Mission statements in Canadian hospitals

Christopher K. Bart and Maureen Hupfer
Michael G. DeGroote School of Business, McMaster University, Hamilton, Ontario, Canada

Keywords *Mission statements, Hospitals, Canada*

Abstract *One of the most popular management tools in the world, the mission statement also is subject to widespread criticism. In order to improve our understanding of the mission statement's strategic value and to provide actionable recommendations for healthcare organizations, the paper adopted a social constructionist perspective in a mission statement study conducted among Canadian hospital executives. The paper found seven factors underlying 23 possible mission statement content items. Four of these (grand inspiration, benefactors, competitive orientation and business definition) corresponded to the dimensions of dominant managerial logic proposed by von Krogh and Grand, and were positively related to various behavioral, financial performance and mission achievement measures. The findings indicate that not all mission statement components are created equal and that the recommendations of major strategy texts may require reconsideration where this particular institutional context is concerned.*

Introduction

Mission statements abound. Between 1993 and 1997, the mission statement ranked first in the annual Bain and Company survey of *Management Tools and Techniques* until it was supplanted by the more general concept of strategic planning (Bain and Company, 1999). Rare is the organization that lacks a mission statement, and it is difficult to find a strategy or general management textbook that does not contain at least several paragraphs, if not entire chapters, that assert their importance. Indeed, this management tool is so firmly entrenched that there now exist several best sellers containing nothing but examples of company mission statements. Many companies also are posting mission statements on their Web sites (Bart, 2001).

Despite persistent belief in the mission statement as a cornerstone of strategic planning, its impact on firm performance has been questioned (e.g. Krohe, 1995; Mosner, 1995). Divergent opinion concerning the mission statement's strategic value is in part attributable to variance in its definition and corresponding study of its composition. In addition to a lack of systematic research progress regarding the document's substance, very little is known about relationships among specific types of content and performance outcomes. Further, we acknowledge the need for empirical investigation of mission statements that is localized, specific and of practical consequence (e.g. Gergen and Thatchenkery, 1996). The modernist pursuit of universal rules often fails to recognize that:

> [...] business recipes ... reflect the circumstances in which they developed and cannot simply be transferred to qualitatively different environments (Whitley, 1992, pp. 125-6).

Rather than continuing to pursue overarching prescriptions, mission statement research may be better served by adopting a social constructionist perspective (e.g.

Journal of Health Organization and Management
Vol. 18 No. 2, 2004
pp. 92-110

1477-7266
DOI 10.1108/14777260410538889

Burr, 1995; Gergen, 1999; Khademian, 2000) in which study design and interpretation recognizes the institutional environment and the many voices therein.

With a goal of contributing to the mission statement literature by producing knowledge with local actionable relevance, we first briefly review research pertaining to relationships among statement content and performance outcomes. Then, we describe the results of a mission statement study that examined perceptions of top managers at Canadian hospitals. This specific focus, we believe, improved our ability to generate knowledge with immediate significance for those most likely to be involved in hospital mission statement design or revision. Our constrained scope inevitably silenced other organizational voices, but it also allowed us to tap more precisely what von Krogh and Grand (2000) describe as the dominant or general management logic of this particular institutional context. We conclude by discussing the specific implications of our findings for Canadian hospital mission statement construction and also suggest how our results might apply more generally.

What is a mission statement? Why should we have one?

Considerable attention has been devoted to the question of defining the mission statement as a management construct and determining what it could include; the literature is dominated by investigations in which statement content is analyzed and the findings subsequently declared as prescriptive. Problematically, from the practitioner's point of view, there are many prescriptions from which to choose. Some researchers, such as David (1989), advocate nine important content categories for inclusion in a mission, while others argue for much simpler models (Campbell and Yeung, 1991; Klemm *et al.*, 1991). Ranging as they do from very narrow to relatively broad, textbook definitions also provide little guidance. One of the broadest definitions, for example, contends that a properly specified mission statement:

> [...] embodies the business philosophy of the firm's strategic decision makers, implies the image the firm seeks to project, reflects the firm's self-concept, and indicates the firm's principal product or service areas and the primary customer needs that the firm will attempt to satisfy (Pearce and Robinson, 1994, p. 31).

In contrast, Hitt *et al.* (2002) and Thompson and Strickland (1996) offer more restricted views. While the former describe the mission simply as "a statement of a firm's unique purpose and the scope of its operations in product and market terms" (Hill *et al*, 2002, p. 25), the latter assert that a mission "defines a company's business and provides a clear view of what the company is trying to accomplish for its customers" (Thompson and Strickland, 1996, p. 4).

Despite the inclusion of a business definition component in each of the foregoing descriptions, it is clear that considerable diversity exists among the various mission statement definitions and the statement architecture that they imply. Bart (1996a, 1998, 1999, 2000), for example, has identified as many as 25 items that may warrant inclusion in an organization's mission statement. Some of this diversity can be attributed to the tendency among writers to create new or unique typologies of mission statement components rather than build on previous findings (see Bart and Baetz, 1998). Other sources of variance appear to reflect conditions that are industry specific (Bart, 1997a, b, 1999). Equally problematic is the general lack of discussion aimed at connecting the

content of mission statements with performance outcomes. As a result, there has been little agreement concerning the items that such a document should contain. Are some elements more important than others? What distinguishes a good mission statement from a bad one? Can having a mission statement improve strategic planning and performance?

Inspection of four of the more popular texts on strategic management indicates that "received wisdom" generally links effective mission statements with favorable outcomes such as superior performance or stakeholder satisfaction. While Hill and Jones (2001, p. 50) warn that:

> [...] history is littered with the wreckage of once great corporations that did not define their mission or that defined it incorrectly.

Thompson and Strickland (1996) state that: "a well conceived strategic vision" is "a prerequisite to effective strategic leadership".

Similarly, Hitt *et al.*, (2002, p. 20) declare that:

> [...] a firm's intent and mission provide the guidance necessary to achieve the desired strategic outcomes.

Pearce and Robinson (1994), who provide a more comprehensive rationale for the articulation of firm mission, propose that these statements develop unanimous purpose, express organizational tone and climate, provide a focal point with which employees can identify, guide resource allocation and facilitate evaluation and control.

