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ANALYSIS OF VISION AND MISSION STATEMENTS AND THEIR ASSOCIATION WITH ORGANIZATIONAL PERFORMANCE AND IMPROVING STRATEGIC PLANNING MATRICES THROUGH INCORPORATION OF AQCD FACTORS

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The aim of this dissertation is to obtain a doctoral (PhD) degree in the scientific field of „Management and Business”

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DECLARATION

I undersigned (name: **Forest Redwan David**, date of birth: 07.13.1978) declare under penalty of perjury and certify with my signature that the dissertation I submitted in order to obtain doctoral (PhD) degree is entirely my own work.

Furthermore, I declare the following:

- I examined the Code of the Károly Ihrig Doctoral School of Management and Business Administration and I acknowledge the points laid down in the code as mandatory;
- I handled the technical literature sources used in my dissertation fairly and I conformed to the provisions and stipulations related to the dissertation;
- I indicated the original source of other authors' unpublished thoughts and data in the references section in a complete and correct way in consideration of the prevailing copyright protection rules;
- No dissertation which is fully or partly identical to the present dissertation was submitted to any other university or doctoral school for the purpose of obtaining a PhD degree.

Debrecen, ……..

.....

Forest Redwan David

signature

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LIST OF ABBREVIATION AND GLOSSARY

AQCD – actionable, quantitative, comparative, and divisional

Actionable – SWOT factors should be meaningful and helpful in ultimately deciding what actions or strategies a firm should consider pursuing

AVE - average variance explained

BCG – Boston Consulting Group, an important strategic planning portfolio analysis tool

Cross loadings – a factor analysis technique when variables load on multiple factors

CFA – confirmatory factor analysis

Comparative - SWOT factors should reveal changes over time or to rival firms

Cluster Analysis – a statistical technique that reduces cases as opposed to variables

Design School of Strategic Planning – the belief that strategy can be planned and designed

Divisional - SWOT factors should relate to the firm's products and/or regions (rather than consolidated)

DRAPE – Deep Ranking Analysis of Power Eigenvalues, a new, powerful data analysis statistical technique

Eigenvalues – summation of the squared factor loadings

Emergent School of Strategic Planning – the belief that strategy just happens and firms can't plan ahead but must only adapt to changing conditions.

EFA -exploratory factor analysis

EFE – External Factor Evaluation Matrix, an important strategic planning tool that lists key external opportunities and threats facing the firm

GoF – Goodness-of-fit

IE (Internal-External) Matrix - an important strategic planning portfolio analysis tool

IFE – Internal Factor Evaluation Matrix, an important strategic planning tool that lists key internal opportunities and threats facing the firm

I/O – Industrial/Organization Model, a theory in strategic management that proposes external factors and trends to be more important than internal forces in formulating strategies

MANOVA – multiple analysis of variance

Mission Statement – a document that answers the question "what business are we in," typically around 100 words in length

Mission statement characteristics – word count, clear, utility, inspiring, broad

Mission statement components – customers, products/services, markets, technology, concern for survival, philosophy, distinctive competence, concern for public image, employees

Orthogonal Technique – technique used in factor analysis that assumes axis are maintained at 90 degrees

PCA – Principle Components Analysis, a data analysis statistical technique

PLS-PM – Partial Least Squares - Path Modeling, a data analysis statistical technique

Porter's Five Forces Model – a strategic management theory proposed by Michael Porter suggested five dimensions or forces to determine the competitiveness in any industry

PWR – Power Weakness Ratios,

Q Factor Analysis – reduces data based on cases, similar to cluster analysis in its end means attempt

QSPM – Quantitative Strategic Planning Matrix, a strategic planning tool used to determine the relative attractiveness of alternative strategies being considered

Quantitative - SWOT factors should include percentages, ratios, currency figures, and numbers to the extent possible)

Quartimax Rotation – Rotation method that generally results in loading many factors on the first component

R Factor Analysis – "normal" factor analysis, attempts to reduce variables as opposed to cases

RBV – Resource Based View, a theory in strategic management that proposes internal resources to be more important than external factors in formulating strategies

RHO index – Dillon Goldstein's index that reveals the reliability of blocks was tested

Scree Plot – graphical plot used in determining how many factors to extract in factor analysis

SEM – structural equation modeling

Spearman's correlation matrix – Correlation matrix designed for use when the assumptions of Pearson's Correlation are violated. In particular, Spearman's is used when data is ordinal in nature.

