MISSION STATEMENTS IN THE NOT-FOR-PROFIT HEALTH CARE SECTOR: A STATE OF THE ART REVIEW

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Mission Statements in the Not-for-profit Health Care Sector: A State of the Art Review

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Abstract

This article presents the findings from a research study which assessed the content and impact of mission statements in not-for-profit Health Care organizations. The study especially sought to determine if a relationship existed between selected mission statement components and various hospital performance indicators. The findings suggest that there are indeed particular mission statement components which are more important to include in a mission statement than others. Hospital administrators should therefore pay close attention to these items when developing their organization's mission statement. The research also suggests that satisfaction with how well certain items are written into a hospital's mission statement is important to a hospital's performance.
Introduction

The use of mission statements has become fairly widespread during the last ten years. (Krohe, 1995) In fact, a recent study by Bain and Company (1994) found that mission statements were ranked as the number one tool used by senior managers over this period. The popularity of mission statements appears to stem from the abundance of writings extolling their virtues and from the accounts of certain CEO’s who have used mission statements to successfully transform their organizations. (Calfee, 1993; Castelli, J. 1990; Darazsdi, 1993; Dust, 1996; Drucker, 1989; Krohe, 1995; Moldof, 1994; Nelton, 1994; Sandstrom, 1994; Sion, 1996; Stone, 1996)

Interestingly, the vast array of writings on mission statements has tended to focus on private sector and “for-profit” organizations. Moreover, few of the recommendations found in these writings are supported by empirical performance-based evidence. In fact, there have only recently been some limited attempts made at linking the content of a mission statement with an organization’s performance (Bart and Baetz, 1997; Bart, 1996a; Bart, 1996b; Bart, 1997a, Bart 1997b). The research that is available today, however, is still rather exploratory in nature.

The mission literature on hospitals and other not-for-profit sector organizations is extremely thin. For example, while selected authors have recommended that health organizations develop a mission statement (Moldof, 1994; Drucker, 1989; Sandstrom, 1994; Sion, 1996; Grant, 1990; Lewis, 1989; Johnsson, 1991; Fritz, 1989), there currently exists no statistically valid support for what particular items administrators should include/exclude in their hospital’s mission statement. A great deal of additional research is, therefore, needed in order to provide hospital administrators with sufficient guidance in developing their organization’s mission statement. The purpose of this paper
was to fill the void surrounding mission statements with a focus on the not-for-profit Health Care sector.

Theoretical Background

Mission Statement Defined

A mission statement is a formalized document which attempts to define an organization's unique and enduring purpose. (Bart 1996a; Bart 1996b; Bart 1997a; Byers, 1984 and 1987; Campbell, 1989 and 1993; Campbell & Yeung, 1991; Daft & Fitzgerald, 1992; David, 1993; David, 1989; Germaine and Cooper, 1990; Higgens & Fincze, 1989; Hunger & Wheeler, 1993; Ireland & Hitt, 1992; Johnson, Scholes & Sexty, 1989; Klemm, Sanderson & Luffman, 1991; McGinnis, 1981; Medley, 1992; Rue & Holland, 1988; Thompson and Strickland, 1992) In doing so, it answers some fundamental questions about an organization, such as, “Why do we exist?”, “What is our purpose?”, and “What do we want to achieve?” In answering these questions, a mission statement becomes central to every organization’s strategy.

As the starting point to effective strategic management, mission statements have been cited as serving two main purposes: (a) to provide an organization with a focused guide for decision making (i.e., resource allocation) (Ireland and Hitt, 1992; King and Cleland, 1979) and (b) to motivate and inspire employees toward common organizational objectives. (Campbell, 1989 and 1993; Collins and Porras, 1991; Daniel, 1992; Germain & Cooper, 1990; Javidan, 1991; Ireland and Hitt, 1992; Klemm et al., 1991; King and Cleland, 1979; El-Namaki, 1992; Wilson, 1992) It is also argued that mission statements should differ from objectives (and other strategic statements) due to
their lack of specific quantitative measurements (i.e., financial goals), their lack of a time frame (i.e., missions should be enduring), and their passionate language (i.e., missions should be emotionally charged).

Mission Statement Content

**Previous research.** Most of the previous research studies on mission statements have focused on analyzing their content and characteristics. Unfortunately, these studies have relied primarily on frequency analyses for proclaiming what the principal components of mission statements should be. For example, David (1989) performed a content analysis of the mission statements from 75 Business Week 1000 firms and claimed that the following nine components were the key ingredients being used by large U.S. corporations: concern for customers, products or services, location, technology, concern for survival, philosophy, self-concept, concern for public image, and concern for employees. In a similar vein, Want’s (1986) research identified the primary mission statement components as: purpose, principle business aims, corporate identity, policies of the company and values. And, in a more recent study, Campbell and Yeung (1991) developed a mission statement model which contained only four components: purpose, strategy, behavior standards and values.

