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The Real Mission of the Mission Statement: A Systematic Review of the Literature

Abstract

A mission statement is a widely used strategic tool that emphasises an organisation's uniqueness and identity. Nevertheless, it was not until the early 1980s that academics, managers, and consultants recognised the need of explicitly formulating a mission statement in organisations. This article proposes a systematic literature review to synthesise research on mission statements. 53 academic papers were reviewed. The analysis covers different perspectives, including both a bibliometric analysis and a content analysis. According to their content, the papers selected were grouped into four thematic areas: (1) mission statement development, (2) mission statement components, (3) mission impact on employees, and (4) mission impact on performance. The overarching conclusion is that mission statements are widely used in practice but poorly researched in theory. Most articles adopt a managerial phenomenon-based strand, lacking a deep theoretical foundation. The paper ends with suggestions for further research in terms of theory, practice, and methodology.

Keywords: Mission, Mission statement, literature review, bibliometric analysis, firm performance.

1. Introduction

'A business is not defined by its name, statutes or articles of incorporation. It is defined by the business mission. Only a clear definition of the mission and purpose of the organization makes possible clear and realistic business objectives.'

Peter Drucker (1973)

The mission statement is a written declaration that communicates the purpose of an organisation. According to the annual report of Bain & Co. (Rigby and Bilodeau, 2015), the mission statement is one of the most widely used managerial tools worldwide. It became popular in the early 1980s, and since then it has received attention from managers and academics. In the present research, we examine this 35-year-long body of research on mission statements. What is a mission statement? Is there any advantage for organisations to explicitly define their company's mission statement? Is the mission statement really a useful managerial tool? Do managers actually refer to the mission statement and use it as a guidance for their strategic decisions? What components should a mission statement include, and which ones should it not? All these questions and others have been addressed by studies on mission statements, which are reviewed in the present paper.

Using a systematic review process, we identified 53 academic papers that specifically deal with the mission statement. The main research findings can be grouped into four themes: (i) mission statement development, (ii) mission statement components, (iii) mission impact on employees, and (iv) mission impact on organisational performance. We describe in detail each of these groups and identify research gaps and avenues for future research. Surprisingly, although the mission statement is one of the most commonly used managerial

tools, and despite more than 30 years of research, studies in the area of mission statements have a predominant practical orientation and very limited theoretical development.

2. Methodology

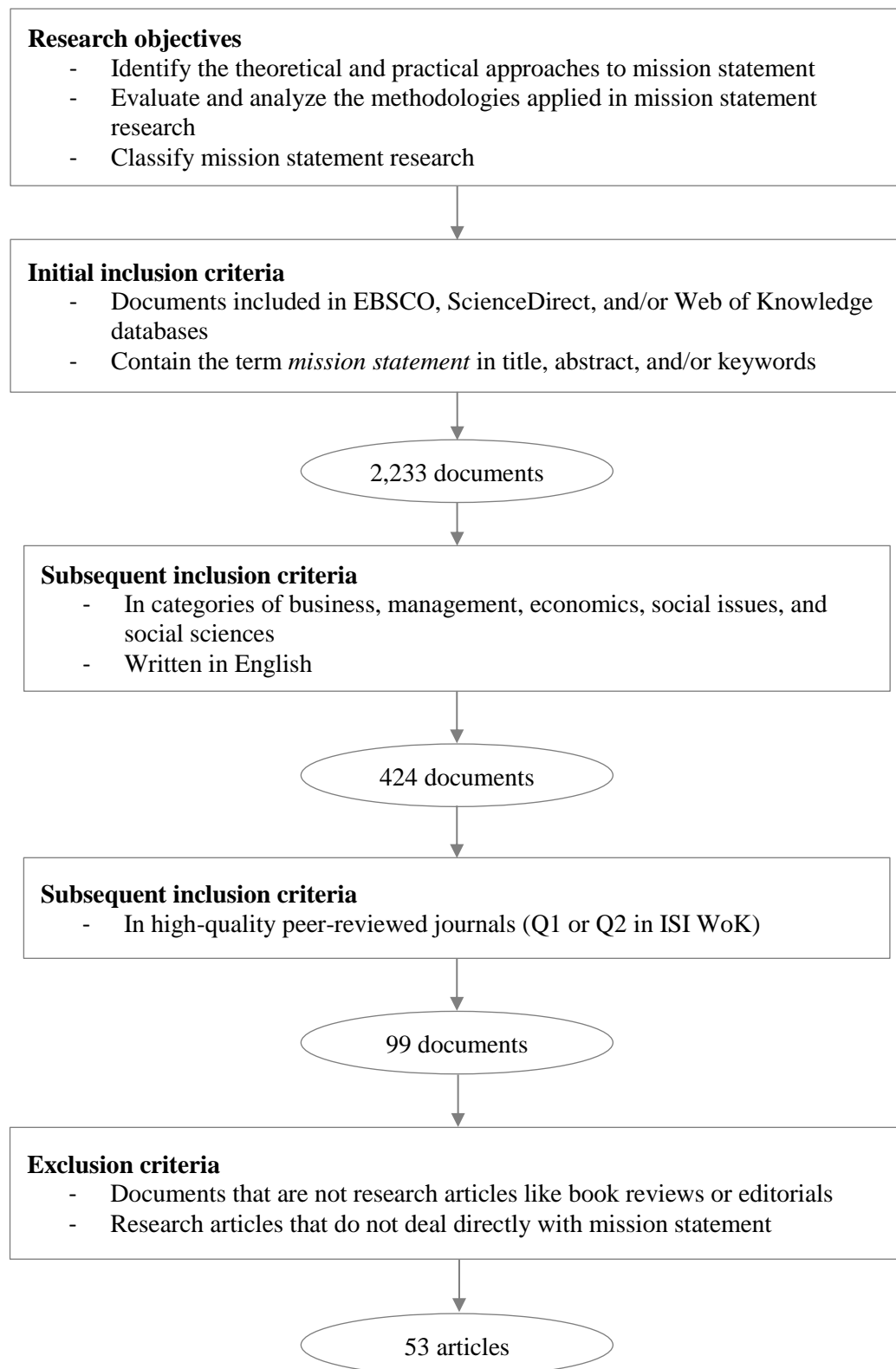
Following the systematic literature review process suggested by Tranfield et al. (2003), we began by defining the research objectives. In our case the objective was to do a thorough review of all aspects concerning mission statements. To that end, we searched for all articles containing the specific term *mission statement* in three databases: EBSCO, ScienceDirect, and ISI Web of Knowledge. We believe these databases contain all relevant publications in the area of business and management. As depicted in Figure 1, we first searched for any document in the aforementioned databases that contained the term *mission statement* in the abstract, the title, or the keywords. This search returned 2,233 documents.

