READABILITY OF MISSION STATEMENTS: A LOOK AT FORTUNE 500

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ABSTRACT

Mission statement is believed to be the most important document of corporate communication, and like all other documents it should be reader centered and comprehensible. Considering this premise, this research endeavor is aimed at evaluating the mission statements of fortune 500 firms for said traits. The mission statements were retrieved from the respective websites, while the analysis was done through counting (sentences, words, and no. of words/sentence) technique and Flesch Reading tests were used. Analysis of statements for readability proved that at average the statements are difficult to read and comprehend, and a reader needs university/graduation degree to make sense out of these statements. The results leave a valuable message that if these organizations intend to focus on the stakeholders from various parts of the world, the statements should be reader centered. The research endeavor is first of its kind, as it focuses on the readability of fortune 500 firms. Furthermore, the analysis is unique as it covers two uninvestigated perspectives, (i) on the basis of operation and (ii) continent of origin.

Keywords: analysis, mission statements, organizational communication, readability, strategic management, understandability

1) BACKGROUND

Mission statements (henceforth, MS) are considered to be the most important message focusing on the stakeholders. It covers the basic business ideology, philosophy, attitude and ambition. According to Pearce and Robinson (1991), MS is something indispensable as it is directly linked with the formulation of strategy as well as its implementation and finally its evaluation. Furthermore, it elucidates the path and ultimate direction to follow (Keller, 1983). It could provide direction to both internal and external stakeholder (Campbell and Yeung, 1991; Hartley, 2002). Fairhurst and
Jordan (1997) commented further that MS is a stakeholders’ orientated statement, and there should be a serious concern towards its development and contents. The meanings and inferences from mission statements are often based on the level of relation between organization and reader; and could be attributed further to: individual’s commitment, role of organization and trust in management of organization.

Understanding of MS, further, clarifies the meanings and reasons of existence of an organization which shapes up the reputation; but the understanding stands at the heart of it (Godkin, et al., 2000). Readability is the level of understanding a reader can have after going through from a document (Bart & Baits, 1998). Readability is valued and cherished by many disciples e.g. accounting and finance (Blouin, 2010; Li, 2008); marketing (Kover, 2002; Mackey and Metz, 2009) and public relation (Geary, 2001).

But how readers derive meanings from the statement is largely dependent upon the readability of MS (Ahmed, Shaukat & Islam, 2013; Cochran et al., 1985); and there are number of outlines given to develop a readable mission statement. For example, Ehrenberg (1982) commented that a MS should be based on following principles: (1) it should be reader centered, (2) brief, (3) based on short words, (4) should always be revised when needed and (5) always “began at the end”. Furthermore, Cochran et al. (1985) directed MS should be concise, simple and brief, while its evaluation should be made through techniques like “Fog index”. But it is unfortunate to share that MS have not attained due attention from researchers from strategy and business (Sattari, Pitt, and Caruana, 2011).

While looking at the literature, very few studies are available that focus on readability of business organizations. Most of the past evidences focused on mission statements of universities, educational institutions; for instance, Morphew & Hartley (2006) and Stober (1997) studied the MS of universities and found that the statements are not easy to understand. Furthermore they also commented that understanding the demands of stakeholders and meeting those demands both are the areas that need further improvement. Furthermore, studies have also focused on business organizations, for example Cochran and David (1986) while studying mission statements of 74 US and 61 business organizations found that MS of business organizations were more reader centered and inclined to meet the needs of stakeholders. It is also noticed that failure to meet the readability standards influences their reputation and understanding of vision and future directions (Sattari
et al., 2011). Sattari and fellows further continued their work on 100 firms randomly ascertained from fortune 500 firms and came to conclusion that the statements are poor at understanding and readability and further attention is demanded. They also directed that future studies should focus on global firms like fortune 500 and compare their statement; this study valued this call and attempts to fill the gap. This study also adds value by focusing on the country of origin and continent, to see the ideological difference in firms.

