The relationship between mission and innovativeness in the airline industry: an exploratory investigation

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Abstract: Mission statements have been called the critical starting point for enhancing firm innovativeness. They are essential for strategic planning and have been shown to be linked with new product success. The current study asks the question: does the general model of the relationship between mission and organizational innovativeness apply in the specific case of a particular industry: air transportation? For the most part, the study's findings confirm our earlier notions about mission and firm innovativeness. However, there are significant and notable exceptions that suggest that there may be 'industry effects'.

Keywords: Mission statements; vision statements; corporate values; airline industry.

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1 Introduction

Innovation is critical to the long-term success of almost every organization. But one industry in which it is especially important is the airline industry – where global competitors constantly seek to gain a sustainable competitive advantage over one another. Unfortunately, the innovation track record of most large organizations leaves much to be desired. Market failure rates of new products and services remain high. And the popular business press continues to report on how managers (at all organizational levels and regardless of the vast sums of money spent) are disappointed with their firms' innovation efforts and results.

Innovation, though, will continue to be an important strategic activity. If companies (such as those in the airline industry) are going to 'win' the current global wars for market share and customer loyalty, they need to become much more adroit at becoming and remaining innovative. Consequently, over recent years, various writers and researchers have sought to identify the key success factors for innovation. The items which have consistently emerged as important for 'innovation success' include: a strong market orientation, increased synergy, improved product screening, product champions and 'tight' controls – to name but a few. By following the recommendations stemming from these research studies, some writers claim that the innovation success rate of an organization can be improved from 30% to 70%.

In spite of these advances, though, effectively managing a firm's innovation activities appears to be an area where more research is needed and where much insight can be gained. Interestingly, one factor that has received little attention in studies regarding firm innovativeness is the *mission statement*. This is somewhat surprising since an organization's mission statement is often viewed as the one of the most integral 'keystone' aspects for any effective strategic planning exercise [1] and for any organization to be managed successfully. Indeed, according to Bain & Company, mission statements represent the most widely used and popular management tool in the world [2].

Recently, research has shown that a significantly positive relationship exists between a well-formulated and implemented mission statement and organizational performance [3-5]. However, apart from Bart [6-8] there have been no such similar studies demonstrating the connections – or lack thereof – between the content, characteristics and quality of mission statements and firm innovativeness.

Given the importance of innovation to organizational survival and the pervasiveness of mission statements in general, we decided to address this issue directly and to focus our analysis on an industry of global magnitude and importance – the airline industry.

2 Research questions

A pilot empirical research initiative was launched to determine the linkage between mission and innovativeness in the airline industry – of which this report constitutes some of the preliminary findings. The research reported here was designed to answer questions in two specific areas:

1 What does the mission statement of an innovative airline look like? Is the content of a mission statement from an innovative airline significantly different from that of a non-innovative airline? What are the major 'rationales' that drive the creation and implementation of a mission statement in an innovative airline? Are these rationales significantly different from those in non-innovative airlines?

It is important to note that these questions have never before been posed to members of the airline industry, and therefore, the results should be considered exploratory in nature.

3 Research method

3.1 Sample selection and size

In 1997, a convenience sample of 41 managers from the airline industry was drawn from managers attending conferences of the International Air Transport Association (IATA). The managers each came from a different company. The companies, in turn, represented a broad cross-section of competitors – varying in size and geographic location. However, a majority of the airlines in this sample were from middle eastern and Asian organizations. As a result, we are restricted in terms of the claims that can be made concerning the representativeness of the sample. The results from this study should also be viewed as preliminary in nature – subject to larger sample confirmation.

3.2 Sample respondents

The 41 respondents all belonged to the middle and upper echelons of management. A frequency analysis established that most were managers (63.2%), followed by directors (15.8%), 'others' (15.8%), and vice presidents (5.3%). They also represented all of the major functions within their organizations (i.e., flight operations, ground operations, customer service, engineering, sales and marketing, etc.).

