
Mission Statement & Its Relevance in Firm's Strategy Formulation

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Purpose of this study is to focus upon drafting of mission statement, to find out strategic importance of mission statement to firm and perceived consistency between firm's mission statement and firm's strategic formulation. Every organization has a mission, a purpose, a reason for being. Often the mission is why the organization was first created to meet a need identified years ago. Every company no matter how big or small, needs a mission statement as a source of direction, that lets its employees, its customer, and even its stockholders know what it stands for and where its headed. A mission statement should contain goals, differentiation factors, identify the organizations aspirations and define the role of all stakeholder groups. This paper highlighted the strategic importance of mission statement in improving firm's financial performance which requires several mediating elements like "commitment to the mission" and the "degree to which an organization aligns its internal structure, policies and procedures with its mission". Mission statement provides the basis for judging the success of an organization and its programs. It helps to verify if the organization is on the right track and making the right decisions. A well-designed mission statement is essential for formulating, implementing and evaluating business strategy. This paper further explained the relationship between mission and strategy formulation by analyzing some of corporate.

Keywords: Firm Performance, Mission Statement, Strategy Formulation

INTRODUCTION

Mission statements are enduring statements of purposes that distinguish one business from other similar firms. A mission statement identifies the scope of firm's operations in product and market terms. A clear mission statement describes the values and priorities of an organization. Current thought on mission statements is based largely on guidelines set forth in the mid - 1970's by Peter Drucker who is often called "the father of modern management" for his pioneering studies at General Motors Corporation. Now, more than ever, 21st century business enterprises realize the importance of a clear, succinct mission statement to support successful operations. Mission statements serve to communicate vital information to all stakeholders interested in a business organization. A mission statement defines the purpose of the organization; it acts as the 'invisible hand' that guides people within the organization so that they can work independently and yet collectively to achieve desired level of organizational performance (Kotler et al., 1996). Mission statements are an integral part of the strategic planning and implementation process that can provide direction to choices in strategic direction (Keller, 1983; Pearce and Robinson, 1991). In addition, mission statements are also an important marketing and signaling tools as, externally, that articulate the organization's identity and frame its choice of activities (Campbell and Yeung, 1991; Hartley, 2002). Internally mission statements act to clarify the philosophy and intent of

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the organization to its employees (Davies and Glasister, 1997).

Mission and vision both serves different purposes, but still both are often confused with each others, There is difference between both, as mission statement answers the question "What is our business," the vision statement answers the question "What do we want to become?" Many organizations have both a mission and vision statement, but the vision statement should be established first and foremost. Kotter (1990) defines vision as a "description of something (an organization, a corporate culture, a business, a technology, an activity) in the future. Miller and Dess (1996) view it simply as the 'category of intentions that are broad, all-inclusive and forward thinking'. Thompson (1997) defines mission as the 'essential purpose of the organization, concerning particularly why it is in existence, the nature of the business and the customers it seeks to serve and satisfy'. Hunger and Wheelen (1999) say that mission is the 'purpose or reason for the organization's existence'.

Mission and vision statements are very important for an organization. When employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions that managers and employees have in their hearts and minds about their own futures. Shared visions create a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenges. Organization draft their mission statements to ensure unanimity of purpose within the organization, to provide a basis for allocating organizational resources, to serve as a focal point for individuals to identify with the organization's purpose and to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements. The need for a clear mission is important at all levels from entire organizations to each individual in those organizations. It should also be obvious that it is equally important to have an

agreement between our personal mission for our own future and the mission of our organization.

Questions that might help us know who we are and/or who we want to be includes what is our purpose, what is our driving force , what are our core values, what do we do best, what do we want to accomplish, what do we want to change? After all these considerations have been examined, we can develop a set of goals, measurable objectives and strategic plans to accomplish our mission.

