

The Characteristics of Malaysian Companies' Mission Statement and Its Relationship with Financial Performance

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ABSTRACT

This study focus on Malaysian public listed companies!, viewing at the nature and role of mission statement and the relationship between key components of mission statement and firm performance. The study found that very few Malaysian companies concern on disclosing their mission statement. However, the disclosed mission statements contained almost all the key components that have been addressed in the literature. Besides that, the study also shows a consistent result with the previous study in term of ranking of key components by degree of important. Further, it was found that some of the key components are related to one or two companies' financial performance indicators. This study also reveals, to some extent, that companies who disclose their mission statements are significantly difference than those who do not, in terms of financial performance. Such situation was seemed to be in congruence with the signaling theory.

Keywords: mission statement, financial, performance

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The authors thank the grant committee at Universiti Utara Malaysia for their financial support to conduct the research.

1.0 INTRODUCTION

Mission statements have increasingly become popular business tool among companies in explaining their respective business mission and purpose clearly. This popularity is mainly due to the needs of businesses to develop realistic business objectives and strategies that can be achieved within their capacity.

The current trend shows that. a number of companies published their mission statement. According to Bart (1998) mission statement is an enduring statement of purpose that reveals an organization's product or service, markets, customers and philosophy. With some exceptions, companies create, post, rely upon, and defend this document of stated beliefs if ever debated. However, in practice each company may

have its own definition or concept on mission statements. There is no universal definition of mission statement and standard characteristics that should be displayed in the annual report, especially in Malaysian context. Thus, this study attempts to reveal some of the concepts and characteristics that have been adopted by companies in displaying their mission statement. The present study also attempt to gain understanding on the role of mission statement in the companies' annual report. Indirectly, this study try to reveal whether mission statement is useful for practical, day-to-day operations or simply a document that takes up space on the wall or just to please the public in annual reports.

Many studies on mission statement have been conducted in countries like United States, United Kingdom, Australia, New Zealand and Canada. However, few studies are found in Malaysia. Thus, this study attempts to enrich the mission statement evidence in Malaysia by investigating the nature, roles, and implication of mission to the Malaysian public listed companies.

2.0 MOTIVATION AND SIGNIFICANCE OF THE RESEARCH

A lot of studies have been carried out in the West discussing on the mission statements. In Malaysia, Abd. Isa (2003) argued that mission statement is still a new phenomenon in Malaysia and research done in this area is still lacking. The relationship between mission statement and firm financial performance of Malaysia companies, for example, is still remain unexplained. No empirical evidence found to support such relationship. Thus, these factors that motivates the researchers to carry out this study.

This study makes two contributions to the existing literature on mission statement and performance. First, there are lots of studies in relation to mission statement discussed globally, but only a few is related to mission statement and performance in Malaysia. This study is expected to contribute to the body of knowledge. Secondly, as mission statements have increasing become popular business tool, it is hoped that more Malaysian companies will disclose their mission statement in the annual report by explaining their business mission and purpose clearly to the shareholders, stakeholders, potential investors and public at large.

3.0 BACKGROUND

3.1 Problem Statements

Malaysian public listed companies are required to submit yearly annual report to Companies Commission of Malaysia (CCM). But do users bother about the information disclose in the annual report? One of the items disclose in the annual report is the mission statement. But how useful is the mission statement to the users? Do users rely on the mission statement to make decision as to whether to invest in the company or not? It was contended that the issue on mission statement in Malaysia is still new and few research works was found. The lack of empirical evidence on this issue, led to unexplained behaviour that are related to the purpose of mission statement in the annual report. Thus, this research attempts to look at the relationship

of mission statement and its components and firm financial performance of Malaysia companies.

3.2 Research Questions

The main research question of this study is how a mission statement of a company plays a role in the companies' published annual report. Thus, the following specific questions are related:

1. What are the key components of mission statement in Malaysian public listed companies' annual report?
2. How each key components of mission statement relate to the firm financial performance?
3. Is there any significant difference between companies that disclose its mission statement in the annual report with those who do not?