We then restricted the search to documents written in English in the areas of management, business, economics, social issues, and the social sciences. After these restrictions, we were left with 424 documents. Then, we narrowed the search to high-quality peer-reviewed journals. To decide on the quality of the journals, we used as a guide the Journal Citation Report (JCR) index as reported in the ISI Web of Knowledge. The JCR is computed annually by the Web of Knowledge based on several indicators of journal citations. Ordered by JCR index, journals can be ranked and divided into quartiles. Journals in the first quartile (Q1) are the 25% of total journals in that category with a higher JCR index and are therefore considered more prestigious and with a better reputation and quality in the journal category. In general, high-quality journals according to the JCR index coincide with those with a rating of 3, 4, or 4* in the ABS ranking and/or the first or second quartile in the Scimago ranking. To focus on high-quality journals, we decided to restrict the search

to high-quality journals in either the Q1 or Q2 JCR index. Following that rule, we moved from 424 documents to 99 documents. We then reviewed each article one by one to check if they really addressed mission statement, and we discarded those that either did not match our research objective or were not research articles, such as editorials or book reviews. In that way, we were left with 53 research articles from high-quality journals in the areas of management, business, economics, social issues, and the social sciences that were written in English and that deal specifically with mission statement.

We did not put any restriction on the search in terms of time period. This was done on purpose to identify all articles since the topic originated. The first article we found was from 1984, and, as the search was done in December 2015, the last article was from 2014.

Figure 1. Summary of the systematic literature review search



The 53 articles were published in 19 journals from a variety of management disciplines, including entrepreneurship, like *Journal of Business Venturing* or *Entrepreneurship: Theory and Practice*; social issues and non-profit, such as *Nonprofit and Voluntary Sector Quarterly*; and general management journals, like *Management Decision* or *Journal of Management Studies*. Table 1 offers a comprehensive list of all journals, the number of articles in each of them, and their respective ranking in both the JCR and ABS ratings.