As the reader can see, great diversity exists among the researchers’ writings on which components a mission statement should include. This diversity is best demonstrated by a literature survey conducted by Bart & Baetz (1997) in which they found that nine different researchers each had a different perception concerning which components should be included in an organization’s mission statement. This lack of consistency likely stems from two reasons: First, the research studies
did not build on the assertions of any previously existing literature. Second, the research studies did not link mission statement content to any measures of firm performance. Only recently have there been any attempts to transcend these shortcomings.

**Link to Performance.** Bart and Baetz (1997) were the first to successfully link mission statement content with outcome measures. In their study of 136 private sector (for-profit) organizations, they found a significant positive relationship in financial performance to be associated with companies whose mission statement: identified the firm’s values/beliefs; defined the firm’s purpose; was relatively short; and contained no financial goals.

Bart (1997a) was also one of the first researchers to build upon the assertions of previous mission statement writings. Through a literature survey he identified twenty-five components which other researchers had suggested should be included in a firm’s mission statement. He then surveyed the CEOs of 44 large industrial firms in an attempt to link the inclusion of these components to firm performance. Bart found a positive significant relationship between industrial firm performance and the presence of thirteen components in their mission statements: purpose, values, competitive strategy, general corporate level goals, self concept, desired public image, concern for survival, concern for customers, concern for employees, concern for suppliers, concern for society, concern for shareholders, and statement of vision. Interestingly, the study also found a negative significant relationship between organization performance and the presence of three mission statement components, namely: identification of stakeholders, non-financial objectives and business definition.

As a result of these pioneering efforts, the prior research has begun to offer some evidence on how managers should formulate their firm’s mission statements. However, the nature of these businesses (i.e., for-profit, industrial firms) is quite different from those examined in the current study.
Gibson, Newton and Cochrane (1990) are the only researchers who have examined the use of mission statements in hospitals. In their study they used the seven components (i.e., customer, product, technology, organizational goals, organizational philosophy, self-concept, and public image) developed by Pearce (1982) to determine the content of hospital mission statements. In their study they found that "customer (or primary market)" (88.4%) and "organizational philosophy" (83.8%) were the components most frequently used by hospital managers. The components "self-concept" (27.1%) and "technology" (45.9%) were the least used components. This study, however, did not examine the impact of the content selection on performance, nor did it examine the inclusion of content items suggested by other mission statement researchers. Thus, much research is still warranted.

Mission Statements in the Not-for-profit Health Care Sector

According to Drucker (1989), "Nonprofits need management precisely because they don't have a bottom line." Drucker's invective suggests that because of the absence of an underlying desire for profit, mission statements in the not-for-profit sector are even more important to the success of an organization. In a for-profit business, the concern for making money can at least provide some direction for a firm. But, in the not-for-profit sector, an organization may have no real direction without a strong sense of mission.

Formulating a compelling mission statement in the not-for-profit Health Care sector may also be important as funding cuts threaten the existence of Health Care institutions throughout North
America. Such cuts have led to tightened budgets, increased the need for operating inefficiencies, and have increased the importance of mission statements in at least two ways. First, a well-articulated mission statement helps to ensure that an organization is making the best use of its limited resources. (i.e., it is focusing on its core competencies.) Second, an inspirational mission statement can help remedy the effect of decreased employee morale (resulting from budget cuts) by serving as an energy source which helps motivate individuals throughout the organization.

The advent of managed care models has also drawn particular attention to the importance of defining an organization’s mission. Such models have forced many not-for-profit Health Care institutions to reexamine their patient population. A mission statement which defines a hospital’s new target segment can help facilitate this change by communicating this change to members throughout the organization. A mission statement can also help to refocus the organization on its new patient segment. (i.e., ensure that it is serving the right patients)

Research Questions

In order to help hospital administrators better formulate their mission statements, a research project was developed which sought to determine which mission statement components appeared to “make a difference” in not-for-profit Health Care institutions. In particular, this project attempted to link the actual content of hospital mission statements with selected outcome measures in order to provide managers with recommendations on which components they should and should not include in their organization’s mission statement. Finally, it sought to examine the importance of clearly articulating these components within the organization’s mission statement: The specific questions
which this research attempted to answer were as follows:

♦ Currently, what are the specific content characteristics of mission statements in the not-for-profit Health Care sector? (i.e., What do the mission statements of hospitals, in reality, look like?)

♦ What specific items should be included in the mission statements of not-for-profit Health Care firms? Does the inclusion of a particular mission statement component appear to make a difference in terms of performance outcome measures?

