

**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

Abstract of thesis presented to the Senate of Universiti Putra Malaysia in
Partial Fulfilment of the Requirement for the degree of Doctor of Philosophy

**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

Kajian ini dilakukan bagi mengkaji persepsi Pegawai Eksekutif firma di antara hubungan antara komunikasi penyata misi dan prestasi firma di Malaysia. Sungguhpun konsep penyata misi adalah sangat popular dalam literasi komunikasi dan pengurusan, namun begitu bilangan kajian empirikal untuk mengenalpasti peranan komunikasi penyata misi terhadap prestasi firma adalah amat terhad. Rekabentuk kajian ini adalah berbentuk kajian survey menggunakan soalselidik dan analisis kandungan penyata misi firma firma. Pemberi maklumat terdiri daripada Ketua Pegawai Eksekutif atau Pengarah Urusan firma-firma yang disenaraikan dalam Bursa Malaysia pada 23hb Oktober 2003. Seramai 136 responden telah menyertai kajian ini dengan mengembalikan soal selidik yang dihantar kepada mereka dalam dua kumpulan penghantaran melalui mel. Selain daripada kajian soalselidek, “content analysis” juga digunakan untuk menganalisa kandungan penyata misi. Penyata misi untuk firma-firma dikumpulkan dari laporan

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, komitmen 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 menunjukkan tahap sederhana. Untuk mengukur tahap kemantapan penyata misi, model Mission Ashridge telah digunakan sebagai model pengukur penyata misi. Analisis kandungan penyata misi firma-firma menunjukkan 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 angkuabah penyata misi komunikasi dan prestasi firma kecuali kredibiliti penjual penyata misi dan kemantapan penyata misi. Analisis regresi menunjukkan hanya satu pembolehubah, kekerapan penyata misi dikomunikasikan secara personal menjadi peramal terbaik untuk prestasi firma. Angkuabah ini menyumbangkan duapuluh dua peratus daripada varian dalam prestasi firma dalam kajian ini.

Keputusan kajian menunjukkan bahawa kekerapan penyata misi dikomunikasikan secara personal memainkan peranan penting dan mempunyai kesan secara langsung terhadap prestasi firma. Pada tahap praktikal, keputusan kajian menunjukkan penyata misi yang dikomunikasi mempengaruhi prestasi firma. Tambahan lagi, keputusan kajian ini juga menunjukkan bahawa Ketua Pegawai Eksekutif atau Pengarah Urusan yang ingin mencapai matlamat penyata misi mestilah terlibat secara peribadi dalam usaha komunikasi penyata misi kepada pekerja. Ketua Pegawai Eksekutif atau Pengarah Urusan hendaklah mengotakan apa yang dijanjikan untuk menggalakan penerimaan dan penggunaan penyata misi oleh pekerja.

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 Univeristi 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

	Page
ABSTRACT	ii
ABSTRAK	v
ACKNOWLEDGEMENTS	viii
APPROVAL	x
DECLARATION	xi
LIST OF TABLES	xv
LIST OF FIGURES	xvii
LIST OF ABBREVIATIONS	xviii
CHAPTER	
I INTRODUCTION	1
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	20
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

	Commitment of Leaders in Selling Mission Statements	71
	Satisfaction with Mission Statement	
	Communication Efforts	72
	Credibility of Mission Sellers	73
	Adequacy of Mission Statement Content	75
	Firm Performance	76
	Conceptual Framework of the Study	78
	Research Hypotheses	80
	Chapter Summary	80
III	RESEARCH METHODOLOGY	82
	Research Design	82
	Selection of Informants and Rationale	85
	Research Instrument	86
	Measurement of Dependent Variables	88
	Measurement of Independent Variables	92
	Reliability of the Scales	95
	Pilot Study	96
	Procedure for Data Collection	97
	Content Analysis	102
	Procedure to Collect Mission statement	105
	Procedure for Content Analysis	106
	Data Analysis	109
	Post Hoc Analysis	112
	Selected Control Variables	113
	Chapter Summary	115
IV	FINDINGS AND DISCUSSION	117
	Background of Informants and Firms	117
	Position	117
	Tenureship	118
	Age of Mission Statement	119
	Level of Satisfaction with Resources Spent on Mission Statement Communication	119
	Levels of Firm Performance and Mission Statement Communication Variables	121
	Level of Firm Performance	121
	Intensity of Intensity for Personal Mode of Mission Statement Communication	124
	Intensity of Intensity for Impersonal Mode of Mission Statement Communication	125
	Level of Commitment of Leaders in Selling Mission Statement	126
	Level of Satisfaction with Mission Statement Communication Efforts	127
	Level of Credibility of Mission Sellers	128

Level of Adequacy of Mission Statement Contents	129
The Relationship between Mission Statement Communication Variables and Firm Performance	133
Testing the Hypotheses	133
Intensity of Personal Mode of Mission Statement Communication and Firm Performance	134
Intensity of Impersonal Mode of Mission Statement Communication and Firm Performance	134
Commitment of Leaders in Selling Mission Statements and Firm Performance	136
Satisfaction with Mission Statement Communication	
Efforts and Firm Performance	137
Credibility of the Sellers and Firm Performance	138
Adequacy of Mission Statement Content and Firm Performance	139
Predictors of Firm Performance	140
Post Hoc Analysis	143
Sector of Industry and Firm Performance	144
Size of Firma and Firm Performance	145
Tenureship of Leaders and Firm Performance	146
Chapter Summary	147
V	
SUMMARY, CONCLUSION AND RECOMMENDATIONS	148
Summary of the Study	148
Statement of the Research Problem	148
Objectives of the Study	150
Methodology of the Study	151
Findings of the Study	152
Background of Informants and Firms	152
Levels of Firm Performance and Mission Statement Communication	153
Predictors of Firm Performance	154
Conclusion of the Study	157
Recommendations	161
Recommendations for Firms	161
Recommendations for Further Studies	165
REFERENCES	168
APPENDICES	178
BIODATA OF THE AUTHOR	207