Unfortunately, the mission statement literature as yet offers only limited evidence in support of such claims. Nevertheless, the past several years have seen greater effort devoted toward understanding the relationships between statement content and desirable outcomes. A small but growing body of research indicates that it is the statement's specific content, rather than the mere existence of such a document, that makes a difference in firm performance. Pearce and David (1987), for example, reported that high- and low-performing *Fortune* 500 firms differed significantly in the extent to which three of eight components (i.e. "organizational philosophy", "self-concept" and "public image") were mentioned in their mission statements. Bart also has found evidence of the performance impact of mission statements in a wide range of organizational contexts (Bart, 1996a, b, 1997a, b, 1999). The hypothesized relationship between mission content and performance has received additional support from Bart and Baetz (1998), who documented significant performance differences between organizations with "satisfactory" versus "unsatisfactory" mission statements. Simply having a mission statement, however, did not manifest itself in superior performance. A follow-up study conducted by Bart *et al.* (2001) further demonstrated the impact of various primary and intermediary mission-related variables on an organization's financial performance.

If not any mission statement will do, then what should we advise practitioners to write? This is where the existing literature falls short. There is a growing and urgent requirement to make the research on mission statements more actionable. First, we need to improve our understanding of the relationships among various content items by examining the underlying components. In doing so, we must consider individual content items as well as the more general components that have been identified in past

research. Next, we must articulate more definitively the relationships between content and outcomes in order to identify components that do make a difference to firm performance. We also contend that research should proceed in a systematic fashion by identifying the "recipes" that are most appropriate for a given industry.

Practical concerns pointed toward the usefulness of the Canadian hospital industry as a starting point for furthering the mission research agenda. First, the population is relatively small and easily identified. Also, we have found that hospital CEOs are more likely to respond directly to mission statement survey requests than are *Fortune* 500 CEOs, who often refer such questionnaires to "cheerleaders" in their public relations departments. We believed, therefore, that in focusing on hospitals we would be more likely to communicate directly with those who were best able to describe the mission statement's content and their perceptions of its impact on performance. We would "see" the mission statement through their eyes, rather than relying on the interpretations of those less well informed.

Several conversations with dozens of hospital executives also confirmed their genuine interest in and need for recommendations regarding mission statement composition. Very little is known about statement content and impact in this specific institutional context. In their survey of American hospitals, Gibson *et al.* (1990) found that the most frequently mentioned statement items included customer and product/service definition, organization philosophy and a description of public image. Although they state that not all components are necessary, Ginter *et al.* (1998) describe a six-factor typology that adds geographical area and preferred self-image (or distinctive competence) to those found by Gibson *et al.* Neither of these sources, however, addressed the mission statement's impact on performance.

Bart's (1999) correlation analysis of 23 hospital mission content characteristics and seven performance outcome measures began to tackle this mission-performance gap. Of particular interest was his finding that inclusion of hospital stakeholders such as employees and shareholders (who do not appear in the recommendations made by Gibson, Ginter and their colleagues) was positively related to behavioral and financial performance measures. Still, hospital executives told us that the wide range of statement content possibilities was too diverse to be of practical use. As one exasperated CEO pleaded: "Keep it simple so that we can actually use it!" Hospital executives also wanted to know how essential content related to specific performance measures. "What do we really need to incorporate and what will happen if we include it?"

Methodology

Wanting both to contribute to the mission statement literature and to respond to hospital executives' questions, we developed and pre-tested a survey containing the 23 possible mission statement items. The final version was distributed to the top manager (i.e. CEO, chairman, president or executive director) at each of the 515 English-speaking hospitals listed in the *Guide to Canadian Healthcare Facilities* (see Table I for the specific questionnaire items and the literature from which they were derived). Respondents used three-point scales to indicate the extent to which each item was included in their organization's mission statement (i.e. "not at all" to "clearly specified in the mission").

To what extent does your organization's current mission statement include/mention the following items?		
1	Statement of purpose (e.g. why do we exist? What are we trying to accomplish?)	Campbell and Yeung (1991), Drucker (1974), Ireland and Hitt (1992), Klemm *et al.* (1991), Want (1986)
2	Statement of values/beliefs/ethics/philosophy	Campbell and Yeung (1991), David (1989), Ireland and Hitt (1992), Klemm *et al.* (1991), Want (1986)
3	Distinctive competence/strength that sets our organization apart from others	Campbell and Yeung (1991), Drucker (1974)
4	Desired competitive position to be achieved or maintained over the long term	Campbell and Yeung (1991), Drucker (1974)
5	Competitive strategy (i.e. how we intend to win and retain customers)	Campbell and Yeung (1991), Drucker (1974), Ireland and Hitt (1992)
6	Specific behavior standards for employees to follow and practice	Campbell and Yeung (1991), Want (1986)
7	General corporate level goals to achieve (i.e. non quantitative targets/ends)	Coats *et al.* (1991), Collins and Porras (1991, 1994), Klemm *et al.* (1991), Want (1986)
8	One clear and compelling goal	Collins and Porras (1991)
9	Specific financial objectives to achieve (i.e. quantitative financial targets)	Ireland and Hitt (1992), Klemm *et al.* (1991)
10	Specific non-financial objectives (i.e. non-financial quantitative targets)	Coats *et al.* (1991), Collins and Porras (1991, 1994), Ireland and Hitt (1992), Klemm *et al.* (1991), Want (1986)
11	Specific customers to be served (i.e. characteristics/demographics/needs)	David (1989), Ireland and Hitt (1992)
12	Specific products/services to be offered	David (1989), Ireland and Hitt (1992)
13	A unique identity	David (1989), Want (1986)
14	Desired public image	David (1989)
15	Location of business	David (1989)
16	Technology defined	David (1989)
17	Concern for survival	David (1989)
18	Concern for satisfying customers'/patients' needs	Bates and Dillard (1991), Collins and Porras (1991, 1994), Daniel (1992), Medley (1992), Oswald *et al.* (1994), Want (1986), Wilson (1992)
19	Concern for satisfying employees' needs	Bates and Dillard (1991), Collins and Porras (1991, 1994), Daniel (1992), Medley (1992), Oswald *et al.* (1994), Want (1986), Wilson (1992)
20	Concern for satisfying suppliers' needs	Bates and Dillard (1991), Collins and Porras (1991, 1994), Daniel (1992), Medley (1992), Oswald *et al.* (1994), Want (1986), Wilson (1992)
21	Concern for satisfying society's needs	Bates and Dillard (1991), Collins and Porras (1991, 1994), Daniel (1992), Medley (1992), Oswald *et al.* (1994), Want (1986), Wilson (1992)
22	Concern for satisfying shareholders' needs	Bates and Dillard (1991), Collins and Porras (1991, 1994), Daniel (1992), Medley (1992), Oswald *et al.* (1994), Want (1986), Wilson (1992)
23	Statement of vision	Collins and Porras (1991, 1994)

