

# Influence of Vision and Mission Statement on Organizational Effectiveness: An Appraisal of a Private Sector Experience in Nigeria.

Sotunde Olalekan Anthony

University of Agriculture, Abeokuta, Abeokuta, Nigeria.

E-mail: [sotundeolalekan@gmail.com](mailto:sotundeolalekan@gmail.com)

Telephone: +234-8038548266, 08189428430

## ABSTRACT

The role of a vision and mission statement in an organization has been observed to be central to the organization's direction as it determines the relevance of actions or otherwise for such an organization. The influence of these factors is investigated with private sector experience. Primary data was collected with a well structured questionnaire and analyzed with descriptive statistics while hypothesis formulated was tested with Pearson Product Moment Correlation (PPMC). The result revealed that vision and mission statement are essential if any organization will survive the unfavorable business environment in Africa.

(Keywords: PPMC, Pearson Product Moment Correlation, management decisions, organizational management)

## INTRODUCTION

The importance of vision and mission statements on organizational effectiveness cannot be over-emphasized. No organization can be established without certain objectives which the organization wants to achieve. An organization cannot fully achieve its reasons for existence without a proper definition of its vision and mission statements, hence vision and mission statements can be said to be a catalyst or driving force in any organization activities.

Visions are ideals that represent or reflect the shared values to which the organization should aspire. House and Sashkin (1988) defined vision as the projected mental image of products, services and organizations that a business leader wants to achieve as "an ideal and unique image of the future". The vision is as the leadership defines

it, because it was the leaders' actual vision which guided choice and actions.

Mission statements refer to documentation of activities of an organization. It is the guiding light that shines and gives guidance and direction in all organizational activities (Shashkim, 1988).

Strategic visions and company mission statements are always highly personalized. Generic statements applicable to any company or to any industry have no managerial value. A strategic vision/mission statement sets an organization apart from others in its industry and gives it its own special identity, business emphasis, and path for development.

Sometimes companies mistakenly couch their mission in terms of making profit; however, profit is more correctly an objective and a result of what the company does. Their desire to make profit says nothing about the business arena in which profits are to be sought. Mission based on making profit are incapable of distinguishing one type of profit-seeking enterprises from another-the business and long-term direction of sears are plainly different from the business and long-term direction, even though both endeavor to earn a profit.

Furthermore, visions and missions based on making a profit were pointed out by Stephenson (2002) as such; "A company that says its vision and mission is to make a profit begs the question "What will we do to make a profit". To know anything useful about a company's business mission, we must have management answer about how to make profit, doing what, and for whom?

Strategy consists of simultaneous, complementary themes. Each cluster of internal processes delivers benefits at different points in

time. Improvements in operational processes generally deliver short-term results through cost savings and quality enhancements. Benefits from an enhanced customer relationship start to phase in six to twelve months after the initial improvement in customer management process.

Innovations processed generally take even longer to produce higher customer revenues and operating margins and the benefit from enhanced regulatory and social processes can occur further in the future as companies avoid litigation and enhance their reputations in the community. Strategies should be balanced, incorporating at least one strategic theme from each of the four internal clusters; by having strategic themes for enhancing processes in all four internal clusters, sustainable growth in shareholder value.

The process of communicating the strategy, vision, and mission statement was propounded by Kaplan (2004). How to describe the strategic vision, word it in the form of mission statement is almost as important as the strategic soundness of the organization's business concept and long-term direction. A vision and mission couched in words that inspire and challenge help build committed effort from employees and serve as powerful motivational tools. Bland language, platitudes, and motherhood-and-apple-pie-style verbiage must be scrupulously avoided—they can be a turn-off rather than a turn-on.

Managers need to communicate the vision in words that arouse a strong sense of organizational purpose, build pride, and induce employee buy-in. People are proud to be associated with a company that the world's best at something competitively significant. Having an exciting mission or cause brings the workforce together, galvanizes people to act, stimulates extra effort, and causes people to line the business instead of just coming to work.

In organizations with freshly changed missions, executives need to provide a compelling rationale for the new direction and why things must be done differently. Unless people understand how a company's business environment is changing and why a new direction is needed, a new mission statement does little to win employees' commitment or alter work practice-outcomes that can open up a trust gap and make it harder to move the organization down the chosen path.

