

The Link between Mission and Performance Management System – Empirical Results from an ITC Company

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Abstract

It is becoming very clear that the ITC industry is setting trends in the global economy as regards the strength of national economies, bearing in mind that in the future, digitally driven innovation will virtually be the benchmark of a nation's, region's or even continent's economic performance. Thus, a strong organisational culture, based on a clear purpose and direction, together with a system of core values shared by the members of the organisation, facilitates the achievement of strategic objectives at high performance standards and is a strong source of internal stability and integration. In such a context, this study seeks to present results from an extensive research project, the overall purpose of which was to develop a model for assessing the impact of organisational culture on organisational performance, based on non-financial performance indicators in a multinational ITC company. Specifically, it examines the relationship between mission, as a feature of organisational culture according to Denison's model, and performance management system. Among the main results which emerged, it should be noted that good statistical links were identified between the variables analysed, i.e., the mission had a strong influence on the performance management system in the company under study.

Keywords: Mission, vision, goals and objectives, strategic direction, performance management system

JEL Classifications: M10, M12, M14, M15

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Introduction

Organisational performance is one of the most important factors currently being investigated in management research. It acts as a guide describing the overall performance of an organisation and is a significant indicator of the effectiveness, efficiency and productivity of organisations. Many studies have considered organisational performance as an effective tool for achieving all objectives. Thus, organisational performance has been described as a vital factor helping to evaluate organisations, organisational activities and their environments (AlDhaheri et. al., 2020, p. 1934).

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The relationship between organisational performance, organisational mission, vision statements, organisational commitment and job satisfaction has been discussed extensively in previous research in both public sector and for-profit organisations (Dobrinić, Fabac, 2021).

The mission statement is a brief communication that explains why the company exists. Based on the organisation's mission statement, its strategic objectives are put into practice. In recent years, mission statements have been seen as a critical strategic management tool, whilst the mission itself is perceived as an asset for public sector organisations (Dobrinić, Fabac, 2021, p. 125).

Vision can be defined as a projection of a future state that the organisation strives towards or wishes to reach. It can also be defined as a long-term outcome achieved by identifying and solving issues (Dobrinić, Fabac, 2021, p. 125).

Without a clear mission and vision, organisations cannot build a reputation with shareholders, customers and other stakeholders. A company's vision and mission provide a shared sense of purpose, uniqueness and long-term intent and connect internally and externally with the organisation's stakeholders (Akter, 2021, p. 343).

The creation of a mission and vision is subject to an ongoing process of review to confirm that they are still appropriate for today's challenges, objectives and environment. Most companies find it beneficial to evaluate them early on in the development of their strategic plan. The organisation's management must ensure that the organisation operates reliably regarding its mission, vision, values and ethical principles. These should be the foundation for planning and monitoring, investments, activities, decision-making and policies (Akter, 2021, p. 343).

Literature review

Cady, Wheeler, DeWolf & Brodke, (2011) state that despite widespread recognition of their importance, very little empirical research has been conducted on strategy documents, particularly mission and vision statements. The same authors states that little research has been carried out regarding the relationship between mission statement and company performance. However, no one seems to doubt the value of mission and vision statements for organisations.

Whilst the vision defines the desired future of an organisation, the mission describes the rationale of the organisation, i.e., "what the organisation is about". The mission communicates the values, aspirations and reason for being of the organisation as an expression of organisational purpose and is of great importance for the processes of formulating strategies and strategic objectives (Dobrinić, Fabac, 2021, p. 127).

Although some contemporary authors argue that mission and vision are often abstract and somewhat outdated documents, there is research evidence in this area pointing to their practical usefulness in the day-to-day running of organisations (Alavi, Karami, 2009).

According to Akter (2021, p. 345), a company's mission statement states a set of principles that answer fundamental questions about purpose, providing the framework for governance, decision making and management of the organisation.

The vision statement includes the organisation's representation and eventual goal, keeping in mind the organisation's ultimate purpose and a clear description of what it anticipates becoming in a given time frame (Akter, 2021, p. 345).

Studies cited by Dobrinic, Fabac (2021, p. 129) state that when employees have a positive attitude towards the vision of the organisation they work for, it increases their commitment and quality of performance. A positive correlation was established between satisfaction with the formulated vision of the organisation and job satisfaction.