3.3 Research Objectives

The main objective of this study is to gain useful insight about the role of mission statement in companies' published annual report. Specifically the following objectives are addressed:

1. To identify the key components of mission statement in the Malaysian companies' annual report.
2. To evaluate any relationship between each key component of mission statement and firm financial performance.
3. To determine whether there is any significant difference between companies that disclose their mission statement in annual report with those who do not.

4.0 LITERATURE REVIEW

4.1 Signaling Theory

In corporate reporting area, the signaling theory suggests that companies which believed that they are better than other companies will signal information through disclosing more information in order to attract investment and more favorable organization's image. This happened because of information asymmetry in the market. Klemm (1991), stated that one of the purpose of mission statement is to enhance organization's image externally and to motivate staff. Therefore, it is believed that organizations at the higher performance will have more comprehensive mission statement and disclosed it in their annual reports.

4.2 Mission Statement

An effective mission statement defines the fundamental, unique purpose that sets a business apart from other firms of its type and identifies the scope of business's operations in product and market term (Staples and Black, 1984; McGinnis, 1981 and Cochran, David and Gibson, 1985). It is a statement of purpose that reveals an organization's product or service, markets, customers and philosophy. Regardless of

the label, a mission statement specifies the fundamental reason why an organization exists.

Looking at the purpose of mission statement to an organization, Klemm, Sandersson and Luffman (1991) viewed that mission statements have two simple purposes: one is primarily for external public relations and the other is to motivate organizational members. However, recent research suggests that mission statements are being used for a wide variety of purposes (Baetz and Bart, 1998). In fact, the prevalence of mission statements in Malaysian public listed companies is a recent phenomenon that we should look into.

Pearce and David (1987), Byars and Neil (1987), Hooley, Cox and Adams (1992), Baetz and Bart (1996) and Bart (2001) revealed that most companies around the globe had a mission statement and that having mission statements have become more fashionable and trendy in recent years. Campbell, Shrivies and Saager (2001) documented in their study that out of 100 Financial Times Stock Exchange (FTSE), 67% published a mission statement in their annual report. However, the study did not analyze the content of the companies' mission statement. Possibly if the content mission statement is analyze, it may give a useful insight on the key components that distinguish between effective mission statements and 'mere' mission statements. Several surveys have characterized what should be included in a mission statement. Referring to surveys done by Abell (1980), Pearce and David (1987), Byars and Neil, (1987), Klemm et al. (1991), Hooley et al. (1992) and Baetz and Bart (1996) highlighted that there were various content of mission statements.

Pearce and David (1987) study mission statements in large organization in United States. They have identified a list of eight key components of mission statement which include:

- Target customers and markets
- Principal products and services
- Geographic domain
- Core technologies
- Commitment to survival, growth and profitability
- Key elements in the company philosophy
- The company self-concept
- The firm's desired public image.

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Element of concern for employees was later added to this list by David (1989). Davies and Glaister (1997) study a mission statement for a business school. Their findings show that a business school mission statements should includes the companies purpose of existence, business domain, responsibility to stakeholders, its strategic position, long-term aim, quantified planning targets, distinctive competence, values and belief, public and communities responsibility, concerns for employees and important behavior standards. David (1989) has also discussed the content of mission statements in their study.

Bart (1998) has list down twenty-four components of a good mission statement, which are:

- Purpose
- Values/ philosophy
- Distinctive competence
- Desired competitive position
- Competitive strategy
- Mention stakeholders
- Behavioral standards
- General corporate goals
- One big goal
- Specific financial objectives
- Non-financial objectives
- General business definition
- Specific markets/ customer served
- Specific product/ services offered
- Self-concept
- Desired public image
- Location of business
- Technology defined
- Concern for survival
- Concern for employees
- Concern for suppliers
- Concern for society
- Concern for shareholders
- Vision statement

4.3 Relationship between Firm Performance and Mission Statement

There is a lack of empirical evidence for the acclaimed and assumed positive effects of mission statements (Piercy and Morgan, 1984). A few studies have lent to empirical support that mission statements are valuable and contribute to higher profits (Rarick and Vitton, 1995; Klemm, Sanderson and Luffman, 1991; Germain and Cooper, 1990; Falsey, 1989; Pearce and David, 1987).