## STATEMENT OF THE PROBLEM

The success or otherwise of any commercial venture is a function of many factors among which is the vision and mission of the organization. The study focuses on the role of vision and mission statements on organizational effectiveness. Failure and ineffectiveness is the bane of most organizations today which according to analysts is a function of lack of vision and mission statement. Companies and organizations spring up virtually on a daily basis and folds up at an alarming sequence. Such failure and ineffectiveness has been attributed to many factors among which are vision, visionary leadership and mission statements.

## OBJECTIVES OF THE STUDY

This study is aimed at looking into the role of vision and mission statement on organizational effectiveness and:

- i. To determine whether vision contributes to organizational effectiveness.
- ii. To determine whether mission statements contribute to organizational effectiveness.
- iii. To carry out a comprehensive research on how vision and mission statements have been able to increase the organizational effectiveness of the company under the study (i.e. APEX PAINT LIMITED).
- iv. To also determine how vision and mission statements have been able to increase the profit-maximization of the company.

## METHODOLOGY

**Study Area:** This study was carried out in an organized private organization located in Abeokuta Southwest geo-political zone of Nigeria. Abeokuta is the capital of Ogun state. It is dominated by "Egbas" who are one of the major ethnic groups in the state. The city is characterized by two climatic seasons which are dry season between November and March and the rainy season between April and October.

**Source of Data:** The primary data used for this study were collected from the staff of the organization after the administration of a well structured questionnaire on them. Information obtained includes gender of the respondents as well as the range of their levels at work.

**Sampling Technique:** A multi-stage sampling technique was used to select the respondents. The first stage was a purposive sampling of the staff of the organization. The respondents were also stratified along their levels and cadres. 80 respondents were eventually selected for the study.

**Analytical Technique:** The data collected through the questionnaires administered was presented with descriptive statistics while the hypothesis formulated was tested with standard deviation and correlation to determine the relationship between vision, mission statement and organizational effectiveness.

## PERSONAL DATA OF THE RESPONDENTS

**Table 1:** The Sex of the Respondents.

RESPONDENT	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
MALE	32	0.4	12.8
FEMALE	48	0.6	28.8
<b>TOTAL</b>	<b>80</b>		<b>41.6</b>

Source: Field Survey, 2008

From the above we see that 48 respondents out of 80 respondents are female, while 32 respondents are male.

**Table 2:** Age Groups of the Respondents.

AGE GROUP	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
20 – 30	27	0.34	9.18
31 – 40	32	0.4	12.8
41 – 50	10	0.13	1.3
51 – 60	7	0.088	0.62
61 – above	5	0.063	0.32
<b>TOTAL</b>	<b>80</b>		<b>24.22</b>

Source: Field Survey, 2008

It can be seen from the above table that the respondents between 31 – 40 years age group are those with highest frequency in this study.

**Table 3:** Marital Status of the Respondents.

MARITAL STATUS	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
MARRIED	30	0.38	11.4
SINGLE	42	0.53	22.26
DIVORCE	8	0.1	0.8
<b>TOTAL</b>	<b>80</b>		<b>34.46</b>

Source: Field Survey, 2008

On Question 3, the Marital Status of the respondents, 30 respondents have married while 42 respondents are remain single, 8 respondents are divorced.

**Table 4:** Educational Qualifications of the Respondents.

EDUCATIONAL QUALIFICATION	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
PRIMARY	8	0.1	0.8
SSCE	16	0.2	3.2
ND/NCE	20	0.3	6
HND/B.Sc/BA	28	0.4	11.2
MSc/MA	8	0.1	0.8
<b>TOTAL</b>	<b>80</b>		<b>16</b>

Source: Field Survey, 2008

It can be deduced that respondents with HND/B.Sc./BA qualification are those with highest frequency.

**Table 5:** Cadre of the Respondents.

POSITION	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
Junior Staff	42	0.53	22.26
Senior Staff	28	0.35	9.8
Top Staff	8	0.1	0.8
<b>TOTAL</b>	<b>80</b>		<b>32.86</b>

Source: Field Survey, 2008

It is clear from the above table that 42 of the respondents are Junior Staff. 28 respondents are Senior Staff, and 8 respondents are Top Staff.

**CONTENTS OF THE QUESTIONNAIRE THAT RELATES TO THE TOPIC**

**Table 6:** Comparison of Educational Qualifications and Question 1.

	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	30	0.35	9.8
The Company reviews periodically the effect of changes in business environment (technology government policies) on customers.	50	0.6	31.5
<b>TOTAL</b>		<b>1.03</b>	<b>41.3</b>

The table above shows the mean and standard deviation of relationship between Educational Qualification and Question 1 while standard deviation is 0.63 the correlation coefficient is 31.5. therefore: the educational qualification of respondent does not have any correlation with the responses above.