LITERATURE REVIEW ON STRATEGIC MISSION

Keller (1983) the marketing role of the mission statement enables the firm to communicate and help internal and external stakeholders understand the identity and activities of the organization. Ackoff (1986) a mission statement should contain goals, differentiation factors, identify the organizations aspirations and define the role of all stakeholder groups, additionally they should establish the behavior standard required to achieve the defined goals. Pearce and David (1987) are generally regarded as the first researchers to successfully demonstrate a link between three mission components (i.e. organizational philosophy, self concept and public image) and firm performance. Nash (1988) values came as an easy guide to managerial behavior in situations of emergencies and contingencies the blanks are easy to fill if the values are clearly and vividly communicated. Campbell (1989) mission is an issue which involves both the culture (heart) and the strategy (minds) of the organization, requiring commitment and enthusiasm among employees, which comes from a commitment to the principles on which the company operates.

David (1989) mission statement is a clear definition of the mission and purpose of the organization, it may be referred to as the organization creed

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statement, statement of purpose, statement of general principles, statement of corporate intent or vision statement, often interchangeably. Campbell and Tawady (1990), articulation of mission and creation of a sense of mission leads to numerous benefits. These include commitment and loyalty of employees; facilitation in selection, recruitment, promotion and development of people and greater cooperation and trust. Campbell and Young (1990) two schools of thought can be distinguished about mission and vision. One looks at the mission in terms of business strategy and the other takes the philosophical and ethical angle. The strategy schools views mission as a strategic tool that defines the commercial rationale and target market. The philosophical school views missions as cultural glue that makes the organization work as collective unity. Coulson Thomas (1992) also saw top management commitment as key to proper implementation of a mission statement.

Webster (1992) major function of the mission statement is to make clear what the organization will do and what business they are in, its role is to communicate the set of values and beliefs that put the customer first in the organization decision making process, and to communicate the value proposition of that culture to internal and external stakeholders. Frarnham (1993) a good value statement can act as ultimate control system. When values are agreed upon it does away the need to monitor and control. Similarly, when people share same values it built quality within. Matejka et al. (1993) believed a mission that is clearly communicated and reinforced through the reward system would build direction, speed, and momentum in the organization. The stated a mission's effectiveness as a behavioral guide is directly related to the level of shared commitment among employees. Piercy and Morgan (1994) defines four components of a mission organizational philosophy, product-market domain; organizational key values; and critical factors for success. Rigby's (1994) survey of 500 US managers found the mission statement the most

used tool out of 25 tools reported by respondents. More importantly, managers were very satisfied mission statement users, rating it second among all the tools in overall satisfaction. Interestingly the satisfaction rested on the mission statement's efficacy at creating organizational integration getting everyone focused on common objectives and working together to pull in the same direction. Collins and Porras (1996) core purpose and values for the companies remain constant while business strategies and practices change as per the changing environment. The mission must answer fundamental questions why a company is in business, and what it wants to become and how growth is to be achieved. Vision involves answering questions about your identity as to who you are, where you are headed or going and what are guiding values.

Greenley and Foxall (1996) found that the top priority in strategic planning is given to customers as stakeholders; this is verified by this mission analysis, with 67% of organizations not simply mentioning the needs and wants of the customers, but focusing strategic intent on a customer orientation. Lipton (1996) mission statements provide the basis for strategic planning which is crucial if planning is to be successful. Sen (1996) almost ten years ago one study discovered the widespread use of mission and vision statements by the business corporations in India. One out of every two companies used vision as a management principle. Bart (1997) Vision and mission statements have gained recognition as tools of strategic importance. What is contained in these statements is important because of their influence on people behavior and resource allocation. The values denoted or connoted by these provide direction, focus, and a sense of meaning to the work. Campbell (1997) stated that missions are valuable for getting senior managers to work out a common view and as a sort of company flag to rally around. It should guide the behavior like the Ten Commandments, defining values and behavior standard. Further, he stated that senior management behavior validates or invalidates the values in the statement.