Positive relationships between mission (or mission statement), job satisfaction and organisational culture have been established in the relevant literature (Yazhou, Jian, 2011; Macedo, Pinho, Silva, 2016; Dobrinić, Fabac, 2021, p. 129).

Broader coverage of the issues is present in the following lines of research: the relationship between mission and vision formulation and organisational success; the measurement of organisational commitment and job satisfaction in different industries along with their relation to employee performance; employee emotional exhaustion and organisational attrition (Yazhou, Jian, 2011; Liao, Huang, 2016; Cady, Wheeler, DeWolf & Brodke, 2011; Dobrinić, Fabac, 2021, p. 129). Various authors have confirmed the interrelationship between mission and vision formulation on the one hand and organisational success or performance on the other (Hartog, Verburg, 2004; Bourne, Melnyk, Faull, 2007; Alavi, Karami, 2009; Rajasekar, 2013; Macedo, Pinho, Silva, 2016; Liao, Huang, 2016; Al-Tit, 2017; Katzenbach, Thomas, Anderson, 2019; AlDhaheeri, Ameen, Osama, 2020).

The present study aims to analyse mission and vision based on Denison's model of organisational culture analysis and assessment (Denison, 1990; Denison, Haaland, Goelzer, 2004; Denison, Hooijberg, Lane & Lief, 2012). Denison and his collaborators formulated, identified and validated four hypotheses regarding the relationship between organisational culture (commitment, coherence, adaptability and mission) and organisational performance.

In terms of mission analysis, which is the focus of this study, Denison and his collaborators (Denison, Haaland, Goelzer, 2004; Denison, Hooijberg, Lane & Lief,

2012) mentions that mission, represented by indicators expressing vision, strategic direction and goals and objectives, is a good predictor for business profitability. These features increase the capacity for stability and direction, are more likely to reduce variety and focus more on control and stability.

Research methodology

This study seeks to present results from an extensive research project, the overall purpose of which was to develop a model for assessing the impact of organisational culture on organisational performance, based on non-financial performance indicators, in a multinational ITC company. Specifically, it examines the relationship between mission, as a feature of organisational culture according to Denison's model, and performance management system.

The results of the study are based on both quantitative methods of data analysis based on a questionnaire and qualitative methods based on interviews to assess the way in which respondents perceive the elements of organisational culture that influence the effectiveness of performance management system, along with the influence said elements have on organisational performance.

The aim is to present a model for the analysis of mission as a dimension of organisational culture based on Denison's model (Denison, 1990) and of performance management system, along with the influence the mission has on performance management system in the company under analysis.

The variables analysed were rated on a Likert-type scale from 1 to 5 (1: strongly disagree; 2: disagree; 3: undecided; 4: agree; 5: strongly agree).

The research was based on a sample of 247 employees.

The following variables were used to build the model for the analysis of mission as a dimension of organisational culture according to Denison's model (Denison, 1990) and of performance management system in the company under study:

- Mission as a dimension of organisational culture (*MIS*):
 - Vision (*VIS*) - *MIS* 1 - 3
 - Goals & Objectives (*GOS*) - *MIS* 4 – 6
 - Strategic Direction (*STD*) - *MIS* 7 – 9
- Performance management system (*PM*)

Results

Mission analysis as a dimension of organisational culture

The mission expresses the extent to which the organisation and its members know where the organisation is going. Successful organisations have a clear sense of purpose and direction that defines their goals, primarily strategic goals in line with the vision, i.e., what the organisation will look like in the future (Denison, 2004).

When goals and objectives are prioritised over strategic direction, intent and vision, the organisation will be effective and efficient in fulfilling and operationalising its mission but may lack a real sense of direction. In practice, strategic planning can only be effective in so far as it is properly linked to meeting the current requirements of customers and other stakeholders. Thus, the mission, as a dimension of organisational culture, summarises the directions of the actions the organisation needs to carry out in the future to realise its vision, purpose and strategic objectives, by outlining the values and rationale behind these directions. Table 1 summarises the items that comprise the aggregate statistical variable *MIS* (Mission). The first three variables, *MIS1*, *MIS2*, and *MIS3*, summarise the variable *Vision* aiming to highlight the way respondents perceive the long-term orientation of the leaders of the analysed company, i.e., how they define purpose and direction for the future and share this vision with employees, thus creating enthusiasm and motivation throughout the organisation. It can be observed that all the variables analysed have high values of Cronbach's Alpha coefficient, $\alpha > 0.8$, meaning that they are characterised by a very good internal consistency.