♦ Does the degree to which a particular mission statement component is clearly articulated impact outcome measures in any significant way?

Research Method

Sample Selection and Size

A questionnaire was mailed out to all those Canadian Hospitals listed in the “Guide to Canadian Health Care Facilities 1995-1996” which had a budget of two million dollars or more. In total, 849 questionnaires were mailed. 103 hospitals returned a completed questionnaire, generating a response rate of 12.1%. While this response rate may appear low, it is important to note that an entire defined population of hospitals was surveyed. Thus, the response rate was, in reality quite high.

This nature of the sample, however, restricts claims which might be made about the representativeness of the findings in their application to all hospitals of all sizes. Nevertheless, the
respondents were all medium to large sized, not-for-profit Health Care institutions and it is argued that the results found should be applicable to similarly sized Health Care institutions across North America. Table 1 presents some key operating statistics for the hospitals in this study.

**Operationalizing Mission Statement Content**

The content and characteristics of the mission statements were operationalized through a literature review. In a literature survey conducted by Bart (1997a and 1997b), he developed a list of twenty-five components which others had indicated or inferred as potentially being part of a mission statement. In order to continue to build off the previous literature, these components were used to examine the content of mission statements in the present study. The components “self-concept” and “key stakeholders identified” were eliminated because they appeared to overlap too closely with several of the other components. The following twenty-three components were, therefore, selected for inclusion in this study:

- Statement of Purpose
- Statement of Values/Beliefs
- Distinctive Competence/Strength
- Desired Competitive Position
- Competitive Strategy
- Specific Behavior Standards
- General Corporate Level Goals
- One Clear Compelling Goal
- Specific Financial Objectives
• Specific Non-Financial Objectives
• Specific Customers (Patients) Served
• Specific Products/Services Offered
• Unique Identification
• Desired Public Image
• Location of Business
• Technology Defined
• Concern for Survival
• Concern for Satisfying Customers (patients)
• Concern for Employees
• Concern for Suppliers
• Concern for Society
• Concern for Shareholders (government)
• Statement of "Vision"

**Data Collection**

Using the list of potential mission statement components, a survey was developed (and pretested) which measured: (a) the degree to which each component was included in the hospitals’ mission statement; and (b) the respondent’s satisfaction with how well the component was written into the hospitals’ mission statement.

The mission content components were measured by asking hospital administrators to indicate the extent to which each component was mentioned in their firm’s mission statement (1= not
mentioned anywhere; 2 = not mentioned in the mission statement but mentioned somewhere else; 3 = somewhat mentioned in the mission statement; 4 = clearly specified in the mission statement). The managers were then asked to indicate on a 5-point scale how satisfied they were with how well each component was written into their firm’s mission statement. (1 = extremely dissatisfied to 5 = extremely satisfied)

Note, that none of these questions has been asked previously to managers in the not-for-profit Health Care sector. The results should, therefore, be considered somewhat exploratory in nature.

Outcome Measures

In order to assess the relationship between mission statement content and performance, seven outcome measures were used. They are based largely on those measures previously identified in the mission literature, namely: (1) satisfaction with the current Mission Statement (Bart, 1997b; and Baetz, 1996); (2) the degree to which the mission statement is an energy source; (3) the degree to which the mission statement is used as a guide for decision making; (4) the extent to which the mission statement influences the behavior of the respondent (Bart, 1997b); (5) the extent to which the mission statement influences the behavior of members throughout the organization (Bart, 1996b; Bart, 1997a; Bart, 1997b, Bart and Baetz, 1997); (6) the extent to which members throughout the organization are committed to the mission statement (Bart, 1997b); and (7) a qualitative measure of the organization’s financial performance (i.e., the degree of satisfaction with the institution’s overall financial performance. Managers were asked to rate each of these performance measures on a 10-point scale. (0 - “not at All”, 9 - “to the greatest possible extent”).

This study represents the first time the measures of “mission statement as an energy source”
and "mission statement as a guide for decisions" have been used. According to the literature, these are the two fundamental reasons for developing a mission statement in the first place. These measures were added to directly test to what extent mission statements were serving one or both of these purposes.

The measure of "satisfaction with financial performance" is also new to this study, and was added to measure the organization's "bottom line". Naturally, it would have been preferred to use some independently collected objective measures of financial performance. But, this poses great difficulties in the not-for-profit sector. As implied by Arnold Love in his book "Internal Evaluation" (1991), it is extremely difficult to reliably compare the financial performance of not-for-profit organizations. Since the purpose of these organizations is not to generate profit, it would be inappropriate to rate performance based on any surplus/deficit figures. The organization's subjectively reported satisfaction with financial performance is, therefore, the most reliable measure of financial performance available to us since managers have the best familiarity with their relative financial standing. It is also the subjective evaluation of performance which determines a manager's actions (Bart, 1986).