Table I.
Mission statement survey items

Using ten-point scales anchored by "not at all" and "to the greatest possible extent", managers also provided their assessments of the mission's impact on seven performance indicators, including behavioral, financial performance, and mission achievement variables. Specifically, our behavioral measures asked executives to evaluate the extent to which the mission functioned as an energy source, acted as a guide for day-to-day decision-making, and influenced the behavior of themselves and others. Respondents also were questioned about the extent to which individuals in the organization were committed to the mission.

Our financial performance measure asked respondents to indicate their satisfaction with their hospital's financial performance. In choosing a self-reported rather than objective financial indicator, we relied on the advice of Hay (1990), Herman (1994) and Ziebell and De Costes (1991), who maintain that a single objective indicator is not always the best choice for assessing the financial performance of non-profit organizations. According to Herman (1994) and Love (1991), senior managers' perceptions of overall performance are sophisticated judgments that consider multiple performance dimensions, such as industry, time frame, organizational size, overall strategy, and relative standing. Consequently, we believe that a self-report measure is appropriate and justified. Our mission achievement measure also sought subjective opinion, asking respondents to indicate the extent to which they believed their mission was actually being achieved.

Finally, we requested that executives provide information pertaining to their position at the hospital, the institution's budget, the number of full time equivalent staff and number of beds.

Results

A total of 130 questionnaires were returned (25 percent response rate); complete data for all questions was obtained from 78 respondents. To determine if our sample was representative of the Canadian English-speaking hospital population, we conducted MANOVA analysis with the three hospital descriptor variables (i.e. 1999 budget, number of full-time equivalent staff, and number of beds). Because no significant differences were found between our sample and the population ($p = 0.194$), we concluded that the response we received was representative.

Mission statement components

To improve our understanding of the relationships among the 23 potential mission statement items by identifying the underlying components, we conducted principal components analysis with varimax rotation. Seven factors with eigenvalues greater than one were found, accounting for 67.7 percent of the variance (see Table II for the rotated component matrix). Individual items were retained for subsequent analysis only if they loaded in excess of 0.50 on one factor and did not load in excess of 0.50 on any other factor. Four of the 23 items did not meet these criteria and were excluded from the final mission factors (i.e. behavior standards, specific financial objectives, non-financial quantitative objectives, and concern for satisfying customers/patients). For those factors that contained more than one item, new scales were formed from the average of the individual item scores. Descriptive statistics for these refined scales, including reliability where appropriate, also are found in Table II.

Table II.
Mission statement components

Item	Business definition (12.4%)	Benefactors (11.9%)	Competitive orientation (11.2%)	Grand inspiration (10.1%)	Location/technology (9.5%)	Concern for suppliers (6.9%)	Concern for survival (5.6%)
Component and explained variance							
Purpose	0.313	−0.112	−0.109	0.630	0.164	−0.317	−0.095
Values/beliefs	0.183	0.167	0.228	0.735	0.139	0.256	−0.009
Distinctive competence	0.223	−0.023	0.684	0.291	0.304	0.013	−0.238
Competitive position	0.137	0.144	0.870	0.072	−0.013	0.084	0.133
Competitive strategy	0.055	0.219	0.840	0.001	0.135	−0.040	0.126
Behavior standards	0.263	0.409	0.314	0.285	0.267	0.036	0.113
General corporate goals	0.247	0.669	0.218	−0.070	0.123	−0.046	0.149
Clear compelling goal	0.647	0.355	0.179	−0.019	−0.211	−0.077	0.190
Financial objectives	−0.089	0.429	0.240	0.431	0.025	−0.290	0.097
Non-financial objectives	−0.066	0.403	0.260	0.385	0.345	−0.222	0.185
Specific customers	0.743	−0.056	−0.123	0.182	0.281	−0.036	0.058
Products/services	0.592	0.312	0.106	0.244	0.285	−0.227	−0.382
Unique identity	0.596	0.218	0.239	0.234	0.168	0.048	−0.262
Desired public image	0.744	0.063	0.262	0.085	0.029	0.276	0.173
Location of business	0.220	0.181	0.081	0.012	0.726	0.208	−0.014
Technology defined	0.062	−0.021	0.207	0.024	0.724	−0.099	0.342
Concern for survival	0.089	0.094	0.122	0.127	0.233	−0.044	0.816
Concern for patients	0.389	0.311	0.215	0.274	0.318	0.262	−0.035
Concern for employees	0.099	0.585	0.103	0.333	0.455	0.269	−0.011
Concern for suppliers	0.011	0.134	0.030	0.090	0.077	0.774	−0.029
Concern for society	0.102	0.747	0.074	0.080	−0.114	0.202	−0.062
Concern for shareholders	0.094	0.573	−0.053	0.058	0.323	0.438	−0.066
Vision	0.182	0.106	0.057	0.711	−0.210	0.336	0.211
Refined scales							
Descriptive statistics							
Scale mean	2.22	1.74	1.43	2.03	1.36	1.09	1.04
Standard deviation	0.61	0.61	0.61	0.54	0.52	0.33	0.19
Cronbach's alpha (Pearson's *r*)	0.78	0.74	0.78	0.66	0.38*		

Discussed in more detail below, we labeled the seven factors as follows:

(1) Business definition (one clear compelling goal, specific customers/patients, specific products offered, unique identity and desired public image).

(2) Benefactors (general corporate goals, concern for employees, concern for society, and concern for shareholders).

(3) Competitive orientation (distinctive competence/strength, desired competitive position, competitive strategy).

(4) Grand inspiration (purpose, values and vision).