Table 1. MIS variable statistics

Constructs	Item	Cronbach's alpha	item-test correlation	mean	sd	variance	cv	se(mean)
Vision	MIS1	0.8693	0.6379	4.473684	0.6167676	0.3804022	0.1378657	0.039244
	MIS2	0.8686	0.6427	4.530364	0.5826847	0.3395214	0.1286176	0.0370753
	MIS3	0.8988	0.3619	4.097166	0.7642096	0.5840163	0.1865215	0.0486255
Goals & Objectives	MIS4	0.8546	0.8036	4.356275	0.6459624	0.4172674	0.1482832	0.0411016
	MIS5	0.8668	0.6719	4.380567	0.6446362	0.4155558	0.1471582	0.0410172
	MIS6	0.8549	0.7976	4.210526	0.6838813	0.4676936	0.1624218	0.0435143
	MIS7	0.8584	0.7642	4.202429	0.6863315	0.471051	0.1633178	0.0436702
Strategic Direction	MIS8	0.8626	0.7409	3.995951	0.7937662	0.6300648	0.1986426	0.0505061
	MIS9	0.8682	0.6595	4.186235	0.6669711	0.4448504	0.1593248	0.0424384
Mission	MIS	0.8465	1	4.270355	0.4549706	0.2069983	0.1065416	0.0289491

Source: Own research

The main statistical indicators presented in Table 1 show that the variables analysed have good values:

- *MIS1*, which summarises the extent to which the leaders of the company under analysis have a long-term vision which they adequately share with other employees has a good mean of 4.4736 and a standard deviation of 0.6167, a good coefficient of variation, $cv = 13.78\%$, and a good value of the standard error, $se(\text{mean}) = 0.0392$.
- *MIS2*, which summarises the extent to which the leaders of the company have adequately formulated a mission statement that is known to all employees, has a good mean of 4.5303 and a standard deviation of 0.5826, a good coefficient of variation, $cv = 12.86\%$, and a good value of the standard error, $se(\text{mean}) = 0.0370$.
- *MIS3*, which summarises the extent to which the company's vision creates enthusiasm and is rooted in strong employee motivation, has a good mean of 4.0971 and a standard deviation of 0.7642, a good coefficient of variation, $cv = 18.65\%$, and a good value of the standard error, $se(\text{mean}) = 0.0486$.

This makes it possible to draw a first conclusion, i.e., the company's vision is the basis for the development of its mission, which takes into account the interests of both those who have to achieve it (managers and employees) and other stakeholders (customers, suppliers, shareholders, etc.), and contributes effectively to the achievement of the organisation's objectives. The vision is properly communicated, shared and accepted by employees, thus generating an attitude of trust within the organisation.

The next three items presented in Table 1, represented by the variables *MIS4*, *MIS5* and *MIS6* summarise the variable *Goals & Objectives (GOS)* aiming to highlight the extent to which the company has a clear purpose, thus facilitating the achievement of strategic objectives. The main statistical indicators presented in Table 1 show that the variables analysed have good values:

- *MIS4*, which summarises the extent to which the company meets customer needs and requirements in the short term without affecting the long-term vision, has a good mean of 4.3562 and a standard deviation of 0.6459, a good coefficient of variation, $cv = 14.82\%$, and a good value of the standard error, $se(\text{mean}) = 0.0411$.
- *MIS5*, which summarises the extent to which the company ensures/stimulates the promotion of an ethical and sustainable business model, has a good mean of 4.3805 and a standard deviation of 0.6446, a good coefficient of variation, $cv = 14.71\%$, and a good value of the standard error, $se(\text{mean}) = 0.0410$.