Table 1. List of journals of the literature review, journal ranking, and articles per journal

| Journal title | Article count | % | Average 5-year JCR index | ABS 2015 rating |
|---|---------------|-------|--------------------------|-----------------|
| Academic journals | | | | |
| <i>Journal of Management Studies</i> | 1 | 1.9% | 5.88 | 4 |
| <i>Academy of Management Executive</i> | 1 | 1.9% | 5.43 | 3 |
| <i>Journal of Business Venturing</i> | 1 | 1.9% | 5.31 | 4 |
| <i>Entrepreneurship: Theory and Practice</i> | 1 | 1.9% | 5.07 | 4 |
| <i>Family Business Review</i> | 1 | 1.9% | 4.35 | 3 |
| <i>Tourism Management</i> | 1 | 1.9% | 3.76 | 4 |
| <i>Business Strategy and the Environment</i> | 1 | 1.9% | 3.45 | 3 |
| <i>Academy of Management Learning & Education</i> | 1 | 1.9% | 3.08 | 4 |
| <i>Corporate Social Responsibility and Environmental Management</i> | 1 | 1.9% | 2.96 | 1 |
| <i>Journal of Small Business Management</i> | 1 | 1.9% | 2.41 | 3 |
| <i>Industrial Marketing Management</i> | 2 | 3.8% | 2.38 | 3 |
| <i>Nonprofit and Voluntary Sector Quarterly</i> | 4 | 7.5% | 2.30 | - |
| <i>International Journal of Contemporary Hospitality Management</i> | 1 | 1.9% | 1.96 | 3 |
| <i>Journal of Business Ethics</i> | 10 | 18.9% | 1.92 | 3 |
| <i>Management Decision</i> | 6 | 11.3% | 1.67 | 2 |
| Practitioner-oriented journals | | | | |
| <i>Long-Range Planning</i> | 12 | 22.6% | 5.77 | 3 |
| <i>Business Horizons</i> | 6 | 11.3% | 2.45 | 2 |
| <i>Internet Research</i> | 1 | 1.9% | 2.16 | 2 |
| <i>Harvard Business Review</i> | 1 | 1.9% | 2.09 | 3 |
| Total | 53 | | | |

3. Status of mission statement research

The systematic review of the literature on mission statements highlights several interesting facts. First, interest in mission statements was initiated in the practitioner world rather than in academia; most publications in the initial years (1984–1999) are from practitioner-oriented journals such *Harvard Business Review* or *Long Range Planning*, which constitute 37% of the total sample of articles and 70% of the articles published before 1999.

Progressively, research moved from being published in practitioner journals and using mainly qualitative methods, such as descriptive case studies, comparative case-study research, and interviews, to using more quantitative methods and being published in regular research-oriented academic journals. However, although the mission statement is one of the most widespread strategic tools, academic research on mission statements has not been very successful in strategy journals but has been confined mainly to the field of ethics, corporate social responsibility, and non-profits; 45% of the articles published after 1999 have been published in the ethics domain.

Second, quantitative research is scarce. Most published articles are case-based or purely descriptive. Of the 53 articles analysed, 13 are conceptual papers that define the concept or discuss advantages and disadvantages without any empirical analysis. Twelve papers are case-based, whereas 5 contain only some descriptive statistics. A significant proportion of papers, 10 out of 53, analyse the content of the mission statement, identifying the most common terms and other patterns in a collection of mission statements from different types of organisations. The rest of the papers use surveys (4 papers), structural equation modelling (1 paper), or regression analysis (7 papers).

Third, research on mission statements has a clear USA focus, with 13 papers in which the empirical setting is US-based, 3 papers based on European firms, and 3 based on

Asian firms (Taiwan and Japan). The rest of the papers do not specify the location of the setting; do not have any particular setting, like conceptual papers; or are based elsewhere, like one paper from New Zealand.

Finally, the papers analysed can be grouped into four main themes, each fitting into a certain time frame of mission-statement research: (i) There is a group of papers concerning mission statement development, that is, the creation and implementation of a mission statement. Those papers were mostly written in the 1980s and early 1990s, when the concept of mission statement first appeared. Only a few companies had created a mission statement, and most articles at this time tried to answer the question: how is a mission statement formulated? What stakeholders should be involved in the mission formulation? Which process should be followed to successfully formulate a mission statement? What should be the process to spread the mission throughout the organisation? (ii) A second group of papers takes an observational approach and uses mainly content analysis to identify the words more frequently cited in organisational mission statements and draw conclusions based on that. Which stakeholders are cited in the mission statements? Is the mission statement more internally focused, mentioning employees, for example, or more externally focused, mentioning customer satisfaction? (iii and iv) The third and fourth groups both explore the impact of the mission statement on organisational outcomes. There is an important differentiation though, as some studies focus on the impact of the mission statement on employees and employees' behaviour and ethics (group iii), whereas other studies concentrate on the impact that having a mission statement has on organisational performance (group iv). Thus, the third group answers questions like is the mission statement really a guidance for strategy formulation. Is the mission useful, after all? Those papers mainly focus on internal organisational elements like the effect of the mission to strengthen organisational culture, improve relations among the different stakeholders, or enhance ethical behaviour.

