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Impact of Vision and Mission on Organizational Performance in Indian Context

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Abstract:

Vision and Mission creates the beginning of an organization and the end result or outcome is the overall performance. An organization is formed by defining its vision and mission and then all efforts are made towards its accomplishment. The purpose of this paper is to explore the impact of vision & mission on organizational performance in the Indian Context. Data is collected from 200 respondents and use of graphical representation for descriptive analysis, anova and regression for inferential analysis on the basis of responses collected through questionnaire. The results indicate that vision and mission significantly influence organizational performance. It is further seen that it's not just the formation of vision & mission statement but its content, communication, implementation and contribution all are equally important.

Keywords: *Vision & Mission, Organizational Performance*

1. Introduction and Literature Review

Vision & Mission is conceptualized as something that offers direction to an organization and that helps increase organizational success. Vision is like a road map which shows the route a company aims to take in developing and enhancing its business. It portrays a picture of company's destination for the future & provides a rationale for going there. The literature presents many variations on the meaning of vision: vision identifies the worth of work, allowing the individual to identify their contribution towards accomplishing an ideal (Tvorik and McGivern, 1997). Vision is energy; the inspiration and supervision of the flow of energy and meaning that people use to control change (Smith, 1996a, 1996b; Snyder and Graves, 1994). Vision is an over-reaching concept that enlightens the organization's values, guiding philosophies, and tangible image (Collins and Porras, 1991). Vision is a concept that is personally mastered and used to support the personal and professional conditions of an individual (Senge, 1990). Visioning provides the organization with a clear sense of direction, a powerful selection of power, and it gives an individual with the sense of being empowered in something essential (Goodstein et al., 1993).

A company's mission is a long-term view of what the organization is determined to become in future signifying the basic strength of the firm including its products, business and markets. The identification of a mission is the basis of awareness of a sense of purpose, the complex environment, and the extent to which the firm's mission fit its capabilities and the opportunities which the environment offers. The mission of a company is the fundamental unique purpose that differentiates one firm from another of its type. It indicates the nature and scope of business operations in terms of product, market and technology. Vision portrays the future business scope of the company and involves a choice about the strategic path to take; Mission is concerned with the company's present business scope, present capabilities, its products and services, customers and business makeup. However, if a compelling vision is not articulated and shared, vision, including purpose and values, is the first element all organizations need to undertake to become high performing. An effective organizational vision and mission statement translates directly into an organization's success which can be measured by continued competitive advantage, improved sales, solid leadership, greater employee commitment, increased shareholder value (Wilson, 1992). When employees are made a part of the vision process it is easier to get them together to decide on important matters, reconcile differences and coordinate implementation activities.

The literature review identifies the components that forecast financial performance, are indicative of a firm's success or failure (Altman, 1968; Altman and Mc Gough, 1974; Beaver, 1966; Chakravarthy, 1982, 1986; Poston et al., 1994). Research was conducted in a comparison study of 36 corporations with 18 visionary companies over 60-year period on the habits of successful companies. The results proved the occurrence of an effective vision ensuring the ability of corporations to continue over long periods of time (Collins and Porras, 1994). Jones and Kahaner (1995) advocate that vision strategies are the most powerful tool used when a company has to implement change. They advocate vision statements as the most satisfactory planning tool identified by CEOs as identifies in a 1994 survey by Bain and Company and The Planning Forum. Organizations need a shared powerful vision and mission that provides the enabling direction to become proactive and maintain the transformation process for the future (Garfield, 1992; Kotter, 1995, 1996; Miles and Snow, 1978; Naisbitt and Aburdene, 1985). A shared organizational vision provides affirmative action of organizational

effectiveness using increased adaptability and flexibility as stated by Bennis and Nanus, (1985). Facing the reality through a shared genuine vision provides the motivating force that will persuade the employees to attain the personal initiative to grow and learn and consequently increase the opportunity to improve competitive advantage (Senge, 1990, 1994). Peters (1987) supports the view that organizational survival is dependent on uniqueness and the ability to identify strategic distinction within the marketplace. He recommends this uniqueness should be prominent in the shared organizational vision. Peters concluded successful vision as providing the direction to be a tie-breaker in decision making and general enough to take opportunity of the ever-changing marketplace.

2. Research Methodology

The main purpose of this study is to understand and identify the impact of vision and mission on the overall performance of the organization. Keeping this in mind, hypothesis was formulated

- H0: Vision and mission has no significance impact on organizational performance.
- H1: Vision and mission has significant impact on organizational performance.

The survey population for this study was taken from four organizations through convenience sampling technique. The organizations were purposely selected to cover public and private sector as well as manufacturing and service sector. These organizations were located with their corporate office in and around Delhi –NCR region. Questionnaire was prepared on the basis of previous researches conducted on this topic.

