Mission and Organizational Performance in the Healthcare Industry

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EXECUTIVE SUMMARY

Healthcare is a rapidly evolving industry where firms face constantly changing conditions and an ever-increasing demand for services. As competition in this sector continues to grow, managers must assess their organizations and develop methods to improve firm performance and productivity. Successful managers are constantly searching for tools that will motivate their employees to perform at the highest possible level. An increasing amount of literature points to the mission statement as a valuable tool for managers to use to improve organizational performance and increase employee motivation.

This article examines the key elements of the organizational mission statement and discusses their significance in relation to firm performance in the healthcare industry. First, the elements of a mission statement will be identified and the relationship of these elements to both organizational success and employee motivation will be discussed. Second, the general mission development process and its most critical features will be considered. Third, specific mission statements from a sample of healthcare organizations will be identified and analyzed using an integrated analytical framework based on the literature. Finally, the significance of the material presented will be considered followed by suggestions for future mission statement development and evaluation.

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INTRODUCTION
There are a variety of definitions as to what a mission statement should be. For example, Drohan (1999) suggests,

“A good mission statement expresses an association’s reason for being, conveys the association’s identity and articulates purpose, focus, and direction. Such a statement is meaningful and inspiring and imparts a sense of stability in the midst of change.”

A simpler definition, provided by Bart and Tabone (1998), describes a mission statement as a “written formal document that attempts to capture an organization’s unique and enduring purpose and practices.” Rigby (1998) suggests that, “All a mission statement should do is communicate to what are coyly referred to as the company’s key constituents (shareholders, employees, suppliers and the like), what it is that the company is doing and ought to be doing.” Although the definitions vary in length and complexity, they all include the same general features. Most healthcare managers would agree that mission statements should establish the organization’s purpose and discuss the means to achieve that purpose. In addition, the mission statement should be a source of motivation for the organization’s employees by reaffirming their commitment to the organization’s purpose.

Mission statements are often compared to other organizational statements, so it is necessary to differentiate them from these other business statements. A common business statement is the vision statement, which expresses what the company wants to be in the business world. Basically, the vision is the end and the mission a means to achieve that end (King 1994). Many companies will also produce a statement of goals or objectives that are more specific than those stated in their mission. Specific goals and objectives can provide guidelines that may prove valuable to employees involved in the decision-making process. The objectives, mission, and vision are essential to management because they are components of the three broad goals of management (King 1994):

1. To create vision and mission statements that clearly state the purpose of the organization;
2. To communicate these statements in a succinct and effective manner; and
3. To provide a means to measure and encourage future progress.

Achieving these three goals will enable managers to create a strong culture within their organization and motivate their employees to strive to achieve a higher purpose. It could be argued that these concepts are even more important in healthcare organizations due to the difficult nature of providing healthcare services. Managers and employees are constantly facing drastic changes in reimbursement, legislation, technology, and other external factors. At times, members of healthcare organizations may lose sight of what it is they are striving for. It is essential for both managers and employees in the healthcare industry to have strong
organizational statements to turn to in times of change. Every employee can potentially have an effect on the success of the organization in achieving its mission. External factors can make the healthcare work environment rather chaotic. An employee who has a clear understanding of the organization's purpose and values is more likely to make a decision that will lead the organization in the right direction.

MISSION STATEMENTS AND ORGANIZATIONAL SUCCESS

In the last two years, several studies have been conducted to address whether the mission statement can be correlated with high firm performance. A recent study assessed mission statement rationales and their relationship to organizational alignment in the not-for-profit healthcare sector. The study's sample consisted of 103 Canadian hospitals, all of which had a budget of at least two million dollars. In the study, Bart and Tabone (1998) identified eight "performance-enhancing drivers" that, when included in the mission statement, were found to affect employee behavior. The eight drivers identified as significant were (Bart and Tabone 1998):

1. To provide a sense of purpose;
2. To increase CEO control;
3. To define behavior standards;
4. To enable employees to identify with their organization;
5. To give greater recognition to the interests of external stakeholders;
6. To inspire and motivate employees;
7. To refocus the organization during a crisis; and
8. To improve the resource allocation process.

