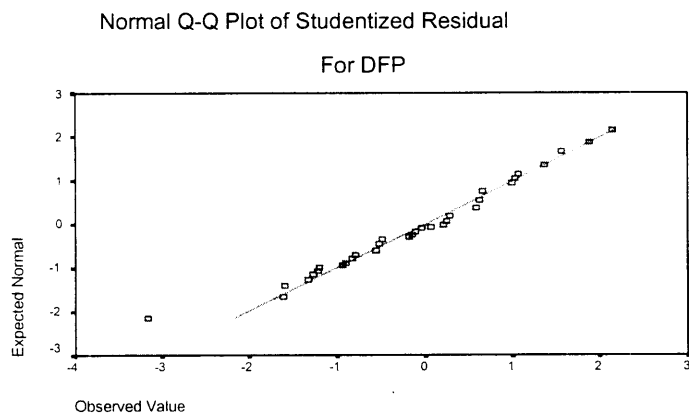
(Vb)

Studentized Residual Stem-and-Leaf Plot For DFP
Frequency Stem & Leaf

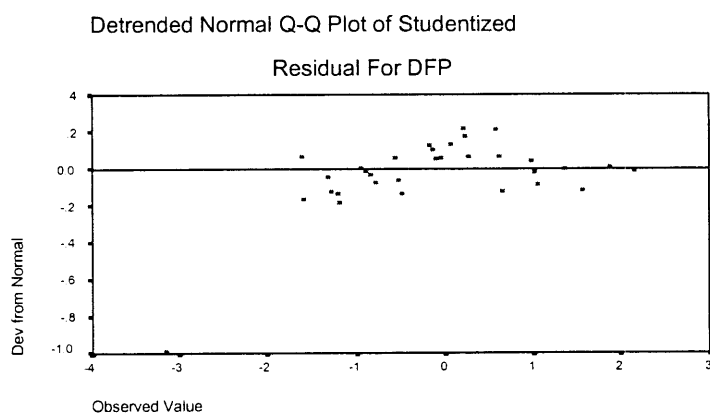
```
1.00 Extremes  (= <-3.2)
4.00   -1 . 5666
5.00   -1 . 12233
12.00  -0 . 555555578889
7.00   -0 . 0111114
9.00    0 . 012222222
14.00    0 . 55556666666669
7.00    1 . 0003333
2.00    1 . 58
1.00    2 . 1
```

Stem width: 1.00000
Each leaf: 1 case(s)

(Vc)



(Vd)



(Via)

Tests of Normality Of Studentized Residual For SDP

	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Studentized Residual	.145	62	.002

a. Lilliefors Significance Correction

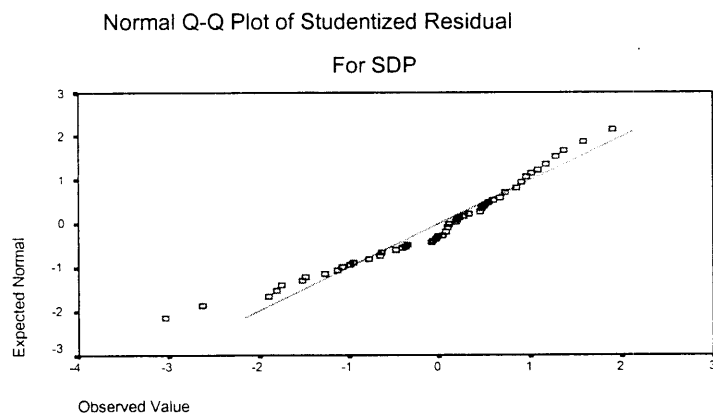
(VIb)