3.3 Data collection and operationalization of key concepts

A comprehensive questionnaire (which had been successfully used in previous studies [3,9]) was administered to those agreeing to participate in the study. All the questionnaires were returned complete.

The questions of interest focussed on measuring:

- a the degree of firm innovativeness;
- b the degree to which selected mission components were present in their airline's mission statement;
- c the degree to which selected rationales were the primary drivers behind the creation and implementation of the mission; and
- d the degree to which selected organizational arrangements were aligned with the mission statement.

3.4 Firm innovativeness

Firm innovativeness was measured by asking respondents to rate their organization using a ten point scale (0 = 'not at all innovative' and 9 = 'extremely innovative'). Airlines were classified as 'innovative' if their innovativeness score was rated between 6 and 9. 'Non-innovative' airlines were those whose score was measured to be between 0 and 5.

3.5 Mission components

Mission statements are commonly defined as formal, written documents which articulate the firm's unique and enduring purpose [3,5,6,10,11] When properly formulated and implemented, mission statements can provide the necessary focus for accomplishing daily operations while simultaneously guiding the firm's long-term goals.

However, researchers have struggled for more than a decade to reach a consensus regarding the appropriate content of mission statements [3,9,10-15]. The operationalization of the mission components for this study was accomplished through a prior literature review [3,10,11,14,15], which identified over 40 potential mission components. Twenty-three items were subsequently adopted for investigation:

- 1 Statement of purpose
- 2 Statement of values/beliefs
- 3 Distinctive competence/strength
- 4 Desired competitive position
- 5 Competitive strategy
- 6 Behavioural standards
- 7 General corporate level goals
- 8 One clear and compelling goal
- 9 Specific financial objectives
- 10 Specific non-financial objectives
- 11 Specific customers served
- 12 Products/services offered
- 13 Unique identity
- 14 Desired public image
- 15 Location of business
- 16 Technology defined
- 17 Concern for survival
- 18 Concern for satisfying customers
- 19 Concern for employees
- 20 Concern for suppliers

- 21 Concern for society
- 22 Concern for shareholders
- 23 Statement of 'vision'

Using this list, respondents were asked to indicate, using a four-point scale, the degree to which each component was formally stated as part of their airline's mission (0 = not mentioned anywhere'; 1 = not in mission but mentioned somewhere else; 2 = somewhat mentioned in the mission; and 3 = clearly specified in the mission'). For the purposes of this paper, the categories of 'not mentioned at all' and 'not in the mission but mentioned somewhere else' were combined.

3.6 Mission drivers

Mission 'drivers' are the rationales and motivation behind the initial creation and implementation of the mission statement [4,7]. A list of ten drivers was identified through a review of the literature [3,7,12,15,16] and they were incorporated into our questionnaire. The mission drivers investigated were:

- 1 To provide a common direction/purpose
- 2 To define the organization's scope of business
- 3 To enable top managers (and especially the CEO) to assert authority and control
- 4 To create standards of behaviour
- 5 To enable employees to identify with the firm's purpose
- 6 To promote shared values, thereby building culture
- 7 To ensure that the interests of key external stakeholders are not ignored
- 8 To motivate/inspire organizational members
- 9 To refocus the organization during a crisis
- 10 To provide a basis for the allocation of resources

Respondents were asked to indicate, utilizing a five-point scale (1 = 'not at all' and 5 = 'to the greatest possible extent'), the degree to which each driver was used to develop their airline's mission statement.

3.7 Data analysis

The data collected on mission content, mission drivers, and firm innovativeness were analysed using t-tests for independent samples.

4 Results

4.1 Performance differences between innovative versus non-innovative airlines

The results in Table 1 show that there are clear differences between innovative and non-innovative airlines in terms of their performance characteristics. Innovative airlines have a substantial and significantly higher percentage of revenues from new products and services than do their non-innovative competitors. And they do this despite the fact that they have a slightly lower (though not-significantly different) quantity of new products and services. Innovative airlines also enjoy a significantly greater degree of 'overall satisfaction with their financial performance'.