(5) Location and technology (two item factor).

(6) Concern for suppliers (single item).

(7) Concern for survival (single item).

Before proceeding further, we considered the possibility that answers to the mission statement questions could have been affected by the respondent's position in the hospital hierarchy. Although we directed our questionnaire toward the CEO, chairman, president or executive director, a frequency analysis demonstrated that close to half of our respondents were from other categories of high-level hospital management, including directors other than those at the executive level (18 percent), vice presidents (13 percent) and others (13 percent).

However, our MANOVA analysis of the seven mission factors described above indicated no differences between these groups ($p = 0.093$). We thus were satisfied that we were tapping a univocal rather than pluralistic response among Canadian hospital executives.

Business definition. This first factor, which describes customers/patients and products as well as a clear and compelling goal, is a focal point of discussion in many strategy texts. Consequently, we were not surprised that a business definition construct emerged as the strongest factor, explaining 12.4 percent of the variance. Less common, however, is the apparent belief among authors of hospital mission statements that the product/market focus should be specified in a unique manner that distinguishes it from competitors and builds a desirable public image. In its inclusion of a hospital description, basic customer/product boundaries, and the "success referent" of unique and desirable image, the business definition factor corresponds closely to the "corpus of knowledge" that von Krogh and Grand (2000) propose as one of three dimensions comprising an organization's dominant logic. That this component emerged as the strongest in our analysis is consistent with their view that the corpus of knowledge dominates managerial thought and action.

Benefactors. Closely following business definition in its explained variance (11.9 percent), Benefactors represented a relatively novel mission statement construct. It may seem somewhat passé to say that organizations exist to satisfy shareholders, but such a declaration is less obvious in the non-profit Canadian hospital context. For these institutions, shareholders consist of hospital foundations, various levels of government, and by extension, taxpayers. The presence of concern for shareholders in this factor indicates that hospital mission statements acknowledge the necessity of an explicit promise to identify, publicly recognize and meet the needs of their various shareholders or "owners".

Even more interesting is the identification and elevation in importance of employees and society as hospital stakeholders. These two interest groups have been largely absent from previous mission statement commentary. However, our research indicates that hospital mission statement architects view the continued support of these stakeholders to be as vital as that provided by shareholders. After all, without the commitment and dedication of employees (who are principally responsible for mission execution), the hospital's corporate goals would be compromised. But why should employees lend their support? The mission, it appears, is a higher-level statement that strives to answer this question, perhaps in part by making clear the nature of the rewards that the hospital offers its employees and by assuring them that their contributions are valued. Inclusion of content that signifies "societal concern" also reflects the need for hospitals to secure the cooperation and backing of the communities they serve. Faced with budget rationalization and industry re-structuring, hospitals must nurture local alliances to ensure their continued operation. Organizations that are highly regarded for their social responsibility also may derive further benefit in the form of enthusiastic employees who are proud of their institution's public investment.

Just as the business definition factor corresponded to the "corpus of knowledge" described by von Krogh and Grand (2000), the benefactors construct resembled their "images of knowledge" dimension as a rationale by which new ideas and projects are justified and accepted. More specifically, von Krogh and Grand identify stakeholder views as one of several important legitimizing arguments in support of resource allocation decisions. Taken together, therefore, the four items that compose the benefactors construct (general level corporate goals, concern for shareholders, employees, and society), suggest that hospital mission statements are being used to guide, inspire and make highly visible all those who benefit from or play significant roles in achieving the hospital's higher-order objectives.

Competitive orientation. It is generally believed that mission statements need to identify customer needs and describe how they are being satisfied (e.g. Hill and Jones, 2001; Pearce and Robinson, 1994). Interestingly, the statement item concern for customers/patients did not meet the criteria that we established for construct composition. Rather, we found only weak loadings for this item across six of the factors identified in our principal components analysis. A description of customer or patient groups did appear in the business definition construct; however, it was in the third competitive orientation component (11.2 percent of the variance) that we found a rich and sophisticated approach to customer concern that went beyond token recognition. In addition to articulating how the organization expects to attract and retain customers (competitive strategy and desired competitive position), this component's consideration of resource availability emphasizes that a hospital also will strive to do so in a manner that is distinct, difficult for others to imitate or acquire, and superior to that of competition (distinctive competence). Simply put, competitive orientation is where core competence meets customer needs. We are unaware of other mission statement research that identifies an explicit connection between these two strategic concepts, but our results indicate clearly that Canadian hospital executives do perceive such a relationship. While our construct of competitive orientation does not appear in von Krogh and Grand's (2000) typology, this factor might be described as the intersection of their "corpus of knowledge" and its related "images".

Grand inspiration. Many firms choose to describe their purpose, vision and values as three distinct elements in the mission statement. While purpose describes the organization's reason for existence, vision focuses on some end point in the emotional distance, and values define an organization's culture. However, our findings indicate that our respondents perceived these three aspects of content as interconnected rather than discrete; for them, vision and values are integrated with the hospital's overall purpose. This collective articulation of grand inspiration, which explained 10.1 percent of the variance, has not been seen in previous mission statement research. Such an integrated expression does appear, though, as the third proposed dimension of von Krogh and Grand's (2000) "dominant managerial logic". Providing the means by which knowledge is evaluated, ideological values:

> [...] express the fundamental value system of the corporation and its social and institutional context, determining the basic business philosophy as well as the vision of the corporation. With respect to the images of knowledge, the ideological values will decide to what extent arguments are relevant at all, and what the basic reference points of the corporation should be (von Krogh and Grand, 2000, p. 23).

Vision may be described as a "massively inspiring and bold, overarching, long-term goal" or MIBOLT (Bart and Baetz, 1998; Collins and Porras, 1991). It is about striving for greatness and excellence in something, be it admiration, respect or standard setting. As such, vision represents a future destination so strongly appealing that it inspires the wholehearted commitment of all relevant stakeholders, but especially employees, to the organization's goals. Similarly, the organization's statement of purpose represents a high level aspiration. However, while an organization's vision is more concerned with its own achievement needs, purpose describes a noble cause to which the enterprise contributes. To the extent that this purpose is achieved, the external world will not only be a better place, but perhaps one that is truly great.