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Leuthesser and Kohli (1997) one of the important methods of communicating the identity to both internal and external public is mission statement. The message embedded in mission statement also acts as disciplining device. This achieved by mounting pressure on people to acts in sync the mission. Bart et al. (2001) found that mission statements could positively affect employee behavior when the organization displayed commitment and established internal policies/ programs that supported the statement. Positive changes in employee behavior had a direct effect on firm financial performance. Mullane (2002) managers who see mission statement as tools that can influence the inner workings of their organizations are likely to understand the mission's usefulness. Managers who put their mission statement on display and expect them to magically transform organizational behavior are likely to be frustrated and see them as an exercise in futility. Blanchard and Stoner (2003), for vision to become a reality it must be communicated and lived. Vision serves as a guide as to what core to be preserved and direction of progress. The two elements in the core ideology are core values and core purpose defines the enduring character or consistent identity of the organization.

Ahmad and Chopra (2004) many outstanding performers owe their performance to inscribing their vision and mission in the hearts and minds of their people. Verma (2004) in an early study in the Indian context three aspects were explored: the extent of usage of vision and mission statements by the companies operating in India; the physical structure; and contents of these statements. Blanchard (2007) vision empowers and helps people in making smart choices and excites them to reach for what they truly desire. Vision is important in establishing the purpose of the enterprise; coordinate people actions and efforts; inspire and invite commitment; and create future of the company. Two primary purposes that mission statements serve are communication

with external publics and motivate employees internally. Davis (2007) attempted to figure out the influence of ethical contents in the mission statements on the students of the universities. The study found that students of the universities with ethical statements in their mission had significantly higher perceived character trait importance and character reinforcement in comparison to the universities that did not contain ethical statements in their missions..

Peters and Austin (2007) job unless infused with higher order relevance remains a chore. Vision and mission statements, declarations, credos, mottoes, oaths, aspirations are used to suggest explicitly what needs to be done. Where are you headed must be stated correctly and concisely and cared for passionately. Babu (2008) reported that Indian managers do not exploit the power of these statements. However younger companies and organization in IT domain have greater dialogue on vision and values compared to brick and mortar systems. Vision describes the corporate character like a brand charter spells out the brand's DNA. Identity lends meaning, consistency, and character to brand so does a mission and vision.

Bartkus and Glassman (2008) three elements that set apart the energetic companies are shared purpose, shared values and the presence of leadership. Shared purpose allows sight to go beyond the immediate details of work that people generally get involved in.

PURPOSE OF THE PAPER

This paper explores the theoretical concept of mission statement of firm and how the firm can draft mission statement. Further the paper also tried to find out the relevance of firm's mission statement in firm's strategy formulation for achieving their desire goals and objectives, competing in the market and fulfilling the vision.

FUNDAMENTAL PRINCIPLES OF DRAFTING MISSION STATEMENT

Mission statements are an essential building block of the strategic management process, a business is not defined by its name, statutes or articles of incorporation, it is defined by its mission only with a clear definition of the mission and purpose, an organization is able to achieve clear and realistic business objectives. Every company no matter how big or small, needs a mission statement as a source of direction, a kind of compass, that lets its employees, its customer, and even its stockholders know what it stands for and where its headed, (Abrahams, 1995).

A mission statement should contain goals, differentiation factors, identify the organizations aspirations and define the role of all stakeholder groups (Ackoff, 1986). Mission statements must be market orientated. They must define the strategic intent of the organization define the business in which they operate, the philosophy to which they work, the customer they serve, their needs, wants, and expected levels of satisfaction, and performance goals, the mission statement must define critical factors for successful achievement of this strategic intent, and the role of internal stakeholders in the achievement of these objectives and goals.