Finally, the fourth group tries to answer a similar question, that of the usefulness of the mission, from an external perspective. Do companies that have a clear mission statement perform better? Do companies with mission statements have better results than those that do not have a stated mission?

4. Content

4.1. Mission statement development

It was not until the early 1980s that academics, managers, and consultants recognised the need of explicitly formulating a mission statement in organisations. Lundberg (1984) acknowledges that although ‘everyone agrees that they are necessary, statements of mission do not even exist in many organizations and are inadequate in others.’ Responding to that call, a group of researchers in the 1980s and early 1990s published several papers dedicated to how to formulate a good mission statement. At that time, the common approach to mission statement formulation was for top management to delegate the initial drafting to their subordinates and then review subsequent drafts until the CEO was satisfied. This method was time-consuming and did not provide the involvement necessary to permeate the mission throughout the organisation and obtain the benefits a good mission statement promised, such as enhanced motivation, improved organisational climate, and organisational alignment. Lundberg (1984) proposes a technique called zero-in, in which all managers responsible for major functions and activities of the organisation are involved in a series of meetings and planned activities with the objective of formulating a shared organisational mission statement. Along the same line, Medley (1992) describes the process by which a new mission statement was developed in World Wide Fund for Nature (WWF) in the UK. The organisation had some difficulties after a rapid expansion, and the exercise of

formulating a clear mission statement helped clarify roles and functions at the management level and lead to a decrease in tensions and an increase in internal organisation and effectiveness. Davies and Glaister (1997) studied mission statements in business schools in the period 1987–1993 and claimed that most mission statements are designed top-down and do not have much involvement from the different organisational stakeholders. Overall, papers in this early group of research papers stress the importance of having a clearly stated mission statement that has been created with the involvement of different stakeholders so that it reflects the real organisational mission, not only the view of the CEO, which in some cases might not be comprehensive.

4.2. Mission statement components

In order to help companies define a proper mission and guide them in the development of a mission statement, it is relevant to study which components a mission statement should include. The seminal work of Pearce and David published in the *Academy of Management Executive* in 1987 proposes the first classification of the key components of mission statements, which they divide into eight categories: (1) the specification of target customers and markets; (2) the identification of principal products and services; (3) the specification of the geographic domain; (4) the identification of the core technologies; (5) the expression of commitment to survival, growth, and profitability; (6) the specification of key elements in the company philosophy; (7) the identification of the company self-concept; and (8) the identification of the firm's desired public image. This was the first study to better understand the relationship between mission statement and firm performance. In the same vein, David (1989) performed a content analysis of 75 manufacturing and service firms to provide some guidelines in developing useful mission statements. In addition to the eight components of Pearce and David (1987), he proposes a ninth component related to (9) concern for the

employees. One of the main conclusions of their studies is that higher performing firms have comparatively more comprehensive mission statements.

O’Gorman and Doran (1999) used Irish SMEs to replicate Pearce and David’s (1987) landmark study of mission statements in large organisations. The analysis of 64 mission statements suggested that firms emphasise ‘concern for survival (77%)’, their ‘product or service (72%)’, and their ‘concern for the customer (64%)’ in their mission statements. Mission statements analysed tend to omit discussions of ‘core technology’, the ‘target market’, and ‘public image’. This research shows that high-growth SMEs do not have more comprehensive mission statements than low-growth SMEs.

Bart (1997), a leading researcher in this field, examines the specific content characteristics of mission statements in industrial firms. He involved a sample of CEOs and presidents from 44 industrial corporations, identifying 25 components but only 11 being used to a high degree: (1) organisational purpose or *raison d’etre* (Why do we exist?); (2) statement of values/beliefs/philosophy; (3) distinctive competence/strength of the organisation; (4) desired competitive position; (5) relevant/critical stakeholders identified; (6) statement of general corporate aims/goals; (7) one clear and compelling goal; (8) specific customers/markets served; (9) concern for employees; (10) concern for shareholders; and (11) a statement of vision. Bart’s findings indicate that some elements of mission seem to have a higher impact on performance and on employee behaviour than others.