1.1) Value & Worth of Mission Statements

Sattari et al., (2011) commented that MS is an important organizational document containing its goals, direction, destination and ways of attaining those goals. Hill and Jones (2008) considered it valuable as it sets the framework for strategy formulation. MS and its use has been in literature for decades, for example Jones (1960) valued MS as an organizational statement and its role in decision making process. Ireland & Hitt (1992) and Verma (2009) also highlighted the value of vision and mission statement in enabling people to work on a shared and common objective. Smith et al. (2001) valued it as a vigor that influences the performance of organization. Past studies provide mixed results for these assumptions, and a need of further research is felt evident (Bartkus et al., 2000; Sattari et al., 2011).

Klemm et al. (1991) while answering such questions elaborate that MS is a tool to declare the organizational value chain that enables leaders and all stakeholders to set the directions and standards to achieve. Baetz and Bart (1998) valued statements as source of better performance. These results are supported by the findings of eminent strategy researchers (like, Barber, 2005; Davies & Glaister, 1997; and Meyer, 2005). Bartkus and Glassman (2008), on the other hand, is of the view that statements are not consistent in focusing on the stakeholders and there is skepticism about the value and contribution of statement. Morphew and Hartley (2006) also questioned the value of MS as they commented that MS is merely collection of “stock phrases” which are vague rather than inspiration and are often not readable.

Though literature shows mixed results while concerning the value of MS, yet these statements are considered important instrument of direction setting, devising strategies, and identifying the ways of capturing resources. MS are also found to offer benefits like, promote image, set direction and
work as a tool to market business and its ideology. Drucker (1973) and Whelan and Hunger (1989) also considered MS as prime tool of setting organizational image. Furthermore, the role in setting direction has also been cherished and raised. For instance, Pearce and Robinson (1991) and Keller (1983) have considered it the most important document along with vision. Furthermore, both these documents highlight the choices and values of organizations (Martin, 1985; Nanus, 1992). Moreover the role of MS as tool of marketing is considered equally significant (Hackley, 1998; Hartley, 2002), and covers marketing to external and internal customers (Ahmed et al., 2013; Sattari et al., 2011). It is also shared that through a readable mission statement, both internal and external stakeholders could be clarified about the ideology and reasons of existence, which ultimately increase the bond (customer-client relation) between organization and customers (Davies & Glaister, 1997; Hooley et al., 1992).

1.2) Need of Mission Statements Readability & Understandability

It is not only the statement that is valuable, but the meanings associated and driven from them are important. It is therefore believed that readability and understanding of statements is the prime consideration in order to get best out of the statements (Sattari, et al., 2011). It is also valued that, there is no other way except meeting the demands of readability as it could bring all stakeholders to a central point. Moreover, it is found that if reader grasp the statement well the message of image, marketing and existence is conveyed (Klarke, 1963). It is therefore directed that a statement should be structured well in terms of words, sentences and layout (Klarke, 1963; Sattari et al., 2011). Moreover it should be reader centered (Klarke, 1980); and a statement is reader centered if one can read with speed & accuracy and can comprehend its meanings (Ahmed et al., 2013).

Zakaluk and Samuels (1988) considered a statement readable if it contains good writing style and is good at its structure. Understandability is also dependent upon the readers’ traits like prior knowledge, reading skills, motivation and interest (Sattari et al., 2011). But while evaluating the quality of document for readability both the statement and reader characteristics should be compared (Gray & Leary, 1935). Based on these considerations various methods of readability analysis are given, which are presented in the following section.
1.3) Measures of Text Readability

The earlier work on readability focused on text of school children (Sattari et al., 2011, Zakaluk & Samuels, 1988); but with the passage of time enormous other measures were developed to test the text readability and comprehendability (Zakaluk & Samuels, 1988). Fog index of Gunning (1952) is one of the initially developed and widely used measure. It was aimed at assessing the reports and their communication quality. The scores range from 0-10 denoting easy to read – difficult to read and understand. The closer the score to 10, the more a document is believed to be difficult to read (Ehrenberg, 1982).

