

*Full Length Research Paper*

# Impact of organization's mission an encouraging factor for overall performance

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A well established organization definitely would have its mission as it provides vivid directions to its employees to achieve their entrusted task within defined ambit. This study aims at measuring impact of organization's mission on performance in Banking, Telecommunication and Pharmaceutical Sector of Pakistan. To ascertain effect of mission on organization performance, Denison Organizational Culture Survey was used. Data collected from renounced organizations of different portfolios were selected using instrument with a total sample of 542. Pearson correlation test was used to prove relationship between mission and its elements with organizational performance. Results indicate highly positive relationship between mission and performance. Regression analysis of data shows that organization performance increases by 74 - 79% due to focus of employees in attainment of goals set in through organization mission. Clear definition of mission is essential to achieve high performance in the organization. It would afford opportunity to employees to discharge their function under broader framework. It would also become a significant contributory factor for enhancing organizational performance. Organizations inspiring to improve their performance are taught to define mission for an organization and employees to remain focused in discharge of their responsibilities. Organizations according to due importance to their well-defined mission would channelize their resources and attain growth through expanded resource: hence it's imperative to make use of this component of organization.

**Key words:** Organization's mission, goals and objective, strategic decision and intent, vision, organization performance, banking sector, Pakistan.

## INTRODUCTION

Mission statement is not just three to five lines, it shows mode behind the performance of the company. It shows the clear direction toward future program. It is clear demand of shareholders which will be followed by the employees. Mission is a dream, and management's focus on mission shows commitment for success. Improving performance is the main goal of every organization and it is also linked with its mission.

Denison (2000) reveals three sub components of mission: goals and objective, strategic decision and intent

and vision. Goals are the expected result of performance at ending points and objectives tell us how to meet goals. Goals are broad, general intentions, intangible and abstract but objectives are narrow, precise, tangible, and concrete. Strategic decision helps management for choosing alternative, which affect organization's strategies in positive sense and strategic intent provide positive point of view for future direction. It covers sense of discovery, direction and destiny (Hamel and Prahalad, 1994). Vision is the framework of strategic planning. It is an anticipated picture of the entire company. It is the answer of "where do we want to go?"

Laroche (2003) says that every organization which has its short term and long term strategies performs well as

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compared to organizations which have no strategic direction. Forbes (2003) says that organizations which perform well have clear and defined goals and objectives. Those goals and objectives are broken down in to smaller plans which are followed by employees to enhance performance of organization.

Drucker (1999) says that when goals and objectives are clearly set, they result into increased performance because employees are clear about their tasks. According to Black (2001) and Bevan and Hayday (1994), vision also plays important role in giving strategic direction to organization and it also plays its role in improving performance.

Armstrong (2001) says that every organization which has properly defined vision, its mission is also properly defined. As goals and objectives are driven from mission and vision so properly defined mission and vision define proper goals and objectives which shows organization performance enhancement.

During the last 30 years, managers and academics know the importance of mission but few researchers like Bart et al. (2001) create a mission and performance model (Figure 1). The basic purpose of this study is to test relationship between dimensions of mission and firm performance in Pakistani scenario. Pakistan has a tremendous opportunity to excel due to excellent human capital, which has God-gifted brain and abundance of resources like water, agriculture, minerals and hydrocarbons, and excellent location in South Asia and Greater Middle East. Pakistani organizations need good management who have clear mission. During the last decade, Pakistan has been on the right direction, especially in justice system, police reforms, banking sector, pharmaceutical growth, telecommunication coverage and education level of the people due to clear mission of the top level management. But still Pakistan has to face challenge in health sector, electricity crises, oil and gas exploration, reduction of unemployment opportunities. This study mainly focuses on banking, pharmaceutical and telecommunication sector for testing relationship of goals and objective, strategic decision and intent and vision with dimensions of performance.

