

# Mission Statement Content and Hospital Performance in the Canadian Not-for-Profit Health Care Sector

Christopher K. Bart

with assistance of  
John C. Tabone

*This article presents the findings from an exploratory research study that assessed the content and impact of mission statements in 103 Canadian 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.*

A recent study by Bain and Company<sup>1</sup> found that the mission statement is the preeminent tool used by senior managers worldwide during the last 10 years. This popularity appears to stem from the abundance of mission literature, including accounts of chief executive officers (CEOs) who have successfully transformed their organizations with this tool.<sup>2-9</sup>

The mission statement literature, though, has tended to focus on "for-profit" organizations—with only a few works supported by empirical performance-based evidence. Although recent attempts have been made at linking the content of a mission statement with an organization's performance,<sup>10-15</sup> the lack of information on not-for-profit sector organizations, especially hospitals, is evident. For example, a few authors have recommended that health care organizations develop mission statements.<sup>6,16-19</sup> However, all failed to provide valid support for what the constituent elements of a hospital's mission statement should be. In addition, according to Ginter et al. (1998), "a great deal of disagreement remains regarding [the] value [of mission statements] and the influence these statements actually have on behavior within organizations."<sup>19(p.142)</sup> Thus, this article serves the twofold purpose of (a) attempting to provide hospital administrators with sufficient guidance for developing their mission statement; and (b) filling the void in the mission statement literature by focusing on the not-for-profit health care sector.

## THEORETICAL BACKGROUND

While no two researchers/writers use the exact same operational definition of mission, we reviewed the relevant prior literature to find the common ground and to make an attempt at synthesis. Based on this review, we concluded that, in its most basic form,

---

Key words: culture, mission, not-for-profit, strategy, values, vision

---

*Christopher Kenneth Bart, Ph.D., C.A., is one of the world's leading researchers on the effective use of mission and vision statements. He is currently a Professor of Business Strategy at the Michael G. DeGroot School of Business, McMaster University, Hamilton, Ontario, Canada, where he is known as "Mr. Mission."*

*Contributor: John C. Tabone, H.B. Comm, M.B.A., is currently Manager of Marketing Research, Canadian Institute of Chartered Accountants, Toronto, Ontario, Canada. He is a former research assistant to Dr. Bart.*

a mission statement is a formalized document defining an organization's unique and enduring purpose.<sup>10-15,19-31</sup> "Why do we exist?" "What is our purpose?" and "What do we want to achieve?" are some of the fundamental questions that a mission statement aims to answer. In so doing, a mission statement becomes central to every organization's management and hence serves two main purposes: to provide a focused guide for decision making<sup>32,33</sup> and to motivate and inspire employees toward common objectives.<sup>22,29,34-38</sup> Mission statements, moreover, are differentiated from objectives and other strategic statements due to their lack of a time frame, their lack of specific quantitative measurements, and their passionate language.

## MISSION STATEMENT CONTENT

### Previous Research

Former studies on for-profit mission statements have tended to analyze their content and characteristics and have relied primarily on frequency analysis for stating what the principal components *should* be.<sup>16,19,24,39,40</sup> The assertions from most of the previous literature, however, were not built upon and only a few limited attempts were made to link mission statement content to measures of firm performance. Consequently, a great diversity in opinion was created regarding which components should be included in a mission statement.

Pearce and David<sup>10</sup> were really the first to consider this latter problem as their research sought to establish a link between strategic planning and firm performance. Their research demonstrated that a significant relationship did, in fact, exist between selected mission statement components (namely, "organizational philosophy," "self concept," and "public image") and "high' versus 'low' performing Fortune 500 companies."<sup>10(p.109)</sup> It then took almost 9 years thereafter before Bart<sup>12,13</sup> was next able to show that a tangible link existed between mission statements and the degree of innovativeness in high tech firms. Bart later followed on these works with studies showing the performance impact of mission statements in industrial firms<sup>14</sup> and then other types of companies.<sup>20</sup> He has also just recently completed a major investigation (with Baetz) confirming many of his earlier findings in a study of 136 large Canadian companies.<sup>11</sup>

Armed with these results, these most recent researchers have been finally able to challenge those

critics and cynics who liked to pronounce (unjustifiably) that mission statements were not important<sup>41</sup> or that there was no direct link between a mission statement and performance.<sup>2</sup> The current research has also begun to offer some evidenced-based insights as to how managers should proceed in formulating their firm's mission statements. However, as these previous studies have focused on the for-profit sector, the generalizability of the results for not-for-profit organizations remains in doubt and unresolved.