Rarick and Vitton (1995) concluded that having a mission statement significantly increases shareholder equity. Collins and Porras (1991) found that mission statements motivate employees and make a firm more competitive. Germain and Cooper (1990) concluded that firms with a customer service mission statement improve customer performance due to a more intensive effort to monitor firm performance. Falsey (1989) attempted to show that companies with mission statements expressing a sense of responsibility to the community have performed well over a period of time. Companies that had prepared a written set of principles stating the company had higher levels of performance.

From study's done by Pearce and David (1987), they found that firm's financial performance were positively associated with desired mission statement components. The mission statements of the highest performing firms exhibited three of the eight components than did the lowest performing firms.

In contrast, Colm and Roslyn (1999) have replicated Pearce and David study. Colm and Roslyn (1999) conducted a study in Ireland and found that Small and Medium Enterprises performances were not correlated positively with mission statements.

Bart (1998) reveals that involvement of some stakeholder groups appears to have a greater impact on performance than others. Specifically the involvement of middle managers, shareholders and customers in the development of an organization's mission was found to have a more positive impact on various organizational outcome measures. Surprisingly, involvement of CEO was seen to have a lesser impact on performance. Furthermore, this study found that the more an organization works effectively in communicating its mission to almost all stakeholders, the greater the impact on performance.

5.0 RESEARCH METHODOLOGY

5.1 Definition

For the purpose of this study, the following definitions are used.

Purpose - states what the organization seeks to accomplish, why the organization exists and what is the ultimate result of their operations.

Values/philosophy - the firm's basic beliefs, values, aspirations and philosophical priorities. Values are beliefs which the organization's members hold in common and endeavor to put into practice.

Distinctive competence - the firm's unique distinctive competence.

Desired competitive position – the firm's stated its desired competitive position in the market.

Competitive strategy - strategies that the firm's practices in maintaining its competitive position in the market.

Mention stakeholders - mission statement that specifies an expression to satisfy the needs and expectations of any multiple stakeholders groups.

Behavioral Standard - mission statement express the company's view of behavioral standard which are common among organizational members in doing their works.

General Corporate Goal/One Big Goal - mission statement specify the firm's general corporate goal or one big goal.

Specific Financial Objectives - mission statement specify the firm's targeted financial objectives.

Non-financial Objectives - mission statement state the firm's non-financial objectives.

General Business Definition - mission statement specify an outlines of its activities or business the organization choose in order to pursue it purpose.

Specific markets/Customer Served - mission statement specifies the firm's intended major customer or target market.

Specific product/services offered - mission statement conveys the firm's commitment to major product or services.

Self-concept - mission statement express the company's view of itself and explanation of the firm's competitive strength.

Desired Public Image - mission statement express the firm's desired public image.

Location of Business - mission statement specifies the firm's intended location or geographic domain for marketing of its product or services.

Technology Defined - mission statements described the firm's core technology used.

Concern for survival - mission statements describes the firm's plans regarding its survival, growth and target level of profitability.

Concern for employees - mission statement specifies an expression to satisfy the needs and expectations of their employees.

Concern for suppliers - mission statement specifies an expression to satisfy the needs and expectations of their suppliers.

Concern for society - mission statement specifies an expression to satisfy the needs and expectations of the society.

Concern for shareholders - mission statement specifies an expression to satisfy the needs and expectations of the company shareholders.

Vision Statement - mission statement specifies any big, bold, audacious, compelling and overarching long term goals.

Financial Indicators

Return On Asset (ROA) - return on asset is calculated by dividing net income with the total assets for the companies for the year.

Return On Equity (ROE) - return on equity is calculated by dividing net income with shareholder fund of the company for the year.

Earning Per Share (EPS) - earning per share is based on EPS stated in the companies' annual reports.

5.2 Hypotheses

Based on the signaling theory and previous literatures (Rarick and Vitton, 1995; Klemm, Sanderson and Luffman, 1991; Germain and Cooper,1990; Falsey, 1989; Pearce and David, 1987), we presumed that Malaysian companies which have better performance will disclose as much information as possible. The kinds of information to be disclosed are also selective and related to some key measurements of

performance. It is also expected that there would be a significant difference in terms of performance between companies that disclose large amount of information and those disclose less. Thus, the following hypotheses are developed to accommodate the present study:

H1: There is a relationship between each key component of companies' mission statement with companies' financial performance.