There are some basic elements that should be incorporated into a mission statement. To begin with, the target audience is important. It needs to be established whom the mission statement will be directed to. Some groups that may be considered are employees, stockholders, customers, and the community (Abrahams, 1995). The mission statement can be targeted at a combination of these groups or just one of them. Next, the length of the mission statement needs to be considered. Some company's mission statements are only a single sentence and others are very long including visions, philosophies, objectives, plans, and strategies. "All that's necessary is that the mission be long enough to reach the target audience," (Abrahams, 1995). In

addition, the tone is also important. In this aspect it is important to use appropriate language that is directed to the target audience and reflects the makeup of the organization. Establishing the correct tone involves a process of intentional, individual word selection (Abrahams, 1995). If you make the language too flowery and cumbersome a great mission statement may not be taken seriously (Drohan, 1999). "A mission statement should be written to encourage commitment and to energize all employees toward fulfilling the mission" (Stone, 1996). Endurance should also be considered. "Mission statements should serve to guide and inspire the organization for many years," (Stone, 1996). The mission statement should be able to withstand time and ultimately have a meaning in the long-term standings of the organization. In the same respect the mission statement should also remain current. A mission statement created years ago may no longer be effective (Stone, 1996). When competitive environment change, the mission should be. Finally, an element of an organization's mission statement should be unique to the organization. It should portray the individuality of the company (Stone, 1996).

Developing a mission statement can be a very difficult process. Drohan says that when creating a mission statement it should be done as part of the strategic planning process for the organization (Drohan, 1999). This process should be started with and environmental analysis, followed by development and prioritizing goals and objectives (Drohan, 1999). After this process is finished, the mission of the company becomes clearer and an effective mission statement can be created (Drohan, 1999). Then, you need to decide who is going to write the mission statement (Abrahams, 1995). A mission-writing committee should be set up to perform this duty (Bailey, 1996). It can be either a group of only management members or a more diversified group of members from different areas in the corporation. It is more effective to use a committee made up of management and non management personnel (Bailey, 1996). "The organization may lose valuable

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input by limiting the voices it is willing to hear; also, people may be more willing to carry out a mission that they helped develop". The committee should also include people from outside the organization. These people may include customers, suppliers, and other interested parties (Bailey, 1996). Several different perspectives are important to be considered in developing a mission statement. By using different perspectives in the development the final product will be directed so each individual can comprehend the mission (Bailey, 1996). After a situation analysis and all the important factors are considered, the selected committee is ready to draft the mission statement. When the draft is complete it should be shared with all members of the organization (Stone, 1996). Drafting and communication includes:

1. Review how each customer relates to each of the organization's strengths.
2. Ask them if possible and write a one-sentence description of each customer.
3. List the sentences in order of importance to the organization's vision, if one exists.
4. Combine the top three to five sentences into a paragraph.
5. Ask your customers if they would want to do business with an organization with that mission.
6. Ask your employees if they understand and support it and can act on it.
7. Ask your suppliers if it makes sense to them.
8. Incorporate the feedback from customers, employees and suppliers and repeat the process.

When you have refined the paragraph into statements that clearly articulates the way the company wants to relate to those it affects, publish it to everyone. In this process the form and structure the mission statement will take is decided (Stone, 1996). This form may include an annual report presentation, a copy printed on fancy paper and hung on a wall in a frame, a brochure, an engraved

granite piece, or any other form (Abrahams, 1995). It is also important in the communication process to introduce the mission statement to all the employees and ask for suggestions on implementation (Stone, 1996). The final step is to operationalize the mission statement. In order to do this, the company needs to make its strategies, tactics, and operations remain consistent with the mission statement. The mission statement should be translated into performance objectives and used as a basis for strategic planning (Stone, 1996).

Tips for Formulation of Mission Statement:

1. A good mission statement provides strategic vision and direction for the organization and should not have to be revised every few years. Goals and objectives are the short-term measures used to get there.
2. Revise the organization's mission statement when it is no longer appropriate or relevant.

STRATEGIC IMPORTANCE OF MISSION STATEMENT TO FIRM

A mission statement is a clear definition of the mission and purpose of the organization, it may be referred to as the organization creed statement, statement of purpose, statement of general principles, statement of corporate intent or vision statement, often interchangeably. Whatever the terminology, a mission statement is widely recognized by managers and academics as the first step in strategic planning (David, 1989). Mission statements can help focus the organization on what really matters--to itself as well as to its stakeholders. Mission statements are important to organizations of all types (public, private, not-for-profit, for-profit, family-owned, etc.). A key reason for such importance is the mission statement's guidance of strategic and day-to-day, operational decisions. Additionally, mission statements represent the glue that binds organizations together.