The questionnaire was purposely made short and concise to get quick response. The structure of the questions was logical and systematic including multiple choice questions, Likert scale responses, Yes/No Questions and subjective feedback. The Likert scale questions mainly focused on formation, content, communication, implementation and contribution. Fifty responses from each company and in total 200 responses were found to be valid to be used in our study. The limitation of this study is the restricted time frame, no of questions were limited, and non-supportive attitude of the employees restricted the sample size.

2.1. Data Analysis and its Interpretation

S.No	Particulars	Details	Frequency	Percentage
1	Company	HCL	50	25
		NTPC	50	25
		Airtel	50	25
		Maruti	50	25
2	Gender	Male	163	81.5
		Female	37	18.5
3	Age	Below 26	46	23
		26-35	84	42
		36-45	42	21
		46-55	27	13.5
		Above 55	1	0.5
4	Qualification	Graduate	113	56.5
		Post Graduate	68	34
		Professional Diploma	17	8.5
		Any other	2	1
5	Job Level	Junior Level	47	23.5
		Middle Level	119	59.5
		Senior Level	25	12.5
		Support Staff	9	4.5
6	Tenure	Less than 2 yrs	66	33
		2-5 yrs.	61	30.5
		5-10 yrs.	41	20.5
		10-20yrs	20	10
		Above 20	12	6

Table 1: Demographic Profile

In table 1: The total respondents in the study are 200 from 4 companies, i.e. 50 from each of the respective companies, HCL technologies, NTPC, Bharti Airtel and Maruti Suzuki. Out of the total 200 respondents, as far as gender is concerned, 81.5 % i.e. 163 is Males and rest 18.5 % i.e. 37 is females. Now if we consider the age group, we have majority i.e. 42 % (84) of the respondents from the age bracket 26 to 35 yrs. The next is below 26 yrs., where 23 % (46) and after that from 35 to 45 yrs.i.e. 21% (42). In the age bracket 46 to 55 yrs., we just have 13.5% (27) and only 1 from above 55 yrs. Next in demographic profile is qualification of the respondents, here 56.5 % (113) are graduates, Post graduate are 34 % i.e. 68, with professional diploma only 8.5 % i.e. 17 and the remaining 2 respondents have any other qualification. If we consider the job level of the respondents, we have categorized them in general terms which may vary as per the policies of the company. The majority of the respondents i.e. 59.5% (119) belong to middle level, the next is 23.5% (47) are junior level, the senior level are 12.5% (25). The support staff is 4.5% i. e (9). The tenure of the respondents in each of their respective companies, 33 % (66) respondents are having less than 2 yrs. of stay, close to it is 30.5% (61) have between 2 to 5 yrs. tenure, from 5 to 10 yrs., 20.5 % (41) respondents. Only 10% (20) employees have 10 to 20 yrs. and 6% (12) are pillars who have served for more than 20 yrs.

2.2. Descriptive Analysis

On the basis of the employee’s opinion on the major sources of awareness on the vision and mission of the company, the most preferred is the organization website, where employees can anytime get the detailed information. The second preferred is at the time of Induction training, where the HR trainers give brief overview of the future of the company. The third source being annual reports; where every year’s annual reports are prepared and employees too can get to know the future of the company. The next preferred response is Organization Premises, where on various prime locations – the management displays the vision and mission statement etc. so that employees can notice it on regular basis. The fifth choice of employees is Professional meetings, where purposefully the meetings are called to frame out future goals in order to achieve towards the vision of the company.

The responses of employees on the Vision & Mission (V&M), which is further divided into 5 components i.e. Formation (1), Content (2), Communication (3), Implementation (4) and Contribution (5). The responses are represented in Likert scale on percentage (%) varying from strongly agree to agree to ok to disagree to strongly disagree.