Yet another measure was developed by Flesch in 1948, covering two assessment measures i.e. “Flesch Reading Ease Score (FRES)” & “Flesch-Kincaid Grade Level (FKGL) Score”. FRES scores ranges from 0-100, where higher the score greater the readability of the text, but a standard document with score of 60-70 is considered readable. FKGL is also based on ASL and ASN but tells the average education level required to understand the document. As Flesch techniques offer both document and reader traits to understand a document, the method overweighs all other methods, thus its use was considered valuable and justifiable.

2) DATA & METHODS

The study was conducted to judge the mission statements, of Fortune 500 companies, for readability and comprehend ability. Mission statements were taken from websites of respective companies between Nov 2011 and Jan 2012. Out of 500 organizations 185 were from manufacturing sector, while 175 belonged to services and 34 to trading concerns. 106 were found to be working on diversified businesses. Out of the top 500 organization, 164 were from Asia, 168 from Europe, 10 from South American continent and 9 Australian origin firms.

The MS retrieved from respective websites on the basis of two basic categories; i.e. continent of origin and nature of operations. The division could be justified by the findings of Ralston et al. (1997), who noticed that national cultures strongly influence the managerial values and ultimately business goals and directions. Dsatmalchian, Lee and Ng (2000) also inferred that leadership and their values are mostly influenced by the national
cultures, and these values ultimately influence organizations statements and all other stakeholders. According to Hofstede (1985) “Organizations have prevalent value systems which are part of their organizational cultures. These value systems show a national component according to the nationality of the organization’s founder(s) and dominant elite”. As MS is believed to be an outbreak of organizational value system, it is to believe that continent and country of origin may have an influence on the contents and quality of mission statements. This study aims to find answer for this research query.

3) RESULTS AND DISCUSSION

Table-1 covers the results for sector wise division of firms. It is evident that service sector has the longest mission statement in terms of total words (i.e. mean words=30.02, SD=35.80, no of words words=295,) and number of sentences (i.e. mean sentences=1.31, SD=1.21, no of sentences=9,). These results are against the findings of Sattari et al., (2011) who found that retail and distribution organizations have longest mission statement in 100 fortune firms. While looking at the reasons, it was found that the attribution to service sector is not justifiable as most of the service firms belonged to Europe and the said trait could be attributed to the said continent instead of sector. On the other hand, shortest mission statement were of trading and distribution organizations; in terms of words (i.e. mean words=41.05, SD=26.77, no of words=93) and sentences (i.e. mean sentences=1.87, SD=0.84, no of sentences=5).

FRES of selected companies are also shows in table-1, where it is evident that the mean FRES is 63.4 with SD of 46.1. Manufacturing firms have highest mean value of 69.8 with SD of 42.8. These results could be attributed to findings of Sattari et al., (2011) who noticed that mission statements of manufacturing companies are clear and reader centered, and this could be attributed to the nature of business and portfolio of products and services. Diversified businesses were found to have lowest means score i.e. 58.1 and SD of 46.0, while a statement should score ≥ 60 to be a readable statement. Moreover, as the mean of all the organizations is above 60 (except firms with diversified nature of business), it is therefore expected that MS of firms from all other sectors are difficult to read and understand. These findings could be attributed to the fact that the diversified nature of businesses could make
it difficult for reader to understand the purpose of existence of organizations (Ahmed et al., 2013; Sattari et al., 2011).

Table-1 also contains the scores of FKGLS that is 14.3 with standard deviation of 6.4. While looking at the firm level scores it is to notice that manufacturing companies have lowest mean i.e. 13.6 (and standard deviation=6.1), while diversified organizations have highest mean score of 15.8 (and standard deviation=7.3). This test shows the education (in years) to understand a written document. It is found here that diversified business needs to have 15.8 years of education to comprehend mission statement of the said sector. It is therefore again inferred that the complex the nature of business, the more difficult it is for customers to comprehend the meanings for it. Manufacturing sector was found to require minimum 13.6 years of schooling to understand statements. Conclusively, it could be inferred that for fortune 500 organizations, a reader should have 14 to 16 years of education, that equals to a university degree, thus helps us infer that the statements are difficult to read and understand.