The study suggests that managers in the not-for-profit healthcare sector need to reassess their reasons for developing a mission statement and in particular establish a tight alignment between the formal organization and the established mission. According to this research, the mission will be more effective if the organization's major systems and processes are designed to consistently enforce the mission. For example, the performance evaluation criteria used by the organization should be based on the objectives established in the mission statement. In addition, the study discussed the need for mission statements, and suggested that the process by which they are developed in the not-for-profit sector is substantially different from that of the for-profit sector. The authors claimed that mission statements in the not-for-profit sector seem to serve a different set of ends than those of other sectors. This study was significant because it provides managers with specific features to consider including in their mission statements that will directly affect employee performance (Bart and Tabone 1998).

A similar study (Bart and Baetz 1998) addressed the relationship between the mission statement and firm performance. The survey's sample population consisted of 136 executives from high-performing industrial corporations in Canada. In this study, Bart and Baetz concluded that there
was a "significant and positive correlation between: (a) firm performance and mission statements with which managers were satisfied; and (b) firm performance and the process used to develop mission statements." In addition, they found organizational performance to be significantly and positively correlated with the degree to which an organization's performance evaluation system is aligned with its mission. The study concluded that firms that develop mission statements with which they are satisfied, use a mission development process with which they are satisfied, and have high levels of internal stakeholder involvement in mission development, will experience the greatest benefits from their mission statements. Bart and Baetz went on to suggest that the findings reinforce and confirm that a firm's choice of organizational arrangements, such as the reward system and methods for employee evaluation, are key to mission implementation and the achievement of superior financial performance. Their study supports the significance of the mission statement in relation to firm performance and establishes the need for both organization-wide involvement in mission development and some degree of alignment between the mission statement and the performance evaluation system.

One additional study (Bart and Tabone 1998) was conducted on mission statement content and hospital performance in the not-for-profit healthcare sector. The survey's sample consisted of 103 not-for-profit Canadian hospitals with a mean number of employees of 1,010. In this study, Bart and Tabone developed a research project to answer three questions: (1) What are the specific content characteristics of mission statements in the not-for-profit healthcare sector? (2) Does the inclusion of a particular mission statement component appear to make a difference in terms of performance outcome measures? (3) Does the degree to which a particular mission statement component is clearly articulated affect outcome measures in any significant way? To measure the relationship between mission content and firm performance, these researchers used the following seven outcome measures:

1. Satisfaction with the current mission statement;
2. The degree to which the mission is an energy source;
3. The degree to which the mission statement is used as a guide for decision making;
4. The extent to which the mission influences the respondents behavior;
5. The extent to which it influences behavior of members of the organization;
6. The extent to which members throughout the organization are committed to the mission; and
7. A qualitative perceptual measure of the organization's financial performance success.

The study demonstrated that certain mission components, including competitive strategy, desired competitive position, and concern for shareholders, may be more significant than other components.
One of the most significant findings of the study was that hospital administrators tend to select different mission components than managers of industrial firms. This establishes the need for mission statement research that focuses on specific sectors of the market. In addition, certain mission components were found to have a greater behavioral and financial effect on hospital performance than other components. This is in contrast to the situation of industrial firms, where the influence of mission statements appeared to be primarily behavioral. As a result, there may be an increased urgency for developing mission statements in the not-for-profit healthcare sector than in other areas (Bart and Tabone 1998). This analysis not only offers additional mission components that may be significant to managers but also establishes the need for different mission statement criteria and additional research in the not-for-profit sector.

Finally, an article in Health Progress (Vandenberg and Grant 1992) discusses a company that has completed mission redevelopment focusing on the necessity of mission integration. The article discusses Holy Cross Health System, located in South Bend, Indiana, which launched a organization-wide program to ensure that its mission played a pivotal role in its operations. According to the authors, "HCHS has made a systematic effort over the past several years to raise consciousness among internal constituencies that every service rendered, every function performed, and every dollar budgeted is an expression of fidelity to the mission" (Vandenberg and Grant 1992). During their mission assessment and development process HCHS developed 11 mission standards including: "human resource practices, relations with the system and the sponsors, community-based planning and mission accountability" (Vandenberg and Grant 1992). Upon completion of the 19-month program, HCHS claimed, the mission assessment process had a greater impact on each local facility than anyone had envisioned at the outset. The process empowered individuals: The involvement, commitment, creativity, and dedication of all those involved were edifying as well as infectious. (Vandenberg and Grant 1992)

In addition, HCHS revised their accountability framework to reflect their four essential mission elements: fidelity, excellence, empowerment, and stewardship. The study concluded, "the system-wide mission assessment effort created opportunities for greater ownership of the mission and fostered personal responsibility for its fulfillment" (Vandenberg and Grant 1992). This article demonstrates the effect a well-constructed mission development process and thorough mission integration can have on firm success.