**Table 7:** Comparison of Educational Qualifications and Question 2.

	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	30	0.35	9.8
The Company analyzes on regular basis data on customer satisfaction.	50	0.73	42.34
<b>TOTAL</b>	<b>80</b>	<b>1.1</b>	<b>52.14</b>

The table above shows the mean and standard deviation of relationship between Educational Qualification and Question 2. While standard deviation is 0.73, the correlation coefficient is 42.34. Therefore the educational qualification of

the respondent does not have any correlation with the responses above.

**Table 8:** Comparison of Educational Qualifications and Question 3.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	20	0.35	9.8
Information on customers preferences are usually adhered to.	60	0.75	45
<b>TOTAL</b>	<b>80</b>	<b>1.15</b>	<b>54.8</b>

The above shows the mean and standard deviation of relationship between Educational and Qualification3. While standard deviation is 0.75, the correlation coefficient is 45. Therefore: the educational qualification of the respondent does not have any correlation with the responses.

**Table 9:** Comparison of Educational Qualifications and Question 4.

	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	20	0.35	9.8
A major strength of this company is efficient and effective customers analysis	60	0.76	46.4
<b>TOTAL</b>	<b>80</b>	<b>1.16</b>	<b>56.2</b>

The table above shows the means and standard deviation of relationship between Educational Qualification and Question 4. While standard deviation 0.76, the correlation coefficient is 46.4. Therefore: the educational qualification of the respondent does not have any correlation-ship with the responses above.

**Table 10:** Comparison of Educational Qualifications and Question 5.

	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Our Company responds promptly to unfavourable customer satisfaction information.	52	0.71	40.5
<b>TOTAL</b>	<b>80</b>	<b>1.11</b>	<b>50.3</b>

The table above shows the Mean and Standard deviation of relationship between Education Qualification and Question 5. While Standard Deviation is 0.71, the correlation coefficient is 40.5. Therefore, the Educational Qualification of the respondent does not have any correlation with the responses above.

**Table 11:** Comparison of Educational Qualifications and Question 6.

	FREQUENCY	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Our Company responds quickly to changing customer requirements.	52	0.74	43.7
<b>TOTAL</b>	<b>80</b>	<b>1.14</b>	<b>53.5</b>

The table above shows the Mean and Standard Deviation of relationship between Educational Qualification and Question 6. While Standard Deviation is 0.74, the correlation coefficient is 43.7. There, the educational qualification of the respondent does not have any correlation with the respondent above.

**Table 12:** Comparison of Educational Qualifications and Question 7.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
The company is well equipped for the product and services being rendered.	57	0.71	40.5
<b>TOTAL</b>		<b>1.11</b>	<b>50.3</b>

The table above shows the Mean and Standard Deviation of relationship between Education Qualification and Question 7. While Standard Deviation is 0.71, the correlation coefficient is 40.5. Therefore, the educational qualification of the respondent does not have any correlation with the responses above.

**Table 13:** Comparison of Educational Qualifications and Question 8.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Staffs of the company are usually provided with in-services training to help them keep abreast of latest technological development.	62	0.78	48.36
<b>TOTAL</b>		<b>1.18</b>	<b>50.16</b>

The table above shows the Mean and Standard Deviation of relationship between Educational Qualification and Question 8. While Standard Deviation is 0.78, the correlation coefficient is 48.36. Therefore, the Educational Qualification of the respondent does not have any correlation with the responses above.

**Table 14:** Comparison of Educational Qualifications and Question 9.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Staffs are well remunerated/motivated according to what is obtained in other industries.	61	0.76	46.4
<b>TOTAL</b>		<b>1.16</b>	<b>56.2</b>

The table above shows the mean and standard deviation of relationship between education qualification and Question 9. While standard deviation is 0.76, the correlation coefficient is 46.6. Therefore, the educational qualification of the respondent does not have any correlation with the responses above.

**Table 15:** Comparison of Educational Qualifications and Question 10.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Priority is placed on implementing changes is increase future customers satisfaction.	50	0.63	31.5
<b>TOTAL</b>		<b>1.03</b>	<b>41.3</b>

The table above shows the mean and standard deviation of relationship between educational qualification and Question 10. While standard deviation is 0.63, the correlation is 31.5. Therefore, the educational qualification of the respondent does not have any correlation with the responses above.