Values function as the mortar of organizational life by cementing the foundation of vision and purpose. By announcing its values in a mission statement, an organization signifies in a general way the workplace ethic and atmosphere that it encourages and even demands. Values also become magnets, attracting and building loyalty among individuals who share and honor the same ethos. In sum, the grand inspiration factor has emerged here as a powerful source of intrinsic and emotional rewards for employees with shared aims and combined effort. Belonging to a group with high-minded values, employees know that they are working with splendid purpose for a hospital with greatness in its sights.

The three other mission factors. Location and technology (9.5 percent of the variance), concern for suppliers (6.9 percent) and concern for survival (5.6 percent) were the last three factors revealed by our analysis. Unlike the content of the first four factors, these constructs are less commonly found in mission statements (Bart, 1997a, b, 1998, 2000; Pearce and David, 1987) and we believe that their presence is a function of the particular institutional context.

The location and technology factor appeared to augment the product/market description. In defining its technology, an institution provides additional detail about the breadth and depth of its services (e.g. teaching hospital, acute care, tertiary, community, and so on), while the corresponding location information indicates their accessibility. All of the hospitals in our sample had limited and bounded geographic

scope, with approximately 40 percent of respondents indicating that location was clearly specified in their mission statements. An emphasis on location also may assist in generating pride and support among local citizens and politicians.

Found in very few mission statements, the concern for suppliers and concern for survival factors appeared as single item constructs with low frequencies. Recent years of tightened purse strings and hospital closures have prompted a greater sensitivity to the issue of survival and it appears that mission statements are being used by some facilities to alert key stakeholders to future challenges. Healthcare organizations also seem to be looking beyond their traditional relationships for support, future growth and innovation. Although they frequently are overlooked as stakeholders, suppliers may be an emerging source of ideas for managing the cost-service equation.

The mission-performance connection

Having reduced the 23 potential items to seven mission statement components, we then turned our attention to examining relationships with performance outcomes. Instead of correlation analysis, which does not take into account the joint effects of predictor variables (Morrison, 1990), we chose stepwise regression for this exploratory investigation.

Predicting a mission statement's impact on employee behavior. With a view to avoiding type I error escalation, we first determined whether the five behavioral variables (energy source, guide for decision-making, influences own behavior, influences others' behavior, individuals committed to the mission) could be analyzed as a single construct. Because our principal components analysis demonstrated that responses to the behavioral statements formed a single factor accounting for 76.9 percent of the variance, we created a scale from the item means (reliability of 0.92). Next, stepwise analysis conducted with this composite behavior score showed that three of the seven factors entered the regression equation. The most important predictor of behavior was the grand inspiration factor: having an inspiring and motivating expression of "raison d'être". Next in importance was the articulation of the "quid-pro-quo" for employees, shareholders and society (benefactors). The third predictor, competitive orientation, concerns the distinctive manner in which organizational strengths and competitive strategies are deployed to attract and retain customers (Table III).

One of the primary reasons purported for having a mission statement is to control and focus the behavior of employees on organizational goals. While there are many other tools available to assist managers in developing such behaviors (e.g. information systems, training and development programs, direct supervision, and so on), a well-formulated mission statement is meant to provide a higher-level influence on behavior by inspiring commitment and lending purpose to daily activity. But can a mission statement actually do this? Our results indicate that hospital executives do attribute this kind of impact to their mission statements. Further, the importance of the grand inspiration, benefactors and competitive orientation factors in predicting behavior suggests that the mission statement acts as a form of social contract in which conduct is tied to individual rewards as well as broader stakeholder and social benefit.

The grand inspiration factor reflects the establishment of an affinitive relationship based on the organization's configuration of purpose, vision and values. Elevated and

Model	Sum of squares	df	Mean square	F	Sig. of F	Unstandardized coefficients B	Unstandardized coefficients Std error	Standardized coefficients Beta weights	t	Sig. of t
Regression	100.610	3	33.537	18.349	0.000					
Residual	122.456	67	1.828							
Total	223.066	70								
(Constant)						1.287	0.683		1.884	0.064
Inspiration						1.065	0.269	0.386	3.954	0.000
Benefactors						0.814	0.291	0.282	2.802	0.007
Competitive						0.668	0.292	0.229	2.285	0.025

Notes: $R = 0.672$; $R^2 = 0.451$; Adj. $R^2 = 0.426$; standard error of the estimate = 1.3519

Table III.
Behavioral outcome regression

abstract, these three mission items demonstrate what employees can expect to receive as emotional or spiritual currency in exchange for certain behaviors. The benefactors construct provides an additional layer of meaning to the manner in which organizations seek to secure the passion, energy and dedication of their employees. Compared with the grand inspiration factor, the benefactors construct is more explicit in its description of the nature of the trade and thus represents a harder form of currency. In essence, "do this for us and we'll do this for you." The hospital's pledge to benefactors also offers assurance – one might even say insurance – that efforts will be recognized and rewarded even if the aims embodied in the grand inspiration are not yet fulfilled.

Competitive orientation, the third significant predictor, attests to the belief among hospital executives that employees (including themselves) respond positively to explicit knowledge of institutional strengths and strategies. This type of content tends to be overlooked (Coats *et al.*, 1991; Pearce and David, 1987; Want, 1986), but it appears that its inclusion equips employees with energy and a single-minded focus that enhances their ability to make daily decisions and allocate resources. When widely understood and accepted, competitive orientation is like a road map, providing employees with clear directions to the hospital's grand inspiration, and telling them how to arrive at the individual and social rewards that are promised to benefactors.

Altogether, the regression results for the behavior scale support the longstanding belief that the primary purpose of a mission statement is to direct the thinking and behavior of organizational members toward some common goal(s) (Bart, 1997a, b, 1998, 1999, 2000; Campbell and Yeung, 1991; Collins and Porras, 1991; Daniel, 1992; Klemm *et al.*, 1991; Wilson, 1992). As hospital self-representations that express the dominant pattern of managerial thought and action, mission statements are key resources for sense-making within the organization (Gergen and Whitney, 1996). At least where top managerial discourse is concerned, the statement document seems to provide what Potter and Wetherell (1987) describe as an interpretive repertoire. A consistency in communication that goes beyond the level of the individual speaker, the interpretive repertoire is a repository of meaning available to those who share a language and culture. Finally, a good mission statement might be compared to a brief narrative in which characters, events and important themes are communicated. As a

story, the mission statement can "remind people of key values on which they are centralized. When people share the same stories, those stories provide general guidelines within which they can customize diagnoses and solutions to local problems" (Weick, 2001, p. 341).