The above studies are significant because they offer healthcare managers specific criteria to consider while developing their organizational mission statements. Although most firms already have mission statements, the statements' significance may have been previously underestimated because there was little empirical evidence to demonstrate their importance. In
addition, there was little information on the effect that specific elements can have on the mission statement. Finally, mission statement development in the not-for-profit sector was differentiated from that of other market sectors. This is a significant development for the healthcare industry due to the large number of not-for-profit organizations. Managers of not-for-profit healthcare organizations should consider the effect of these findings on their organizations. The significance of a solid mission is becoming clear. Those companies that are mission driven outperform their rivals on key financial measures by an average of 30 percent ("Mission Possible" 1999). Those organizations that are not satisfied with their current mission statement should consider the benefits they could receive from reassessing their mission statement and the methods by which it was developed.

**KEY REQUIREMENTS FOR MISSION STATEMENTS**

There are several requirements for the development of mission statements. Drohan suggests three basic parameters of a mission statement: audience, length, and tone. It is necessary to determine toward which groups the statement is directed—employees, the community, competitors, or any combination of groups. Once the audience is identified, the length must be determined. When determining the length of the mission statement, managers should consider which components they feel are necessary to include in the mission. The statement should be detailed enough to achieve its purpose but succinct enough to be effective. Finally, the tone of the statement should be considered. The tone should “reflect your membership, makeup, and speak convincingly to your target audience” (Drohan 1999). As identified in the previously discussed studies, the involvement of both internal and external stakeholders is essential.

Although the definition of what should be included in a mission statement is vague, some features are apparent. There are no definite answers or formulas for managers to consider when developing a mission statement. Actually, every author offers a slightly different definition of what constitutes a mission statement and what features are important. However, the experts in this field tend to agree on a few common elements, and the studies discussed previously also offer some valid suggestions. A strong mission statement should include the following four elements: (1) the purpose of the organization, (2) the specific line of business or specialty, (3) geographic parameters, and (4) a discussion of important groups in the organization’s life, such as employees and shareholders (Graham and Havlick 1994). In addition, managers should consider addressing the eight drivers and the seven outcome measures suggested by Bart and Tabone (1998).

What are the specific steps in the mission development process? Graham and Havlick (1994) offer five steps for mission statement development.

1. Collect information about the organization and its goals. This should involve reviewing company
documents and discussion with employees.

2. Produce a rough outline of the mission statement. Consider the features you have identified as important and roughly construct the statement to include them.

3. Allow all internal stakeholders to review the draft so they may provide feedback. It is essential that employees on all levels feel that they are playing a part in the development of the statement.

4. Revise the mission statement based on the suggestions received in step three. Make changes based on the suggestions offered by the employees and allow them to reevaluate the document.

5. Obtain support for the final document from upper-level management. Once you are satisfied with the document, present it to upper-level management for final approval.

In the healthcare industry in particular, it is essential to have the support of the entire organization. The diverse characteristics of the healthcare market make it essential for employees on all levels to not only have a clear understanding of what they are trying to achieve, but also a feeling of support and involvement in determining the mission.