## Literature review

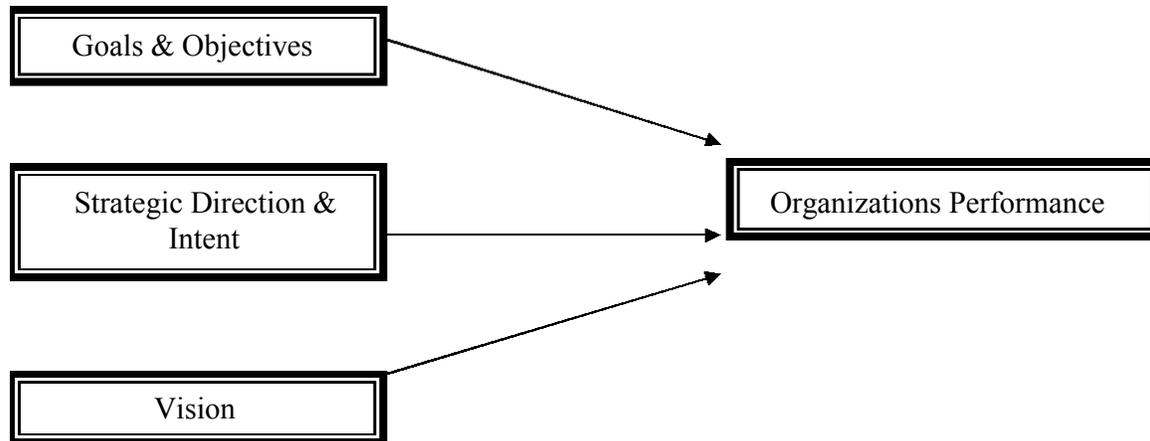
Denison (2000) indices three trait of mission: strategic direction and Intent, Goals and Objectives and Vision. He argues that mission provides clear direction and goals that work as appropriate course of action for stakeholders of organization and its contribution in short- term and long-term commitment to the organization and success. Armistead (1990) says that organizations who perform well have clearly defined mission due to which their goals, objectives and strategies are also clearly defined. These steps help organization to set strategic direction in competing market and improve performance. Brewster

and Larsen (2000) say that organizational mission includes its purpose and business in which organization is working with clear purpose, organizational process also performs well. Buchannan and Huczynski (2004) say that organizational mission also aligns mission of individuals working in the organization. Zineldin (1996) says that mission and organizational performance are interrelated because organizational performance is achieved when it seeks to accomplish its mission.

Child (2005) says that every employee has its own goal and objectives and they develop strategies according to those goals and objectives. Crail (2004) says that when employees' goals and objectives are having same direction towards organizational goals and objectives it would result in shape of growth. According to Wyckoff (1992) organizational goals and objectives are based on its Mission and when mission is not defined properly; its goals and objectives can't be achieved. Sylvestro (1990) says that an organization which can't set their mission by keeping in view their capabilities and resources can't perform up to the desired standards. According to Laroche et al. (1986) goals and objectives give direction to organization and its employees to work and perform well. Organizations that perform well have targets set which are defined by their organizational goals. Every organization has long term and short term goals and objectives. To achieve long term goals, short term goals are required to be achieved. One thing is confirmed that organizational goals and objectives must be clearly defined (Woodcock and Francis, 1981) and divided in to employees' goal and objectives (Chapman et al., 1997) because when employees know what they are going to achieve, they feel that they are contributing (Gupta and Torkzadeh, 1988) in improvement of performance (Pinchot and Pinchot, 1994).

According to Hamel and Prahalad (1989) strategic intent defines organizational direction towards its strategy. Porter (1980) says that organizations use its capital through strategies for achievement of mission because fulfillment of mission lead to improve organization performance. Stalk et al. (1992) says that every strategy is composed of different components and until those components are clearly defined organization strategies are not useful in improvement of performance.

Deming (1986) says that organizational mission, goals, objectives and strategies are derived from its vision, so vision plays an important role in improving performance of organizations. Organizations without clear vision can't perform well in market. According to Devlin and Ennew (1997) , there is relationship between organizational goals, objectives, strategies and organizational performance. According to Drummond (1992) organizational goals, objectives and strategies are derived from its mission whereas mission is derived from organizational vision. This shows that when vision is clearly defined then organization can easily perform well. Grönroos (2000) says that organization must set its vision by keeping in view



**Figure 1.** Organization' mission and organizations performance model.

its resources so that vision can be accomplishable easily. Organizations which set their vision without considering their resources and capabilities are unable to achieve their performance level.