In terms of health care institutions specifically, the most recent text by Ginter and colleagues<sup>19</sup> suggests that there are six important components of a hospital's mission statement: (1) target customers and markets; (2) the principal services delivered; (3) the geographical area serviced; (4) the organization's philosophy/values; (5) the hospital's preferred self-image (or distinctive competence/strength); and (6) the organization's desired public image. Interestingly, the authors warn that "not every one of the characteristics discussed can or necessarily should be included in a single mission statement."<sup>19(p.147)</sup> But, beyond this caveat, they offer no specific guidance on what really should go into a hospital's mission statement or the situational criteria upon which it might depend. Instead, they simply cite the findings of the Pearce and David study<sup>10</sup> referred to earlier.

In contrast, Gibson, Newton, and Cochrane<sup>16</sup> represent the only researchers who have, to date, examined *quantitatively* 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<sup>42</sup> and Pearce and David.<sup>10</sup> In their study, they found that "customers (or primary market)" (88.4 percent) and "organizational philosophy" (83.8 percent) were the components most frequently used by hospital managers. The components of "self-concept" (27.1 percent) and "technology" (45.9 percent) were the least used items. Their study, unfortunately, did not examine the impact of mission content selection on performance, nor did it examine the inclusion of mission content items suggested by other researchers.

Given that research in the for-profit sector has now established that some mission statement components appear to vary with performance, it would, therefore, be useful to know which ones seem to have an impact, if any, in the case of health care institutions as well.

## RESEARCH QUESTIONS AND METHOD

### Research Questions

To help hospital administrators better formulate their mission statements, a research project was developed that sought to answer three questions:

1. Currently, what are the specific content characteristics of mission statements in the not-for-profit health care sector?
2. Does the inclusion of a particular mission statement component appear to make a difference in terms of performance outcome measures?
3. Does the degree to which a particular mission statement component is clearly articulated impact outcome measures in any significant way?

### Sample selection and size

A questionnaire was mailed out to the top manager (i.e., CEO/president/executive director/administrator) of 496 Canadian hospitals listed in the *Guide to Canadian Healthcare Facilities 1995-1996* and that were identified as "English-speaking hospitals" having a budget of \$2 million or more. (District health organizations as well as hospitals from the French-speaking province of Quebec were not part of the population survey.) One hundred and three (103) completed questionnaires were returned, representing a response rate of 20.8 percent.

The nature of the survey (and resultant sample), however, restricts claims that might be made about the representativeness of the findings in their application to all hospitals of all sizes. Nevertheless, the results obtained should be of interest to similarly sized health care institutions across North America. (See Table 1 for some key operating statistics concerning the hospitals in this study.)

### Assessing nonresponse bias

A typical method for assessing nonresponse bias would be to compare the characteristics of respondents to the characteristics of the population. Since this was not possible, we assessed non-response bias by comparing early to late respondents as suggested by Armstrong and Overton.<sup>43</sup> These researchers argue that late repliers are more representative of nonresponders than early repliers. We, therefore, split our sample of respondents into two groups based on their order of receipt. We could find no statistically significant differences in our measures to warrant a concern that the two groups might be different. Thus, there did not appear to be a nonresponse bias.

TABLE 1

### KEY OPERATING STATISTICS OF THE HOSPITALS STUDIED

Characteristic	1995 (Mean)
Number of Employees	1,010
Revenue	\$53,710,170
Surplus/Deficit	\$115,318
Assets	\$44,291,636

### Operationalizing and Measuring Mission Content and Satisfaction

The content and characteristics of the mission statements were operationalized by adopting the results of a literature review,<sup>14,20</sup> in which a list of 25 components (which others had implied as potentially being part of a mission) were identified. All components were adopted except "self-concept" (which appeared to overlap with the concept of distinctive competence/strength<sup>16,25</sup> and "key stakeholders identified" (which appeared to duplicate our notions of "concern for employees,"<sup>16</sup> "concern for customers," "concern for society," "concern for suppliers," and "concern for shareholders"). (See Table 2 for the complete list of mission statement components selected for inclusion in this study.)

### Measuring mission content

Using the list of potential mission statement components, a questionnaire was developed and pre-tested. The extent to which each component was mentioned in a hospital's mission statement was indicated by a 4-point scale (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). This approach was developed after hospital administrators in the pretest commented that a simple "yes/no" response (with respect to whether or not an item was present in their mission statement) was insufficient and too simplistic.

Additionally, the administrators were asked to indicate their level of satisfaction with how well each component was written into their firm's mission statement (1 = extremely dissatisfied to 5 = extremely satisfied). Insofar as the not-for-profit literature is con-

