

**PERCEPTION OF TOP EXECUTIVES TOWARDS THE RELATIONSHIP  
BETWEEN MISSION STATEMENT COMMUNICATION VARIABLES  
AND FIRM PERFORMANCE IN SELECTED PUBLIC LISTED COMPANIES**

**CHOOK KA JOO**

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Partial Fulfilment of the Requirement for the degree of Doctor of Philosophy

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By

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**December 2005**

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This study was undertaken to examine the perceptions of top executives of the relationships between the mission statement communication variables and firm performance in Malaysian. Despite the immense popularity of the concept of mission statement in the communication and management literature, limited empirical studies had been carried out to investigate the relationships between the mission statement communication variables and firm performance. The research design of the study was a survey research based on a structured questionnaire and also content analysis of the mission statement content. The informants were the Managing Directors and Chief Executive Officers of public listed firms in the *Bursa Malaysia* as of 23rd October 2003. One hundred and thirty six informants participated in the survey by returning the self-administered questionnaire distributed to them in two batches of mail distribution. Beside the structural questionnaire, content analysis was conducted to measure the level of

adequacy of mission statement content. The mission statements were compiled from the firm annual reports, websites and also personal requests.

The dependent variable of the study, firm performance, was measured with four perceptual items; namely the satisfaction of the respondents with the performance of the firm based on sales, profit, growth and profit margin. To evaluate the convergent validity of the perceptual measurements, correlations were made between the perceptual values and two accounting ratios; Return on Sales and Return on Assets. The correlation coefficients showed positive and significant measurements between the perceptual values and the accounting ratios.

The independent variables of the study consist of selected mission statement communication variables, identified from the literature on mission statement. Six mission statement communication variables (intensity of personal mode of mission statement communication, intensity of impersonal mode of mission statement communication, commitment of leaders in selling the mission statement, satisfaction with the communication efforts, credibility of the sellers and adequacy of mission statement content) were hypothesized to have significant effects on firm performance.

The level of firm performance in the present study showed moderate level. Similarly, the analysis of the five mission statement communication variables also showed moderate level of satisfaction. The level of adequacy of mission statements content was analysed using Ashridge Mission Model of mission statement. The content analysis showed that

fifty seven percent of the mission statements analysed was inadequate in terms of their contents, as the mission statements do not contain the four contents needed in an effective mission statement.

The results of the bivariate correlation analysis showed positive and significant relationships between four of the mission statement communication variables and firm performance except for the credibility of the mission sellers and adequacy of the mission statement contents. The multiple regression analysis revealed that only the intensity of personal mode of mission statement communication was observed to be good predictor of firm performance and this variable contributed 22 percent of the variation of firm performance in the study.

The results suggest that the intensity of personal mode of mission statement communication play an important role and had direct relationship with the performance of firms. At the practical level, the present study has clarified the nature of the relationships between mission statement communication and firm performance. Only the intensity of personal mode of mission statement communication has a direct influence on firm performance. The results suggest that Managing Directors and Chief Executive Officers who want to achieve the goals of mission statement must be personally involved in the mission statement communication to the employees as their involvement will have the biggest impact on firm performance. Managers must also ‘walk the talk’ and ‘talk the walk’ the ideas of the mission statement to encourage the acceptance and adoption of

the mission statement by using the mission statement as a strategic yardstick of how they manage the firms.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia  
sebagai memenuhi sebahagian keperluan untuk ijazah Doktor Falsafah

**PERSEPSI PEGAWAI EKSEKUTIF DI ANTARA HUBUNGAN  
PEMBOLEHUBAH KOMUNIKASI PENYATA MISI DAN PRESTASI FIRMA DI  
BEBERAPA FIRMA YANG TERPILIH**

Oleh

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

Tahap prestasi firma diukur menggunakan empat item persepsi yang meliputi kepuasan Ketua Pegawai Eksekutif atau Pengarah Urusan terhadap jualan, keuntungan, pertumbuhan dan margin keuntungan. Untuk mengukur “convergent validity” ukuran persepsi sebagai ukuran prestasi firma, satu perbandingan korelasi dibuat di antara nilai persepsi yang dibuat oleh Ketua Pegawai Eksekutif atau Pengarah Urusan dan dua nisbah perakaunan, *return on sales* dan *return on asset*. Korelasi Koefficient menunjukkan ukuran korelasi yang positif dan signifikan di antara nilai-nilai persepsi dan nisbah perakaunan

Angkubah bebas dalam kajian ini mengandungi angkubah-angkubah komunikasi penyata misi yang dikenalpasti dalam literature. Enam angkubah komunikasi penyata misi iaitu kekerapan penyata misi dikomunikasikan secara personal, kekerapan penyata misi dikomunikasikan secara impersonal, komitmen untuk menjual penyata misi, kepuasan dengan usaha komunikasi penyata misi, kredibiliti penjual penyata misi dan kemantapan penyata misi dihipotesiskan mempunyai kesan signifikan terhadap prestasi firma.

Tahap prestasi firma-firma yang dikaji adalah pada tahap sederhana. Lima angkubah komunikasi yang terpilih juga menunjukkan tahap sederhana. Untuk mengukur tahap kemantapan penyata misi, model Mission Ashridge telah digunakan sebagai model pengukur penyata misi. Analisis kandungan penyata misi firma-firma menunjukkan lima puluh tujuh peratus daripada penyata misi firma adalah tidak mantap dari segi kandungan kerana tidak mempunyai keempat kandungan penyata misi.

Analisis korelasi menunjukkan hubungan bivariate yang positif dan signifikan di antara empat angkuabah penyata misi komunikasi dan prestasi firma kecuali kredibiliti penjual penyata misi dan kemantapan penyata misi. Analisis regresi menunjukkan hanya satu pembolehubah, kekerapan penyata misi dikomunikasikan secara personal menjadi peramal terbaik untuk prestasi firma. Angkuabah ini menyumbangkan duapuluh dua peratus daripada varian dalam prestasi firma dalam kajian ini.

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



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I certify that an Examination Committee has met on 28<sup>th</sup> December 2005 to conduct the final examination of Chook Ka Joo on his Doctor of Philosophy thesis entitled “Perception of Top Executives Towards the Relationship between Mission Statement Communication Variables and Firm Performance in Selected Public Listed Companies” in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

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## **DECLARATION**

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other degree at UPM or other institutions.

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**CHOOK KA JOO**

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