More recently, there is some research focused on the content of mission statements in different industries or countries. For example, Kemp and Dwyer (2003) studied the role of mission statements in the tourism and hospitality sector according to Pearce and David’s (1987) classification. In the same vein, Markman et al. (2005) studied which university technology transfer office (UTTO) structures and licensing strategies are most helpful to new

company creation according to their mission statements. In addition, Biloslavo and Lynn (2007) provide an analysis of the differences in the mission statement content in Slovene and US companies according to stakeholder emphasis and by the mission's component, and Brabet and Klemm (1994) studied differences between Britain and France. Comparing firms from different regions (Europe, Japan and US), Bartkus et al., (2004) assessed the quality of firms' mission statements using a three approach criteria: 1) focus on the stakeholders; 2) the components included in the mission statement; and 3) mission statement's purpose or objectives. It is also noteworthy the work of Moss et al. (2011) that explored the dual identity of the mission statement in social companies and compared them with high-performance enterprises. Their results show that this kind of organisations possess a double identity: a utilitarian organisational identity (economic rationale) and a normative organisational identity (social purpose).

Finally, Morris (1996) studied how to write an effective mission statement in a diversified company. The process to create a mission statement requires the identification of distinctive competencies, but they depend on the market of your products and services. So, it seems hard to define a single mission statement for a highly diversified company. Results suggest that, depending on the level of diversification, there are differences in the components of mission statements between companies.

All these studies used a content analysis methodology that works in the following way. First, they identified the mission statements of several companies and classified them according to a previous classification, such as that of Pearce and David (1987). They used several independent raters to code if each of the mission components is present. Some researchers such as Moss et al. (2011) used computer-aided content analysis when coding venture mission statements in order to avoid human bias. In a second stage, researchers

confirmed the consistency and accuracy of the ratings (e.g. inter-rater reliability). Finally, different comparisons by descriptive statistics (such as t-test) and correlations were used. Regression analysis was performed to relate components with outcomes such as business performance indicators.

4.3. Mission impact on employees

Mission statements very quickly gained popularity. Klemm et al. (1991) conducted a survey among top companies, and 70% of the respondents declared to have composed their mission statement within the last four years. In the academic arena, the discussion moves from that of the early 1990s on how to formulate a mission statement to asking whether a mission statement is really a useful management tool — and, most importantly, useful for what?

Klemm et al. (1991) make an important distinction when specifying that mission statements can be used for either internal or external purposes. Internal purposes imply using the mission statement to motivate employees and to align staff objectives, whereas external purposes are served when the mission statement is used to enhance company image and promote external relations. Research findings suggested that mission statements are seen by managers to have a more important role internally than externally. This finding is in line with the fact that many companies do not publicise their mission outside of the company, neither on their webpage (Bart 2001) nor in their annual reports (Leuthesser and Kohli 1997).

Once the main role of the mission statement was identified, that of shaping corporate identity (Leuthesser and Kohli 1997) and improving employee motivation, some researchers investigated how effective the mission statement was in achieving this goal. Their conclusion was that the mission statement can only accomplish its goal if it is well formulated (Ireland and Hitt 1992) and properly used. That is, if the mission statement has

top management commitment, identifies and communicates the key concepts, involves all functional areas, and sets specific targets (Mullane 2002). In addition, companies' performance should be measured not only in economic terms but also on how good companies accomplish their mission (Bagnoli and Megali 2009), as their mission statement contains the self-imposed rules of the organisation.

In this sense, the mission is the cultural 'glue' that permits an organisation to work as a collective unity. It consists of robust norms and values that impact on the way in which people perform in order to achieve the purpose of the company. The definition of the mission within a company acts as a philosophy that enables employees to understand the daily activities and actions in the same way and also to speak a common language. According to Campbell and Yeung (1991), despite the variety of views about mission statement, one can differentiate two 'schools of thought' to describe the mission: in terms of business strategy and/or in terms of philosophy and ethics. Consequently, some researches focus on how mission statements are related to ethical and moral issues. In this vein, Ostapski and Isaacs (1992) argue that the mission statement, together with the code of ethics, plays an important role in defining an institutional context that supports the self-assessment process in business ethics. They propose the creation of a Moral Audit Committee, an internal control tool, so that companies consciously work on their moral responsibility.

Again, relating mission statement with ethics, Blodgett et al. (2011) discover that US-based family businesses state more frequently their ethical values in the mission statement than their non-family corporate and international counterparts. Their findings suggest that the family business mission statement serves to provide ethical direction for the business. The emerging family business values identified in their sample will further impact global business success and promote ethical sustainability worldwide.

Another topic related to mission and ethics is the business codes. Business ethical codes differ somewhat from professional codes and mission statements, yet the concepts are commonly interchanged by managers and sometimes misunderstood in the literature (Pearce and David 1987). However, business codes are largely study. For example, Stevens (1994) studied the content and effectiveness of codes and how business codes are communicated and interiorised by workers, as well as how they influence workers' behaviour. More recently, Kaptein (2004) analysed the business codes of the largest corporations in the world.