Since there is conclusive evidence that relationship is exit from the literature regarding the relationship between mission that is goals and objectives, strategic direction and intent and vision and organization performance. Therefore, following model and hypotheses have developed on the basis of the above literature.

H<sub>1</sub>: There is positive and significant relationship between goals and objectives and organizations performance.

H<sub>2</sub>: There is positive and significant relationship between Strategic direction and intent and organizations performance.

H<sub>3</sub>: There is positive and significant relationship between vision and organizations performance.

#### **PARTICIPANTS, MEASUREMENT AND PROCEDURE**

Data collection method is clearly outlined. Models, statistical techniques and variables used have not been described in the methodology section.

The population for the research study is comprised of banking sector, telecommunication sector and pharmaceutical sector employees working in Pakistan. A systematic random sampling was used first to select the banks, telecommunication companies and pharmaceutical companies. The respondents were chosen using simple random sampling procedure. Total of 700 questionnaires were distributed, out of which 542 responded. This shows 77% of response rate. For finding the results, means, standard deviation, Cronbach's alpha, Pearson correlation, and regression were applied.

To measure organization's mission, a questionnaire was selected from Denison (2000), the Denison Organizational Culture Survey, which measures the key dimensions of Mission. It evaluates three traits of organization's Mission that is strategic direction and intent, goals and objectives and vision. Five- point Likert scale was anchored by one for strongly disagree and five for strongly agree. A

quantitative approach to measurement will be followed in the research; it is preferable for the model to have an associated valid and reliable questionnaire. Quantitative measurement also requires the assessment of more visible cultural traits and, thus, the focus of the model on observable management practices and behaviors is appropriate for this study. To measure organization performance, Baker and Sinkula, (1999) scale was used using eight items on organization performance with three indices of open interval model results, rational model results and human relations model results. Five-point likert scale was anchored by one for decreasing evaluation and five for increasing evaluation.

A threshold of minimum 40 plus individuals was born in mind from each sector. 700 questionnaires were sent to eight organizations either through mail or in person, giving thirty days time for completion of task. Mangers/ competent authorities were coordinated either prior or post delivery of questionnaires or soon after it's dispatched. Most of the organizations, either human resource department or operations department were coordinated for the task. Necessary briefing for filing up of questionnaires was given to the concerned supervisors in order to facilitate accurate response. Some of the organizations returned the filled up questionnaires well in time but mostly follow up reminders and personal visits were undertaken. In some of the cases personal references were used in order to getting the task accomplished orderly and timely. After data collection, data received from individuals is punched using SPSS. Correlation and regression analysis is applied to test hypothesis. The relationship among independent and dependent variables is checked on the basis of (significance) and (relationship) among variables.

#### **RESULTS AND DISCUSSION**

Public as well as private companies were given equal weightage and importance for the study. However, renowned organizations, generally displaying better performance in the economy of Pakistan, were selected. Since mission effects of particular organization are somewhat conceived by the people and the organization are labeled with certain standards, measurement of those management practices and employees behaviors is certainly important for the management, which could be possible through studies like the one under progress. Out

of those 542 individuals, 70% were males and remaining 30% females. Participants had different age groups; 29% were between 20 - 30 years old, 41% were 31 - 40 years old, 14% were 41 - 50 years old and remaining were above 51 years of age. Only 07% completed their intermediate studies and 32% were graduates, 60% were postgraduates and remaining were PhD. 35% employees had below 5 years' experience and 40% employees had 5 - 10 years, while remaining employees had more than 10 years experience.

Analysis of data in Table 1 shows mission and organization performance as a main component as independent and dependent variables which have three items in each segment. Mean and standard deviation results achieved through the data has been reflected against each and their elements comprising. In organizations performance, human relations model results are low in shape of means to other elements whereas in mission, vision is high as compared to others elements.