Interestingly, these results parallel the findings of Bart's earlier (and more general) study [8] concerning the mission differences between innovative and non-innovative companies (i.e., that innovative firms have more revenues from new products with less actual products). The current findings in Table 1, therefore, provide some support to the validity of the way in which the sample was divided into innovative and non-innovative airlines.

Table 1 Company performance characteristics: innovative vs non-innovative airli	novative airlines
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Company Characteristics	Mean score: Innovative Firms	Mean score: Non-Innovative Firms	Significance (Two tail T-Test)
1 % 1997 sales from new products introduced in the last five years	42.2	10.0	.080
2 Number of new products introduced in the last five years	9	11	ns
3 Satisfaction with firm's financial performance	6.25	3.71	.001

4.2 Differences in mission context and impact between innovative and non-innovative airlines

The findings in Table 2 show the differences between innovative and non-innovative airlines in terms of:

- a the context in which the mission was developed; and
- b the impact that the mission is perceived to have on the organization and its members.

The findings reveal that in the case of the innovative airlines there is greater satisfaction with the mission; the mission is perceived to have a greater impact on the behaviours of the survey respondents and other organizational members; and there is greater commitment to the mission than in the case of non-innovative airlines. While there was a noticeable difference between innovative and non-innovative airlines in terms of the actual date when the mission was both developed and revised, it was not significant. Nevertheless, it was fascinating to observe that the mission statements of innovative firms were both created and re-formulated several years before their less innovative rivals – again, very similar to Bart's 1998 study [8].

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Mission Context and Impacts	Mean score: Innovative Firms n=16	Mean score: Non-Innovative Firms n=19	Significance (Two Tail T-Test)
Year created	1989	1992	ns
Last year revised	1994	1996	ns
Satisfaction with the current mission statement	6.44	5.05	.057
Mission influence over respondent	6.56	4.19	.002
Mission influence over others	5.13	3.33	.019
Commitment to mission	5.57	3.74	.021

4.3 Mission content in innovative and non-innovative firms

The findings in Table 3 show that significant differences in content exist between the mission statements of innovative and non-innovative airlines. Seven of the 23 mission statement components investigated were found to be used significantly more often in the case of innovative airlines – as compared with their non-innovative counterparts. These 'innovation differentiating' mission components were:

- 1 Statement of values/philosophy
- 2 Desired competitive position
- 3 Competitive strategy
- 4 Behavioural standards
- 5 Specific products offered
- 6 Desired public image
- 7 Concern for suppliers

For the remaining mission components, there were no significant differences observed in the degree with which they were specified or mentioned.

Table 3 Mission component analysis: innovative vs non-innovative firms

Mission Components	Mean score: Innovative Firms	Mean score: Non-Innovative Firms	Significance (Two tail T-test)	
Purpose/Raison d'être	2.4	2.3	Ns	
Values/Philosophy	2.4	1.8	.023	
Distinctive Competence	1.9	1.8	Ns	
Desired Competitive Position	2.5	1.6	.001	
Competitive Strategy	1.9	1.4	.047	
Behaviour Standards	1.9	1.5	.087	
General Corporate Goals	2.0	1.9	Ns	
One Clear Compelling Goal	2.2	1.9	Ns	
Specific Financial Objectives	1.9	1.8	Ns	
Non-financial Objectives	1.8	1.8	Ns	
Specific Customers Served	2.3	1.8	Ns	
Specific Products Offered	2.6	2.0	.027	
Unique Identity	2.1	1.7	Ns	
Desired Public Image	2.5	1.8	.008	
Location of Business	1.8	1.9	Ns	
Technology Defined	1.7	1.5	Ns	
Concern for Survival	2.0	1.8	Ns	
Concern for Customers	2.3	2.3	Ns	
Concern for Employees	1.9	2.1	Ns	
Concern for Suppliers	1.6	1.2	.100	
Concern for Society	1.8	1.4	Ns	
Concern for Shareholders	1.7	1.5	Ns	
Vision Statement	2.1	1.9	Ns	

4.4 Mission statement rationales

Table 4 displays the results of the analysis concerning the ten mission statement rationales and firm innovativeness. Four mission rationales were observed to be used significantly more often in the case of innovative airlines than non-innovative airlines. These innovation-enhancing rationales were:

- 8 to define the scope of the business;
- 9 to help employees identify with the firm;
- 10 to create shared values; and
- 11 to inspire employees.