Finally, it is worth mentioning the creation and development of ethics programmes within an academic context. Weber (2006) suggests the business school's attention to mission statements, curriculum development, ethics policy, and programme oversight and outcome assessment. An ethical culture and daily workplace environment begin with a solid commitment in the corporate mission.

4.4. Mission impact on organisational performance

Research examining the relationship between mission statements and performance is scarce and inconclusive (Green and Medlin 2003; Atrill et al. 2005). There are several factors that contribute to this diversity of results. First, studies in this area have been conducted in various environments and have employed numerous performance measures. One of the main difficulties researchers face when dealing with this topic involves how to measure the 'performance' of the firm. From the studies surveyed, business performance has been operationalised through a variety of metrics, ranging from the satisfaction and behaviour of key stakeholders (i.e. employees or top management) to the financial performance of the company. Second, there are important inconsistencies with what many organisations call a mission statement. There is a frequent overlap between what is referred to as a mission statement versus a vision statement (Khalifa 2011). Third, some authors argue that rather

than the existence of a direct association between mission statement and performance, there are several intermediary outputs that mediate between these two constructs (Williams et al. 2014).

Mixed results are therefore reported in the literature. Based on the premise that mission statements promote the setting of employees' behaviour standards, help them to identify with the organisation, and create shared values, there is a first group of studies suggesting that well-developed mission statements directly impact on the behavioural performance of a company. Following this rationale, some scholars such as Hall et al. (1970) and Schneider et al. (1971) proved that once the mission statement is well stabilised, individuals accept it as their values and goals until the point that their behaviour changes. Similarly, the works of Demb et al. (1989) and Lin (2012) also elaborate on this issue. Both articles highlight the fact that without a common goal or purpose (mission statement), all groups are subject to unconscious behavioural tendencies. The seminal work of Bart (1997) gives support to this argument.

In the airline context, Lin (2012) pointed out the importance of the safety mission statement, which was found to be an effective tool for building commitment and enthusiasm among employees (flight crew). However, results revealed that the safety mission statement had a negative direct effect on the pilot's safety behaviour. The author interpreted these findings by concluding that knowledge management within the organisation is complex because the brokering of knowledge is based on individual interpretation, cognition, and behaviour. Following Williams et al. (2005) and Rolls et al. (2008), the effectiveness of a mission statement relies on the extent to which it is communicated to the organisation's members. Accordingly, knowledge brokering is a key element hidden behind the establishment of mission statements.

There is a second group of studies that concentrates on the customer's component of mission statements and tries to establish a connection between this component and firm performance. The work of Germain and Cooper (1990) illustrates this research line. Particularly, the authors investigated how having a written customer-service mission statement generates an advantage in the face of competitors. Using data of customer mission statements from 475 firms (including different sectors, such as manufacturing, industrial services, and customer services) provided by the International Customer Service Association, the authors concluded that firms with a customer-service mission statement monitor a larger total number of customer-service performance-related activities. This result translates into saying that when mission statements include a customer-service orientation, the firm has internalised the key role of the customer, and thus, their activities are intentionally customer-oriented. The natural consequence of following this strategy is a direct and positive impact on the performance of the company.

Another group of studies conceptualises the performance of the firm as financial performance. For instance, Bart and Baetz (1998) investigated whether there is a specific content of a mission statement that correlates with firm performance. To shed some light on this issue, 136 executives from 500 large Canadian organisations were surveyed. The authors found that firms with a formal written mission statement had a significantly higher ROS but a low percentage of change in profits and sales. Metrics about the financial performance of the firm were found to be significantly higher for those firms that clearly articulate organisational values, identify financial goals, and recognise the organisation's purpose(s) in their mission statement. The authors also tested a series of correlations between financial performance metrics and employee behaviour in the development process of the mission statement. Their findings suggested that the higher the involvement of internal stakeholder in the mission development process, the higher the ROS. Similarly, in those firms in which

employees displayed satisfaction concerning the mission development process, the financial performance (ROA and increase in sales) was greater. Another key finding was that when the mission statement was highly aligned with its firm's performance evaluation system, the result was a much more focused resource allocation process in which the firm's efforts were concentrated and its resources efficiently distributed and consumed.

Aiming at complementing the pioneering work of Bart and Baetz (1998), Bart et al. (2001) proposed a new model suggesting that several mediating elements interfere in the relationship between mission statement rationale and firm performance. In their study, firm performance is operationalised via three indicators: ROA, ROS, and managers' satisfaction with the overall financial performance of the firm (using a 10-point Linkert scale). A survey was designed and sent to 83 of the largest corporations in North America (including the US and Canada). Using structural equation modelling, the authors validated that mission statements do affect employee behaviour, a construct that, in turn, has the most direct relationship with financial performance.