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Research investigating relationship between mission statement and company performance is rare and its findings in most cases not very conclusive (Bart & Baetz, 1998; Bart et al., 2001; Peyrefitte & David, 2006). For example, three studies (Bart & Baetz, 1998; David, 1989; Klemm et al., 1991) find no difference in financial performance between companies with and without mission statements. Two studies (Rarick & Vitton, 1995; Stone, 1996) show that companies with mission statements perform better, but these studies offer only anecdotal evidence. Smith et al. (2003) highlight some studies reporting that after the creation and introduction of mission statement, company performance increases for about 50 %. Musek Lešnik (2008) summarizes that (1) better performing companies have better, clearer and stronger mission and vision statements, and (2) process of identification of organizational values is positively related with performance of a company. Some studies focusing on a process of mission statements' or their components' creation and communication, confirm the importance and impact of a companywide debate about company's fundamental issues on its performance, and a link between company's identity and reflection about the future performance (Bart, 1997; Bart & Baetz, 1998; Bart et al., 2001; Kantabutra & Avery, 2002). Study by Deloitte & Touche (Marzec, 2007) finds that companies, which communicate their business strategies, achieve on average 43 % higher market to book ratio comparing to the ones which don't communicate their strategies at all.

Gallup's study (Marzec, 2007) notes, that companies which provide employees with insight into key organizational issues improve their market value on average for almost 5 %. Besides, study done by Voss et al. (2006) points out that the uncertainty or disagreement about the central issues of a company reflects in lower personal income and poorer sales results.

The mission statement provides the basis for judging the success of an organization and its programs. It helps to verify if the organization is on the right track

and making the right decisions. It provides direction and a strategic planning framework when the organization must adapt to new demands. Attention to mission helps the organization adheres to its primary purpose and serves as a touchstone for decision making during times of conflict. Once this strategic planning framework is in place it is very easy to fill in your goals, objectives, strategies and tactics because you know where you'd like to be. Klemm et al. (1991) hold that a mission statement that includes a statement of company values, is an important tool for managers to assert their leadership within the organization, while Baetz and Bart (1998), who surveyed large Canadian firms, report that the majority of firms were satisfied with the statement and the process they had used to create it. In a later study with the same population of firms, Bart and Baetz (1998) conclude that mission statements and some of their specific characteristics are selectively associated with higher levels of organizational performance.

Mission statements help in direction setting, internal and external marketing, and promoting distinctiveness. The direction setting role of mission statements is recognized by various authors (Keller, 1983; Pearce and Robinson, 1991) and is enhanced by encompassing an explicit statement of a vision or expression of the future of the organization (Martin, 1985; Nanus, 1992). The marketing role of the mission statement enables the firm to communicate and help internal and external stakeholders understand the identity and activities of the organization (Keller, 1983; Hackley, 1998; Hartley, 2002). Employees are a particularly important internal stakeholder and the mission statement can be used to explain the purpose and philosophy of the organization to them (Davies and Glaister, 1997; Hooley et al., 1992). A final aspect of the role of the mission statement is to promote and show the distinctive competence of the firm (Drucker, 1973; Whelan and Hunger, 1989). Based on these three key roles of mission statements, various authors support the position of Davies and Glaister (1997) who hold that the mission statement should be a combination

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of statement of purpose and vision for the future, written and presented in as parsimonious fashion as possible. Mission focuses upon long-range economic potentials, attitudes toward customers, product and service quality, employee relations, and attitudes toward owners. It provides identity, continuity of purpose i.e. why the organization exists, its purpose, in terms of its basic product or service, its primary markets, moral and ethical principles and its major production technology. The mission outlines the firm's identity and provides a guide for shaping strategies at all organizational levels. The role played by mission in guiding the organization is an important one. Specifically it serves as a basis for consolidation around the organization's purpose; it provides impetus to and guidelines for resource allocation, defines the internal atmosphere of the organization, its climate serves as a set of guidelines for the assignment of job responsibilities and facilitates the design of key variables for a control system.