- *MIS6*, which summarises the extent of the general consensus on organisational goals within the company, has a good mean of 4.2105 and a standard deviation of 0.6838, a good coefficient of variation, $cv = 16.24\%$, and a good value of the standard error, $se(\text{mean}) = 0.0435$.

The last three variables presented in Table 1, *MIS7*, *MIS8* and *MIS9*, summarise the variable *Strategic Direction (STD)* aiming to highlight the ways in which company leaders set clear, realistic and ambitious goals.

- *MIS7*, which summarises the extent to which company leaders set clear, realistic and ambitious/challenging goals, has a good mean of 4.2024 and a standard deviation of 0.6863, a good coefficient of variation, $cv = 16.33\%$, and a good value of the standard error, $se(\text{mean}) = 0.0436$.
- *MIS8*, which summarises the extent to which the company's management relies on well-founded standards for setting objectives, has a good mean of 3.9959 and a standard deviation of 0.7937, a good coefficient of variation, $cv = 19.86\%$, and a good value of the standard error, $se(\text{mean}) = 0.0505$.
- *MIS9*, which summarises the extent to which company management effectively monitors progress towards meeting set targets, has a good mean of 4.1862 and a standard deviation of 0.6669, a good coefficient of variation, $cv = 15.93\%$, and a good value of the standard error, $se(\text{mean}) = 0.0424$.

It can therefore be concluded that the company under study has a clear sense of purpose and well-defined organisational objectives, primarily strategic ones, thus ensuring the promotion of an ethical and sustainable business model. The objectives set are based on well-founded standards that ensure the consensus of its members.

The fact that these three variables expressing the *Mission* as a dimension of organisational culture – *Vision; Goals & Objectives; Strategic Direction* – score very well and are close leads us to the conclusion that through its leaders, the company follows the right direction and implements competitive strategies, thus ensuring the achievement of the mission. Moreover, the aggregate statistical variable *MIS*, which summarises mission as a dimension of organisational culture, has a good mean of 4.2703 and a standard deviation of 0.4549, a good coefficient of variation, $cv = 10.65\%$, and a good value of the standard error, $se(\text{mean}) = 0.0289$. All these elements indicate a positive perception amongst respondents of how and to what extent the leaders of the company are able to develop and state the mission, set the direction and share the vision with employees and other stakeholders.

Analysis of performance management system

Performance management is addressed in this study as a system that encompasses the policies, programmes, processes and behaviours that influence and improve

performance and are carried out in the context of the day-to-day activities of the organisation, both at the individual and team level and at the organisational level and reflecting the organisational culture (Armstrong, 2006). To analyse the effectiveness of performance management system, we designed the *PM* variable based on nine variables presented in Table 2.

It can be observed that these variables have high values of Cronbach's Alpha coefficient, $\alpha > 0.8$, meaning that they are characterised by a very good internal consistency. The main statistical indicators presented in Table 2 indicate that the variables analysed have good values:

- *PM1*, which summarises the extent to which performance management in the company ensures the effectiveness of activities and processes in terms of employee satisfaction, has a relatively good mean of 3.8947 and a standard deviation of 0.7789. The coefficient of variation, $cv = 20.00\%$, and the standard error, $se(\text{mean}) = 0.0495$, have good values.
- *PM2*, which summarises the extent to which performance management in the company ensures the selection and involvement of employees to achieve relevant objectives, has a good mean of 4.0242 and a standard deviation of 0.5404. The coefficient of variation, $cv = 13.42\%$, and the standard error, $se(\text{mean}) = 0.0343$, have good values.

Table 2. PM variable statistics

Construct	Item	Cronbach's alpha	item-test correlation	mean	sd	variance	cv	se(mean)
Performance management system	PM1	0.9234	0.4387	3.894737	0.7789485	0.6067608	0.2000003	0.0495633
	PM2	0.8953	0.7755	4.024291	0.5404539	0.2920905	0.1342979	0.0343883
	PM3	0.8961	0.7544	3.919028	0.6576027	0.4324413	0.1677974	0.0418423
	PM4	0.9008	0.6871	4.016194	0.6309601	0.3981107	0.157104	0.040147
	PM5	0.8978	0.7368	4.068826	0.6920864	0.4789836	0.1700949	0.0440364
	PM6	0.8878	0.8573	4.016194	0.7040395	0.4956716	0.1753002	0.044797
	PM7	0.9078	0.6181	4.044534	0.7283742	0.5305289	0.1800885	0.0463453
	PM8	0.8855	0.8817	3.91498	0.7303373	0.5333926	0.1865494	0.0464702
	PM9	0.8928	0.7986	3.939271	0.6567011	0.4312564	0.1667062	0.0417849
	PM	0.8835	1	3.982006	0.4913955	0.2414696	0.123404	0.0312667