The recent work of Williams et al. (2014) also examines the moderation effect of a set of factors. This theoretical paper proposes that top management commitment moderates the relationship between mission statements and performance. Particularly, the authors focus on how each of the component actions relating to top management commitment (identify and communicate key concepts, involve all management levels and functional areas, set specific targets related to the mission, and review and revise the mission periodically) impacts on this relationship.

Firm performance has also been understood as the ability to address stakeholders' issues. In the work of Barktus and Glassman (2008), the authors investigated mission content alignment with firms' actions. Using mission statements collected from the top 100

firms listed in the Fortune 500 (2001 edition), they observed that some content areas of missions were based on institutional pressures, some others on policy decisions, while others were related to actions. Said differently, not all firms practice what they preach in their mission.

Based on these results, one might question whether mission statements really matter. If firms' actions are not aligned with the mission of the firm, why do many firms dedicate so much time and resources to defining their mission statements? This paradigm is the starting point for the work of Hirota et al. (2010). Using data on mission statements from 128 large Japanese firms, the study found empirical evidence that mission statements have a significant impact on corporate policies and outcomes. However, this only applies to what the authors call 'strong-mission firms', that is, those companies in which norms and values are widely shared and intensely held throughout the organisation. A set of different metrics is used to assess the economic performance of the firm, including financial ratios such as ROA, market value of the total assets, and debt–asset ratio. Results confirmed that strong-mission firms performed better than weak-mission firms.

Although the vast majority of studies concentrate on top firms operating in international markets, there are several works that investigate the impact of mission statements in other sectors. For instance, in the context of education, Palmer and Short (2008) analysed the relationship between the content of mission statements from 408 US colleges of business and measures of business school characteristics, including performance. Drawing on Kaplan and Norton's (1992) balance scorecard approach and measuring performance as the operating budget per full-time faculty, undergraduate and graduate rankings, and percentage of faculty holding a PhD, they found a significant association between the vector of eight mission components of Pearce and David (1987) and

performance. Also remarkable is the study of Sufi and Lyons (2003), which evaluated mission statements of 30 top hospitality enterprises and tested them for correlation with three financial performance indicators: annual turnover, net profit margin, and return on equity (ROE). The findings revealed a statistically significant correlation between the mission statements and the annual turnover; however, there was no support for a significant correlation with the other two financial metrics.

The overarching conclusion is that although the literature is still limited and more research is needed, all these studies seem to agree that complete mission statements are correlated with exceptional firm performance. Mission statements are conceived as a powerful tool for companies to involve shareholders, stakeholders, communities, employees, and customers. Nevertheless, for this positive effect with firm performance to take place, it is necessary to develop pre-development mission rationale and post-development mission alignment with employee behaviours. The commitment and engagement of all the stakeholders are crucial in order to make mission statements worthwhile.

Mission statements have also been studied in the family business literature. Prior research advocates that the process of formulating and implementing business strategy (e.g. mission statements) is influenced by the need to ensure the health of the business (Chandler 1962) and by the health of the family (Ward 1987; Harris et al. 1994). Succession is used as a part of the business strategy by family businesses, becoming one of the most important and problematic issues for family business survival (Handler 1994). Aiming at shedding new light on this issue, Leon-Guerrero et al. (1998) surveyed 1,000 family businesses in Washington State, examining if the use of mission statements for the business, family, and individual varies across the stages of the family firm's development. The authors observed that as the number of family generations increased, utilisation levels of family mission

statements increased significantly. Therefore, they concluded that having a mission statement is becoming more important not only for big enterprises but also for family businesses.

Another viewpoint in our literature review is that some non-profit organisations develop new mission statements as their activities and partners change. A recent study of Koch et al. (2015) examined the effects of non-profit organisations' resource streams and network ties on changes to the services provided and clientele served as specified in the mission statements. The authors confirmed that activities in the mission statement of a non-profit organisation matched the activities in which the organisation was engaged. They also observed that non-profit organisations likely change the activities and beneficiaries defined in their mission statements to mirror those of organisations with whom they have network ties.

In conclusion, the way enterprises use their mission statement can change over time in different ways: by strengthening the use of mission statements along generations or by changing the mission statement as its performance changes.

5. Directions for future research

Research on mission statements has mainly followed a practitioner's perspective. To a great extent, the majority of the works published have reviewed mission statements from top companies (primarily located in the US and Canada) and then, based on the information collected, analysed which are the main components and how the different stakeholders were involved in the definitional process of the mission of the company. Although all these studies provide interesting insights that can be used by practitioners to improve their

missions and reinforce customer's and employees' commitment to the firm, one of the main gaps this literature presents is the lack of a theoretical corpus in which to be grounded.