RELATIONSHIP BETWEEN FIRMS' STRATEGY FORMULATION AND FIRM'S MISSION STATEMENT

Strategy formulation is the development of long range plans for the effective management of environmental opportunities and threats in light of corporate strengths and weaknesses. It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting up policy guidelines. An organization's mission is the purpose/reason for the organization existence. A well conceived mission statement defines the fundamental and unique purpose that sets a company apart from other firms of its type and identifies the scope of the company's operation in terms of the product offered and market served. The Mission Statement is a crucial element in the strategic planning of a business organization. Creating a mission is one of the first actions an

organization should take. This can be a building block for an overall strategy and development of more specific functional strategies. A clear mission statement is essential for effectively establishing the objectives and formulating strategies. It reveals what an organization wants to be and whom it wants to serve. A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and for the design of managerial structures.

A clear mission statement is important for sound strategic management of an organization for several reasons. First, a clear mission statement is needed before alternative strategies can be formulated, implemented and evaluated. Only a clear definition of the mission and purpose of an organization makes it possible, formulate realistic business objectives (Drucker 1974), providing useful criteria for choosing between strategies. Second, a clear mission statement provides a base or standard for allocating organizational resources, provides managers with a common direction that should transcend individual, departmental and transitory needs which are related to strategic formulation. A study by Pearce and David (1987) compared the mission statements of Fortune 500 firms performing well and performing poorly. They concluded that high performers have more comprehensive mission statements than low performers, thereby identifies a link between a clearly identified organization mission and strategy formulation. Third, a clear mission statement describes the values and priorities of an organization. Mission statement can help to establish a general tone or organizational climate which can serve as a focal point for individuals to identify with the organization's strategies and directions. (Klemme, Sanderson and Luffman 1991:77). Fourth, the mission statement can be an effective vehicle for communicating with important internal and external stakeholders. Stakeholders are groups, both inside and outside the organization, with an interest in its fortune. They include such external groups as customers, suppliers,

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shareholders, investors, government agencies and the general public (David 2001). Internal stakeholder groups include employees as individuals and as members of various professional bodies, departments, business units, and divisions etc.

Here the relationship between mission and strategy formulation is further explained by analyzing some of these corporate:- MARUTI SUZUKI India Limited (MSIL, formerly Maruti Udyog Limited) is a subsidiary of Suzuki Motor Corporation of Japan. Maruti Suzuki is a leading manufacturer of passenger vehicles in India serves as a fine example of intensification strategy. Vision statement of Maruti Suzuki is to be "The Leader in the Indian Automobile Industry Creating Customer Delight and Shareholder's Wealth; eventually became a pride of India". Mission of Maruti Suzuki is the production of fuel efficient vehicles to conserve scarce resources, production of large number of motor vehicles which were necessary for economic growth. Its mission is also to focus upon market penetration, market development similarly product development and diversification, all as a part of Intensification strategy with the help of relationship management, value chain and value delivery network. Maruti intensification strategy had two main components: (i) Continuous market penetration, product development and market development accompanied by matching expansion of production. (ii) Persistent endeavor at building competitive advantage. To facilitate its expansion plans, Maruti established its presence in all major segments of the Indian car market. In its assessment, the small/budget car segment and the family/semi-luxury car segment were the two major segments in the Indian context. It also considered vans and all-terrain vehicles as segments with reasonable potential. The basic thrust of Maruti's strategy was intensification/expansion of its production and market. The theme was: intensify, compete and grow. It also had formulated a strategy for the future i.e. the company's annual report also emphasized its growing focus on the export market. Maruti Suzuki is also looking forward to make India an exclusive