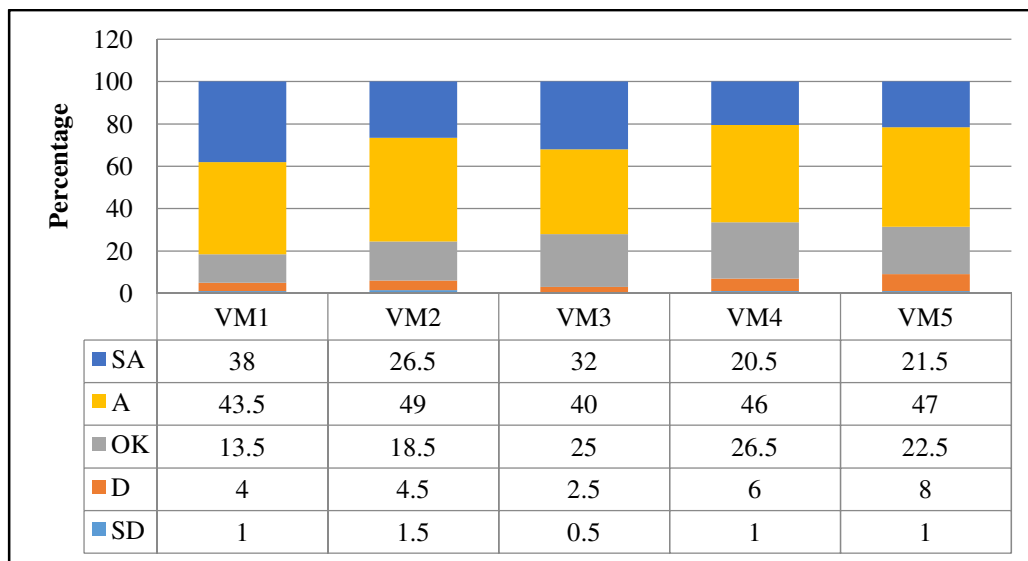


Figure 1: Graphical Presentation: Employee's Perception on Vision & Mission

The overall employee’s perception on Vision and Mission indicates that almost majority of the employees are satisfied with the Vision and Mission of their companies. With regards to formation 43.5 % employees agree and 38 % strongly agree that top management, board members and executives collectively formulate the vision and mission statement of the company. 49% employees agree and 26.5 strongly agree with the content of the statement being clear, appropriate and achievable through its current and future strategies. As far as communication is involved 40% agree and 32 % strongly agree that, it is communicated to all the employees. Next is implementation, here 46% agreed that a proper system is present to regulate the employees. 26.5% responses are Ok. Last one is the contribution, here also, same as implementation 47% agree that vision and mission provides motivation to employees in fulfilling their individual and collective tasks and 22.5% are Ok. This indicates that communication, implementation and contribution are having less positive response as compared to formation and content.

2.3. Organizational Performance

In order to find out the Organizational Performance, we have included 7 components i.e. Product and Service Quality, Employee Productivity, Employee Retention, Market share, Financial Consistency, Customer Satisfaction and Overall Organizational Performance. The employee’s response on each of this performance parameter is collected ranging from very good, good, ok poor and very poor.

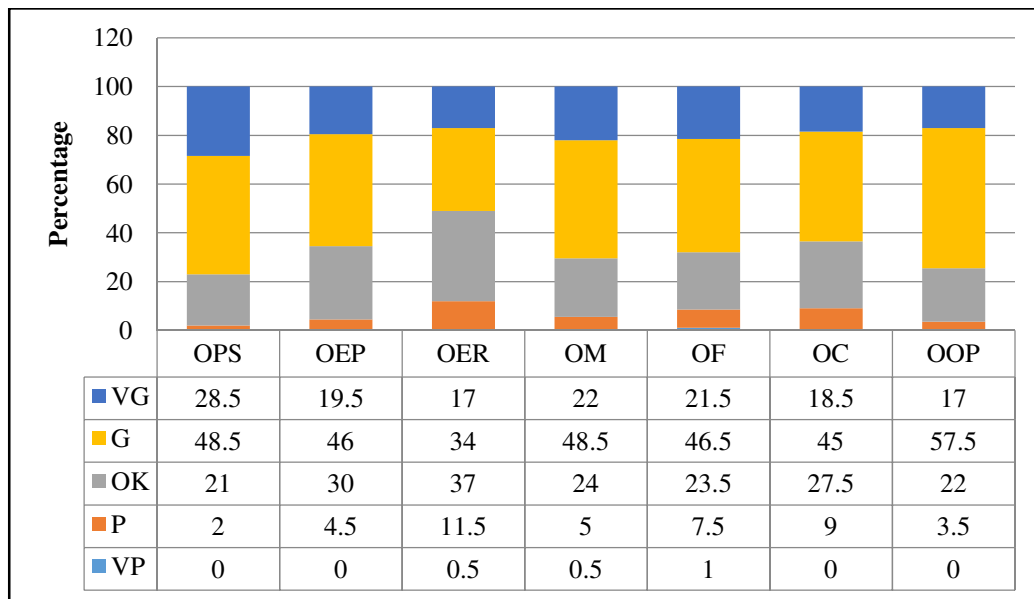


Figure 2: Employee's Perception on Organizational Performance

The overall employee’s perception on the organizational performance is categorized under various sub-heads as Organizational Product/Service (OPS), Organization’s Employee Productivity (OEP), Organization’s Employee Retention (OER), Organization Market Share (OM), Organization’s Financial Consistency(OF), Organization’s Customer Satisfaction (OC), Organization’s overall Performance (OOP), which overall is found to be positive in all areas.