TABLE 2

## FREQUENCY ANALYSIS OF MISSION STATEMENT CONTENT

Potential MS Component	Not Mentioned Anywhere (1)	Not in MS but Somewhere else (2)	Somewhat Mentioned in MS (3)	Clearly Specified in MS (4)	Median Score min = 1 max = 4
A. Statement of Purpose	3.1	6.1	15.3	75.5	4***
B. Statement of Values/Beliefs	2	26	16	56	4***
C. Distinctive Competence/Strength	12.1	26.3	23.2	38.4	3**
D. Desired Competitive Position	49	21.9	18.8	10.4	2***
E. Competitive Strategy	52.1	27.1	14.6	6.3	1***
F. Specific Behavior Standards	10	35	24	31	3**
G. General Corporate Level Goals	11.2	41.8	22.4	24.5	2***
H. One Clear Compelling Goal	13.5	10.4	19.8	56.3	4***
I. Specific Financial Objectives	19.4	53.1	16.3	11.2	2***
J. Specific Nonfinancial Objectives	11.2	44.9	22.4	21.4	2***
K. Specific Customers (patients) Served	6.1	9.1	23.2	61.6	4***
L. Products/ Services Offered	5.2	19.6	23.7	51.5	4***
M. Unique Identity	18.4	16.3	23.5	41.8	3**
N. Desired Public Image	14.3	18.4	32.7	34.7	3**
O. Location of Business	30.3	28.3	16.2	25.3	2
P. Technology Defined	50.5	37.1	9.3	3.1	1***
Q. Concern for Survival	73.7	20.2	2	4	1***
R. Concern for Satisfying Customers (patients)	4	20	26	50	4***
S. Concern for Employees	3.1	29.6	26.5	40.8	3***
T. Concern for Suppliers	59.8	28.9	8.2	3.1	1***
U. Concern for Society	14.3	19.4	34.7	31.6	3*
V. Concern for Shareholders	46.3	19.5	19.5	14.6	2***
W. Statement of "Vision"	10	36	12	42	3***

Key:

\*  $p < .05$  (Chi-Square Test for skewness in distribution)\*\*  $p < .01$ \*\*\*  $p < .001$ 

cerned, Ziebell<sup>44</sup> argues that the "degree of administrator satisfaction" is the recommended performance indicator (as opposed to more absolute measures). The concept of measuring respondent satisfaction with the mission (or some component of it) is also consistent with Bart<sup>15,20</sup> and Bart and Baetz.<sup>11</sup>

It is important to note, however, 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 exploratory in nature.

### Measuring mission performance

To assess the relationship between mission statement content and performance, seven previously identified outcome measures are used. These measures are (1) satisfaction with the current mission statement<sup>11,15,20</sup>; (2) the degree to which the mission 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 influences the respondent's behavior<sup>15</sup>; (5) the extent to which it influ-

---

*This study represents the first time that the measures of "mission statement as an energy source" and "mission statement as a guide for decisions" have been used.*

---

ences the behavior of members of the organization<sup>11,13-15</sup>; (6) the extent to which members throughout the organization are committed to the mission<sup>15</sup>; and (7) a qualitative perceptual measure of the organization's financial performance success. Managers were then asked to rate each performance measure on a 10-point scale (0 = not at all; 9 = to the greatest possible extent).

This study represents the first time that the measures of "mission statement as an energy source" and "mission statement as a guide for decisions" have been used. As these measures are traditionally cited in the literature as the fundamental reasons for originally developing mission statements, they were added to test directly the extent to which 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." Although independently collected objective measures of financial performance (such as revenues or profitability) may be preferred by some readers, such indicators are often considered inappropriate measures for not-for-profit organizations in general and hospitals in particular.<sup>44-47</sup> As Ziebell states:

In profit organizations, performance criteria usually results in financial terms. Even though financial measures do not really measure all aspects of how well the organization satisfies the needs of its resource contributors, the measures of financial efficiency and profitability are fairly well accepted. However, profitability measures often are inappropriate, irrelevant and/or unavailable for voluntary NPOs (not-for-profit organizations).<sup>44(p.333)</sup>

A hospital's subjectively reported satisfaction with its financial performance<sup>44</sup> was, therefore, viewed as the most reliable measure of financial performance available since it is (hospital) managers who have the best familiarity with their organization's relative financial standing.<sup>48</sup> Managers' scaled perceptions of success also generally take all of the "other considerations" (such as time industry, organizational size,

overall strategy, relative standing, etc.) into account when assessing performance.<sup>49,50</sup>

#### *Assessing common method variance*

Based on the work of Blum, Fields, and Goodman,<sup>51</sup> we examined for the presence of common method variance using a one factor test. The results of the factor analysis were as follows:

- In the case of our measures for "degree to which a particular component item was included in the mission statement," we found seven factors with eigenvalues greater than 1.0. These seven factors, in turn, were found to explain 66.6 percent of the variance among our 23 mission component variables.
- In the case of our measures for "degree of satisfaction with how well a particular mission statement component was written," we found four factors with eigenvalues greater than 1.0. These four factors, in turn, were found to explain 80.8 percent of the variance among our 23 satisfaction variables.

Because more than one factor emerged, it was concluded that a significant amount of common method variance did not appear to be present.

#### **Data Analysis**

A frequency analysis was conducted by tabulating the rate with which each potential component actually appeared in the hospitals' mission statements. A chi-square analysis was applied to determine the probability of these frequencies occurring by chance.