Table 2 depicts Pearson's correlation results as regard to relation between mission along with its elements goals and objective, strategic directions and intent and vision with organization performance having elements open interval model results, rational model results, and human relations model results. Data shows Pearson coefficient correlation and its significance. It is obvious from the results that Mission is positively correlated with organizational performance having three elements. It reveals that Mission is positively correlated with open interval model results, rational model results, human relations model results and overall organizations performance as value of Pearson correlation coefficient is 0.478, 0.349, 0.300 and 0.497 respectively and the relation is significant at 95% confidence level ( $p < 0.05$ ). Result indicates that relationship between goals and objectives and open interval model results, rational model results, human relations model results and overall organizations performance as value of Pearson correlation coefficient are 0.483, 0.352, 0.200 and 0.448 respectively and the relation is significant at 95% confidence level ( $p < 0.05$ ). As regard to relationship of vision, the second element of mission and organizational performance elements like open interval model results, rational model results, human relations Model results overall value of Pearson correlation coefficient are 0.430, 0.318, 0.313 and 0.359 respectively and the relation is significant at 95% confidence level ( $p < 0.05$ ). Strategic decision and intent and its relation with organizational performance elements open interval model results, rational model results, human relations model results and overall organizations performance as value of Pearson correlation coefficient are 0.370, 0.265, 301 and 430 respectively and its significance at 95% confidence level ( $p < 0.05$ ).

Table 3 shows the results of regression analysis. It reveals relationship between Mission and organization performance. The findings of  $R^2$  shows that in Banking,

Telecommunications and Pharmaceutical sector comes to 613, .293 and .487 respectively.

Pharmaceutical sector has shown strong relationship of mission with organization performance. Pharmaceutical sector has shown strong relationship of mission with organization performance; hence overall model is significant at 95% of confidence level ( $p < 0.05$ ). t value, indicates relative importance is 8.633, 3.967 and 5.252 of Mission viz a viz organization performance in banking, telecommunication and pharmaceutical sectors respectively. Other factor like regression coefficient of Mission is 0.742, 0.789 and 0.742 of Banking, Telecommunication and Pharmaceutical Sector respectively. It signifies that banking sector employees perceived that 74% positive change on organizations performance is due to mission. On the other hand, second organization employees of telecommunication sector perceived that 79% positive change in organizations performance is due to mission. In third organization under study that is pharmaceutical sector employees perceived that 74% positive change in organizations performance is due to mission.

The results explained in the paper lacks context. Pakistan is one among the developing countries. The results obtained and discussed are to build relationship between organization's mission and performance and is taken up from the developed countries literature. However, if the results show positive relationship then why Pakistan still remained a less developed country. The discussion must attend to this question otherwise the paper will be a mechanical statement of the facts and will remain devoid of rigour.

Results are in accordance to Zineldin (1996) who says that there is relationship between mission (Goals and objective, strategic decision and intent and vision) and organization performance. Correlation between goals and objective and organizational performance is 0.448 which proves  $H_1$ . Correlation between strategic decision and intent and organizational performance is 0.430 which proves  $H_2$ . Correlation between strategic decision and intent and organizational performance is 0.459 which proves  $H_3$ .

This proves our model which shows that mission (Goals and objective, strategic decision and intent and vision) impacts positively and significantly on Performance of banks in Pakistan.

The regression analysis shows that there is 74 - 79% change in organizational Performance due to mission and overall model is significant ( $p < 0.05$ ).

This is according to Sylvestro (1990) who says that performance of organization is dependent on mission and its components which are goals and objective, strategic decision and intent and vision. Organization mission and its components affect organizational performance. Goals and objective are related to organizational performance and has positive and significant impact on organizational performance.

