Strategic Intent and its Implementation: Mission Impossible?

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Abstract
Are mission statements losing their lustre? Do companies use their mission statements as primary guiding force for developing and implementing customer-focused strategies, enabling them to deliver superior customer value while at the same time maximising their profits? Do companies create shared value for their customers (societal needs) while at the same time creating profits? Does the mission statement fulfil its additional role as foundation of corporate culture? Questions such as these provide the impetus for this paper, which uses Structural Equation Modelling to establish a causal link between mission statements and organizational behaviours aimed at building and delivering customer value. It finds that mission statement development is disconnected from its implementation in South Africa, where companies seem to use communication techniques such as public relations to manipulate customers in a cynical manner for chasing profits, rather than to build long-term customer value.

Keywords: communication, customer value, implementation, mission statement, strategic intent

1. Introduction
Companies worldwide are enjoying increased media attention for perceived malpractices and for generally ignoring good ethical standards in manufacturing and marketing. Perceptions that companies today choose short term profit above long-term value are increasingly expressed. These

perceptions persist and grow in spite of promises of superior customer value as encapsulated in mission statements. This introduces the question whether the mission statement as strategic tool is still useful. Desmidt, Prinzie and Decramer (2011) researched literature showing that mission statements do indeed still matter, but also find that there is insufficient empirical information about the effects of mission statements. This paper intends to contribute empirical insight to this shortfall against the background of organizations in South Africa who seem to be failing the promises implied in mission statements. It unfolds in three parts. Firstly, it presents a brief overview of literature on mission statements. Secondly, it develops an *a priori* model that shows the theoretical relationships between mission statement development and organizational outcomes. Thirdly, it uses Structural Equation Modeling (SEM) to empirically examine the reality in the South African context, based on data gathered from top companies in South Africa.

2. Literature Review

Designing and implementing a mission statement that positively influences organizational performance over the long term has been under discussion among scholars and managers ever since its introduction by Drucker (1974), who saw mission as the foundation of corporate strategy development and implementation. Recently, however, scholars and practitioners have started to question the deceptively simple concept of mission. Sidhu (2003:443) sees the influence of mission on organizational performance as 'an article of faith' and mentions an 'erosion of managerial confidence in mission statements'. He partly blames academics who have given little or no attention to mission implementation while generating much research on mission development, function, and role. In some cases, mission seems to be used primarily to create shared expectations from employees and customers, and not as strategic tool. Literature on the topic of mission statements is rich with problems, and may be grouped together into three main categories: terminology, content, and implementation.

There is uncertainty about mission statement terminology and definition. Kantabutra and Avery (2010) argue that the concept is not clearly defined. Leuthesser and Kohli (1997: 59) show different variations such as 'statement of purpose, value statement, corporate philosophy, corporate

creed', all used to name 'mission statement'. The fact that the term has so many synonyms may point to its usefulness, although it seems to be without specific focus. Hooley, Cox and Adams (1992) also call for clarification of terminology and definition, showing that this uncertainty has lingered for many years.

The content of mission statements also poses problems. Mission statements differ in content and effects on strategy (Sidhu 2003; Williams 2008), and external perceptions of it differ from internal intentions implied in such statements (Hooley *et al.* 1992). Bart (1997) points to a lack of managerial guidelines for drawing up mission statements. Hooley *et al.* (1992) discuss large variations in the composition and implementation of mission statements, and identify differences between practice and theory, how mission statements are formulated and what they contain, as well as the way in which mission statements are implemented.

The link between mission statement development and its implementation seems problematic. Scholars and managers find few direct associations between mission content and performance (Pearce & David 1987; Peyrefitte & David 2006; Zheng, Yang & McLean 2010). It is unclear why the mission statement is a valuable strategic management tool (Bartkus, Glassman & McAfee 2006) and there seems to be limited empirical evidence that would support the value of mission statements (Cravens, Greenley, Piercy & Slater 1997; Pearce & David 1987). Empirical evidence linking strategic planning positively to organizational performance is dichotomous at best (Bart 1997; Rudd, Greenley, Beatson & Lings 2008). This problem is partly attributed to the fact that financial performance is typically measured to the exclusion of other performances implied by the mission statement (Crotts, Dickson & Ford 2005). Sidhu (2003) shows that managers are not alone in struggling with mission statement development and argues that mission statement implementation received little if any scholarly attention.

It is the implementation of mission statements that enjoys particular attention from Desmidt *et al.* (2011: 480), who find that, while the mission statement still has academic relevance, the focus of research needs to shift to empirical enquiry into the causal relationships between mission statements and organizational benefits, since empirical research may identify those factors that are 'enhancing or hampering the effectiveness of mission statements'.

Despite problems articulated in literature and briefly discussed earlier

in this paper, the mission statement still matters (Hirota, Kubo, Miyajima, Hong & Park 2010:1147). Academic literature on mission statements and related subjects such as vision, strategy, and long range planning is unanimous in agreeing that the mission statement doubtlessly provides direction to the organization and its stakeholders. Pearce (in Palmer & Short 2008:455) states that the mission statement provides 'unity of direction' and creates 'shared expectations' among employees. It guides organizations in taking responsible action to ensure sustainable growth and profitability. Abell (2006) sees a mission as a short expression of the organization's fundamental purpose, and argues that it should be expressed in terms focusing on customers. To him, strategic alignment should be outward and inward-directed. He sees customer value as the result of processes, not single organizational entities or decisions. Customer value is the natural result of leadership contributing to partnerships between all actors in the supply chain, creating higher customer value while lowering costs – activities that all flow from the mission statement.