**Data Analysis**

In order to determine the current state-of-practice with respect to hospital mission statements, a frequency analysis was used. The rate with which each potential mission statement component actually appeared in a hospital's mission statement was tabulated. A chi-square analysis was used to determine the probability with which these frequencies could have occurred by chance.

Bivariate correlations were then used to determine if a link existed between the selected
outcome measures and the degree for inclusion of each mission statement component. The mission statement categories of “clearly specified”, “somewhat specified”, and “not specified” (which was collapsed to include both “not specified anywhere” and “not specified in mission statement but somewhere else”) were correlated with each of the seven outcome measures. Bivariate correlations were also used to determine if a relationship existed between the seven outcome measures and respondents’ satisfaction with “how well each component was written in a hospital’s mission statement.”

The Findings

Mission Statements in the Not-for-profit Health Care Sector

Table 2 shows the frequency with which each of the 23 components appeared in the organization’s mission statement. The results demonstrate that nine components were clearly specified to a great extent in the mission statement’s of not-for-profit hospitals. These high-use mission statement components were:

- "statement of purpose",
- "statement of values/beliefs",
- "one clear compelling goal",
- "specific customers (patients) served",
- "products/services offered",
- "unique identity"
“concern for satisfying customers (patients)”,
“concern for employees”, and
“statement of vision”.

Respondents indicated that these nine mission statement components were “clearly specified in their organization’s mission statement” in at least 40 percent of the cases. The median score for 6 of these 9 components was calculated to be four - our highest measure.

The results of Table 2 also showed that three components, while not mentioned specifically in a hospital’s mission statement, were “mentioned somewhere else” to a significant degree. These components were: “general corporate level goals”, “specific financial objectives”, and “specific non-financial objectives”. Interestingly, 6 of the 23 mission statement components were found not to be mentioned anywhere. (i.e., “desired competitive position”, “competitive strategy”, “technology defined”, “concern for survival”, “concern for suppliers”, and “concern for shareholders”.)

In terms of the randomness of the findings, the chi-square statistic revealed that the frequencies tabulated were not likely to have occurred by chance. In fact, “location of business” was the only one which did not appear to be significantly skewed.

Mission Statement Content and Firm Performance

Table 3 shows the relationship between each of the mission statement content characteristics and the seven performance outcome measures. Fourteen of the mission statement components were found to have an association with performance in that significant correlations were observed for at least six of the seven performance outcomes measures. These high performance-related mission components were: “statement of values/beliefs”, “distinctive competence/strength”, “desired
competitive position”, “competitive strategy”, “one clear compelling goal”, “specific customers (patients) served”, “products/services offered”, “unique identity”, “desired public image”, “concern for satisfying customers (patients)”, “concern for employees”, “concern for society”, “concern for shareholders (government/taxpayers)” and “statement of vision”.

Of particular importance are the components: “distinctive competence/strength”, “specific customers (patients) served”, “unique identity”, and “concern for satisfying customers (patients)”. These were the only four content items for which significant positive correlations existed with all seven of the outcome measures. Thus, it appears that the more Health Care institutions clearly specify these components within their mission statement:

♦ the greater the satisfaction with the mission statement;
♦ the more the mission statement served as an energy source;
♦ the more often the mission statement was used as a guide for decision making;
♦ the greater the mission statement influences the behavior of the respondent
♦ the greater the mission statement influences the behavior of members throughout the organization;
♦ the more committed members throughout the organization are to the mission statement; and
♦ the greater the respondent’s satisfaction with the institution’s financial performance.

Interestingly, there were no mission statement components whose inclusion in the mission statement resulted in a negative correlation with any of the seven performance measures. There were, however, two mission statement components for which no significant relationships were found. These components were: “concern for survival”, and “concern for suppliers.” In addition, two components (“specific financial objectives” and “specific non-financial objectives) were found to have
significant positive relationships with only one of the seven performance measures. (i.e., “influencing respondent” and “influencing others” respectively)

Looking at the findings (in Table 3) in a slightly different way, it was also intriguing to observe how certain performance measures seemed to have a more selective relationship with certain mission statement components than others. For instance, the performance measure “influencing the respondent’s behavior” was found to have a significant positive association with 20 of the 23 mission statement components. Thus, in only 3 instances (i.e., only “specific financial objectives”, “concern for survival”, and “concern for suppliers”) was the inclusion of these mission statement components found to have no significant influence on respondents’ behavior. In contrast, the performance measure of “satisfaction with financial performance” was found to be significantly correlated with only 10 mission statement items. In other words, the more these 10 items were clearly specified, the greater the association with “financial performance satisfaction”. The other 13 components, on the other hand, were found to have no correlation with perceived financial performance satisfaction.