The first being OPS, where employee’s perception on product/service quality is 48.5% good and 28.5% very good. The next being OEP, where the opinion on employee productivity says that 46% agree and 30% are ok. The third one is employee retention, 37% are ok and 34% good, which indicates that employees feel, there are less efforts to retain the performers. Fourth is OM, here 48.5% employees are good on the Market growth whereas 24% found it to be ok. As far as OF is concerned, 46.5% says the financial consistency is good and 23.5% feel ok. The next one is customer satisfaction, here also 45 % says good and 27.5% feels ok. The last one being OOP, here also 57.5% indicates good and 22% feels ok on the overall organization performance. All in all, employees feel that product and service is comparatively better than the other factors. The lowest of all is employee retention.

2.4. Inferential Analysis

- H0: There is no significant relationship between Vision & Mission and Organizational Performance.
- H1: There is a significant relationship between Vision & Mission and Organizational Performance.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.427 ^a	.183	.179	.41874

a. Predictors: (Constant), V& M - Mean

Table 2

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.762	1	7.762	44.269	.000 ^b
	Residual	34.717	198	.175		
	Total	42.480	199			

a. Dependent Variable: OP – Mean
b. Predictors: (Constant), V& M - Mean

Table 3

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.162	.260		8.329	.000
	V& M – Mean	.452	.068	.427	6.653	.000

a. Dependent Variable OP - Mean

Table 4

In this case, Vision and Mission is independent variable and Organizational Performance is dependent variable. From the table 4, $t = 6.653$ and significance value 0.000 which is less than 0.05 so null hypothesis H_0 is rejected. It means the alternate hypothesis is found to be true i.e. there is a significant relationship between Vision & Mission and Organizational Performance. The relationship between these variables is positive and table 2 shows correlation is 0.427(r). Here 18.3% (r^2) of variation in organizational performance is explained by vision & mission. The difference between R square and adjusted r square is very less which depicts that the sample size and choice of independent variable is appropriate. Table 3 shows significance value to be 0.000 which indicates that there is relationship between independent and dependent variables.

From table 4 we can get the regression equation

For Sample, Organizational Performance = $2.162 + 0.452(\text{Vision \& Mission})$

For Population, Organizational Performance = $0.427(\text{Vision \& Mission})$

Further when we analyze the five components involved in V&M which are formation, content, communication, implementation, and contribution, we get detailed results as to which components significantly contribute in Organizational Performance.

S. No	HR Variables	Components Entered	r	r^2	Adjusted r^2	Constant	Unstdized Beta	Stdized Beta	Sign
a.	V & M	Communication Implementation Content	0.459	0.21	0.198	2.437	0.149 0.139 0.094	0.252 0.238 0.167	.00 .00 .012

Table 5

Here in table 5: Organizational Performance (OP) is dependent variable and Vision & Mission is Independent variable. The table displays only significant influences out of the total components and the correlation between Vision & Mission and Organizational Performance is 0.459(r). Here 21% (r^2) of variation in organizational performance is the due to vision and mission. The difference between r^2 and adjusted r^2 is less than 0.02 which indicates correlation between dependent and independent variables exists, sample size is adequate and choice of individual components is appropriate. Organizational performance can be derived:

On the basis of this sample -

$OP = 2.437 + 0.149 \text{ Communication (V\&M)} + 0.139 \text{ Implementation (V\&M)} + 0.094 \text{ Content (V\&M)}$

On the basis of Population

$OP = 0.252 \text{ Communication (V\&M)} + 0.238 \text{ Implementation (V\&M)} + 0.167 \text{ Content (V\&M)}$

If there is a unit rise in Communication, the performance will increase by 0.25, similarly a unit rise in implementation will increase the performance by 0.238 and a unit rise in content will increase the performance by 0.167.

3. Conclusion

In conclusion, we found that vision and mission has significant impact on the organizational Performance. The responses on the major sources of awareness were organization website, induction training and annual reports. The employees' opinion is mostly in favor of formation of Vision and mission statement, where all most all agree with collective effort in the formulation of the vision and mission statement. After this is the content, which responses indicate is clear, appropriate and achievable. An average degree of positive correlation is found between vision and mission and organizational performance. The components which have significant contribution are communication, implementation and content. With the help of these components, the regression equation was computed that helps in future planning and decision making. Similar results are found by Baum et al. (1998) when he examined the effects of vision on the performance of the organization. He also analyzed the process through which vision could affect organizational performance – vision – communication and its effect on future growth. The suggestion given by Kelly (2000) states that: the process of communicating the vision contributes to building a shared awareness of what is expected, thereby focusing energy, providing direction and affirming an individual's purpose and position in decision making. A shared vision can energize people by connecting them to the purpose of the organization and see how their efforts contribute the larger picture, if it is properly developed and implemented, vision can affect the premises that helps can organization achieve long run success.

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