Mission is a strategic tool clarifying the business of an organization and articulating what it should be (Campbell & Yeung 1991; Stone 1996). Mission statements, the foundation and starting point of organizational planning (Bart 1997; Cochran, David & Gibson 2008; Sidhu 2003) are variously described as enduring (Cochran *et al.* 2008; Hooley *et al.* 1992), broadly defined and something that distinguishes organizations from others (Hooley *et al.* 1992). While adapting to changing environments, organizations adhere to values embedded in mission statements which simultaneously provide focus and articulate outcomes sought by those organizations (Sha 2009). Toftoy and Chatterjee (2004) also see mission as the cement of the organization's employee commitment establishing the values directed at a shared company goal. To them, mission should additionally reflect the organizational image. Mission establishes and maintains key values or attitudes towards customers, among others.

This is a challenge to managers in a world where environments are increasingly complex and unstable. To add to the challenges facing managers, society expects organizations to do more than make a profit. Galbreath (2009) argues that top management needs to anticipate social issues that may have an effect on strategy, and to plan accordingly. He differentiates between the organization's explicit responsibilities such as return on investment, legal operations and job creation on the one hand, and society's implicit

expectations of business such as labour and environmental standard-bearing on the other. One of the ways in which this explicit/implicit gap is bridged is through Corporate Social Responsibility (CSR). Lee, Fairhurst and Wesley (2009) state that CSR in organizations is increasing in importance with organizations seeking to integrate social and environmental concerns into their day-to-day operations. This aspect of CSR resonates with the social and environmental metrics implied by the Balanced Scorecard (BSC) as well as triple bottom line reporting calling for a balance between social, financial, and environmental concerns as articulated in the King II Report and elaborated on in King III in South Africa (Baker 2010). The King reports (as well as the anticipated King IV Report) argue for a strong role for internal auditing, and call for balanced measurements of organizational activities limited not only to financial reporting. Lee *et al.* (2009) show that CSR is finding a foothold in culture and strategy formulation, and suggest that CSR has positive influences on corporate performance. An important finding of their research is that CSR initiatives, if successfully communicated, may contribute to the organization's overall competitive advantage – thereby showing that a social conscience may yield tangible corporate performance results. CSR has been the traditional responsibility of the public relations or communication departments in organizations, a responsibility questioned by Porter and Kramer (2006). To them, CSR could be a major driver of the success of organizational mission statement implementation. If CSR is integrated well into the fabric of the organization, and if it is communicated effectively, it may contribute greatly to the fulfilment of strategic intent. Short-term financial gain should be balanced with the requirements of long term value creation as encapsulated in the strategy and as implemented throughout the organization. Communication should, according to them, play the role of catalyst in creating such long term strategic value.

Cochran *et al.* (2008) also propose that communication is an important aspect of mission implementation, and emphasize the practical nature of mission as a foundation of strategic management. Effective communication is a crucial element in mission development and implementation and a communication analysis should be included in the mission development stage. Ineffective communication in turn is detrimental to the implementation of the BSC approach (Chen & Jones 2009). They find that employees do not accept the BSC readily, mostly attributable to a lack of communication which leads to incorrect perceptions. They show that

customer satisfaction is a leading indicator of financial performance, but question whether the BSC approach has sufficiently developed information and organization capital to achieve customer satisfaction. They emphasize the importance of communication in order to help employees understand requirements of the BSC approach, and to understand its benefits, which in turn aids in motivating employees to adapt their behaviour accordingly. Panda and Gupta (2003) also recommend that the mission should be communicated effectively throughout the organization and to all stakeholders. They propose the development of communication networks specifically aimed at communicating the organization's mission.

Communicating the mission effectively is included in the BSC approach, which is seen as a mechanism that could help management to turn strategy into action, chiefly because of the fact that it employs financial as well as non-financial measures, and because it emphasizes the link between strategy and operations (Crabtree & DeBusk 2008). Kaplan and Norton (2001), originators of the BSC approach, warn that successful strategy depends on the effective communication of that strategy throughout the entire organization.

However, while the BSC approach has yielded results that are not only positive but also consistent, little has been said about the processes driving these results (Thompson & Mathys 2008). They propose an Aligned Balanced Scorecard (ABSC) that enhances the BSC. This might address problems in the BSC that relate to: 1) lack of central processes, 2) lack of understanding of the alignment of scorecard items, 3) a need to measure those activities that are relevant to mission statement implementation, and 4) a need to understand how the organization's strategy affects BSC elements (Thompson & Mathys 2008). The ABSC emphasizes processes driving organizational performance. Zheng *et al.* (2009) agree with these authors, and cite a lack of understanding of those mechanisms that help to translate plans into outcomes. These authors, like Thompson and Mathys (2008), argue for the use of knowledge management (including organizational learning) as a strategy for implanting strategy, and see knowledge management as an antecedent to organizational effectiveness and an intervening mechanism between planning and effective outcomes. White (2010) emphasizes that management's intentions and high stakeholder involvement are essential to successful strategy creation. Strategic performance measurement systems (SPMSs) such as the BSC may influence strategy formulation even though

they are intended to measure (aspects of) strategy implementation, argue Gimbert, Bisbe and Mendoza (2010). They find empirical evidence supporting their hypothesis that SPMSs impact not only on strategy implementation, but also on its formation, suggesting a form of feedback from output stage to input stage. Berry, Coad, Harris, Otley and Stringer (2009) identify communication as problematic and propose research into control systems measuring, inter alia, communication effectiveness in the BSC process. The development of more effective communication is directly in line with what is called for by the Symmetry Theory developed originally by Grunig and Grunig (Sha 2009). Symmetry in communication deals broadly with the willingness of organizations to change themselves while simultaneously striving '*to change its stakeholders*' (Sha 2009:300).