**Table 16:** Comparison of Educational Qualifications and Question 11.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Question 11: The top management team regularly meets to discuss issues affecting the company's product and services.	70	0.88	61.6
<b>TOTAL</b>		<b>1.28</b>	<b>71.4</b>

The table above shows the mean and standard deviation of relationship between educational qualification and Question 11. While standard deviation is 0.88, the correlation coefficient is 61.6. Therefore, the educational qualification of the respondent does not have any correlation with the responses above.

**Table 17:** Comparison of Educational Qualifications and Question 12.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
There is a good report between the management team and the staffs.	69	0.86	59.34
<b>TOTAL</b>		<b>1.26</b>	<b>69.14</b>

The table above shows the mean and standard deviation of relationship between education qualification and Question 12. While stand deviation is 0.86, the correlation coefficient is 59.34. Therefore, the educational qualification of the respondent does not have any correlation with the responses.



**Table 18:** Comparison of Educational Qualifications and Question 13.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
The vision and mission statement of the company is known by all the staffs.	74	0.93	68.82
<b>TOTAL</b>		<b>1.33</b>	<b>78.62</b>

The table above shows the mean and standard deviation of relationship between education qualification and Question 13. While standard deviation is 0.93, the correlation coefficient is 68.82. Therefore; the educational qualification of the respondent does not have any correlation with the responses above.

**Table 19:** Comparison of Educational Qualifications and Question 14.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
The company is employing strategies aimed at widening it scopes in terms product and services to the customers.	65	0.81	52.65
<b>TOTAL</b>		<b>1.21</b>	<b>62.45</b>

The table above shows the mean and standard deviation of relationship between education qualification and Question 14. While standard deviation is 0.81, the correlation coefficient is 52.65. Therefore; the educational qualification of respondent does not have any correlation with the respondent above.

**Table 20:** Comparison of Educational Qualifications and Question 15.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Organizational objectives of building excess resources in relation to their product/market options.	57	0.71	40.5
<b>TOTAL</b>	<b>80</b>	<b>1.11</b>	<b>50.3</b>

The table above shows the mean and standard deviation of relationship between education qualification and Question 15. While standard deviation is 1.11, the correlation coefficient is 51.7. Therefore, the educational qualification of the respondent does not have any correlation with the responses.

**Table 21:** Comparison of Educational Qualifications and Question 16.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
The company is focused on option generation and identification (e.g. Selection of new products' project).	70	0.88	61.6
<b>TOTAL</b>	<b>80</b>	<b>1.28</b>	<b>71.4</b>

The table above shows the mean and standard deviation of relationship between education qualification and Question 16. While standard deviation is 0.88, the correlation coefficient is 61.6. Therefore; the educational qualification of the respondent does not have any correlation with the responses above.

**Table 22:** Comparison of Educational Qualifications and Question 17.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Our sales have witnessed unstable growth in the last five years.	5	0.063	0.315
<b>TOTAL</b>	<b>80</b>	<b>0.463</b>	<b>10.12</b>

The table above shows the mean and standard deviation of relationship between education qualification and question 17. While standard deviation is 0.063, the correlation coefficient is 0.315. Therefore; the educational qualification of the respondent does have a close correlation and relationship, because the correlation of educational qualification is greater than that of response above.

**Table 23:** Comparison of Educational Qualifications and Question 18.

	MEAN	STANDARD DEVIATION	CORRELATION COEFFICIENT
Educational Qualification	28	0.35	9.8
Our sales growth has changed our market share of the industry in the last three years.	70	0.88	61.6
<b>TOTAL</b>	<b>80</b>	<b>1.28</b>	<b>71.4</b>

The table above shows the mean and standard deviation of relationship between education qualification and question 18. While standard deviation is 0.88, the correlation coefficient is 61.6. Therefore; the educational qualification of the respondent does not have any correlations with the responses.

## DISCUSSIONS

This quantitative field study find vision and mission statements to have positive effects upon organizational effectiveness. The full effect of vision and mission statement may not be experienced in so short a time.

Our results suggest that both vision and mission statements are important in two different ways:

- (a) In terms of possessing attributes that were recommended in the leadership literature and
- (b) In terms of having content pertaining to the desire to grow.

However, organizations with no vision and mission statements performed significantly worse than those with vision and mission statements, of course some leaders may hold their vision and mission statements implicitly (subconsciously) which could make it hard to communicate to others and this may reduce their effectiveness.

In conclusion, we found that entrepreneurs/CEO's are able to respect their vision and mission, and that theoretically-based attributes can be used to obtain a quantitative measure of vision and mission. Hopefully, these finds will encourage further research about vision and mission statements.

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