When goals and objectives are set by any organization

**Table 1.** Descriptive analyses of involvement and their elements with organizations performance with their elements.

Variables	Items	N	Mean	Std. deviation	Cronbach's alpha
Organizations performance	08	542	3.4340	0.72832	0.89
Open Interval model results	03	542	3.5208	0.85825	0.88
Rational model results	03	542	3.5083	0.96577	0.84
Human relations model results	02	542	2.9609	0.85328	0.86
Organization' mission	15	542	3.3923	0.60481	0.79
Goal and objective	05	542	3.4244	0.71423	0.84
Strategic direction and intent	05	542	3.3938	0.64654	0.83
Vision	05	542	3.3587	0.66308	0.83

**Table 2.** Correlation analyses of mission and their elements with organizations performance with their elements.

Variables		Open interval model results	Rational model results	Human relations model results	Organizations performance
Organization' mission	Pearson correlation	0.479 <sup>**</sup>	0.349 <sup>**</sup>	0.300 <sup>**</sup>	0.497 <sup>**</sup>
	Sig. (2-tailed)	0.000	0.000	0.000	0.000
	N	542	542	542	542
Goal and objective	Pearson correlation	0.483 <sup>**</sup>	0.352 <sup>**</sup>	0.200 <sup>**</sup>	0.448 <sup>**</sup>
	Sig. (2-tailed)	0.000	0.000	0.000	0.000
	N	542	542	542	542
Strategic direction and intent	Pearson correlation	0.370 <sup>**</sup>	0.265 <sup>**</sup>	0.301 <sup>**</sup>	0.430 <sup>**</sup>
	Sig. (2-tailed)	0.000	0.000	0.000	0.000
	N	542	542	542	542
Vision	Pearson correlation	0.430 <sup>**</sup>	0.318 <sup>**</sup>	0.313 <sup>**</sup>	0.459 <sup>**</sup>
	Sig. (2-tailed)	0.000	0.000	0.000	0.000
	N	542	542	542	542

<sup>\*\*</sup> Correlation is significant at the 0.01 level (2-tailed).

**Table 3.** Regression analysis of mission and organizations performance in banking /leasing, telecommunication and pharmaceutical sectors.

Sector		Coefficient beta	Std. error	t-value	F-statistic and Sig.	R-square
Banking sector	Constant	1.154	0.305	3.780	74.530	
	Mission	0.742	0.086	8.633	0.000	0.613
Telecommunication sector	Constant	0.405	0.665	0.608	15.734	
	Mission	0.789	0.199	3.967	0.000	0.293
Pharmaceutical sector	Constant	0.954	0.500	1.909	27.583	
	Mission	0.742	0.141	5.252	0.000	0.487

Dependent variable: Organizations performance.

and those are achieved then performance of organizations increases. Strategic decision and intent also have positive impact on performance of banks in Pakistan

because when organization has strategy and they move into strategic direction with an intention to achieve its goals and objectives, organizational performance also

increases. Vision and organizational performance are also positively related and vision has positive and significant impact on organizational performance. As mission also includes some part of vision so organization performance is also dependent on vision. Every organization has certain goals and objectives and to achieve those goals, there are some strategic plans and those plans are based on organizational mission. When mission is defined properly then organizational goals, objectives and strategies can be achieved in positive direction.

Pakistan being developing country ought to enhance its organizational performance. In order to align affects of performance orientations and organizational objectives review of the mission, strategies, and procedures becomes mandatory. It could be realized that for a long time organizations have been discharging their functions under nationalized strategy which distorted growth and corporate outlook. In the recent past organizational performance has come under critic at national level as regard to their output. The requirement of corporate sectors with entrepreneur aura has placed greater demand upon organizations to realign strategic intent and goals befitting with international practices.

Every organization has a goal to get profit and that can be achieved by improving its performance at all levels and all divisions. When short term goals are achieved, its long term strategies are also achieved and this leads to accomplishment of organizational mission. Keeping in view the literature review, model, hypothesis and results, we can say that organizational performance is dependent on mission.

## CONCLUSION AND RECOMMENDATION

Mission serves a beacon for organization and its employees therefore, it becomes imperative to remain focus to its element like goals and objective, strategic intent and direction and vision. This study has shown strong positive relationship between mission and organization performance: hence organizations inspiring to enhance their performance should take into account mission and its elements for improvement.

Organization mission needs to be grilled in work environment. Organizations inspiring for growth and development are to take benefit from the results achieved in this study. This study has revealed that orientation towards mission significantly enhances organization performance.

Mission orientations by the organizations is a crucial factor as proved in this study: therefore, other public as well as private sectors are to benefit from the results accrued in this study and accord due priority in devising and implementation of the mission for the development of their organization.

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