Crotts *et al.* (2005) recommend a mission audit as the starting point for aligning organizational actions with promises implied in the mission. They argue that such an audit will benefit an organization in which its activities are well-aligned with its mission and propose that management should audit every organizational activity to ensure that a single message is sent to employees and customers alike. This is one of the core functions of organizational communication. Hirota *et al.* (2010:1135-1136) underline the importance of communication when they describe the mission statement as: *'a tool to articulate the management's beliefs, convictions, perspectives and approaches in regard to the firm's purpose, social responsibility and achievable inspiring goals'*. Since the mission statement may have an effect on the behaviour of employees (Bart 1997) such an audit may help to improve organizational performance. It becomes clear that effective communication may well act as a catalyst for mission statement implementation throughout the organization. Bartkus, Glassman McAfee (2004) strongly suggest that mission statement implementation should pay heed to its role in communicating direction, assisting in control, guiding decision making, and motivating employees.

While academics agree on the importance of mission statements, and devote much attention to its construction and development, implementation receives little attention (Bart 1997). To Bart, behavioural performance measures should be linked to mission statement drivers such as common purpose, creating shared values and inspiring employees. He calls for more research into motives driving mission statements. Guo, Duff and Hair (2010) find that shared values and customer orientation are antecedents of

commitment which, in turn, leads to positive organizational results. Sidhu (2003) likewise argues that prevailing scepticism about mission statements results from lack of agreement among scholars about core components of mission statements and a lack of attention to the process of mission statement implementation. He supports Bart (1997) in calling for more empirical research into the link between mission statement and performance. More research is needed to understand the intervening mechanism that explains how organizational strategy (including mission) affects the effectiveness (that is, outcomes) of organizational actions (Zheng *et al.* 2010). In addition, Williams (2008) argues that more exploration is needed in finding the causality between mission statement development and performance.

Thus, while mission statements may be losing their attractiveness to managers and scholars owing to terminological confusion, disagreement about content, and lack of proof of its effectiveness, it has not yet been discarded completely, since there is compelling evidence that mission statements do improve organizational performance. The problem at this stage is that there is not much empirical enquiry into the links between mission statements and organizational benefits, as Desmidt *et al.* (2011) point out.

Empirically exploring mission statements and understanding their role in South African organizations is the main aim of this paper. It examines mission statements in top South African companies.

3. An *A Priori* Model

The literature review provided several insights on the role of mission statement, communication, implementation, and measurement. These insights are found in four major stages:

Mission: The successful organization is profit-oriented, while not losing sight of its long-term strategic intent, which is formulated and motivated by its mission statement.

Communication: The successful organization provides communication structures and processes that are sufficient to communicate the mission to all stakeholders inside and outside the organization, feed relevant customer information to all departments, assist in building positive

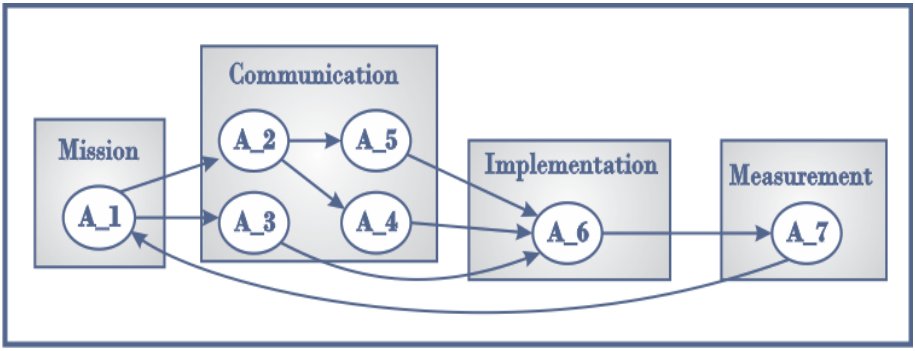
customer perceptions, and act as a catalyst for successful mission statement implementation.

Implementation: In carrying out its various tasks to ensure customer value, the organization takes care to control the implementation of mission statements by carrying out regular and thorough checks to ensure successful mission statement implementation.

Measurement: The successful organization uses correct and relevant measurement tools to ensure that the implementation of mission statements remains relevant to organizational goals (BSC and CSR).

The starting point of mission implementation is the long term strategic view of the organization itself and its short-term profit outlook, which is balanced by a socially responsible orientation. Our *a priori* model, based on the assumptions discussed above, is proposed in **Figure 1** below. This model aims to illustrate the effects of mission statement on organizational strategy, and is therefore named the 'Mission effects model'. Directed arrows are used to show the direction of causality.