Predicting financial success. In addition to being an important predictor of behavior, the benefactors construct also predicted top managers' satisfaction with hospital financial performance. In fact, it was the only significant parameter. This is a rather controversial finding in that mainstream strategy texts (Hill and Jones, 2001; Hitt *et al.*, 2002; Thompson and Strickland, 1996) declare that a clear and explicit strategic focus – such as that provided by the business definition, grand inspiration and competitive orientation – is a prerequisite to organizational success. It may be, however, that grand inspiration and competitive orientation influence hospital executives' satisfaction with financial performance indirectly through the effects of these constructs on behavior. Such an interpretation would be consistent with Bart's (2000) earlier finding that the mission exerts its greatest influence on performance through a behavioral intermediary (Table IV).

The benefactors construct, however, had a direct impact on executive's perceptions of financial performance. While hospitals must understand and demonstrate their concern for patients by responding to their product and service needs, there is a taken-for-granted aspect to this subject that manifests itself in concern for patients loading weakly across six of the seven mission statement components. With concern for patients a given, the primary drivers of organizational affluence become the other stakeholders who supply financial capital (shareholders), intellectual and behavioral capital (employees) and societal or authorization capital (governments, regulators and local communities). By explicitly acknowledging these other stakeholders in the mission statement, the hospital signals its belief that financial success depends on collective effort. Although benefactors have received little attention in mission statement research, our results indicate the importance of using such a document to identify their valued contribution. Failure to do so may suggest that the hospital believes its institutional and social fabric is much less important than the individual patients it treats.

Predicting mission achievement. Initially, we were rather surprised to find that business definition was the only factor that predicted mission achievement. Upon closer consideration, it appears that this result reflects the "cut-and-dried" nature and corresponding measurability of this particular mission statement component.

Table IV.
Satisfaction with financial performance regression

Model	Sum of squares	df	Mean square	F	Sig. of F	Unstandardized coefficients B	Unstandardized coefficients Std error	Standardized coefficients Beta weights	t	Sig. of t
Regression	34.025	1	34.025	10.266	0.002					
Residual	235.318	71	3.314							
Total	269.342	72								
(Constant)						4.223	0.683		6.618	0.000
Benefactors						1.110	0.346	0.355	3.204	0.002

Notes: $R = 0.335$; $R^2 = 0.126$; Adj. $R^2 = 0.114$; standard error of the estimate = 1.82

Compared with the other components, the business definition factor seems to be less subject to individual differences in perception. When included in a mission statement, it amounts to a brief yet differentiating description of the products and services that the organization offers to satisfy customers' needs. Promises of future states (grand inspiration), conditions for achieving customer loyalty (competitive orientation) and pledges of future considerations (benefactors) all leave more latitude for interpretation. Not only is the implementation of these latter factors characterized by greater variability and uncertainty, it also is more difficult to measure and assess their impact on mission achievement. Consequently, we speculate that when executives responded to this question, they considered mission in the very narrow sense of business definition. To the extent that the items comprising the business definition were identified in the mission statement, they functioned as a mental checklist. "Are we meeting our overall goal by providing the identified services to the targeted population? Yes, we have done that and so we must be achieving our mission." Perhaps this is why so many organizations specify this particular factor in their mission statements and why so many strategy books advocate its inclusion. Business definition is simply the easiest mechanism by which a mission's achievement can be gauged (Table V).

If so, we contend that the hospital executives we studied are faltering in their assessment of mission achievement. Our analysis found positive relationships between behavior and the specification of grand inspiration, benefactors, and competitive orientation; stakeholder acknowledgement also predicted satisfaction with financial performance. However, hospital executives do not appear able to see connections between these positive outcomes and their mission's achievement. This finding highlights the weakness of the mission statement in terms of its perceived performance impact. Hospital executives cannot manage what they do not measure. Accordingly, we recommend that Canadian hospital leaders think carefully about how they define and determine (i.e. measure) a mission's achievement. We argue that all aspects of performance that are implied by the mission statement must be translated into specific, measurable, acceptable, realistic, and timely (SMART) objectives if outcomes are to be reliably assessed. After all, if the components described in the mission statement are not made measurable, it will be extremely difficult to determine the extent to which they are embodied in concrete everyday practice. As a consequence, managers will not know the extent to which the mission is being achieved.

Model	Sum of squares	df	Mean square	F	Sig. of F	Unstandardized coefficients B	Unstandardized coefficients Std error	Standardized coefficients Beta weights	t	Sig. of t
Regression	46.925	1	46.925	35.660	0.000					
Residual	96.061	73	1.316							
Total	142.987	54								
(Constant)						4.119	0.498		8.267	0.000
Definition						1.296	0.217	0.573	5.972	0.000

Notes: $R = 0.573$; $R^2 = 0.328$; Adj. $R^2 = 0.319$; standard error of the estimate = 1.15

Table V.
Mission achievement regression

As Gergen and Whitney (1996) note, the mission statement is an abstract representation. If concepts such as excellence, compassion and integrity are to:

> [...] carry management aims into the fiber of organizational life, their meaning must be socially negotiated within the context of particular, concrete activities: this particular way of speaking as opposed to that; this kind of report, research, contact making, design, marketing program, assembly line performance, and so on, as opposed to some other (Gergen and Whitney, 1996, p. 346).

Without such serious consideration, the mission statement may do little more than serve as a hospital lobby decoration. In contrast, we believe that executives who pay attention to the role and importance of the mission statement equip themselves with a strategy tool worthy of far more than platitudes.

Our results also raise a more serious concern. At this paper's outset, we noted that the mission statement typically is credited in current strategy textbooks with promoting certain behaviors and/or enhancing an institution's financial position. While our results for benefactors, grand inspiration, and competitive orientation validate these previous assertions, they do so without the presence of a business definition. Accordingly, we recommend that the sustained prominence of the business definition construct in most textbook discussions be reconsidered. Visionary, stakeholder, and competitive content appear to have a much greater impact on important performance measures than does a description of an institution's patients and products – however compelling and unique that might be.