No other significant differences existed among the remaining mission statement rationales and airline innovativeness. However, it is worth noting again that two rationales (i.e. to create shared values and to inspire employees) were identical to those identified previously by Bart [8] as having a similar relationship with innovation.

Table 4 Mission 'rationales' for innovative vs. non-innovative firms

	Mission Rationales	Mean score: Innovative Firms	Mean score: Non-Innovative Firms	Significance (Two Tail T-test)
1	Common Purpose	4.1	3.7	Ns
2	Define Business Scope	4.3	3.3	.004
3	Allow Management (espy	3.9	3.1	Ns
	CEO) to Exert Control			
4	Set Behaviour Standards	4.1	3.6	Ns
5	Help Employees Identify with Firm	4.1	3.2	.019
6	Create Shared Values	4.4	3.5	.006
7	Ensure Interests of External Stakeholders not ignored	3.1	3.2	Ns
8	Inspire Employees	4.1	3.4	.024
9	Refocus in Crisis	3.2	2.7	Ns
10	Resource Allocation	3.3	2.7	Ns

5 Discussion and conclusions

5.1 Mission content that matters

The results of the analysis concerning the relationship between mission content and airline innovativeness (Table 3) are informative. They show that the more innovative an airline is, the more likely it is to contain certain mission components than others and the more likely these items will be *clearly stated*.

It is particularly interesting, however, to compare these results with those found in previous studies.

5.2 Points of similarity

Only two of the 'innovation-differentiating' mission components (i.e. competitive strategy and behavioural standards) were the same as those reported in an earlier investigation by Bart [8]. Airlines can compete on a multitude of dimensions but success generally only goes to those organizations that limit the battlefield by making some clear choices and that concentrate their resources around a few competitive weapons. Innovative airlines understand this and, in so doing, develop specific (and limited) criteria that help them focus their efforts more tightly – particularly around the development of new products and services. Consequently, while innovative organizations may produce fewer new services, more of the innovations they spawn eventually turn out to be successful.

With respect to behavioural standards, previous research by Bart [6] has established that the more certain innovation-enhancing behaviours are clearly specified in a mission statement (i.e. behaviours that are known to be correlated with new product success), the

more strongly they are associated with 'high' reported levels of those behaviours. The innovative airlines in this limited sample appear to know this simple truth and have embraced its adoption.

5.3 Points of departure

There are several points in which the findings of the current research are significantly different from the results of previous studies.

5.3.1 Innovation-enhancing mission components that are new

The current study discovered a number of mission components that were strongly (and positively) associated with innovative airlines – but, which had not been reported in previous studies. These included: statement of values; desired competitive position; specification of products and services; desired public image and concern for suppliers. A brief exploration of the possible reasons for and implications of these differences is in order.

5.3.2 Statement of values

The 'statements of values' found to exist in innovative airlines were generally more clearly specified on the importance of innovation than those within non-innovative carriers. This appears to be congruent with the notion that to become (and remain) an innovative company, innovation is something that, on its own, must be valued throughout the organization. For example, 'our edge is innovation' or 'continuously strive for perfection' were phrases typically found in the mission statements of innovative airlines. Such thoughts, however, were generally absent from the missions of non-innovative airlines.

5.3.3 Desired competitive position

This was the second mission component which appeared to differentiate the mission statements of innovative airlines and yet, which did not materialize in previous studies. While one might naturally assume that most airlines want to 'be number 1' in the markets in which they operate, such was not to be the case in the current sample. Few of the airlines that were classified as non-innovative held any such lofty goals or ambitions. Perhaps, it was because they had already given up. After all, the results in Table 2 suggest that the non-innovative firms experienced much more disappointing financial results. As a result, they may not hold much hope in terms of achieving greatness.