base to manufacture small cars for Europe. "Maruti wanted to export 2 lakh units annually in 2012-2013. Maruti Suzuki which controls slight over half of the domestic car segment in the country has said that it would design small cars which would be suitable for the Indian conditions as a strategy to beat the stiff competition with the entry of global auto makers. It would be launching cars with more features to meet the needs of the customers locally. TATA MOTORS an Indian automobile company belongs to Tata family, its mission is "To be passionate in anticipating and providing the best vehicles and experiences that will excite customers globally." Strategy formulation helps in future forecasting, profitability and sustained market growth. Recently Tata Motors planning to change the company's strategy in the passenger car segment i.e. mild changes in the short term and portfolio revision in the long term. Tata Motors is strengthening its two major business units, Passenger cars and Commercial Vehicles, with a common vision statement One Team One Vision. The core philosophy of this new statement is coined in an abbreviation ACES which stands for Accountability, Customer and Product Focus, Excellence and Speed. Tata Motors is putting forces in place that will focus on these core values. The Company has undertaken its most ambitious product development program in its history, and will be launching several new sports sedans and sports cars in the next two years in order to fulfill its mission of providing dealers with a more competitive and wider product range. BHEL a PSU its Mission statement is "To provide sustainable business solutions in the field of Energy, Industry and Infrastructure". So as to fulfill its mission in infrastructure sector, BHEL has adopted various strategies like Technological strategy i.e. upgrading its product engineering and manufacturing technology base by induction of state of the art technologies, upgrading equipment and facilities to maintain quality leadership, Research and Development strategy have made significant contributions to almost all areas of operation of BHEL like Atmospheric Bubbling fluidized bed

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Combustion (FBC) boiler up to 100 tones/hr, Direct Ignition of Pulverized Coal (DIPC), Quality strategy i.e. to achieve highest international standards of quality at every stage of operation. Manufacturing strategy i.e. to acquire more and more advanced machines whereby the productivity can be improved, cycle time to be reduced, cost of production can be lowered and the rate of stock removal is enhanced. BHEL has formulated its Strategic Plan for 2012-17. The plan attempts to steer the company towards becoming a global engineering enterprise. Key drivers of its success are expanding its offerings in Power sector by building EPC capability, focus on Industry businesses, expansion of spares & services and adoption of collaborative approach. This is a core component of Strategy 2017. ONGC again a government of India PSU adopted various Growth and Marketing strategies, to fulfill its Mission "To be global leader in integrated energy business through sustainable growth, knowledge excellence and exemplary governance practices". ONGC adopted Divestment strategy i.e. GOI disinvested 2% equity stake through competitive bidding, ONGC expanded its equity by 2% by offering shares to employees, GOI further sold its 10% equity stake in ONGC to the Indian Oil Corporation (IOC) and 2.5% stake to the Gas Authority Of India Limited (GAIL). ONGC also adopted Diversification and Growth strategy i.e. to diversify their risk by investing in other sectors so that they can reduce the dependence on a particular sector, it also diversified towards refining and retailing. In mid of 2004, ONGC planned to set up major plant at Dahej in Gujrat and another at Mangalore in Karnataka and an agreement was signed with Gujarat government for setting up a SEZ for this purpose. ONGC is forming profitable joint ventures related to the petroleum and energy sectors with both Indian and foreign companies. ONGC's strategic new ventures mainly cover: Deep water exploration and drilling, Exploration in frontier basins, Marginal field development, Optimization of field development, Plan field recovery. Other allied areas of service success in these highly specialized

areas would require the best technology, process and practice and the maximum use of R&D. ONGC intends to achieve these objectives through strategic alliances and sustained relationships.