Figure 1: *A Priori* Model



The various components of the *a priori* model above, ranging from A_1 to A_7, are explained as follows:

- A_1: Mission development
- A_2: Communicating mission

- A_3: Organizational view of customers/customer perception
- A_4: Actual customer perception
- A_5: Public relations activities
- A_6: Implementation of mission
- A_7: Measurement and feedback of results

4. Methodology

Using the model outlined here, we constructed a questionnaire with questions aimed at addressing each of the components of this model. The questionnaire was distributed by e-mail and data collated. During June and July 2010, the questionnaire was sent to senior and top managers of large South African companies and multinationals operating in South Africa. About 7 000 interviewees were identified. Just more than 2 000 responses were received of which 1 200 were judged as usable.

The questionnaire was based in large part on the questionnaire used by Venter (2009), which we regarded as a pilot study. The questionnaire was fine-tuned to fit the *a priori* model, which was tested using a very small sample. A research agency made several recommendations, resulting in a shorter and more compact questionnaire that would yield a higher response rate given that it was sent out in e-mail format. After refining some of the questions, it was pilot-tested by e-mail. The pilot test yielded a few small issues that were solved before it was finally sent out to respondents. The final questionnaire contained 48 Likert-scale type questions ranging between 1 (strongly disagree) and 7 (strongly agree). The questions were designed to establish the opinions of managers in large South African companies and multinationals operating in the country. These questions addressed topics ranging from consumer knowledge and perception to strategic and operational issues.

The database used for the analysis yielded a Kaiser-Meyer-Olkin measure (Kerns 2007) of sampling adequacy of 0,8498 and indicates a degree of common variance which is described as meritorious. That is, if a factor analysis is used, the extracted factors will account for a substantial amount of the variance. **Table 1** shows Cronbach's alphas of the different latent variables identified by factor analysis. It should be remembered that Cronbach's α may over- or underestimate reliability (Raykov 1997; 1998).

Table 1: Cronbach's Alphas for Estimated Latent Variables

	Raw alpha	std. alpha	G6(smc)	Average r	mean	sd
A_1	0.9	0.9	0.88	0.71	3.0	1.4
A_2	0.68	0.68	0.63	0.35	3.2	1.1
A_3	0.67	0.68	0.61	0.36	2.8	0.9
A_4	0.85	0.86	0.76	0.76	2.6	1.2
A_5	0.62	0.65	0.56	0.38	2.2	0.91
A_6	0.8	0.8	0.73	0.56	3.4	1.4
A_7	0.69	0.69	0.65	0.37	3.1	0.59

Source: Own calculations

Structural equation modeling (SEM) has become the technique of choice for researchers in behavioral sciences (Hooper, Coughlan & Mullen 2008; Hox & Bechger 1998). First of all it tries to validate the measurement model (CFA) and then fit the structural model (Garson 2010). SEM attempts to best represent the underlying theory based on data. The typical use of SEM is to generate a model for which only a tentative model serving as the theoretical construct has been extricated from theory. SEM is thus used to test causal relationship as predicted by means of theory using a set of variables to demonstrate the fitness of the hypothesized model using a number of goodness of fit statistics (Chang 2010).

The strength of SEM is that it enables researchers to distinguish between direct and indirect relationships between variables (measurement model) and to estimate relations among latent variables in the structural model. The estimated relationships do not imply causality (Suhr 2006). Causality is established in the theoretical construct or model and tested with SEM. The flexibility of SEM allows the modelling of complex data structures which was impossible with traditional regression techniques. SEM is based on an *a priori* theoretical construct, the collecting of the appropriate data, the regression or path coefficients between latent variables or factors, and the types of covariance between the observed variables. The challenge is to 'fit' the data to the theoretical construct (Hooper *et al.* 2008; Hox & Bechger 2006).

The ideal sample size required for estimating SEM is 20 respondents for each parameter estimated in the model. Maximum likelihood estimation

produces good results, but requires large sample sizes, usually more than 400 cases (Hox & Bechger 2006).

Two types of variables are used in SEM. Firstly, those variables measured by means of a questionnaire and latent variables which are implied and not measured. A latent variable is usually defined by the common indicators used to construct it (Suhr 2006). Latent variables are used when it is not possible to measure variables directly (Valuzzi, Larson & Miller 2003). The parameters of SEM are regression coefficients, variances and covariances among variables and latent variables.

An *a priori* model based on the underlying theory tests for a specific hypothesis and, when deemed to fit the data, the estimated coefficients can be interpreted. There are many goodness-of-fit measures, each measuring different aspects of fit. The following tests are often recommended (Zhu, Walter, Rosenbaum, Russel & Raina 2006):

The overall chi-square statistic tests the null hypothesis that the theoretical model fits the data. The chi-square statistic is sensitive for large sample sizes and will consistently reject the null-hypothesis of a good fit when using a large sample size.

The root mean square error of approximation (RMSEA) should be smaller than 0,05. The RMSEA is concerned with how well the given model approximates the theoretical model.

The Bentler/Bonnet non-normed Fit Index (NNFI) should exceed 0,9 and a statistic greater than 0,95 is considered a good fit (Hox & Bechger 1998).

Bentler's Comparative Fit Index (CFI) should exceed 0,9 and a statistic of greater than 0,95 is considered a good fit (Hox & Bechger1998).

The Root Mean Square Residual (RMSR) should not exceed 0,05 to ensure a good fit.