H2: There is a significant difference in financial performance between companies with mission statement and those without.

5.3 Population, Unit of Analysis, Procedures and Measurement

The population framework of this study includes companies listed on Bursa Malaysia Main Board as at 31 December 2002. This study examined all the elements in the specified population above. There were 582 companies listed on the main board as at that date. The unit of analysis of this study was the annual report of each listed company on the main board.

Data was collected by using a score sheet which was design to include all necessary variables. The mission statements were evaluated to determine whether the companies exhibited the key components identified in the literature review. An ordinal scale of 1 to 5 was given during the examination of the mission statement of each company. Every researcher will rank the components of mission statement individually. Then, consensus was made based on the ranking, where all researchers compare their grading and average result was taken as the final result.

If a mission statement expressed a specific component very clearly, then a value of "5" will be recorded in the score sheet. A value of "4" represent clear, "3" for moderate, "2" for slightly unclear and "1" for very unclear statement. The comparison of evaluation score among researchers circumvents or at least reduces such ambiguity on the results.

For the purpose of financial performance, three indicators Return on Assets (ROA), Return On Equity (ROE) and Earning Per Share (EPS) were used. These indicators were previously used by many researchers (Banker, Cheng and Majumdar, 1996; Roman, Hayibor and Agle, 1999; Rhoades, Rechner and Sundramurthy, 2001).

6.0 RESULTS

Table 1
Sample Selection Process

No. of companies as at 31 Dec 2002	582
Less: Incomplete data	159
Final sample	429

Table 1 indicates the summary of sample selection process. By referring to Bursa Malaysia website, 582 companies were listed on the main board as at 31 December 2002. Due to incomplete data, 159 companies were excluded from the list leaving only 429 companies i.e. 73.71% of the total population, to be used in this study. Data

were extracted mainly from the respective company's annual reports. Then, if the relevant annual reports were not found, attempt was made to obtain the relevant data through KLSE Annual Handbook and KLSE RIIAM database. Out of 429 companies understudy, only 111 companies (26.24%) have their mission statement published in their annual report.

Table 2
Frequency of Mission Statement by Industry

Industry	Frequency	No of Industry	% By Industry
Technology	8	11	72.2
Infrastructure Project	3	5	60.0
Trading Services	31	92	33.7
Hotel	2	6	33.3
Construction	9	31	29.0
Properties	17	65	26.2
Finance	9	39	23.1
Industrial Product	19	90	21.1
Plantation	6	31	19.4
Consumer Product	8	59	13.6
Total	111	429	100.0

Table 2 shows comparison of companies with and without mission statements by industry. Overall, companies from technology sector rank the highest (72.2%) in providing mission statement in their annual report, followed by industrial project (60.0%), trading and services (33.7%), hotel (33.3%), construction (29.0%), properties (26.2%), finance (23.1%), industrial product (21.1%), plantation (19.4%) and consumer product (13.6%).

Table 3
Five Highest Ranking and Mean Scores for Mission Statement Components

Items	Rank	Mean	Min	Max	S.D.
Purpose	1	4.48	3	5	0.69
General corporate goals	2	3.85	1	5	0.99
Vision statement	3	3.69	1	5	1.46
Desired competitive position	4	3.57	1	5	1.13
Specific product/services offered	5	3.48	1	5	1.46

Table 3 explains the ranking of mission statement components that were presented in the companies' mission statement. The results show that component "purpose" is at the highest rank (i.e. mean score = 4.48, standard deviation = 0.69) while component "location of business" is at the lowest rank (i.e. mean score 1.3, standard deviation = 0.69). The rest of the components have a mean score ranging (in descending order) from 3.85 to 1.41.

Table 4 shows that companies' concern for customer ranked the highest; concern for shareholders is ranked at second, followed by employees, society and lastly suppliers. For details of mission statement components, refer to Table 4.