GE, an American MNC, it manages to apply a thorough and carefully designed mission and corporate strategy to provide its businesses strategic intent, direction and long-term orientation. GE has successfully used the Joint Ventures (JV) route in executing its expansion strategy in India. It has made a fast entry into India too, through the same route. It entered India with the strategic intent of acquiring a strong and continuously enlarging presence in the Indian market. By choosing the JV route, it managed to achieve its intended expansion within a short span of time. GE's massive entry into India through JV's are as follows: GE appliances and plastics entered through a JV with Godrej and IPCL respectively, GE capital promotes a consumer finance JV with Godrej and another with HDFC, GE medical system enters through a JV with Wipro. JV route helped GE achieve such an expansion with optimal resources. Factors behind the success of GE's JV are that GE chose the partners for its JV's correctly; it ensured that in every case it teamed up with a firm which shared GE's vision about the venture. It chose partners from the private as well as public sectors. GE also ensured that the JV led to benefits for both the partners in equal measure. The Joint venture involved a technology tie-up as well as a financial and strategic tie-up.

CONCLUSION

Mission and vision statements are very important for an organization. These statements are an integral part of the strategic planning and implementation process that can provide direction to choose the strategic direction. Every company, no matter how big or small, needs a mission statement as a source of direction, a kind of compass, that lets its employees, its customers and even its stockholders to know what it stands for and where its headed, (Abrahams, 1995). Drafting a mission statement can be a very

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difficult process. In this paper it has been found that a mission statement should express an organization's purpose in a way that inspires support and ongoing commitment, should motivate who are connected to the organization. It should be short enough so that everyone connected to the organization can read and repeat it. Organization's mission statement should be revised when it is no longer appropriate or relevant. It is also verified that internal stakeholders, employees and external stakeholders, customers and suppliers, have a dominant presence as components of current mission statements. Every organization has a unique purpose, set of goals and priorities which should be reflected in a mission statement (David, 1989), it can be concluded that these priorities currently focus on three determinants of competitive advantage the strategic direction of the organization, stakeholder's concerns, and critical success strategies. Managing a customer's focus is commonly regarded as being one of the most effective strategies to develop competitive advantage (Ennew and Binks, 1996). This can also be seen in the strategic impact of quality, which is widely viewed as the core success factor in retaining existing customers and capturing new ones (Zeithaml et al., 1996; Ennew and Bink, 1996). Mission statement has a positive association with firm performance and makes a positive contribution towards it. It must have a proper rationale, contain sound content, have organizational alignment and bring about sufficient behavioral change in the desired direction. . Mission statements are important for all types of organizations like public, private, non-profit, profit, family-owned etc. Key reason behind such importance is the mission statement's guidance of strategic and day-to-day, operational decisions. Additionally, mission statements act as the glue that binds organizations together and better performing companies have better, clearer and stronger mission and vision statements and the process of identification of organizational values are positively related with performance of a company. Further it also formulated the relation between firm's mission statement and firm's strategic

implementation. The Mission Statement is a crucial element in the strategic planning of a business organization. Mission statement can be a building block for an overall strategy formulation and development of more specific functional strategies. Only a clear mission statement and purpose of an organization makes it possible to formulate realistic business objectives and provides useful criteria for choosing between strategies. Each organization's uniqueness should be reflected in a statement of mission. Drucker (1974) suggests that it should be the 'first responsibility' of managers. A well-designed mission statement is essential for formulating, implementing and evaluating strategy. Managers often overlook the development of mission statement and it can be the effective vehicle for communicating with important internal and external stakeholders with an interest in its fortunes.

Formulation of an appropriate mission statement appears to be necessary but not sufficient for successful business operations. In addition to developing a mission statement, managers need to think strategically about where they are trying to take the company i.e. what strategy they are formulating. Management's concept of the business needs to be supplemented with a concept of the company's future business makeup and long term direction. Management's view of the kind of company it is trying to create and its intent to stake out a particular business position represents a strategic vision for the company. By developing and communicating a business mission and strategic vision, management infuses the workforce with a sense of purpose and a persuasive rationale for the company's future direction.

Mission statement is very important to the organization so that proper emphasis should be given to the involvement of employees in establishment of mission statement or its awareness to the employees. This research paper may help and will put some light on drafting a mission statement of the firms so that they can formulate better strategies.

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