**LITERATURE REVIEW SUMMARY**

The previously discussed articles make some crucial points concerning the value of the mission statement and the mission development process. First, the study on mission statements and firm performance demonstrated the importance of internal stakeholder involvement in mission development. To reiterate, the study found the higher the extent of employee involvement in mission development, the greater the influence of the mission on employee behavior. Possibly the most essential feature of mission statement development is organization-wide involvement. In addition, Bart and Baetz (1998) point out the significance of the alignment between the organization’s reward system and the mission statement. The mission statement allows managers and employees to set goals and discuss in some degree the means they will use to achieve them. The mission becomes more than a paragraph in the company statement when the employees are held liable for putting these words into action. Managers must not only develop a strong mission, they must be willing to support it and take the steps necessary to prompt employees to strive for its achievement. Finally, managers in the not-for-profit sector should consider the findings of Bart and Tabone (1998). Mission statements in the not-for-profit healthcare sector may have a more significant effect than has been previously considered. Although further research is necessary on this topic, these findings may prove significant to managers in this field.

**ANALYTIC FRAMEWORK FOR EVALUATION OF HEALTHCARE MISSION STATEMENTS**

Based upon the studies of Bart and Tabone (1998) and Bart and Baetz (1998), the author proposes an integrated analytic framework to assess
healthcare mission statements. A sample of 18 mission statements from the healthcare industry was selected for the study. The sample encompasses a diverse group of healthcare organizations in both the for-profit and the not-for-profit sectors. The purpose of the analytic framework was to provide a method to consider the characteristics of organizational mission statements in the healthcare industry and compare them to the criteria suggested by Bart and Tabone (1998) and Bart and Baetz (1998). Such an analysis is helpful to determine the availability of these characteristics across a diverse sample of healthcare organizations.

To accomplish this, each organization’s mission statement was rated based on the degree to which it includes the eight performance drivers and two of the outcome measures suggested by Bart and Tabone (1998). Not all of the outcome measures were used because some could not be determined by simply examining the mission statement, and because some of the performance drivers and outcome measures were the same. For each of the ten criteria, the author used a number scale ranging from one to three to rate the organizations. A score of one signified the criterion was not fully addressed. A score of three indicated that the mission statement fully addressed the criterion, and a score of two signified that the criterion was partially addressed. A diverse sample, including national and regional organizations, was used to ensure that the criteria could be applied to all sectors of the healthcare industry. Figure 1 lists the organizations included in the study, indicates the criteria used to evaluate the mission statements, and records the scores for each measure. It should be noted that no attempt was made to measure organizational performance.

The analytic framework demonstrates the wide variation that exists in mission statements among the sample of healthcare organizations. Not one organization included all of the criteria in its mission statement; however, several criteria were consistently present or absent from the sample mission statements. All the organizations included in the sample stated their purpose in the mission statement. On the other hand, only one organization mentioned management in its mission statement and scored the only 2 in the CEO control category. In addition, not one of the organizations in the sample included criteria that discussed refocusing the organization during a crisis. The scores of several criteria—including degree to which mission is an energy source and degree to which mission can be used as a guide for decision making, to inspire and motivate employees, and to enable employees to identify with the organization—exhibited wide variation throughout.

**Conclusion**

The results of applying an analytic framework demonstrate the wide variation that exists among mission statements of diverse healthcare organizations. Managers may want to consider the criteria they include in their organizational mission statement to determine if they could benefit from reassessing or modifying their mission.
statements. Results suggest that additional research is needed to identify criteria that may be relevant to all types of healthcare organizations. Specifically, the healthcare industry may benefit from continued research on the variation between mission statements in the not-for-profit and the for-profit sectors.

The healthcare industry exists in a diverse and competitive market that is constantly changing. Managers must have methods to motivate and inspire employees to accomplish goals to stay competitive. The organizational mission statement has now been empirically shown to positively affect firm performance. Specific criteria are now available for healthcare managers to consider when evaluating their mission statements. Organizations in the healthcare industry should determine if their mission statement truly represents what they want to achieve. Managers should assess the level of employee support for the mission and provide employees opportunities to make suggestions for improvement. The benefits that can be reaped from a strong mission development process, resulting in a well-constructed mission statement, are certainly worth some consideration. A solid mission statement can improve the performance of managers, employees, and the larger healthcare organization—a goal that all healthcare managers share.

References
## Figure 1
Analytic Framework for Mission Evaluation

Performance Drivers
(Bart and Tabone 1998)

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<th>CEO Control</th>
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<th>Enables Employees to Identify with Organization</th>
<th>Recognizes External Stakeholders</th>
<th>Inspires and Motivates Employees</th>
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