Table 4
Ranking and Mean Scores for Mission Statement Components

Items	Rank	Mean Score	Min	Max	S.D.
Purpose	1	4.48	3	5	0.69
General corporate goals	2	3.85	1	5	0.99
Vision statement	3	3.69	1	5	1.46
Desired competitive position	4	3.57	1	5	1.13
Specific product/services offered	5	3.48	1	5	1.46
One big goal	6	3.34	1	5	1.14
Values/philosophy	7	3.27	1	5	1.56
Competitive strategy	8	3.21	1	5	1.24
Specific markets/customer served	9	3.16	1	5	1.35
General business definition	10	3.13	1	5	1.14
Concern for shareholders	11	3.07	1	5	1.80
Distinctive competence	12	2.83	1	5	1.21
Non-financial objective	13	2.80	1	5	1.12
Concern for employees	14	2.77	1	5	1.82
Desired public image	15	2.75	1	5	1.32
Stakeholders mention	16	2.72	1	5	1.73
Self-concept	17	2.61	1	5	1.36
Concern for survival	18	2.39	1	5	1.18
Behavioral standards	19	2.37	1	5	1.10
Concern for society	20	2.20	1	5	1.54
Specific financial objectives	21	1.67	1	5	1.04
Technology defined	22	1.59	1	5	1.07
Concern for suppliers	23	1.41	1	5	1.13
Location of business	24	1.30	1	5	0.85

The second objective of this study is to seek answer whether there is any relationship between key components of mission statement and the companies' performance. Specifically, the following hypotheses are tested:

H₁: There is a relationship between each key component of companies' mission statement with companies' financial performance.

To test hypothesis H₁, the non-parametric test (Spearman Correlation) was employed. There are twenty four components for a good mission statement as stated by Bart (1998). Each component was tested individually and separately against the financial performance indicators. The results of the test are shown in Table 5.

Table 5
Mission Statement Components and Financial Performance Indicators

Components	Significant Relation
Purpose	EPS
Values/philosophy	ROE
Self-concept	ROE
Concern for suppliers	ROE & EPS
Concern for society	ROE
Vision statement	ROA

As shown in Table 5, only vision statement is associated with companies' performance measured by ROA (Value = 0.02; $p < 0.05$). Other components do not have any significant relation with companies' ROA. With respect to the relationship with ROE, component values and philosophy, self concept, concern for suppliers and concern for society are found to have a significant relationship. In addition, component purpose and concern for suppliers also have a significant relationship with the company's EPS. The rest of the components do not have significant relationship with any three of the performance indicators. Thus, hypothesis H_1 is partially accepted. Only certain components (i.e. 7 out of 24 components) associated with the financial performance indicators. For details of the components, refer to Table 6.

Table 6
Mission Statement Components and Financial Performance Indicators

Component (c)	ROA		ROE		EPS	
	Value	Approx. Sig (c)	Value	Approx. Sig (c)	Value	Approx. Sig
Purpose	0.101	0.290c	0.039	0.688c	0.223	*0.019c
Values/philosophy	-0.149	-0.119c	-0.221	*0.020c	0.118	0.216c
Distinctive competence	-0.163	0.087c	-0.083	0.385c	0.006	0.954c
Desired competitive						
Position	0.078	0.418c	0.112	0.242c	0.170	0.074c
Companies strategy	-0.036	0.710c	0.148	0.120c	-0.044	0.694c
Stakeholder mention	0.060	0.710c	0.012	0.012c	0.125	0.649c
Behavioral standard	-0.073	0.477c	-0.160	0.093c	0.003	0.978c
General corporate						
Goal	0.072	0.453c	0.087	0.366c	0.103	0.284c
One big goal	0.046	0.634c	-0.078	0.415c	-0.003	0.973c
Specific financial						
Objective	0.103	0.280c	0.127	0.183c	0.037	0.701c
Non-financial						
Objective	0.010	0.909c	0.144	0.130c	0.162	0.089c
General business						
Definition	-0.033	0.732c	-0.030	0.758c	-0.001	0.989c
Specific markets/ Customer served	0.102	0.287c	0.066	0.493c	-0.001	0.995c
Specific products/ Services offered	-0.039	0.685c	-0.092	0.335c	0.005	0.956c
Self-concept	-0.127	0.183c	-0.201	*0.034c	0.110	0.250c
Desired public image	-0.019	0.845c	0.040	0.677c	0.028	0.771c