A model hospital mission statement

Our results demonstrated that hospital executives believe their mission statements have a positive impact on performance when they include the content addressed by the grand inspiration, benefactors, competitive orientation and business definition factors. A model mission statement, therefore, might take the following form:

> Our mission is to arrest and eliminate disease and illness wherever possible (grand inspiration: purpose), to become the most admired hospital in our industry (grand inspiration: vision) and to provide an organizational climate in which honesty, openness, teamwork and innovation dominate everything that we do (grand inspiration: values). We will provide our patients with the finest care and hospital services (competitive orientation: competitive strategy) that we are able to muster both individually and collectively. We will delight our patients with our exceptional warmth, compassion, personal attention to detail, and state-of-the-art facilities (competitive orientation: competitive strategy and distinctive competence). We will lead the industry (competitive orientation: desired competitive position) and be regarded as its best-managed facility (benefactors: concern for shareholders). None of this, of course, will be possible without the enthusiastic commitment of a loyal, dedicated and highly trained team of medical professionals and support staff (competitive orientation: distinctive competence) who help to make our institution the pride of the community (benefactors: concern for society) and the standard for other healthcare institutions to emulate (grand inspiration: vision). In return for their effort, we pledge to provide a work environment in which mutual respect, individual and collective recognition, and personal growth (benefactors: concern for employees) will make our organization the employer of choice (grand inspiration: vision) in both our region and our respective medical specialties of cardiology and maternity (business definition: products).

We acknowledge, however, that the type of organization executives believe they construct with such a document might be quite different from the institution that is perceived by patients, employees and other hospital stakeholders. A mission statement's abstract nature, impersonal authorship and ambiguous recipient tend to leave the organizational "we" unclear at best (Gergen and Whitney, 1996, pp. 346-9). Whose values are being articulated? Are these aspirations mine? Is this document meant to persuade me or some other hospital constituent? Far worse, employees or patients might view the statement as clever:

> [...] double- or triple-speak ... the self-representations disseminated through the ranks of the organization are not necessarily, or scarcely ever, those shared either within top management or between top management and the investors, the press, the government, and so on (Gergen and Whitney, 1996, p. 351).

This assertion further underlines the need for ongoing "anchoring mechanisms" (Gergen and Whitney, 1996, p. 346) that link statement content to measurable practice, and emphasizes the desirability of assessing mission content and achievement among a more diverse set of respondents than we were able to include in this exploratory study.

Conclusion

Despite their pervasive use, mission statements are among the most poorly understood strategic management tools available to organizations. We cannot, however, attribute this deficiency to academic neglect or management disinterest. Mission statement content analysis is in fact a fairly popular research stream, with consistent attention devoted to identifying potential items for mission statement inclusion. Far less common, but more urgently required, are studies that aim to examine relationships among content items or to determine the extent to which content predicts performance. Only investigations of the latter sort are truly useful in informing mission statement practice.

In addressing the inadequate understanding of mission statement components and impact, our research also was meant to provide Canadian hospital executives with actionable recommendations for mission statement formulation. In so doing, we identified seven key constructs underlying a diverse set of 23 potential mission statement items and then went on to show how these factors were related to top hospital managers' perceptions of behavioral, financial and mission achievement indicators. In addition to demonstrating that prescription should not simply follow practice, we identified the need for a more comprehensive approach to defining and evaluating mission achievement. Armed with our results, architects of hospital mission statements finally should feel that they have the practical knowledge they need to skillfully assess and revise their current statements, or to create entirely new documents.

We do, however, caution practitioners and researchers against extending these findings beyond the context in which they were derived. The "recipe" that we have reported in this paper should be relevant for hospital executives who are managing publicly funded institutions in other countries, but it may not apply to for-profit healthcare organizations or those without shareholders. We also note the need to

consider organizational voices other than those found among the top management echelons. Nevertheless, the emergence of four factors resembling those described in more general organizational theorizing (i.e. von Krogh and Grand, 2000) encourages us to speculate that our results may apply more generally. Other non-profit organizations or perhaps even more general business firms may derive benefit from specifying the grand inspiration, benefactors, competitive orientation and business definition in their mission statements. We concur with Gergen and Whitney (1996, p. 342), who declare that the "power-producing" function of these organizational self-representations should not be underestimated.

References

Bain and Company (1999), *Management Tools and Techniques: An Executive Guide*, Bain and Company, Boston, MA.

Bart, C.K. (1996a), "The impact of mission statements on firm innovativeness", *International Journal of Technology Management*, Vol. 11 No. 3/4, pp. 479-93.

Bart, C.K. (1996b), "High tech firms: does mission matter?", *The Journal of High Technology Management Research*, Vol. 7 No. 2, pp. 209-25.

Bart, C.K. (1997a), "Industrial firms and the power of mission", *Industrial Marketing Management*, Vol. 26 No. 4, pp. 371-83.

Bart, C.K. (1997b), "Sex, lies and mission statements", *Business Horizons*, Vol. 40 No. 6, pp. 9-18.

Bart, C.K. (1998), "Comparison of mission statements and their rationales in innovative and non-innovative firms", *International Journal of Technology Management*, Vol. 16 No. 1/2/3, pp. 64-77.

Bart, C.K. (1999), "Mission statement content and hospital performance in the Canadian not-for-profit health care sector", *Health Care Management Review*, Vol. 24 No. 3, pp. 18-29.

Bart, C.K. (2000), "Mission use and innovation in the airline industry: an exploratory investigation", *International Journal of Technology Management*, Vol. 20 No. 5/6/7/8, pp. 475-89.

Bart, C.K. (2001), "Exploring the application of mission statements in the World Wide Web", *Internet Research*, Vol. 11 No. 4, pp. 360-8.

Bart, C.K. and Baetz, M.C. (1998), "The relationship between mission statements and firm performance: an exploratory study", *The Journal of Management Studies*, Vol. 36 No. 26, pp. 823-53.

Bart, C.K., Bontis, N. and Taggar, S. (2001), "A model of the impact of mission rationale, content, process and alignment on firm performance", *Management Decision*, Vol. 39 No. 1/2, pp. 19-35.