Studentized Residual Stem-and-Leaf Plot For SDP
Frequency Stem & Leaf

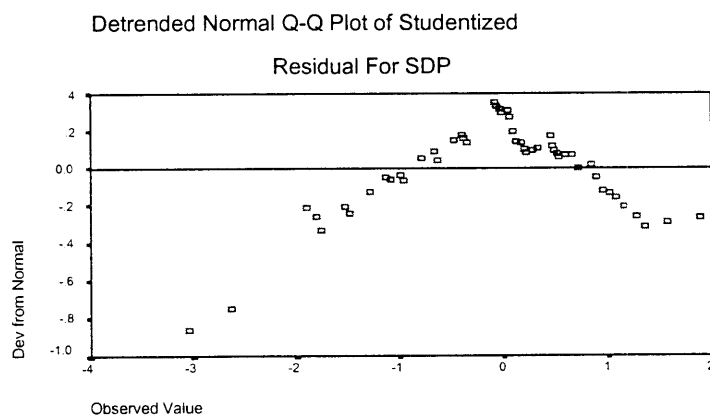
```
1.00 Extremes  (= < -3.0)
1.00   -2 . 6
.00   -2 .
4.00   -1 . 5789
4.00   -1 . 0124
6.00   -0 . 666799
8.00   -0 . 00003334
17.00    0 . 00000011112234444
13.00    0 . 5556677788889
6.00    1 . 001123
2.00    1 . 58
```

Stem width: 1.00000
Each leaf: 1 case(s)

(Vic)



(Vid)



(VIIa)

Tests of Normality Of Studentized Residual For Firm Performance

	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Studentized Residual	.143	62	.003

a. Lilliefors Significance Correction

(VIIb)

Studentized Residual Stem-and-Leaf Plot For Firm Performance

Frequency Stem & Leaf

4.00 Extremes (= < -2.0)

2.00 -1 . 56

1.00 -1 . 2

6.00 -0 . 556788

13.00 -0 . 0001111123444

21.00 0 . 00000012222222333344

9.00 0 . 666677999

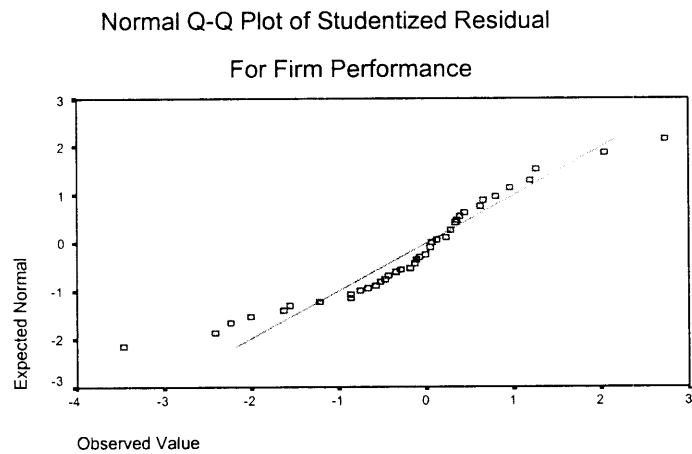
4.00 1 . 1222

2.00 Extremes (>= 2.0)

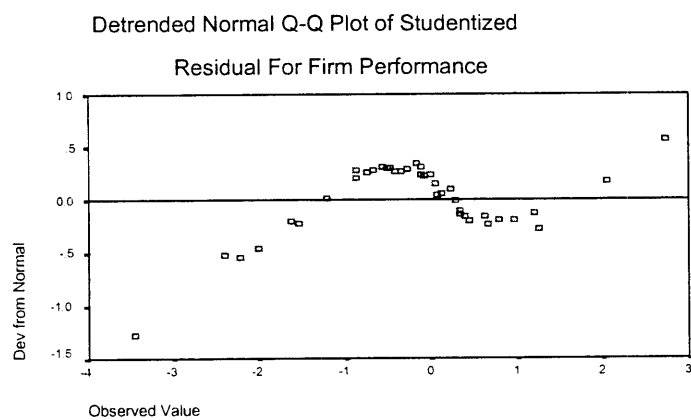
Stem width: 1.00000

Each leaf: 1 case(s)

(VIIc)



(VIId)



Appendix 10

TEST FOR MULTICOLLINEARITY OF INDEPENDENT VARIABLES

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	RATIONALE	.351	2.848
	CONTENT	.431	2.321
	MGNT. SATISFACTION	.245	4.082
	COMMITMENT	.343	2.919
	DFP	.248	4.033
	SDP	.386	2.593

a. Dependent Variable: Performance

Appendix 11

Correlations Between SDP And Industrial Stability(IS)

		IS	CSDP
IS	Pearson Correlation	1.000	.038
	Sig. (2-tailed)	.	.768
	N	62	62
SDP	Pearson Correlation	.038	1.000
	Sig. (2-tailed)	.768	.
	N	62	62