But, then again, maybe the reason for their failure to 'seek market domination' is that they simply do not understand the critical role that innovation and innovativeness can play in helping them become a leader in their industry. Innovative airlines, however, seem to feel and believe that major market success is indeed within their realm of possibility. But, they also know that the key to greatness is not through such mundane tactics as 'low prices' or 'clever advertising'. They recognize, instead, that a long-term and sustainable competitive advantage is achieved only through a constant stream of new – or improved – products and services.

5.3.4 Specific products offered

The innovative airlines in this study showed an unusually strong tendency to mention and specify their 'product definition and scope' significantly more often in their mission statements than non-innovative airlines. One major reason may be that they better understand the strategic principle of 'focus' i.e., for any business to be successful over the long term, it must concentrate its resources. Successfully innovative airlines establish the boundaries of the competitive playing field in which they intend to operate and, in so doing, declare: 'This is what we are going to do'. In choosing to take such an approach, innovative airlines gain a significant advantage over their non-innovative rivals in that they are better able to marshal, align and conserve their limited resources. And they do so in a way which guides the development of innovative ideas in a more productive and efficient manner.

5.3.5 Desired public image

This mission component concerns how an organization wants itself to be seen by others and it appears to be another way in which innovative airlines help keep their focus. By specifying how they want others to see them, innovative airlines inspire organizational members to develop and contribute ideas in innovative ways. Non-innovative competitors, on the other hand, do not have such a focus and, thereby, suffer the consequences.

5.3.6 Concern for suppliers

Of all the new components which appeared to distinguish the mission statements of innovative airlines, the most surprising was the category of 'concern for suppliers'. But upon reflection, it also seemed to make sense. This is because successfully innovative airlines tend to concentrate their resources on their 'core skills' – or the 'part' of their business. They don't try to own or manage the peripheral parts (e.g. catering) alone. Consequently, in the course of 'serving the customer', successfully innovative airlines tend to rely quite heavily upon their suppliers and view them as valuable sources of innovation and new ideas. The mission statements of innovative airlines expressed this viewpoint aptly with phrases such as: "our suppliers will share in our success" and "our suppliers must have an opportunity to make a reasonable and fair profit". The mission statements of non-innovative airlines, in contrast, did not.

5.4 Previously identified innovation-enhancing mission components that did not appear in this study.

The only previous study which examined specifically for the relationship between specific mission statement components and firm innovativeness is Bart [8]. Some of the mission components which he previously found to be significantly associated with innovation, however, did not materialize in the current investigation. There are two major reasons for this.

The first concerns those mission components within our innovative airlines whose 'degree of specification scores' were somewhat lower than the scores reported for innovative firms in Bart's earlier work – namely: one big goal; non-financial objectives;

concern for employees; concern for shareholders; and vision statement. Thus, by not specifying these mission components more clearly, the innovative airlines in this sample appear to be ignoring some of the important lessons that prior research has to offer. i.e. that certain mission components have been shown to be strongly associated with innovation and that if they are 'clearly specified', it might boost their innovativeness to even higher heights.

There is, however, a second reason for the failure to observe in the current study significant relationships among some of the mission components previously identified as innovation-enhancing. Among the non-innovative airlines investigated here, some of their reported 'mission specification scores' were found to be considerably higher than those identified earlier by Bart [8]. Those components were: specific financial objectives, technology defined; and concern for survival. One obvious explanation for this situation is that the 'word has finally gotten out' and that what we are now seeing is non-innovative airlines attempting to catch-up by specifying certain mission components more. And because there is probably a time lag between when a mission statement is changed and when the results of that change are clearly felt, it might be several years before firm members begin rating their organization as 'innovative'. Indeed, the average age of the mission statements (among the non-innovative firms in this study) was shown to be somewhat lower than those classified as innovative. It will, therefore, be interesting to see the longer-term effect that increasing the degree of specification for some mission components has on airline innovativeness. Future research will help address this question.