Bates, D.L. and Dillard, J.E. (1991), "Desired future position – a practical tool for planning", *Long Range Planning*, Vol. 24 No. 3, pp. 90-9.

Burr, V. (1995), *An Introduction to Social Constructionism*, Routledge, London and New York, NY.

Campbell, A. and Yeung, S. (1991), "Creating a sense of mission", *Long Range Planning*, Vol. 24 No. 4, pp. 10-20.

Coats, J., Davis, E., Longden, S., Stacey, R. and Emmanuel, C. (1991), "Objectives, missions and performance measures in multinationals", *European Management Journal*, Vol. 9 No. 4, pp. 444-53.

Collins, J.C. and Porras, J.I. (1991), "Organizational vision and visionary organizations", *California Management Review*, Vol. 34 No. 1, pp. 30-52.

Collins, J.C. and Porras, J.I. (1994), *Built to Last*, Harper Business, New York, NY.

Daniel, A.L. (1992), "Strategic planning – the role of the chief executive", *Long Range Planning*, Vol. 25 No. 2, pp. 105-10.

David, F.R. (1989), "How companies define their mission", *Long Range Planning*, Vol. 22 No. 1, pp. 90-7.

Drucker, P. (1974), *Management: Tasks, Responsibilities and Practices*, Harper & Row, New York, NY.

Gergen, K.J. (1999), *An Invitation to Social Construction*, Sage, London.

Gergen, K.J. and Thatchenkery, J.T. (1996), "Organization science as social construction: postmodern potentials", *The Journal of Applied Behavioral Science*, Vol. 32 No. 4, pp. 356-7.

Gergen, K.J. and Whitney, D. (1996), "Technologies of representation in the global corporation: power and polyphony", in Boje, D.M., Gephart, R.P. Jr and Thatchenkery, T.J. (Eds), *Postmodern Management and Organization Theory*, Sage, Thousand Oaks, CA, pp. 331-57.

Gibson, C.K., Newton, D.J. and Cochran, D.S. (1990), "An empirical investigation of the nature of hospital mission statements", *Health Care Management Review*, Vol. 15 No. 3, pp. 35-40.

Ginter, P.M., Swayne, L.M. and Duncan, W.J. (1998), *Strategic Management of Health Care Organizations*, 3rd ed., Blackwell Business, Malden, MA.

Hay, R.D. (1990), *Strategic Management in Non-profit Organizations: An Administrator's Handbook*, Quorum Books, New York, NY.

Herman, R.D. (1994), *The Jossey-Bass Handbook of Nonprofit Leadership and Management*, Jossey-Bass Publishers, San Francisco, CA.

Hill, C.W.L. and Jones, G.R. (2001), *Strategic Management Theory: An Integrated Approach*, 5th ed., Houghton Mifflin, Boston, MA.

Hitt, M.A., Ireland, R.D., Hoskisson, R.E., Rowe, W.G. and Sheppard, J.P. (2002), *Strategic Management: Competitiveness and Globalization*, Nelson Thompson Learning, Toronto.

Ireland, R.D. and Hitt, M.A. (1992), "Mission statements: importance, challenge and recommendations for development", *Business Horizons*, Vol. 35 No. 3, pp. 34-42.

Khademian, A. (2000), "Is silly putty manageable? Looking for the links between culture, management, and context", in Brudney, J.L., O'Toole, L.J. and Rainey, H.G. (Eds), *Advancing Public Management: New Developments in Theory, Methods and Practice*, Georgetown Press, Washington, DC, pp. 33-48.

Klemm, M., Sanderson, S. and Luffman, G. (1991), "Mission statements: selling corporate values to employees", *Long Range Planning*, Vol. 24 No. 3, pp. 73-8.

Krohe, J. Jr (1995), "Do you really need a mission statement?", *Across the Board*, Vol. 32 No. 7, pp. 16-21.

Love, A. (1991), *Internal Evaluation: Building Organizations from Within*, Sage Publications, Newbury Park, CA.

Medley, G.J. (1992), "WWF UK creates a new mission", *Long Range Planning*, Vol. 25 No. 2, pp. 63-8.

Morrison, D.F. (1990), *Multivariate Statistical Methods*, 3rd ed., McGraw-Hill, New York, NY.

Mosner, D. (1995), "Mission improbable", *Across the Board*, Vol. 32 No. 7, p. 1.

Oswald, S.L., Mossholder, K.W. and Harris, S.G. (1994), "Vision salience and strategic involvement: implications for psychological attachment to organization and job", *Strategic Management Journal*, Vol. 15 No. 6, pp. 477-89.

Pearce, J.A. II and David, F. (1987), "Corporate mission statements: the bottom line", *Academy of Management Executive*, Vol. 1 No. 2, pp. 109-14.

Pearce, J.A. II and Robinson, R. (1994), *Strategic Management: Formulation, Implementation and Control*, Irwin, Homewood, IL.

Potter, J. and Wetherell, M. (1987), *Discourse and Social Psychology: Beyond Attitudes and Behaviour*, Sage, London.

Thompson, A.A. Jr and Strickland, A.J. III (1996), *Strategic Management: Concepts and Cases*, 9th ed., Irwin, Chicago, IL.

von Krogh, G. and Grand, S. (2000), "Justification in knowledge creation: dominant logic in management discourses", in von Krogh, G., Nonaka, I. and Nishiguchi, T. (Eds), *Knowledge Creation: A Source of Value*, Macmillan, London, pp. 13-35.

Want, J.H. (1986), "Corporate mission: the intangible contributor to performance", *Management Review*, Vol. 75 No. 8, pp. 46-50.

Weick, K.E. (2001), *Making Sense of the Organization*, Blackwell, Oxford.

Whitley, R. (1992), "The social construction of organizations and markets: The comparative analysis of business recipes", in Reed, M. and Hughes, M. (Eds), *Rethinking Organization: New Directions in Organization Theory and Analysis*, Sage, London, pp. 120-43.

Wilson, I. (1992), "Realizing the power of strategic vision", *Long Range Planning*, Vol. 25 No. 5, pp. 18-28.

Ziebell, M.T. and De Costes, D.T. (1991), *Management Control Systems in Nonprofit Organizations*, Harcourt Brace Jovanovich, San Diego, CA.