Bivariate correlations were calculated to determine if a link existed between the selected outcome measures and the degree of inclusion of each mission component. (Note, for this correlation, the mission inclusion categories of "not specified anywhere" and "not specified in a mission statement but somewhere else" were collapsed into one category—i.e., "not specified"). Bivariate correlations were also used to determine if a relationship existed among 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 mission statement components appeared. Nine com-

ponents were clearly specified to a great extent in at least 40 percent of the cases (shaded boxes in Table 2). The median score for six of these nine components was calculated to be four—our highest measure.

The results also show that three components, while not mentioned specifically in a hospital's mission statement, were "mentioned somewhere else" to a significant degree. Interestingly, 6 of the 23 mission components were found not to be mentioned anywhere. 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 with the exception of "location of business," which may not 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 a significant correlation with at least six of the seven performance outcome measures (see the shaded boxes in Table 3).

Of particular importance were the components "distinctive competence/strength," "specific customers (patients) served," "unique identity," and "concern for satisfying customers (patients)." These items exhibited a significant positive correlation with all seven of the outcome measures. Hence, when these components are clearly specified in not-for-profit hospital mission statements, a direct influence on all seven outcomes can be expected.

Interestingly, no mission statement components resulted in a negative correlation with any of the performance measures. There were, however, two mission statement components (i.e., "concern for survival" and "concern for suppliers") for which no significant relationships were found. Additionally, "specific financial objectives" and "specific nonfinancial objectives" were found to have significant positive relationships with only one of the performance measures.

Looking at Table 3 slightly differently, however, it was observed that certain performance measures appeared to have a more selective relationship with the inclusion of specific mission 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 components. In contrast, the performance measure of "satisfaction with financial performance" was signifi-

cantly correlated with only 10 mission statement components.

### Articulation of the Mission Statement Component and Performance

Table 4 shows strong positive correlations between the seven performance outcome measures and most of the ratings for "managers' satisfaction with how well each component is written into their mission statement." For 10 mission components, the "quality of articulation" was especially important as they were significantly correlated with five of the seven outcome measures (shaded boxes). The quality with which six mission components were stated, however, may be of lesser importance since they correlated with only two (or less) of the performance outcome measures. Again, no negative associations were found.

Selective relationships between the various performance measures and "the degree of mission statement articulation" were also observed to occur. For instance, a significant positive correlation was found between 18 (of the 23) mission components and the outcome measure "mission statement serves as an energy source measure." Thus, the more satisfied managers are with how well almost any mission statement component is written, the more positive their association with the "energy source outcome." In contrast, "managers' satisfaction with financial performance" was found to correlate significantly with only seven mission statement components—thereby indicating that there are only certain mission components whose quality of articulation appears to matter in terms of financial impact.

## DISCUSSION AND CONCLUSIONS

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

#### *What's popular*

It appears that there are some mission statement components that are clearly found in most not-for-profit institutions (see Table 2). Therefore, 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 finding that "specific patients served" and "products/services offered" were high-use mission

TABLE 3

## MISSION STATEMENT CONTENT AND FIRM PERFORMANCE

Mission Statement Component	Bivariate Correlations with Firm Performance Outcome Measures								
	Means	SD	1	2	3	4	5	6	7
A. Statement of Purpose	2.8	.5			.27**	.33***	.24*	.27**	
B. Statement of Values/Beliefs	2.7	.5	.29**	.33***	.32***	.46***	.28**	.30**	
C. Distinctive Competence/ Strength	2.4	.8	.30**	.38***	.38***	.49***	.42***	.40***	.23*
D. Desired Competitive Position	1.5	.7	.30**	.30**	.24*	.34***	.33***	.21*	
E. Competitive Strategy	1.4	.6	.27**	.23*	.29**	.29**	.33***	.32**	
F. Specific Behavior Standards	2.3	.7	.27**			.23*	.25*		
G. General Corporate Level Goals	2.2	.8	.28**			.28**	.26**		
H. One Clear Compelling Goal	2.5	.7	.34***	.29**	.27**	.29**	.34***	.39***	
I. Specific Financial Objectives	1.8	.8				.24*			
J. Specific Nonfinancial Objectives	2.2	.8	.23*						
K. Specific Customers (patients) Served	2.6	.6	.29**	.25*	.23*	.22*	.21*	.27**	.38***
L. Products/ Services Offered	2.6	.6	.39***	.27**	.26**	.26**		.31**	.29**
M. Unique Identity	2.3	.8	.42***	.46***	.41***	.40***	.46***	.37***	.23*
N. Desired Public Image	2.3	.7		.22*	.21*	.28**	.27**		.21*
O. Location of Business	1.9	.9	.24*	.28**		.22*			
P. Technology Defined	1.2	.5				.23*	.23*	.22*	
Q. Concern for Survival	1.1	.5							
R. Concern for Satisfying Customers (patients)	2.6	.6	.24*	.43***	.34***	.35***	.41***	.42***	.28**
S. Concern for Employees	2.5	.6	.26**	.35***	.26**	.34***	.27**		.31**
T. Concern for Suppliers	1.2	.5							
U. Concern for Society	2.2	.7	.44***	.30**	.27**	.32**	.25*		.21*
V. Concern for Shareholders	1.6	.8	.27**	.33**	.22*	.36***	.31***		.28*
W. Statement of "Vision"	2.5	.8		.36***	.40***	.41***	.43***	.23*	.21*
Total Significant Relationships			1	2	3	4	5	6	7
			16	15	15	20	17	12	10

