PERCEPTION OF TOP EXECUTIVES TOWARDS THE RELATIONSHIP
BETWEEN MISSION STATEMENT COMMUNICATION VARIABLES
AND FIRM PERFORMANCE IN SELECTED PUBLIC LISTED COMPANIES

CHOOK KA JOO

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in
Partial Fulfilment of the Requirement for the Degree of Doctor of Philosophy

December 2005
PERCEPTION OF TOP EXECUTIVES TOWARDS THE RELATIONSHIP BETWEEN MISSION STATEMENT COMMUNICATION VARIABLES AND FIRM PERFORMANCE IN SELECTED PUBLIC LISTED COMPANIES

By

CHOOK KA JOO

December 2005

Chairman: Associate Professor Ezhar Taman, PhD

Faculty: Modern Languages and Communication

This study was undertaken to examine the perceptions of top executives of the relationships between the mission statement communication variables and firm performance in Malaysian. Despite the immense popularity of the concept of mission statement in the communication and management literature, limited empirical studies had been carried out to investigate the relationships between the mission statement communication variables and firm performance. The research design of the study was a survey research based on a structured questionnaire and also content analysis of the mission statement content. The informants were the Managing Directors and Chief Executive Officers of public listed firms in the Bursa Malaysia as of 23rd October 2003. One hundred and thirty six informants participated in the survey by returning the self-administered questionnaire distributed to them in two batches of mail distribution. Beside the structural questionnaire, content analysis was conducted to measure the level of
adequacy of mission statement content. The mission statements were compiled from the firm annual reports, websites and also personal requests.

The dependent variable of the study, firm performance, was measured with four perceptual items; namely the satisfaction of the respondents with the performance of the firm based on sales, profit, growth and profit margin. To evaluate the convergent validity of the perceptual measurements, correlations were made between the perceptual values and two accounting ratios; Return on Sales and Return on Assets. The correlation coefficients showed positive and significant measurements between the perceptual values and the accounting ratios.

The independent variables of the study consist of selected mission statement communication variables, identified from the literature on mission statement. Six mission statement communication variables (intensity of personal mode of mission statement communication, intensity of impersonal mode of mission statement communication, commitment of leaders in selling the mission statement, satisfaction with the communication efforts, credibility of the sellers and adequacy of mission statement content) were hypothesized to have significant effects on firm performance.

The level of firm performance in the present study showed moderate level. Similarly, the analysis of the five mission statement communication variables also showed moderate level of satisfaction. The level of adequacy of mission statements content was analysed using Ashridge Mission Model of mission statement. The content analysis showed that
fifty seven percent of the mission statements analysed was inadequate in terms of their contents, as the mission statements do not contain the four contents needed in an effective mission statement.

The results of the bivariate correlation analysis showed positive and significant relationships between four of the mission statement communication variables and firm performance except for the credibility of the mission sellers and adequacy of the mission statement contents. The multiple regression analysis revealed that only the intensity of personal mode of mission statement communication was observed to be good predictor of firm performance and this variable contributed 22 percent of the variation of firm performance in the study.

The results suggest that the intensity of personal mode of mission statement communication play an important role and had direct relationship with the performance of firms. At the practical level, the present study has clarified the nature of the relationships between mission statement communication and firm performance. Only the intensity of personal mode of mission statement communication has a direct influence on firm performance. The results suggest that Managing Directors and Chief Executive Officers who want to achieve the goals of mission statement must be personally involved in the mission statement communication to the employees as their involvement will have the biggest impact on firm performance. Managers must also ‘walk the talk’ and ‘talk the walk’ the ideas of the mission statement to encourage the acceptance and adoption of
the mission statement by using the mission statement as a strategic yardstick of how they manage the firms.
Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi sebahagian keperluan untuk ijazah Doktor Falsafah

PERSEPSI PEGAWAI EKSEKUTIF DI ANTARA HUBUNGAN PEMBOLEHUBAH KOMUNIKASI PENYATA MISI DAN PRESTASI FIRMA DI BEBERAPA FIRMA YANG TERPILIH

Oleh

CHOOK KA JOO

Disember 2005

Pengerusi:  Professor Madya Ezhar Taman ,PhD

Fakulti: Bahasa Moden dan Komunikasi

Tahap prestasi firma diukur menggunakan empat item persepsi yang meliputi kepuasan Ketua Pegawai Eksekutif atau Pengarah Urusan terhadap jualan, keuntungan, pertumbuhan dan margin keuntungan. Untuk mengukur “convergent validity” ukuran persepsi sebagai ukuran prestasi firma, satu perbandingan korelasi dibuat di antara nilai persepsi yang dibuat oleh Ketua Pegawai Eksekutif atau Pengarah Urusan dan dua nisbah perakaunan, return on sales dan return on asset. Korelasi Koefficient menunjukkan ukuran korelasi yang positif dan signifikan di antara nilai-nilai persepsi dan nisbah perakaunan.

Angkubah bebas dalam kajian ini mengandungi angkubah-angkubah komunikasi penyata misi yang dikenalpasti dalam literature. Enam angkubah komunikasi penyata misi iaitu kekerapan penyata misi dikomunikasikan secara personal, kekerapan penyata misi dikomunikasikan secara impersonal, komitment untuk menjual penyata misi, kepuasan dengan usaha komunikasi penyata misi, kredibiliti penjual penyata misi dan kemantapan penyata misi dihipotesiskan mempunyai kesan signifikan terhadap prestasi firma.