Modification indices are used to guide the improvement of the fitted model, which allow for the addition of parameter that will improve the fit or deletion of not-significant parameters (Hox & Bechger 1998). Modification indices should be used with care as long as they can be justified theoretically. The theoretical model is used as the basis for data analysis, which then yields modification indices, which are used in turn to improve the fit of the data model. After each modification, a new theoretical construct must be verified.

SEM is criticized for its assumption of normality and sample size and causal interpretation. Correlation does not imply causality. Normality of data

is a problem, which can only be solved statistically. Sample based indicators require rather large samples, thus increasing the cost of research. The best conclusion possible from SEM results is that that the theoretical construct is corroborated by the data (Hox & Bechger 1998).

CFA is used as a first step to assess the proposed measurement model in an SEM (Garson 2010). Many of the rules of interpretation regarding assessment of model fit used in SEM apply equally to CFA. CFA differs from SEM because in CFA there are no directed arrows between latent variables only. CFA is called the measurement model, while the SEM with its relations between latent variables (with directed arrows) is called the structural model. In CFA, hypotheses are tested based on prior theoretical notions, between latent variables (Garson 2010).

The CFA model statistics are reported in **Table 2** (See **Appendix A**). Statistics like the CFI, LTI and SRMR are well within the range of acceptability. The RMSEA is just outside the critical point of acceptability (<0.05). The large number of observations (1200) will bias the Chi-square statistics and should be ignored. In general it is possible to conclude that CFA confirms that the indicators are sorted into workable latent variables.

Table3 (See **Appendix B**) reports the different regression coefficients, types of variance and types of covariance among variables used in the CFA analysis. All of the estimated coefficients are statistically significant, which is further confirmation that the measurement model is working fairly well.

Table 4 (See **Appendix C**) depicts the test-statistics for the SEM. All statistics are within the acceptance ranges, except the reported chi-squared statistics, but this a typical problem experienced with SEM modelling when large sample sizes are used. In general, these results confirm that the obtained SEM is fitting the data reasonably well.

The SEM is the structural model searching for relations between latent variables (with directed arrows). An SEM cannot draw causal arrows or explain causal ambiguities (Garson 2010). Theoretical insight and judgment by the researcher is needed, especially when the structural model is estimated. Theoretical insights now provide important guidance on causal relationship as indicated in the literature review.

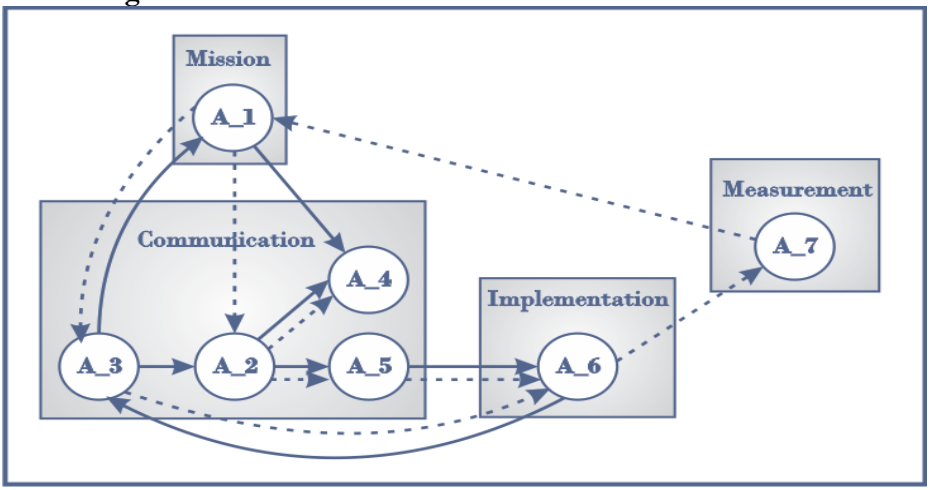
Table 5 (see **Appendix D**) reports the different regression coefficients, types of variance and types of covariance among variables used in the SEM analysis. All of the coefficients are statistically significant, which

is further confirmation that the measurement model is clearly statistically significant and useful.

5. Results

The final structural model that was estimated using SEM, based on the *a priori* model already discussed, using directed arrows, is illustrated in **Figure 2** below. The broken arrows represent the a priori model, while the solid arrows represent results in the estimated SEM.

Figure 2: Estimated SEM Model



The estimated model in **Figure 2** above differs significantly from the postulated theoretical model. The estimated model shows that customer perception information rather than mission statement drives organizational activities. That is, a customer satisficing model is followed. The data suggest that customer perception information drives mission statement implementation, but that mission statement implementation does not drive customer perception knowledge. South African companies all do have mission statements, and do pay some attention to the mission (at least by ensuring that it is written and communicated). It seems as if the mission statement is used more as a necessary checklist item rather than the

motivational and direction-giving force that it potentially could be. Positive results from mission statement implementation are largely ignored as is evident from the fact that mission statement outcomes are not measured. Positive results from mission statement implementation are therefore largely lost. A further concern is that mission statement development is not influenced by measurement results (such as BSC), that is, there is no feedback from measurement to mission. This reflects negatively on the ability of South African organizations to align their short run financial gains with long run customer value creation.

Estimated results suggest that the mission is not communicated effectively as there is no link between A_1 and A_2. Communication of the mission is strongly driven by customer perception information (A_3). Although the mission is definitely communicated to internal and external stakeholders, it is not based on strategic intent, but rather some customer perception information. Communication seems to be one-directional and is used to burnish the organization's reputation and its actions. Communication is therefore used chiefly as a tool of persuasion and possibly manipulation, thereby giving credence to accusations that public relations is involved in spin doctoring rather than genuine information sharing.