## Key:

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

\*  $p < .05$ \*\*  $p < .01$ \*\*\*  $p < .001$ 

components was also consistent with the study of hospital mission statements conducted by Gibson and colleagues.<sup>16</sup>

Interestingly, both Pearce and David<sup>10</sup> and Bart<sup>14</sup> observed that these latter two components were not typically found in for-profit sector mission state-

ments. Bart argued that his results were possibly due to the large size and wide scope of operations in his sample of industrial firms.<sup>14</sup> However, the trend toward managed care models is causing many health care institutions to narrow their scope of operations and specify target populations to manage. As a result,

TABLE 4

CORRELATION BETWEEN SATISFACTION WITH HOW WELL EACH COMPONENT IS WRITTEN AND FIRM PERFORMANCE

Mission Statement Component	Bivariate Correlations with Firm Performance Outcome Measures								
	Means	SD	1	2	3	4	5	6	7
A. Statement of Purpose	4.2	.9	.62***	.42***	.36***	.32**	.40***	.38***	.23*
B. Statement of Values/Beliefs	4.4	.9	.55***	.56***	.45***	.60***	.49***	.49***	
C. Distinctive Competence/ Strength	4.0	1	.49***	.48***		.54***	.46***	.40**	
D. Desired Competitive Position	3.4	1.2	.53***	.43***	.32**	.40***	.36**	.31**	.33**
E. Competitive Strategy	3.8	1.1		.55***		.63**		.49**	
F. Specific Behavior Standards	4.0	.9		.40***		.35*	.36*		
G. General Corporate Level Goals	4.0	1	.37*	.36*			.32*		
H. One Clear Compelling Goal	4.2	.9	.49***	.32**		.25*		.35**	
I. Specific Financial Objectives	4.2	.9				.43*			
J. Specific Nonfinancial Objectives	3.9	.8	.48***	.67***	.49***	.65***	.49***	.59***	.30*
K. Specific Customers (patients) Served	4.2	.8	.39***	.27*	.24*		.30**	.34**	.34**
L. Products/ Services Offered	4.1	.8	.32**	.27*					
M. Unique Identity	4.3	.9	.35**	.28***	.31*				
N. Desired Public Image	2.2	.7	.51***	.49***	.58***	.45***	.50***	.61***	.31*
O. Location of Business	4.1	1	.53***	.47***		.52***	.51**	.51**	
P. Technology Defined	3.8	1.1							
Q. Concern for Survival	4.5	.8		.85*	.94**	.92**			
R. Concern for Satisfying Customers (patients)	4.2	.9	.5***	.48***		.37**	.33**	.37**	.33**
S. Concern for Employees	4.1	1	.48***	.56***	.40**	.46***	.44***	.46***	.36**
T. Concern for Suppliers	3.3	.6							
U. Concern for Society	4.0	1	.38***						
V. Concern for Shareholders	4	.8							
W. Statement of "Vision"	4.3	.9	.45***	.35*	.33*	.29*			
Total Significant Relationships			16	18	10	15	12	12	7

## Key:

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

\*  $p < .05$ \*\*  $p < .01$ \*\*\*  $p < .001$ 

it is becoming both possible and more desirable for hospitals to include more precise definitions of their operations (i.e., services, patients, and uniqueness) in their mission statements. Moreover, budget cuts and the threat of hospital closures in Canada are real. Con-

sequently, we speculate those health care institutions that, in the future, do not serve a "unique purpose" are more likely to be susceptible to closure than others. And those that develop a unique purpose will enjoy the rewards of superior performance.



*What's not popular*

The components that were not frequently included specifically in a hospital's mission statement (i.e., "specific financial objectives," "desired competitive position," and "competitive strategy") build upon the previously existing mission literature—including Bart's study<sup>14</sup> of industrial firms. Thus, based on these results (i.e., by following only the actions of the majority), managers would be tempted to exclude these items from their hospital's mission statement. Yet, it is our considered opinion that the noticeably significant absence of "desired competitive position" and "competitive strategy" from health care mission statements might ultimately appear to be ill advised as managed care models are forcing North American hospitals to become more competitive. Therefore, over time, Canadian hospital administrators might be more inclined to include these items in their organization's mission statement than is currently the case.