Source: Own research

- *PM3*, which summarises the extent to which performance management in the company ensures continuous improvement of employee performance, has a good mean of 3.9190 and a standard deviation of 0.6576. The coefficient of variation, $cv = 16.77\%$, and the standard error, $se(\text{mean}) = 0.0418$, have good values.
- *PM4*, which summarises the extent to which performance management in the company ensures a participatory environment in the organisation, has a

good mean of 4.0161 and a standard deviation of 0.6309. The coefficient of variation, $cv = 15.71\%$, and the standard error, $se(\text{mean}) = 0.0401$, have good values.

- *PM5*, which summarises the extent to which performance management in the company enables employees to develop interpersonal skills, has a good mean of 4.0688 and a standard deviation of 0.6920. The coefficient of variation, $cv = 17.00\%$, and the standard error, $se(\text{mean}) = 0.0440$, have good values.
- *PM6*, which summarises the extent to which performance management in the company provides development and promotion opportunities for employees, has a good mean of 4.0161 and a standard deviation of 0.7040. The coefficient of variation, $cv = 17.53\%$, and the standard error, $se(\text{mean}) = 0.0447$, have good values.
- *PM7*, which summarises the extent to which performance management in the company ensures the accurate evaluation of performance by taking into account all the factors that determine and enable it, has a good mean of 4.0445 and a standard deviation of 0.7283. The coefficient of variation, $cv = 18.00\%$, and the standard error, $se(\text{mean}) = 0.0463$, have good values.
- *PM8*, which summarises the extent to which performance management in the company ensures effective employee motivation, has a relatively good mean of 3.9149 and a standard deviation of 0.7303. The coefficient of variation, $cv = 18.65\%$, and the standard error, $se(\text{mean}) = 0.0464$, have good values.
- *PM9*, which summarises the extent to which performance management in the company provides general and job-specific competencies, has a good mean of 3.9392 and a standard deviation of 0.6567. The coefficient of variation, $cv = 16.67\%$, and the standard error, $se(\text{mean}) = 0.0417$, have good values.

The fact that the above variables summarising the effectiveness of performance management system, i.e., the aggregate variable *PM*, score well but tend to stay around 4, leads to the conclusion that the company under study has an adequate and effective performance management system integrated with human resource management, which promotes a good performance level, but those efforts need to be made to further improve and strengthen performance management system. Moreover, the aggregate statistical variable *PM*, which summarises performance management system, has a good mean of 3.9820 and a standard deviation of 0.4913. The coefficient of variation, $cv = 12.34\%$, and the standard error, $se(\text{mean}) = 0.0312$, have also good values.

indicates that the impact or influence of the company's mission on performance management system within the company is very high.

Conclusions

This study seeks to present results from an extensive research project, the overall purpose of which was to develop a model for assessing the impact of organisational culture on organisational performance, based on non-financial indicators of performance expression, in a multinational ITC company. Specifically, this study examines the relationship between mission, as a feature of organisational culture according to Denison's model, and performance management system.

The results of the study are based on both quantitative methods of data analysis based on a questionnaire and qualitative methods based on interviews to assess the way in which respondents perceive the elements of organisational culture that influence the effectiveness of performance management system.

Denison and his collaborators (Denison, Haaland, Goelzer, 2004; Denison, Hooijberg, Lane & Lief, 2012) formulated, identified and validated four hypotheses regarding the relationship between organisational culture (commitment, coherence, adaptability and mission) and organisational performance.

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Among the main results of the present study, it should be noted that good statistical links were identified between the variables analysed, i.e., the mission had a strong influence on the performance management system in the company under study.

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