Customer perception information (A_3) and not mission statement (A_1) forms the critical pivot in the estimated model. Customer perception information is driven by implementation (A_6); production not customer value drives customer perception information which in turn drives mission (A_1) and communication of mission (A_2). Customer perception information, so critical to the customer-focused organization, is used to shape customer perceptions about product and price, thereby indicating a production- and selling-driven focus in South African organizations. This would invariably result in customer perceptions being shaped for purposes of persuasion and not meaningful value-creating dialogue.

In the eyes of South African organizations, customers do not understand their products, have unreasonable expectations, and are not sufficiently informed. This viewpoint of the customer, jaundiced as it is, is at a far remove from a genuine customer focus. The accusations against South African companies reflected in so many media therefore seem to be true: the customer is the source of profit, and should be manipulated to provide maximum profit at minimum effort to the organization. CSR alone may not correct this problem. This alarming view of the customer as irritation may

well explain the cynical behaviour of organizations that treat customers as if they were lambs to be slaughtered and not partners in the process of value creation.

Given that the data so far points to a one-directional use of communication as manipulation it is perhaps not surprising that the data show public relations to be a welcome partner, but a partner that can be used to protect the organization from bad press and to manipulate customers and other stakeholder groups. Public relations it seems is a welcome spin doctor, but is not seen as a partner in the value creation process.

Mission statements in South Africa do not act as compelling force but rather as an item on a checklist. Communication regarding the mission statement with all stakeholders is not controlled through measurement, showing that mission statement implementation is a low priority. Organizations in South Africa have no clear profit orientation, view customers with jaundiced eyes, and use communication to manipulate customers and other stakeholders rather than engage them in meaningful dialogue resulting in superior value for all.

The absence of links implied in the *a priori* model from A_6 to A_7 to A_1 is a cause of major concern. This suggests that South African organizations are not learning organizations. They do not, in the main, use their performance measurement metrics (such as BSC) to fine-tune their mission statements, which once again confirms that short term financial gains are much more important than long term customer value creation.

A customer satisficing model for mission statement implementation is designed to keep the customer reasonably happy without providing the promised service or product as implied in the mission. Communication adopts a two-faced role of convincing customers about product/service quality, and to convince them that what they received, although not as promised in the mission, is still satisfactory. This is manipulation of the customer and not true value creation.

6. Conclusions and Recommendations

In light of the problems associated with mission development and implementation discussed in the introduction of this paper, it is not difficult to understand the problems identified in the previous section.

The South African consumer is clearly not the most important

concern to organizations. While all organizations do have mission statements, and while they do seem to go to some lengths towards implementing them, full measurement of the effects of mission statement as a primary guiding force for developing and implementing customer-focused strategies is non-existent.

Communication between organizations and their customers (as well as other stakeholders) is based only on one-directional persuasion aimed at extracting profit, and not on creating real stakeholder value. Indeed, the only stakeholder whose interests are wholly served is the shareholder.

The most significant observation is that Measurement (A_7) is not linked to any mission-related activity (mission, communication, implementation, measurement) showing clearly that South African companies do not pay attention to ensuring that the mission is properly implemented. There is a definite disconnection between mission statement and its successful implementation, thus supporting the notion that the mission statement seems to lose its lustre or was never really part of strategic management. Without a genuine managerial effort to ensure proper alignment of organizational values with a strong customer focus, it is clear that the customer, at least in South Africa, is not yet king.

Managers will therefore benefit from an audit of mission implementation in their respective organizations in order to establish to which degree they fail to implement their mission statements. Should they discover a similar disconnection between mission statement and implementation, they would be well-advised to take corrective action to ensure maximum strategic benefit.

It is recommended that further studies of this nature be repeated with the objective to increase understanding of why measurement fails to play a significant role in realizing strategic intent. An important element of this research must be based on improved data collection, especially the design of more appropriate questionnaires used for typical SEM analysis. It is also important to understand why implementation plays such an all-important role in South African organizations. South African companies may have reversed the good order of mission driving implementation to that of implementation driving or ignoring mission. Estimating the impact of the King Reports on business practices is of utmost importance, and should be done urgently. Are organizations capturing the essence of recommendations in these reports, or are they merely doing the minimum required, amounting to so much window

dressing? International comparative studies would also yield important information on these essential issues.

The mission statement in the firm must play the role for which it is designed. If it is merely used as a compliance tool, then it will not deliver intended effects to the organization. In such a case, the problem needs to be addressed by management. The failure of managers to use mission statements as intended may result from two sources: firstly, the deliberate use of the mission statement as a spin doctoring tool, and secondly, a lack of knowledge about mission statements and mission implementation. The latter problem is easy to solve through additional training and education. The former problem is quite complex and may not be easily solved, especially because it would require managers to change their attitudes.

Creating long-term customer value is the victim of short-term financial gains in South Africa. In the process of subjugating real customer value to shareholder value, the mission statement is relegated to the role of supporting actor in organizational management. Indeed, in South Africa, mission statements have lost their lustre, and mission development and implementation have become, in that country at least, a true Mission Impossible.