**Mission Statement Content and Firm Performance***Unconventional wisdom*

As indicated in Table 3, some important relationships exist between selected mission statement components and our performance outcome measures. Surpassing those who had difficulty demonstrating this association empirically,<sup>29,38,52</sup> the results from the present study can now be used to assist hospital administrators in (1) selecting only those specific mission components that *appear to matter*, and (2) facilitating the achievement of certain desired performance outcomes.

More specifically, the findings demonstrate that certain components are indeed more important to include in a hospital's mission statement than others (Table 3); that some mission components appear to have little or no association with performance outcomes (Table 3); and that those mission components that appear to matter (for instance, "competitive strategy," "desired competitive position," and "concern for shareholders" in Table 3) are not always the most popular (Table 2). Indeed, the findings serve to underscore the importance of *not* relying on simple frequency counts to determine the inclusion or exclusion of a certain mission item as there are risks to "following the crowd." Popularity can be misleading. Thus, managers should be careful about which items to include or exclude when crafting their hospital's mission statement.

Additionally, it may be wise for hospital administrators to consider their organization's "desired performance outcomes" (e.g., influence behavior, inspiration, financial satisfaction, etc.) when creating a mission statement since not all mission components were found to influence our performance measures uniformly. Instead, the choice of mission statement components appeared to facilitate the achievement of certain performance outcomes more than others. Managers, therefore, would be well advised to keep their desired end results explicit (while bearing especially in mind the findings in Table 3) when drafting—or revising—their hospital's mission.

*Concern for stakeholders*

Table 3 also demonstrates that hospital administrators should take care in expressing a concern for satisfying various stakeholder groups in their hospital missions such as: customers (the only category correlated positively with all performance outcomes), employees, society, and shareholders. In not-for-profit hospitals, customers and society often represent the same group of individuals while shareholders are indirectly related. It is not surprising, then, that expressing a concern for all three of these stakeholder groups should be included in a hospital's mission statement.

Interestingly, "concern for suppliers" was found to be not particularly important. This may stem from the fact that suppliers are not currently viewed as central enough to a hospital's operations to warrant clear mention in the mission statement. However, the concept of the mission statement is evolving and it is our prediction that the idea of expressing a concern for suppliers, particularly in not-for-profit health care institutions, will become more prevalent in the future. In contrast, the important role that employees play in health care institutions is generally well known and it is often one of the main considerations in the development of a mission statement (i.e., to inspire and guide their decisions and behaviors). Hence, their noticeable presence.

*No technology definitions*

It was, however, not that surprising that the mission component of "technology defined" did not correlate significantly with many of the performance measures. This finding, of course, does not suggest that health care organizations do not make use of technology. In fact, hospitals 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 and any definition would be so broad as to be virtually meaningless. So, the exclusion of this item from hospital mission statements appears to be warranted.

#### *No objectives!*

The correlations in Table 3 also suggest that "specific financial and nonfinancial 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 avoid any detailed specifics.<sup>19</sup> While it is essential for managers to specify figures that quantify their organization's focus, those financial objectives that are included in documents intended to be inspirational are considered "a bit of a mental turnoff." Administrators should, therefore, consider their use elsewhere.

#### **Articulation of Mission Statement Components and Performance**

The correlation between how well a particular mission component was written into a hospital's mission statement and hospital performance is instructive. The findings of Table 4 suggest that there are up to 10 components whose "quality or articulation" in a hospital's mission statement is significantly associated with performance. This is most fascinating because, when only the results of Table 3 are taken into account, there appear to be several instances in which the inclusion of a specific mission statement component does not, by itself, have either a strong or uniform impact on hospital performance (e.g., statement of purpose, specific nonfinancial objectives, desired public image, concern for employees). Yet, when consideration was given to how well these same components were expressed in writing, we observed an overwhelmingly powerful positive performance impact. In other words, not any wording for a mission statement component will do. Or, put another way—quality matters! And, if it is ignored, it could even send the wrong signal.

Take, for instance, the mission component of "concern for employees." If hospital associates are not highly satisfied with how well their organization's concern for employees is expressed in the mission, it might appear that the item was simply thrown in out of convention rather than attempting to truly articu-

late the importance of such stakeholders to the hospital. Employees, in turn, might interpret this as a lack of real concern and, therefore, feel uninspired to follow the mission as it relates to other stakeholders. Spending the time to express concern for employees in a quality manner thus appears to be important. One example of poorly articulating the mission component "concern for employees" would be as follows:

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.

This is a poorly expressed statement because it expresses the role of employees as "quasi-machines" whose sole function is "to produce," (i.e., to provide a service of some kind to others). Their "value" is recognized as a sort of afterthought. In contrast, an example of an extremely satisfactory expression of "concern for employees" might be:

At Hospital X, we foster an environment of mutual respect that recognizes the value of our staff and volunteers. We promise to treat each other with courtesy and cheerfulness. We aim especially to bring personal fulfillment and meaning to the lives of all our associates—regardless of the position they hold in our organization.