**Articulation of Mission Statement Component and Performance:**

Table 4 shows the correlation between the seven performance outcome measures and the managers’ “satisfaction with how well each component was written into the firm’s mission statement.” Strong positive relationships were found throughout. Ten mission statement components were found to be especially powerful in that they had a significant positive relationship with at least five of the seven outcome measures. These components were: “statement of purpose”, “statement of values/beliefs”, “distinctive competence strength”, “desired competitive position”, “specific non-financial objectives”, “specific customers (patients) served”, “desired public image”, “location of
business”, “concern for satisfying customers (patients), and “concern for employees”. Of particular importance were the mission statement components: “statement of purpose”, “desired competitive position”, “specific non-financial objectives”, “desired public image”, and “concern for employees” which had a significant relationship with all seven of the measures.

Again, no negative associations were found. However, there were six mission statement components whose articulation appeared to be of lesser importance: “specific financial objectives”, “products/services offered”, “technology defined”, “concern for suppliers”, “concern for society” and “concern for shareholders (government/taxpayers)”. These components correlated with only two (or less) of the performance outcome measures.

Managers’ satisfaction with how well a component is written in the hospital’s mission statement also appears to be of particular importance in developing a mission statement which serves as an energy source. A significant positive relationship was found between this outcome measure and 18 of the 23 potential mission statement components. Thus, it appears that the more satisfied managers are with almost any mission statement component, the greater the impact of the mission as an energy source. In contrast, “managers’ satisfaction with financial performance” was found to correlate significantly with only selected mission statement components (i.e., seven). These components were: “statement of purpose”, “desired competitive position”, “specific non-financial objectives”, “specific customers (patients) served”, “desired public image”, “concern for satisfying customers (patients)”, and “concern for employees”.

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Discussion and Conclusions

Mission Statements in the Not-for-Profit Health Care Sector

High frequency items. The frequency analysis of the mission statements’ content (Table 1) provides some indication as to those components which organizations within the not-for-profit Health Care sector are including in their mission statements. The results suggest that hospital administrators do, in fact, have distinct preferences with respect to the items they chose to include in their organization’s mission statement. The findings reveal that the typical mission statement in the not-for-profit Health Care sector includes the following mission statement items: “statement of purpose”, “statement of values/beliefs”, “one clear compelling goal”, “specific customers (patients) served”, “product/service offered”, “unique identity”, “concern for satisfying customers (patients)”, “concern for employees”, and “a statement of vision.” The finding that “customer” and “product/services offered” were high-use mission components is also consistent with the study of hospital mission statements conducted by Gibson, Newton, and Cochrane (1990).

Mission items you’d expect to be excluded. The mission statement components which were not frequently included in a firm’s mission statement were also found to be particularly interesting. For instance, the component “specific financial objectives” which was frequently “not included in the mission statement but mentioned somewhere else” (i.e., in 53 percent of the cases) builds upon the previously existing mission literature. In particular, Bart (1997a) found that financial objectives were generally not included in the mission statements of industrial firms. It was, nevertheless, interesting that specific financial objectives were found to exist in the mission statements of over 27 percent of the cases. Managers in these latter organizations would therefore do well to reconsider the inclusion...
of these items in their missions.

At the same time, the discovery that “desired competitive position” and “competitive strategy” were not included in the mission statements of Health Care organizations appears to be consistent with the fact that these organizations are not-for-profit. Managed care models, however, are forcing hospitals to become more competitive and it would seem likely that, in the future, hospital administrators might be more inclined to include these items in their organization’s mission statement. Indeed, a previous study by Bart (1997a) in the for-profit sector found that these components played a significant role in the mission statements of for-profit industrial organizations.

Mission items that seemed to define Health Care organizations. It was noteworthy that the mission statement components “specific customers (patients) served”, “products/services offered”, and “unique identity”, were all frequently included in the mission statements of Health Care organizations. These appear to be mission statement items which are not typically found in other studies of for-profit organizations. For example, Bart (1997a) found that these components were not usually included in the mission statement of large industrial firms. Bart explained this observation by stating that the companies were very large in size and had a wide scope of operations. As a result, it would be difficult to briefly specify their customer base, their product offerings or their unique identity in their mission statement. On the other hand, the combination of their narrow scope of operations and the trend toward managed care models makes it both possible and desirable for not-for-profit Health Care organizations to include these items in their mission statement.