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Appendix A

Table 2: CFA Results – Model Statistics

Item		Statistic
Model converged normally after 66 iterations using ML		
Minimum Function Chi-square		495.106
Degrees of freedom		104
P-value		0
Chi-square test baseline model:		
Minimum Function Chi-square		7975.003
Degrees of freedom		136
P-value		0
Full model versus baseline model:		
Comparative Fit Index (CFI)		0.95
Tucker-Lewis Index (TLI)		0.935
Loglikelihood and Information Criteria:		
Loglikelihood user model (H0)		-32749.5
Loglikelihood unrestricted model H(1)		-32501.9
Akaike (AIC)		65597.028
Bayesian (BIC)		65846.442
Root Mean Square Error of Approximation:		
RMSEA		0.056
90 Percent Confidence Interval	0.051	0.061
P-value RMSEA <= 0.05		0.023
Standardized Root Mean Square Residual:		
SRMR		0.046

Appendix B

Table 3: CFA Results – Coefficient Estimates

Variable	Estimate	Std.err	Z-value	P(>|z|)	Std.lv	Std.all

Latent variables:						
f1 =~						
sd7	1				1.097	0.702
sd6	0.982	0.064	15.383	0	1.077	0.656
sd10	0.741	0.055	13.355	0	0.813	0.508
se2	0.67	0.05	13.462	0	0.735	0.514
f2 =~						
sb6.1	1				1.396	0.877
sb7.1	0.953	0.027	34.957	0	1.33	0.806
sb8.1	0.972	0.024	40.36	0	1.357	0.879
sc6.1	0.912	0.025	35.951	0	1.273	0.82
f3 =~						
sb3.1	1				1.391	0.762
sc3.1	0.551	0.062	8.861	0	0.767	0.457
f4 =~						
se5.1	1				1.284	0.908
se4.1	0.74	0.031	24.083	0	0.95	0.839
f5 =~						
sa5.1	1				0.901	0.734
sa4.1	0.66	0.04	16.659	0	0.595	0.646
sa3.1	0.738	0.056	13.189	0	0.665	0.47
f7 =~						
sb2.1	1				1.148	0.807
sb1.1	0.941	0.042	22.33	0	1.08	0.832
Latent types of covariance:						
f1 ~~						
f2	0.329	0.057	5.766	0	0.215	0.215
f3	-0.192	0.067	-2.868	0.004	-0.126	-0.126
f4	0.182	0.052	3.476	0.001	0.129	0.129

f5	0.209	0.042	4.93	0	0.211	0.211
f7	0.397	0.052	7.621	0	0.315	0.315
f2 ~~						
f3	0.58	0.077	7.505	0	0.299	0.299
f4	0.586	0.061	9.547	0	0.327	0.327
f5	0.513	0.051	10.161	0	0.408	0.408
f7	0.801	0.063	12.727	0	0.5	0.5
f3 ~~						
f4	0.846	0.076	11.071	0	0.474	0.474
f5	0.436	0.058	7.465	0	0.348	0.348
f7	0.597	0.07	8.557	0	0.374	0.374
f4 ~~						
f5	0.639	0.05	12.672	0	0.552	0.552
f7	0.527	0.055	9.593	0	0.358	0.358
f5 ~~						
f7	0.619	0.049	12.611	0	0.599	0.599
Latent types of variance:						
f1	1.203	0.109	11.032	0	1	1
f2	1.949	0.104	18.747	0	1	1
f3	1.934	0.239	8.079	0	1	1
f4	1.649	0.1	16.553	0	1	1
f5	0.812	0.068	11.965	0	1	1
f7	1.318	0.092	14.384	0	1	1
Residual types of variance:						
sd7	1.237	0.084	14.707	0	1.237	0.507
sd6	1.538	0.092	16.779	0	1.538	0.57
sd10	1.897	0.09	21.087	0	1.897	0.742
se2	1.506	0.072	20.982	0	1.506	0.736
sb6.1	0.586	0.035	16.629	0	0.586	0.231

sb7.1	0.955	0.047	20.201	0	0.955	0.351
sb8.1	0.544	0.033	16.491	0	0.544	0.228
sc6.1	0.793	0.04	19.737	0	0.793	0.328
sb3.1	1.394	0.213	6.547	0	1.394	0.419
sc3.1	2.227	0.11	20.197	0	2.227	0.791
se5.1	0.353	0.061	5.827	0	0.353	0.176
se4.1	0.38	0.036	10.637	0	0.38	0.296
sa5.1	0.696	0.049	14.12	0	0.696	0.462
sa4.1	0.493	0.027	18.085	0	0.493	0.582
sa3.1	1.561	0.071	22.086	0	1.561	0.779
sb2.1	0.703	0.057	12.367	0	0.703	0.348
sb1.1	0.52	0.048	10.747	0	0.52	0.308

Appendix C

Table 4: SEM Results – Model Statistics

Item		**Statistic**
Model converged normally after 88 iteration using ML		
Minimum Function Chi-square		316.324
Degrees of freedom		95
P-value		0
Chi-square test baseline model:		
Minimum Function Chi-square		7975.003
Degrees of freedom		136
P-value		0
Full model versus baseline model:		
Comparative Fit Index (CFI)		0.972
Tucker-Lewis Index (TLI)		0.96
Loglikelihood and Information Criteria		
Loglikelihood user model (H0)		-32660.1
Loglikelihood unrestricted model (H1)		-32502