This statement is outstanding because it shows the high value that the organization places on the hospital's associates as equal stakeholders—second to none. Their personal interests, growth, and fulfillment matter.

Hospital administrators should, therefore, pay particular attention to the quality with which certain mission statement components are written (especially those identified in Table 4) when formulating (or reformulating) their organization's mission statement. The results of Table 4 also confirm once again our earlier observation that a hospital's desired performance outcome may influence the level of care that needs to be taken in writing certain mission items. For instance, there were noticeable differences in the "patterns of mission statement components" when the performance outcome measure was "energy source" as opposed to "financial performance satisfaction."

#### **SOME FINAL THOUGHTS**

While plentiful in nature, the previous mission statement literature has provided little guidance on how health care administrators should formulate and

deploy mission statements. Hopefully, this research provides some new insights into what these mission statements do, in fact, look like and, more importantly, what they *should* look like. The primary finding of this study is that managers do indeed discriminate and differentiate when selecting which items to include in their mission statement. Additionally, when compared to a mission study by Bart,<sup>14</sup> it has been observed that hospital administrators appear to select different mission components in comparison to industrial firms. Thus, further research delineating which mission statement components are specific to different economic sectors should be encouraged.

Certain mission statement components were also found to have a greater behavioral and financial impact on hospital performance than others (which is in contrast to the situation of industrial firms where the influence of mission statements appeared to be primarily behavioral). Thus, as Drucker suggests, there may be an increased urgency for developing mission statements in the not-for-profit health care area than in other sectors.

This research is also the first to reveal the important relationship between a manager's satisfaction with mission statement quality and performance. Hospital administrators should, therefore, take great care to be clear and passionate when formulating certain essential components of their organization's mission statement (as identified in Table 4).

In terms of future research endeavors, this line of investigation could be extended through several empirical studies. One study, for example, could further examine the rationales behind the development of hospital mission statements to determine their relationship with mission content and performance. Alternatively, a hospital's "mission statement alignment" with its organizational structure (or the process by which missions are developed and communicated) could be investigated. By pursuing these mission-related projects, new levels of understanding could be obtained for these fascinatingly unique and very important tools.

---

## REFERENCES

1. Bain and Company. *Management Tools and Techniques: An Executive Guide*. Boston: Bain and Company, 1994.
2. Krohe Jr., J. "Do You Really Need a Mission Statement?" *Across the Board* 32 (July/August 1995): 17-21.
3. Castelli, J. "Finding the Right Fit." *HR Magazine* 35 (September 1990): 38-41.
4. Darazsdi, J.J. "Viewpoint—Mission Statements are Essential." *Personnel Journal* 25 (February 1993): 24-25.
5. Dust, B. "The Business of Training-Making Mission Statements Meaningful." *Training & Development* 50 (June 1996): 53.
6. Moldof, E.P. "Do-It-Yourself Strategic Planning Provides Map to the Future." *Healthcare Financial Management* 48 (February 1994): 27-31.
7. Nelton, S. "Put Your Purpose in Writing: A Mission Statement Can Give Your Company the Focus It Needs for Survival and Growth." *Nation's Business* 82, no. 2 (February 1994): 61-64.
8. Sion, M. "Provost Gives His Take on How To Reengineer Health Care." *Drug Topics* 140 (August 5, 1996): 30.
9. Stone, R.A. "Mission Statements Revisited." *SAM Advanced Management Journal* 61 (Winter 1996): 31-37.
10. Pearce II, J.A., and David, F. "Corporate Mission Statements: The Bottom Line." *Academy of Management Executive* 1, no. 2 (1987): 109-114.
11. Bart, C.K., and Baetz, M.C. "The Relationship between Mission Statements and Firm Performance: An Exploratory Study." *The Journal of Management Studies* 35 (1998): 823-53.
12. Bart, C.K. "The Impact of Mission Statements on Firm Innovativeness." *International Journal of Technology Management* 11, nos. 3/4 (1996): 479-93.
13. Bart, C.K. "High-Tech Firms: Does Mission Matter?" *The Journal of High Technology Management Research* 7, no. 2 (1996): 209-25.
14. Bart, C.K. "Industrial Firms and the Power of Mission." *Industrial Marketing Management* 26 (1997): 371-83.
15. Bart, C.K. "A Comparison of Mission Statements and their Rationales in Innovative and Non-Innovative Firms." *International Journal of Technology Management* 16, nos. 1-3 (1998): 64-77.
16. Gibson, C.K., Newton, D.J., and Cochrane, D.S. "An Empirical Investigation of the Nature of Hospital Mission Statements." *Health Care Management Review* 15, no. 3 (1990): 35-45.
17. Drucker, P. *Management: Tasks, Responsibilities and Practices*. New York: Harper and Row, 1974.
18. Sandstrom, R. "Development of a Comprehensive Staff Education Plan for a Rehabilitation Center." *Health Care Supervisor* 13, no. 2 (1994): 34-43.
19. Ginter, P.M., Swayne, L.M., Duncan, W.J. *Strategic Management of Health Care Organizations, 3rd Edition*. Malden, MA: Blackwell Business, 1998.
20. Bart, C.K. "Sex, Lies and Mission Statements." *Business Horizons* (November-December 1997): 9-18.
21. Byars, L.L. "Organizational Philosophy and Mission Statements." *Planning Review* 15, no. 4 (1987): 32-36.
22. Campbell, A. "The Power of Mission: Aligning Strategy and Culture." *Planning Review*, special issue, 1993.