Location of business	-0.089	0.345c	-0.068	0.477c	0.141	0.139c
Technology defined	-0.136	0.155c	-0.104	0.276c	0.048	0.620c
Concern for Employees	0.082	0.392c	0.088	0.358c	0.037	0.697c
Concern for Suppliers	0.173	0.069c	0.267	*0.005c	0.166	0.081c
Concern for Society	0.113	0.236c	0.242	*0.011c	0.119	0.215c
Concern for Shareholders	0.105	0.271c	0.137	0.153c	0.079	0.412c
Vision statement	0.219	*0.021c	0.025	0.797c	0.038	0.696c

* Significant at 5% level (two-tailed)

The third objective of this study is to identify any significant difference in financial performance between companies that have mission statement published in their annual report and those that do not have. This objective is achieved by testing the following hypotheses:

H₂: There is a significant difference in financial performance between companies with mission statement and those without.

There are 111 companies that disclose their mission statement in the annual report. Meanwhile, the rest 318 companies do not reveal their mission statement in the annual report. For firm financial performance indicators, Return on Asset (ROA), Return on Equity (ROE) and Earning per Share (EPS) are the variables used in this research. Average industry ROA, ROE and EPS are calculated in order to classify between high performance and low performance companies. The average ROA is 0.4389, average ROE is 0.6722 and average EPS is 0.1614. The number of companies being analyzed was 111 companies. The result of the analysis was shown in Table 7.

Table 7
T-test for Company With and Without Mission Statement

Industry	Levene's Test for equality of variances		T-test for equality of means		
	Sig.		t	df	sig(2-tailed)
Technology					
EPS	0.00		-2.057	11	0.64
Consumer product					
ROA	0.430		0.389	58	0.698
ROE	0.430		-0.852	58	0.398
EPS	0.202		0.389	58	0.698
Industrial product					
ROE	0.034		-1.080	89	0.283
ROA	0.512		-0.366	89	0.716
EPS	0.319		0.494	89	0.622
Construction					

ROA	0.000	-2.216	29	*0.035
ROE	0.002	-1.477	29	0.150
EPS	0.427	-0.628	29	0.535
Infrastructure project				
EPS	0.053	1.549	3	0.219
Hotel				
EPS	-	0.000	4	1.000
Trading services				
ROA	0.182	-0.672	96	0.503
ROE	0.022	1.108	96	0.271
EPS	0.203	-1.340	96	0.183
Finance				
ROA	0.122	0.736	36	0.467
EPS	0.157	-1.986	36	0.055
Properties				
ROE	0.095	0.812	63	0.420
EPS	0.285	-4.853	63	*0.000
Plantation				
ROA	0.000	-3.062	30	*0.005
ROE	0.064	-0.977	30	0.336
EPS	0.423	-0.520	30	0.607

As shown in Table 7, the t-test reveals that there is a significant difference ($p < .05$) between companies with mission statement and company without mission statement for three industries, i.e. EPS for properties (Sig = 0.000), ROA for plantation (Sig.=.005) and ROA for construction (Sig.= .035). Thus, Hypothesis H₂ is accepted. The results indicate that mission statement is one of the considerable elements toward firm financial performance. Hence, this result supported the previous studies (Rarick and Vitton, 1995; Klemm, Sanderson and Luffman, 1991; Germain and Cooper, 1990; Falsey, 1989; Pearce and David, 1987) that found that mission statement is a valuable element and plays a considerable role in contributing to higher profits of the firms. || *

7.0 DISCUSSION

Almost 30% of Malaysian listed companies published their mission statements in their respective annual report. This indicates that the role of mission statement is gradually seemed to be useful. However, the process of recognizing the benefits of mission statement among Malaysian companies is still at a very slow pace. This is observed in this study and discussed in the following paragraphs.