Mission Statement Content and Firm Performance

The findings in Table 3 confirmed that a relationship does indeed exist between selected
mission statement content items and various performance outcome measures. This is particularly
significant because while studies in the past have tended to suggest that this association exists, they
have had difficulty demonstrating it empirically. (Coats et al., 1991; David, 1989; Klemm et al., 1991;
Wilson, 1992) The results from the current study are especially important to hospital administrators
for two reasons:

(a) the selection of mission statement components appear to matter; and

(b) the manager’s preferences in terms of “desired outcome” appears to guide the selection
of these components.

Mission component selection matters. The findings of Table 3 suggest that certain
components are indeed more important to include in a hospital’s mission statement than others. The
results demonstrate that managers should be selective about which items to include/exclude in their
organization’s mission statement. They should especially pay careful attention to the 14 mission
statement components which were observed to make a difference when developing their hospital’s
mission statement.

Desired outcomes guide selection. The results of Table 3 also imply that the value of
including certain items may be dependent on the desired outcomes or purposes behind the mission
statement in the first place - in particular, to guide decisions or to motivate behavior. A manager’s
greater preference with respect to certain performance outcomes, should therefore inform and guide
his/her choice of mission statement components. Indeed, by examining the patterns within each of
the 7 outcome measures, there appears to be certain components which are more important to
achieving the various objectives or ends then others. For example, 15 components were identified
which might be included in a mission statement that was developed to be an energy source for the
organization. In contrast, there were only ten components whose inclusion in a hospital’s mission statement appeared to have a positive impact on and association with financial performance satisfaction. Managers should carefully consider their desired end results when drafting their hospital’s mission statement.

**Industry impact: Hospitals vs. for-profits.** The importance of including certain mission components appears to be highly related to industry conditions. For example, budget cuts and the threat of hospital closures is real. Health Care institutions which do not serve a “unique purpose” or which do not have a “distinctive competence/strength” are likely to be more susceptible to closure than others. It is therefore not surprising that an organization which is driven by a “unique identity” and a “distinctive competence or strength” would have superior performance.

In a similar vein, the importance of including the component “specific customers (patients) served” also appears to be industry specific. Under managed Health Care models, hospitals are being forced to focus on their core market. Not-for-profit Health Care organizations are being given a specific geographic and target population which they must serve. It is important, then, that managers mention these target population segments when defining their organization’s mission.

The need for having a “statement of purpose”, “one clear compelling goal” and a “statement of vision” in a hospital’s mission statement also appears to stem from industry conditions. In order to compete within the Health Care sector, it is simply not enough to have a distinctive competence or unique identity. In order to remain competitive, it is also essential that any acquired competence be used to achieve a common goal, purpose and vision. In other words, those components which specify broad targets are necessary to provide a focus and a direction for the competence of the organization.
**Why include customers, society, and shareholders?** Not surprisingly, the findings in Table 3 also demonstrated that hospital administrators should take care in expressing a concern for satisfying various stakeholder groups (i.e., customers (patients), employees, society and shareholders (government/taxpayers)) when formulating their hospital’s mission statement. (Suppliers appear to be the only stakeholder group whose mention appears to have no impact.) The importance of including a concern for satisfying these stakeholders, however, is best explained by examining the relationship among these 4 groups. In not-for-profit hospitals, customers (patients) and society often represent the same group of individuals (or ones which highly overlap). Shareholders/taxpayers through the government, also represent (though more indirectly) this same group. It is not so surprising, then, that expressing a concern for all three of these stakeholder groups should be included in a hospital’s mission statement. In many ways, they are one in the same - perhaps more so than in any other type of organization. But, it is especially important to remember that customers/patients represent the only category which correlated positively with all performance outcomes - including “mission commitment” and “satisfaction with financial performance.”

**Why employees.** The rationales cited most often for the development of a mission statement are to inspire employees and to guide their decisions. However, if employees are to be influenced by a mission statement, they first have to believe in it. Including a concern for employees would, thus, appear essential in order to gain employees’ acceptance of the mission. This explanation is also consistent with Bart (1997a) who found that employees of industrial firms were more likely influenced by a mission statement which included a concern for employees than those that did not.

**Why not suppliers.** It was somewhat surprising that including a “concern for suppliers” was not found to be important in the not-for-profit Health Care industry. With the increased demands
being placed on hospitals to increase their efficiency, it would appear that developing close relations with suppliers would be an important way to reduce costs (e.g., through just-in-time). One reason why a “concern for suppliers” might not justifiably be included in a hospital’s mission statement is because suppliers are not central enough to the organization’s operations. A hospital is a service organization and, therefore, suppliers play a lesser role in the functioning of a hospital than they would in a non service firm. Including a concern for suppliers in a hospital’s mission statement might be seen as reducing an organization’s focus. On the other hand, the concept of mission statement is evolving. Perhaps, over time, the concept of expressing a concern for suppliers will become more prevalent.