**Table 1: Sector wise division**

<table>
<thead>
<tr>
<th>Measures of assessing mission statement</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall</td>
</tr>
<tr>
<td>Shortest statement (words)</td>
<td>1</td>
</tr>
<tr>
<td>Longest statement (words)</td>
<td>295</td>
</tr>
<tr>
<td>Mean length (words)</td>
<td>30.43</td>
</tr>
<tr>
<td>SD (words)</td>
<td>31.04</td>
</tr>
<tr>
<td>Fewest sentences</td>
<td>1</td>
</tr>
<tr>
<td>Most sentences</td>
<td>9</td>
</tr>
<tr>
<td>Mean No. of sentences</td>
<td>1.34</td>
</tr>
<tr>
<td>SD (sentences)</td>
<td>1.10</td>
</tr>
<tr>
<td>Fewest (No. of words/sentence)</td>
<td>1</td>
</tr>
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<td>Highest (No. of words/sentence)</td>
<td>119</td>
</tr>
<tr>
<td>Mean (No. of words/sentence)</td>
<td>14.37</td>
</tr>
<tr>
<td>SD (words/sentence)</td>
<td>13.90</td>
</tr>
<tr>
<td>FRES (Lowest)</td>
<td>0</td>
</tr>
</tbody>
</table>
Table-2 contains results for each continent under consideration. It is evident that European companies have mission statements with highest number of words and sentences i.e. no of words 295, mean words=36.44, SD=37.29; number of sentences=9, mean sentences=1.57, SD=1.17; and number of words/sentence i.e. 119, mean words per sentence=20.34, SD=17.4. Contrarily, South American companies have smallest mission statements, i.e. in terms of words=42, mean words=31.42, SD=12.65; number of sentences=3, mean sentences=1.2, SD=1.19. These findings validate the findings of table-1, where it is noticed that service firms have longest mission statement. But as the majority of the service organizations belonged to Europe, the readability qualities could be attributed to the culture instead of sector.

FRES and FKGLS are also presented in table-2, where the FRES mean score is 65.3 with SD of 49.1. Asian companies are found to have highest mean score i.e. 72.9 with SD of 61.5; while North American companies had short mission statements with FRES score of 60.2 and SD of 52.0. But the readability scores highlight that Asian companies have more readable statement than any other continents, while North American companies have most difficult statements. Further analysis through FKGLS highlights that Asian companies need 13.8 years of education, while North American companies need 15.3 years of education to understand the statements. In nutshell, it is inferred that Asian companies have easy statements, while North American companies have complex statements.
### Table 2: Continent wise division

<table>
<thead>
<tr>
<th>Measures of assessing mission statement</th>
<th>Europe</th>
<th>Asia</th>
<th>North America</th>
<th>Australia</th>
<th>South America</th>
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<tr>
<td>Shortest statement (words)</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>Longest statement (words)</td>
<td>295</td>
<td>149</td>
<td>114</td>
<td>103</td>
<td>42</td>
</tr>
<tr>
<td>Mean length (words)</td>
<td>36.45</td>
<td>32.17</td>
<td>36.33</td>
<td>41.63</td>
<td>31.14</td>
</tr>
<tr>
<td>SD (words)</td>
<td>37.30</td>
<td>30.64</td>
<td>24.07</td>
<td>30.40</td>
<td>12.65476</td>
</tr>
<tr>
<td>Fewest sentences</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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</tr>
<tr>
<td>Most sentences</td>
<td>9</td>
<td>6</td>
<td>7</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Mean No. of sentences</td>
<td>1.58</td>
<td>1.37</td>
<td>1.65</td>
<td>2.38</td>
<td>1.20</td>
</tr>
<tr>
<td>SD (sentences)</td>
<td>1.18</td>
<td>1.02</td>
<td>1.12</td>
<td>1.30</td>
<td>1.19</td>
</tr>
<tr>
<td>Fewest (No. of words/sentence)</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>12</td>
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<tr>
<td>Highest (No. of words/sentence)</td>
<td>119</td>
<td>67</td>
<td>79</td>
<td>28</td>
<td>42</td>
</tr>
<tr>
<td>Mean (No. of words/sentence)</td>
<td>20.34</td>
<td>14.67</td>
<td>24.40</td>
<td>16.90</td>
<td>18.37</td>
</tr>
<tr>
<td>SD (words/sentence)</td>
<td>17.40</td>
<td>12.09</td>
<td>18.02</td>
<td>12.05</td>
<td>13.25</td>
</tr>
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<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>FRES (Highest)</td>
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<td>88.50</td>
<td>84.70</td>
<td>83.90</td>
<td>90.00</td>
</tr>
<tr>
<td>FRES (Mean)</td>
<td>64.40</td>
<td>72.90</td>
<td>60.20</td>
<td>67.30</td>
<td>65.30</td>
</tr>
<tr>
<td>FRES (SD)</td>
<td>60.80</td>
<td>61.50</td>
<td>52.00</td>
<td>52.90</td>
<td>49.10</td>
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<tr>
<td>FKGLS (Lowest)</td>
<td>3.90</td>
<td>2.70</td>
<td>6.30</td>
<td>3.50</td>
<td>2.60</td>
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<tr>
<td>FKGLS (Highest)</td>
<td>24.00</td>
<td>24.40</td>
<td>25.00</td>
<td>23.90</td>
<td>25.10</td>
</tr>
<tr>
<td>FKGLS (Mean)</td>
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<td>13.80</td>
<td>15.30</td>
<td>14.50</td>
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<td>FKGLS (Standard Deviation)</td>
<td>7.30</td>
<td>3.90</td>
<td>8.00</td>
<td>6.10</td>
<td>7.20</td>
</tr>
</tbody>
</table>
4) CONCLUSION