Unfortunately, though, there is also a negative side to 'spreading the word'. Some mission components might become 'commodities' and no longer be reliable indicators (i.e. differentiators) of firm innovativeness. The ability of researchers to detect significant performance differences associated with various mission components would, therefore, be reduced.

Interestingly, this seems to be what happened insofar as the mission component of 'concern for the customer' is concerned. At one time, the popular trend in mission statements emphasized 'increasing shareholder value'. Wise organizations, however, recognized that the key to outstanding financial performance lay with a passion for serving their customers. As a result, they built strong expressions of concern for their customers into their mission statements. Researchers later 'discovered' this phenomenon as an explanatory variable between high and low performance organizations. Academic publications spread the word. And because it was so easy for lazy firms to simply 'throw the right words into the missions', soon almost all mission statements contained some gaggle of glowing words extolling the need to meet and satisfy customer needs with excellence. For some, it was – and is – the truth. For many, though, it was just 'good P.R.'. We, therefore, lost a simple indicator that helped distinguish 'high' versus 'low' performance organizations. The same may also now be true for some of the mission components which prior research suggests as possible 'innovation markers'.

5.5 Mission drivers/rationales and firm innovativeness

As with previous studies concerning the relationship between mission rationales and firm innovativeness, the current investigation found only four rationales which appeared to make a difference (i.e., define the business scope; help employees identify with the firm; create shared values; and inspire employees). Interestingly, two of the rationales (i.e., creating shared values and inspiring employees) parallel the findings of a previous study

by Bart [8]. The logic behind this consistent preference for these two mission components is compelling, if not obvious i.e., innovative firms recognize that creativity and innovation come most easily and readily when employees are inspired, committed and passionate about the organization's purpose. And the more employees share the same dream, the greater the probability of achieving the results desired. "When geese fly in formation, the 'lift' is 72% greater" was how one airline executive put it to me. Non-innovative airlines, however, have yet to figure this out and, so, they continue to ignore the need for such cohesion in viewpoint and in values.

It was also interesting to observe how most of the innovation-enhancing rationales in this study appeared to find themselves expressed more fully and in greater detail in the actual mission statement components of the innovative airlines. In particular, the mission rationales of 'defining the scope of the business' can be traced directly to the significant mission component of 'specific products offered'. Similarly the mission rationales of 'developing shared values' and 'helping employees identify with the firm' can be linked directly to the mission component of 'values/philosophy'.

As with the previous study by Bart [8], the mission rationale of 'inspiring employees' could not be linked to any specific mission component. However, this desired outcome seems to be taking hold in that the results reported in Table 2 show innovative firms having significantly higher levels of committed employees than their non-innovative competitors: Innovative airlines, therefore, seem to be able to more successfully forge an emotional bond with their employees through their mission and in so doing influence employee behaviour.

6 Final thoughts

Good business sense dictates that firm performance is more likely to occur, or be improved upon, in innovative organizations. The results of the present study confirm this assumption, i.e., innovative airlines were more likely than their non-innovative counterparts to report higher levels of performance. Innovativeness in the airline industry, therefore, is beneficial for its members. The critical question then becomes: how can managers create and foster innovation within their organizations?

Mission statements have been shown to have great potential for improving firm operations and for keeping organizations focused on their long-term goals. As a management tool, mission is highly recommended by numerous authors [1,3,5,8,11,13,14,16,18]. Its high level of support is not surprising when one considers the important purpose and role that mission has been asked to fulfill: providing organizational focus [3,17]; influencing employee behaviour [16,17]; and improving firm performance [5].

The findings from the present study indicate that, as a managerial tool, not all mission statements (and the rationales used to formulate them) are equal. For the innovative and high performance airlines in our sample, not just any mission statement or driver will do. Airline managers, therefore, should consider carefully the significant mission components and drivers identified in this study (Tables 3 and 4) that have been shown to be associated with enhanced firm innovativeness.

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