Correspondingly, a clear avenue for future research is to reinforce the theoretical framework related to mission statement research. Theoretical perspectives that can contribute to and be expanded by research on mission statements are diverse and can be applied either at the organizational level or at the individual level. At the organizational level, literature on institutional stakeholders' perspectives and corporate governance could contribute to the mission statement literature. Following Suchman (1995) and Freeman and Reed (1983), a potential research question could be: what is the effect of the organisational mission statement on organisational legitimacy? Theories related to organisational identity and social capital (Kreuter and Lezin 2002) could also be a lens to look at the role of the mission statement. At the micro-level, focusing on how mission statements affect employee beliefs and behaviours, Goal-framing theory (Lindenberg and Steg 2013) or self-efficacy theory (Maddux 1995) could also be successfully applied to mission statement research.

In addition to strengthening the theoretical background, a lot can be improved in the methods that have been used until now. A big proportion of the studies use case studies that are not appropriately justified. Why study that issue in that particular company? Why is this company especially relevant to illustrate that fact? In the quantitative papers, the statistical analysis used in most of the papers is restricted to very basic descriptive statistics and mean comparison t-tests. In addition, the articles analyse cross-sectional data, making the observation of cause-effect relationships difficult. Answering questions such as the effect of mission statements on performance indicators will improve with the use of longitudinal analysis.

A clear and shared mission statement is supposed to enhance employee motivation and promote ethical behaviour, but those findings have not been empirically tested. The extent to which external forces, such as economic conditions and competition, together with internal forces, such as organisational culture, human resource practices, organisational structure, and technology, mediate the relationship between the mission statement and performance or the mission statement and employee motivation also deserves more attention.

Furthermore, if the mission statement is considered a critical communication tool (Bartkus et al. 2000), it is important to study how effective this communication is. Are companies with a clear mission statement perceived as more transparent, open, fair, or legitimate? This is a stream of research that can also contribute to the literature on mission statements and that has already been pointed out by the research on mission in practice, which differentiates between espoused mission versus real mission (Cardona and Rey 2008). In addition, if the mission is used as a communication tool, an important question, not yet explored, is about the renovation or update of the mission statement. As Drucker (1973) pointed out, businesses must have clear “what the business should be” even more than “what the business is”.

There is also an important strand of the literature analysing whether there is a significant relationship between mission statements and performance, and if so, which is the resulting effect. Studies that have adopted this approach mainly rely on descriptive statistics, lacking empirically robust models to test the hypotheses. The rationale behind this is twofold. First, there is no consensus on which metrics to use to proxy the performance of the firm. Should performance be limited to how well a firm can use assets from its primary mode of business and generate revenues? Or should performance embrace all the different facets of the firm (employee commitment, customer satisfaction, economic strength, etc.)?

Second, although the metrics used in the existent literature are consistent and employ reliable measures, how have the indicators been chosen? Difficulty in obtaining homogenous data for all companies in the analysis might limit the way performance is currently measured.

As for those studies analysing the value chain 'mission statement > behaviour > performance', it is worth questioning whether the effects of this relationship are the same across sectors. Firms operate in a variety of contexts that entail substantial differences in how the mission impacts on the business and among the various stakeholders. The studies reviewed mirror this diversity, signalling that it is difficult to converge in a one-way directional and positive effect. Based on this evidence, we argue that it is highly complex to define a mission statement that is able to reflect all the different aspects of the company. Accordingly, several questions arose: Who is the recipient of the mission, the internal client, the external client, or both? How can this diversity be effectively managed in a unique statement? Indeed, the need for future research emerges in different directions.

6. Conclusion

Mission statements are widely used in practice but poorly researched in theory. Research on mission statements started in the 1980s, so it has been around for more than 35 years.

However, most articles in the area take a very managerial phenomenon-based strand and lack a deep theoretical foundation.

Mission statements, if well created and implemented, have an impact on employee motivation and behaviour, organisational ethics and values, organisational performance, and the relationship with stakeholders when used as a communication tool. Therefore, the mission statement has a clear impact on the functioning of an organisation.

Given its wide impact on different organisational outcomes and constituencies, several areas of management could profit from a deeper theoretical approach. Areas range from organisational psychology to institutional theory and organisational identity.

In this paper, we have reviewed 53 academic papers focused on the role of the mission statement in organisations. We have analysed the papers from different perspectives, reviewing the journals that publish this type of research, the most popular countries, and the most common methods used. We have grouped this paper according to four thematic areas, and we have outlined several avenues for future research.

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