Tahap prestasi firma-firma yang dikaji adalah pada tahap sederhana. Lima angkubah komunikasi yang terpilih juga menunujukkan tahap sederhana. Untuk mengukur tahap kemantapan penyata misi, model Mission Ashridge telah digunakan sebagai model pengukur penyata misi. Analisis kandungan penyata misi firma-firma menunujukkan lima puluh tujuh peratus daripada penyata misi firma adalah tidak mantap dari segi kandungan kerana tidak mempunyai keempat kandungan penyata misi.
Analisis korelasi menunjukkan hubungan bivariate yang positif dan signifikan di antara empat angkubah penyata misi komunikasi dan prestasi firma kecuali kredibiliti penjual penyata misi dan kemantapan penyata misi. Analisis regresi menunujukkan hanya satu pembolehubah, kekerapan penyata misi dikomunikasikan secara personal menjadi peramal terbaik untuk prestasi firma. Angkubah ini menyumbangkan duapuluh dua peratus daripada varian dalam prestasi firma dalam kajian ini.

ACKNOWLEDGEMENTS

First and foremost, I wish to express my sincere gratitude and appreciation to the Chairman of my PhD supervisory committee, Associate Professor Dr Ezhar Tamam for his guidance, reminders, and encouragement which gives me the push in completing this thesis. My sincere appreciation also goes to the two other members of the supervisory committee, Professor Dr Md. Salleh Hassan, and Dr Narimah Ismail for their constant invaluable advice and encouragement.

I would also like to thank my PhD colleagues Jusang Bolong and Azhar Ahamd for their constructive ideas and insights during the research and analysis part of the research. To my family members; my mother, brothers, and sister for their constant support and encouragement. Not forgetting too my colleagues, Viknewsaran, Ong Eng Hor, Mazirah Yusoff, Sin Chek Neng, Diana Sheela Ramaiah, Lau Sie Ping and Ronald Hor who had constantly encouraged and motivated me to proceed with the study. Their efforts to code the amazingly perplexing mission statements will be well remembered. I would also like to mention the meticulous efforts of Mr Yeo Beng Keong who has assisted me in the proofreading and editing task.

Last but not least, I would like to thank my wife; Poh, my children, Sam, Jean, and Ben, for their understanding and support during my entire process of my study. We will remember the long hours spent in the preparation of the questionnaires; the folding of the letters, tearing and pasting of the stamps and the many simple but necessary tasks.
I certify that an Examination Committee has met on 28th December 2005 to conduct the final examination of Chook Ka Joo on his Doctor of Philosophy thesis entitled “Perception of Top Executives Towards the Relationship between Mission Statement Communication Variables and Firm Performance in Selected Public Listed Companies” in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

**MUSA ABU HASSAN, PhD**  
Professor  
Faculty of Modern Languages and Communication  
Universiti Putra Malaysia  
(Chairman)

**SHAMEEN RAFIK KHAN, PhD**  
Associate Professor  
Faculty of Modern Languages and Communication  
Universiti Putra Malaysia  
(Internal Examiner)

**SITI ZOBIDAH OMAR, PhD**  
Lecturer  
Faculty of Modern Languages and Communication  
Universiti Putra Malaysia  
(Internal Examiner)

**SULAIMAN MOHD YASSIN, PhD**  
Professor  
Kolej Universiti Sains dan Teknologi Malaysia  
(External Examiner)

---

**ZAKARIAH ABD RASHID, PhD**  
Professor/Deputy Dean  
School of Graduate Studies  
Universiti Putra Malaysia

Date:
This thesis submitted to the Senate of Universiti Putra Malaysia and has been accepted as fulfilment of the requirement for the degree of Doctor of Philosophy. The members of the Supervisory Committee are as follows:

**EZHAR TAMAN, PhD**  
Associate Professor  
Faculty of Modern Languages and Communication  
Universiti Putra Malaysia  
(Chairman)

**MD SALLEH HJ HASSAN, PhD**  
Professor  
Faculty of Modern Languages and Communication  
Universiti Putra Malaysia  
(Member)

**NARIMAH ISMAIL, PhD**  
Lecturer  
Faculty of Modern Languages and Communication  
Universiti Putra Malaysia  
(Member)

---

**AINI IDERIS, PhD**  
Professor/Dean  
School of Graduate Studies  
Universiti Putra Malaysia

Date:
DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other degree at UPM or other institutions.

_________________
CHOOK KA JOO

Date:
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>v</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>viii</td>
</tr>
<tr>
<td>APPROVAL</td>
<td>x</td>
</tr>
<tr>
<td>DECLARATION</td>
<td>xi</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>xv</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xvii</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>xviii</td>
</tr>
</tbody>
</table>

## CHAPTER

### I INTRODUCTION
- Background of the Study 3
- Statement of the Research Problem 10
- Objectives of the Study 14
- Significance of the Study 15
- Scope and Limitation of the Study 16

### II REVIEW OF RELATED LITERATURE
- Vision Statement versus Mission Statement 20
- Benefits of Mission Statement 27
  - Better Strategic Thinking 27
  - Inspire and Motivate Employees 28
  - Improve Financial Performance 30
  - Sharpen Business Focus 31
  - Communicate Direction and Purpose 32
  - Promote Greater Co-operation and Trust 33
  - Assist in Selection and Development of Employees 33
- Drawbacks of Mission Statements 34
- Past Research on Mission Statement and Firm Performance 40
- Creating Effective Mission Statement 49
  - Rationale for Having Mission Statements 50
  - Process of Developing Mission Statement 51
  - The Contents in Mission Statement 52
- Social Construction Theory and Mission Statement Communication 57
- Theoretical rationale to link the Mission Statement Communication and Firm Performance 61
- The Relationships between Mission Statements Communication and Firm Performance 66
  - Intensity of Mission Statement Communication 69