**Why other items.** The finding that the mission components of “desired competitive position” and “competitive strategy” appear to make a difference in terms of performance was particularly fascinating. Respondents had indicated earlier (Table 2) that these components were among the items most frequently “not mentioned” in their organization’s mission statement. The importance of these items in terms of performance, however, is most likely due to the recent shift toward managed care models. Budget cuts and the threat of closure have also increased pressure on hospital administrators to become competitive. It is therefore recommended that, despite their low frequency-of-use among the sample of respondents, hospital administrators take care to include these components in their organization’s mission statement. After all, they appear to matter.

At the same time, it was not surprising that the component “product/services offered” should be included in a hospital’s mission statement while “technology defined” should not. This finding does not suggest that Health Care organizations do not make use of technology. In fact, hospitals do make use of many different and sophisticated technologies in the delivery of their services. The
core competencies of a hospital, however, are more clearly demonstrated by the actual services they provide. The technology itself represents only one component of their services.

The findings in Table 3 also suggest that “specific financial and non-financial objectives” should not generally be included in a hospital’s mission statement. This finding is supported by the conventional wisdom that mission statements should be all-encompassing epithets and thereby should avoid any specifics. While it is essential for managers to specify figures which quantify their organizations’ focus, financial objectives which are included in documents intended to be inspirational are considered “a bit of a mental turnoff.” Administrators should, therefore, consider their use elsewhere.

Why not include everything. The finding that every mission statement component was used to some extent (Table 2) and that no mission statement component had a negative impact on any of the seven performance measures (Table 3) appears to suggest that it might be beneficial to include them all. This interpretation may, however, be a bit misleading. The inclusion of all 23 components would create an extremely lengthy mission statement. Such a mission statement would be difficult to communicate, and more importantly, it would be difficult to remember. A mission statement with too many components would also be unfocused. This explanation is empirically supported by Bart and Baetz (1997) who found a negative relationship between the length of a mission statement and performance. Managers should, therefore, take caution not to include too much in their organization’s mission statement. Our results suggest that up to 14 items may be more than enough.

“Articulation of Mission Statement Components” and Performance

The correlation between how well a particular mission component was written into a
statement and hospital performance is instructive. The findings of Table 4 suggest that there are up to ten components whose articulation in a hospital’s mission statement results in a significant difference in performance. In fact, it appears that there are several instances in which the inclusion of a specific mission statement component does not by itself have a particularly strong relationship with hospital performance (Table 3). And yet, depending on how well written that component is, we can detect a noticeable positive performance impact (e.g., statement of purpose, specific non-financial objectives).

In contrast, when managers are unsatisfied with how well, say, the “statement of purpose” is written in their hospital’s mission statement (Table 4), it is difficult to identify any purpose at all in their actual mission statement (Table 3). Some good examples of a well-written “statement of purpose” might include the following: “to enhance the health of residents of city X and the surrounding regions”, “to improve the quality of life…”, and “to provide compassionate, responsive and skilled health care.” These are brief examples of ways in which managers have articulated their hospital’s purpose in an extremely satisfactory manner.

A comparison of the findings in Table 3 and 4 also suggest that the components “desired public image” and “concern for employees” should be well-written in an organization’s mission statement or they could send out the opposite signal. More specifically, if organization members were not highly satisfied with how well their hospital’s “concern for employees” was expressed in the mission it might appear that the item was simply “thrown in” out of convention rather than attempting to truly articulate the importance of such stakeholders to the organization. Employees, in turn, might interpret this as a lack of “real” concern and therefore feel uninspired to follow the mission. Spending the time to express “concern for employees” in a quality manner thus appears to be important. An
example of a poor articulation of "concern for employees" would be:

"Hospital X encourages its staff, including medical staff, to maintain a high level of competency and provide quality care to the extent of its resources. The hospital also recognizes the value of the contribution of the Hospital Auxiliary and other volunteers."

In contrast, an example of an extremely satisfactory mention of "concern for employees" is as follows:

"At Hospital X, we foster an environment of mutual respect that recognizes the value of our staff and volunteers."

It was intriguing, however, to find such a strong correlation between our measure of how well the component "specific non-financial objectives" was written and our measure of hospital performance. At first glance this seemed a bit surprising because the inclusion of this component did not appear to be significantly associated with performance (Table 3). This current finding (Table 4) suggests, however, that if managers do choose to include "specific non-financial objectives", they must give careful consideration to the articulation of these components within their hospital's mission statement. The degree of care and quality exercised with respect to non-financial objectives can indeed make a difference in terms of every performance outcome measure!