This research endeavor is aimed at unveiling understandability of mission statements of Fortune 500 companies. Mission statement is an important document of business communication flowing from organization to its stakeholders. Mission statement is considered valuable for both internal and external customers, as both identify and infer meanings from the mission statement of an organization (Sattari et al., 2011). Findings of our study, unveil the fact that MS of Fortune 500 companies are not readable, and greater amount of attention is needed from the top. Results based on FRES and FKGLS scores also highlight that minimum qualification needed to understand a statement is 14 years. It is therefore to share that the statements and their inferences are not possible to be obtained by the stakeholders. Our findings are useful for those who prepare statements, as they should focus on the demands of both customers and industry, as their inability to read and infer meanings from statement could harm the purpose of clarity in objectives and direction and sharing of direction to both internal and external stakeholders.

4.1) Limitations & Future Directions

This study covers investigation of only one communication tool (i.e. mission statement), and there are number of other communication tools used and adopted. So the results of the study could not be considered as the final voice about the problem. The findings of the study area also prone to further limitations, for instance the companies on Fortune 500 list change with every passing year and it is not necessary to have constant or permanent list. The mission statements of the selected firms were taken from their websites, but it’s not final that the statements will be unchanged till now. Continent of origin was also one premise and basis of research for fortune companies (European, Asian, North American, Australian and South America origin). The analysis was done using a common analysis technique, future studies should work on using computer aided and other tools to build new design of study.

Future researchers could improve the quality of research by focusing on the following directions. The foremost is taking the global 2000 firms, instead of 500 companies. This will help in getting results from varying organizations and cultures. Future researchers could also improve the quality of research
by focusing on the national cultures of countries, as Hofstede (1985) commented that culture of a country leaves a valuable message in development process of mission statement. State owned and privately owned businesses could also be a source of enrichment of research findings. Better analytical techniques could also improve the quality of output, results and meanings associated with those techniques (Morris, 1994; Sattari et al., 2011).

4.2) Managerial Values

Findings of current study are of high value for management of an organization. The findings revealed that MS of fortune 500 firms are not readable and require 14-16 years of education to understand the statement. A profound look at the customers across the globe, it is to share that majority of the employee belong to the lower level, with low level of education. The findings may not be applicable and useful for larger chunk of customers. In this situation, very serious efforts from top are needed, and the prime focus of these efforts should be to restructure their statements. Making a reader centered statements that is easy to understand and comprehensible will not only feel motivated to work but will also work for future of organization (Sattari et al., 2011). This will further make statement readable, as Gray and Leary (1935) commented that a statement is readable when reader has high level of motivation to and interest in reading it.

REFERENCES