23. Daft R.L., and Fitzgerald, P.A. *Management*. Toronto: Dryden Canada, 1992.
24. David, F.R. *Strategic Management, Fourth Edition*. New York: Macmillan, 1993.
25. David, F.R. "How Companies Define their Mission." *Long Range Planning* 22, no. 1 (1989): 90-97.
26. Germain, R., and Cooper, M.B. "How a Customer Mission Statement Affects Company Performance." *Industrial Marketing Management* 19 (1990): 47-54.
27. Higgins, J.W., and Vincze, J.W. *Strategic Management-Text and Cases*. New York: The Dryden Press, 1989.
28. Johnson, G., Scholes, K., Sexty, R.W. *Exploring Strategic Management*. Scarborough: Prentice Hall Canada, 1989.
29. Klemm, M., Sanderson, S., and Luffman, G. "Mission Statements: Selling Corporate Values to Employees." *Long Range Planning* 24, no.3 (1991): 73-78.
30. Medley, G.J. "WWF UK Creates a New Mission." *Long Range Planning* 25 (April 1992): 63-68.
31. Thompson, A.A., and Strickland, A.J. *Strategic Management: Concept and Cases, Ninth Edition*. Chicago: Irwin, 1996.
32. Ireland, R.D., and Hitt, M.A. "Mission Statements: Importance, Challenge and Recommendations for Development." *Business Horizons* 35, no. 3 (May-June 1992): 34-42.
33. King, W.R., and Cleland, D.I. *Strategic Planning and Policy*. New York: van Nostrand Reinhold, 1979.
34. Collins, J.C., and Porras, J.I. "Organizational Vision and Visionary Organizations." *California Management Review* (Fall 1991): 30-52.
35. Daniel, A.L. "Strategic Planning—The Role of the Chief Executive." *Long Range Planning* 25 (April 1992): 97-104.
36. Javidan, M. "Leading a High-Commitment High-Performance Organization." *Long Range Planning* 24, no. 2 (1991): 28-36.
37. El-Namaki, M.S.S. "Creating a Corporate Vision." *Long Range Planning* 25 (December 1992): 25-29.
38. Wilson, I. "Realizing the Power of Strategic Vision." *Long Range Planning* 25, no. 5 (1992): 18-28.
39. Want, J.H. "Corporate Mission: The Intangible Contributor to Performance." *Management Review* (August 1986): 46-50.
40. Campbell, A., and Yeung, S. "Creating a Sense of Mission." *Long Range Planning* 24, no. 4 (1991): 10-20.
41. Mosner, D. "Mission Improbable." *Across the Board* 32 (July/August 1995): 1.
42. Pearce II, J.A. "The Company Mission as a Strategic Tool." *Sloan Management Review* 2, no. 3 (1982): 15-24.
43. Armstrong, J.S., and Overton, T.S. "Estimating Non-Response Bias in Mail Surveys." *Journal of Marketing Research* 14, no. 3 (1977): 396-402.
44. Ziebell, M.T., and De Costes, D.T. *Management Control Systems in Nonprofit Organizations*. San Diego: Harcourt Brace Jovanovich Publishers, 1991.
45. Hay, R.D. *Strategic Management in Non-Profit Organizations: An Administrator's Handbook*. New York: Quorum Books, 1990.
46. Herman, R.D. *The Jossey-Bass Handbook of Nonprofit Leadership & Management*. San Francisco: Jossey-Bass, 1994.
47. Love, A. *Internal Evaluation*. Newbury Park, CA: Sage Publications, 1991.
48. Bart, C.K. "General Managers Control New and Existing Products Differently." *Journal of Business Venturing* 8 (1986): 341-61.
49. Souder, W.E. *Managing New Product Innovations*. Lexington, MA: Lexington Books, 1987.
50. Bart, C.K. "Controlling New Products in Large Diversified Firms: A Presidential Perspective." *Journal of Product Innovation Management* 18 (1991): 4-17.
51. Blum, T.C., Fields, D.L., and Goodman, G.S. "Organization-Level Determinants of Women in Management." *Academy of Management Journal* 37 (1994): 241-68.
52. Coats, J., Davis, E., Longden, S., Stacey, R., and Emmanuel, C. "Objectives, Missions and Performance Measures in Multinationals." *European Management Journal* 9, no. 4 (December 1991): 444-53.