Akaike (AIC)		65436.25
Bayesian (BIC)		65731.47
Root Mean Square Error of Approximation		
RMSEA		0.044
90 Percent Confidence Interval	0.039	.049
P-value RMSEA <= 0.05		0.965
Standardized Root Mean Square Residual:		
SRMR		0.035

Appendix D

Table 5: SEM Results – Coefficient Estimates

Variables	**Estimate**	**Std.err**	**Z-value**	**P(>|z|)**	**Std.lv**	**Std.all**
Latent variables:						
f1 =~						
sd6	1				0.872	0.531
sd7	1.036	0.075	13.912	0	0.904	0.579
sd10	1.016	0.098	10.362	0	0.886	0.554
se2	0.929	0.089	10.428	0	0.81	0.569
f2 =~						
sb6.1	1				1.392	0.875
sb7.1	0.952	0.027	34.88	0	1.324	0.805
sb8.1	0.974	0.024	40.186	0	1.355	0.879
sc6.1	0.911	0.026	35.69	0	1.267	0.818
f3 =~						
sb3.1	1				1.332	0.737
sc3.1	0.574	0.065	8.827	0	0.765	0.456
f4 =~						
se4.1	1				0.893	0.796
se5.1	1.5	0.071	21.051	0	1.34	0.95

f5 =~						
sa3.1	1				0.591	0.418
sa4.1	0.937	0.077	12.152	0	0.554	0.604
sa5.1	1.53	0.138	11.092	0	0.905	0.741
f7 =~						
sb1.1	1				1.083	0.836
sb2.1	1.05	0.049	21.238	0	1.137	0.8
Regressions:						
f1 ~ f3	-0.125	0.036	-3.512	0	-0.191	-0.191
f2 ~ f4	0.22	0.052	4.194	0	0.141	0.141
f2 ~ f7	0.762	0.077	9.906	0	0.593	0.593
f3 ~ f4	0.525	0.063	8.346	0	0.352	0.352
f4 ~ f5	0.84	0.089	9.48	0	0.556	0.556
f5 ~ f1	0.224	0.04	5.607	0	0.33	0.33
f7 ~ f5	2.456	0.36	6.831	0	1.341	1.341
Residual types of covariance:						
sd6 ~ sd7	0.496	0.083	5.987	0	0.496	0.193
sb6.1 ~~ sb1.1	0.069	0.025	2.815	0.005	0.069	0.034
sb3.1 ~~ sb2.1	0.154	0.051	2.999	0.003	0.154	0.06
se2 ~~ se4.1	0.22	0.04	5.539	0	0.22	0.138
se2 ~~ se5.1	0.185	0.048	3.854	0	0.185	0.092
se2 ~~ sa4.1	0.135	0.031	4.374	0	0.135	0.103
sb3.1 ~~ sa4.1	-0.138	0.036	-3.812	0	-0.138	-0.083
sb7.1 ~~ se4.1	-0.081	0.022	-3.685	0	-0.081	-0.044
se2 ~~ sa5.1	0.109	0.041	2.623	0.009	0.109	0.063
se2 ~~ sb8.1	0.055	0.039	1.419	0.156	0.055	0.025
se2 ~~ sc6.1	0.082	0.042	1.961	0.05	0.082	0.037
se2 ~~ sb6.1	0.041	0.04	1.024	0.306	0.041	0.018

se4.1 ~~ sa5.1	0.12	0.023	5.183	0	0.12	0.088
sa3.1 ~~ sa4.1	0.159	0.034	4.657	0	0.159	0.122
f5 ~~ f7	-0.482	0.113	-4.271	0	-0.753	-0.753
f3 ~~ f5	0.196	0.038	5.129	0	0.249	0.249
f2 ~~ f7	-0.224	0.074	-3.049	0.002	-0.149	-0.149
Residual types of variance						
sd6	1.938	0.109	17.755	0	1.938	0.718
sd7	1.623	0.099	16.393	0	1.623	0.665
sd10	1.773	0.098	18.108	0	1.773	0.693
se2	1.369	0.078	17.53	0	1.369	0.676
sb6.1	0.593	0.036	16.7	0	0.593	0.234
sb7.1	0.95	0.047	20.176	0	0.95	0.351
sb8.1	0.541	0.033	16.397	0	0.541	0.228
sc6.1	0.797	0.04	19.763	0	0.797	0.332
sb3.1	1.495	0.2	7.478	0	1.495	0.457
sc3.1	2.229	0.111	20.131	0	2.229	0.792
se4.1	0.461	0.038	12.044	0	0.461	0.366
se5.1	0.192	0.075	2.55	0.011	0.192	0.097
sa3.1	1.653	0.075	22.121	0	1.653	0.825
sa4.1	0.536	0.029	18.631	0	0.536	0.635
sa5.1	0.672	0.052	12.924	0	0.672	0.451
sb1.1	0.506	0.051	9.872	0	0.506	0.301
sb2.1	0.726	0.06	12.166	0	0.726	0.359
f1	0.751	0.106	7.056	0	0.988	0.988
f2	1.458	0.091	16.027	0	0.753	0.753
f3	1.419	0.206	6.877	0	0.799	0.799
f4	0.565	0.041	13.938	0	0.708	0.708
f5	0.33	0.053	6.192	0	0.945	0.945
f7	1.404	0.314	4.474	0	1.197	1.197

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