Hospital administrators should therefore pay particular consideration to the critical mission statement components identified in Table 4 when formulating their organization's mission statement. The results of Table 4 also confirm once again our earlier observation that a manager's desired performance outcome may influence/guide the care that needs to be taken in writing certain mission statement items. For instance, there were noticeable differences in the patterns of mission statement components when the performance outcome measure was "energy source" versus "financial performance satisfaction."
Some Final Thoughts

The use of mission statements is prevalent in healthcare organizations but there is very little guidance on how hospital administrators should formulate and deploy them. This present research study was developed primarily to determine both what the content of mission statements of not-for-profit hospitals looked liked and what they should look like. For this latter reason, this project sought to determine whether certain components should or should not be included in a hospital’s mission statement.

The findings of this research study have demonstrated that managers of not-for-profit hospitals do indeed discriminate and differentiate when selecting which items to include in their organization’s mission statement. When compared to a similar study conducted by Bart (1997a), the results also showed that the preferences of hospital administrators are different, in some very specific respects, from managers of industrial firms. This observation suggests the importance of examining, further, the differences which might exist between the mission statements in various types of organizations (i.e., healthcare, industrial, consumer goods, service, high-tech, etc.) Further research is clearly warranted to determine which components are generic to all mission statements and which are specific to the type of organization.

This research study also found that certain mission statement components have a greater impact on performance than others. Unlike Bart (1997a) who found that the nature of this impact was solely behavioral for industrial firms, this study suggests that the impact is both behavioral and financial for hospitals. Thus, it appears that there may be an increased importance (as Drucker suggests) for developing mission statements in the not-for-profit healthcare sector.
This research also revealed that a manager’s satisfaction with how well the components are written in a mission also impacts performance. This is the first time this important relationship has been observed. The impact, between mission quality and performance, is also both behavioral and financial. Managers should, therefore, take great care to be clear and passionate when formulating their organization’s mission statement.

Future Research

A great deal of research on mission statements is still merited in the not-for-profit healthcare sector. There are several possibilities for future empirical investigation. For instance, it would be particularly interesting to further examine the rationales behind the development of mission statements to determine their relationship with mission content and performance. It would also be advantageous to examine the importance of mission statement alignment with organizational structure. A future research study could also involve examining the process by which mission statements are developed and communicated. Thus, much work remains to be done.
TABLE 1

Key Operating Statistics of the Hospitals Studied

<table>
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<tr>
<th>Characteristic</th>
<th>1995 (Mean)</th>
<th>1994 (Mean)</th>
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<td>Number of Employees</td>
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<td>$49,653,022</td>
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<tr>
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<td>Assets</td>
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</table>
### TABLE 2

**Frequency Analysis of Mission Statement Content**

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<tr>
<th>Potential MS Component</th>
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<th>Not in MS but Somewhere Else (2)</th>
<th>Somewhat Mentioned in MS (3)</th>
<th>Clearly Specified in MS (4)</th>
<th>Median Score min = 1 max = 4</th>
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<td>56</td>
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<td>23.2</td>
<td>38.4</td>
<td>3**</td>
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<td>18.8</td>
<td>10.4</td>
<td>2***</td>
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<td>41.8</td>
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**Legend:**

- * p < .05 (Chi-Square Test for skewness in distribution)
- ** p < .01
- *** p < .001
### TABLE 3

Mission Statement Content and Firm Performance

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<tr>
<th>Mission Statement Component</th>
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<th>3</th>
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<td>.40***</td>
<td>.41***</td>
<td>.43***</td>
<td>.23*</td>
<td>.21*</td>
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</table>

Total Significant Relationships 16 15 15 20 17 12 10

Legend:
1. Satisfied with Mission Statement
2. Is MS an Energy Source?
3. Is MS a Guide for Decisions?
4. Does MS Influence Respondent?
5. Does MS Influence Others?
6. Are others Committed to MS?
7. Satisfaction with Financial Performance

* p < .05
** p < .01
*** p < .001
TABLE 4

Correlation Between Satisfaction With How Well Each Component Is Written and Firm Performance

<table>
<thead>
<tr>
<th>Mission Statement Component</th>
<th>Means</th>
<th>SD</th>
<th>Bivariate Correlations with Firm Performance Outcome Measures</th>
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</thead>
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<td>G. General Corporate Level Goals</td>
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<td>1.1</td>
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</table>

Total Significant Relationships | 16   | 18  | 10  | 15  | 12  | 12  | 7   |

Legend:

1. Satisfied with Mission Statement
2. Is MS an Energy Source?
3. Is MS a Guide for Decisions?
4. Does MS Influence Respondent?
5. Does MS Influence Others?
6. Are others Committed to MS?
7. Satisfaction with Financial Performance

* p < .05
** p < .01
*** p < .001
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