Based on this study, Malaysian companies are still at the premature stage with regard to the disclosure of mission statement. The low percentage of companies published mission statement in their annual report is sufficiently evidenced that Malaysian companies are still far behind from their counterpart i.e. western countries. In the U.K


for example, 67% of the FTSE have mission statement in their annual reports (Campbell, Shrivess and Saager, 2001). Perhaps, most Malaysian companies do not see the benefits of having their mission statement published in the annual reports. Besides being ignorance of the mission statement issues there could be many other reasons for such low reporting rate. One of the reasons could probably due to the perception of management that mission statement is just an internal marketing tool, which is used for internal purpose only (Davies and Glasier, 1997). Another possible reason is that some companies consider mission statement as one of the competitive information, which should not be released to public. Companies which believed that their mission statement content can portray good image of the companies usually will published it in the annual report, otherwise, vice versa.

In terms of the key components of mission statement, overall, Malaysian companies relatively covered the suggested components by Bart (1998) in their mission statement, even though there is no single company covered all at once. Specific key components such as purpose, general corporate goal and vision statement are seemed to be frequently mention items among Malaysian companies, while others such as business location and technology are seemed to be less regarded. This is consistent with the previous studies (Davies and Glasier, 1997; Campbell, Shrivess and Saager, 2001) which contended that most frequent subject mention in companies' mission statement are the future of the company, definition of the business, the idea of being an international companies and details about the products provided. However, technology, innovation and financial goal are less mention in a companies' mission statement. One of the possible reasons for this result is that mission statements are perceived as an internal matter. When published to public, most companies focus its statement on the components, which are perceived to be important to outside stakeholders. This result also reflect the signaling theory which suggest that companies that believes they are in a better situation will signal such situation to investors in order to attract investment and more favorable reputation.

Further examination indicates that Malaysian companies do show their concern for the stakeholders through mission statements. This is consistent with the previous study (Leuthesser and Kohli, 1997; Bart, 1997; Campbell, Shrivess and Saager, 2001) who concluded that the most important group which frequently mention by companies are the customers, followed by shareholders and employees. While suppliers are the least frequently mention in a mission statement. The reason behind this finding is that most companies view customers as the most important group which could affect the companies' business operation and performance. Almost every companies in our sample express its' concern for customer in its mission statement.

Although the results seemed to be almost as expected, there is situation where the finding turns to be unexpected. This happen to the key component called products and services, which rank at seven. Such situation indicates that Malaysian companies pay less concerned in explaining their products and services through their mission statements. This might be due to the fact that most companies, which have mission statement, had a wide scope of business operations. These types of companies have large diversified product lines, which probably not suitable to be included in its mission statement. Most companies only described its product as "business". Bart (1998) also found the similar result when conducting research on mission statement by for-profit companies.

With respect to the relationship of the key components of mission statements with the financial performance, evidence shows that some of the key components support the signaling theory. These components include purpose, values, self-concept, concern for supplier, society and vision statement which have a significant positive association with companies' financial performance. This study, though not comprehensive, substantiates the contention made by other researchers (Pearce and David, 1987; Falsey, 1989; Bart, 1998) that only specific components of mission statements are associated with companies' financial performance. This further confirmed the signaling theory.

Result of this study also revealed that there were differences between companies' financial performance which have mission statement and companies which do not have mission statement for certain industries such as properties, construction and plantation. This result supported the study done by Pearce and David (1987). It can be concluded that the relationship between firm mission statement and financial performance is positively associated for certain industries. 

8.0 CONCLUSION, LIMITATION AND FUTURE RESEARCH

As a conclusion, Malaysian companies are still far behind on the issue of mission statement. However, all key components of mission statement as suggested by Bart (2001), are found being used by these local companies. Nevertheless, only a few of the key components are found to be associated with certain financial performance indicators. The performance of those companies that published their mission statement seemed to be significantly different (at certain point and indicators) from those that do not published. However at another point, both groups were not significantly different.

This study only focused to the main board listed companies that presented its mission statement in their annual report. It was found that some companies present their mission statement in other form of media such as companies' websites. Thus, future research could be carried out to include companies that do not present their mission in the annual report but published it the companies' website. In addition, the scope of the study could also be extended to companies listed in the Second Board so as to gauge any differences of mission statement usefulness between different boards of listed companies.

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