SWOT – strengths, weaknesses, opportunities, threats – the most popular strategic planning tool for formulating strategies

Varimax Rotation – rotation method that spreads the variance around to present a more clear picture and reduce significant cross loadings

VCA – Value Chain Analysis, a strategic planning tool that refers to all activities from raw materials to customer service that go into securing, producing, and marketing a product

Vision statement characteristics – word count, clear, unique, inspiring, future

Vision Statement – a statement answering the question "what to we wish to become;" typically one sentence in length

INTRODUCTION

Informal strategic planning has been around since the dawn of man, however much of the strategic management literature started to gain traction in the 1950s with Newman's work on the importance of strategy in his book *Administrative Action* (NEWMAN, 1951). From the 1960s through to the 1980s, strategy was thought to be the cure all of all problems in some circles (MINTZBERG and WALTERS, 1986). MINTZBERG (1990a) identified upwards of ten schools of strategy that in essence describe various ways firms conduct business[1]. This dissertation is rooted in the so-called ***design school*** of strategic management which is commonly practiced but criticized by some writers such as MINTZBERG (1990b). Mintzberg refers to strategic planning as an "emergent, subjective, crafting process" rather than an "objective, systematic design process". Mintzberg's contemporary, ANSOFF (1965) in contrast is an advocate of the ***design school*** approach.

Emulating from and improving upon the ***design school*** of strategic management, this dissertation contends that creating vision and mission statements, developing appropriate planning matrices, and having an overall formal strategic management process is precipitously more effective in deciding upon future actions and behavior compared to an emergent, informal planning process. ***Prior research suggests that firms that engage in formal strategic planning have higher performance than firms who do not engage in formal strategic planning*** (DAVID and DAVID, 2017). Firms that develop and utilize strengths, weaknesses, opportunities and threats (SWOT) analysis that incorporate actionable, quantitative, comparative, and divisional (AQCD) factors (DAVID et al., 2020) reportedly will formulate more effective strategies than firms not using an AQCD approach.

Two integral parts of the strategic planning process that align with the ***design school*** are 1) vision/mission statement development and 2) performing external/internal analysis. This dissertation is designed to improve and upon these two parts of the ***design school*** by helping to ensure that vision statements include recommended characteristics, that mission statements include desired characteristics and components, and that external and internal factors included in SWOT analysis meet AQCD guidelines.

Part I (Vision and mission statement development) of this dissertation employs two studies. Study 1 focuses on the characteristics of vision and mission statements and Study 2 exploring

[1] 1.The Design School, 2.The Planning School, 3.The Positioning School, 4.The Entrepreneurial School, 5.The Cognitive School, 6.The Learning School, 7.The Power School, 8.The Cultural School, 9.The Environmental School, 10.The Configuration School.

the statistically verifiable correlations of vision and mission elements to corporate (organizational) performance indicators.

Prior to this dissertation, vision statement characteristics have never been empirically identified and discussed. Similarly, mission statement characteristics (as opposed to components) have never been empirically identified and discussed.

In addition to addressing this void in the strategic management literature, Study 1 examines associated links between vision and mission characteristics and organizational performance. Study 2 examines nine components that prior literature suggests are commonly found in mission statements, but importantly these components are examined in this research using a new statistical method called DRAPE (Deep Ranking Analysis of Power Eigenvalues) analysis. DRAPE enables determination of which components are more often included in corporate statements as well as their relation to performance.

Part II of this dissertation (performing external/internal analysis) introduces the concept of AQCD that enables SWOT analysis to be much ***more effective***. A literature review is provided along with propositions for future research and a survey is developed and presented that could be used in future research to examine the relative importance of A, Q, C, and D in performing SWOT analysis.

Purpose of the Dissertation, the research flow

The overall purpose of this dissertation is to enhance the ***design school*** approach to strategic management, and more specifically to improve upon corporate vision and mission construction. This dissertation additionally provides the first known theoretical foundation for including AQCD factors when performing SWOT analysis and developing other useful strategic planning matrices. This dissertation provides important recommendations for practicing managers to improve their strategic planning activities, and assists in a theoretical approach, according to which it is also statistically confirmed.

This dissertation is divided into two sections: Part I and Part II. The structure of the dissertation can be seen in (Figure 1).

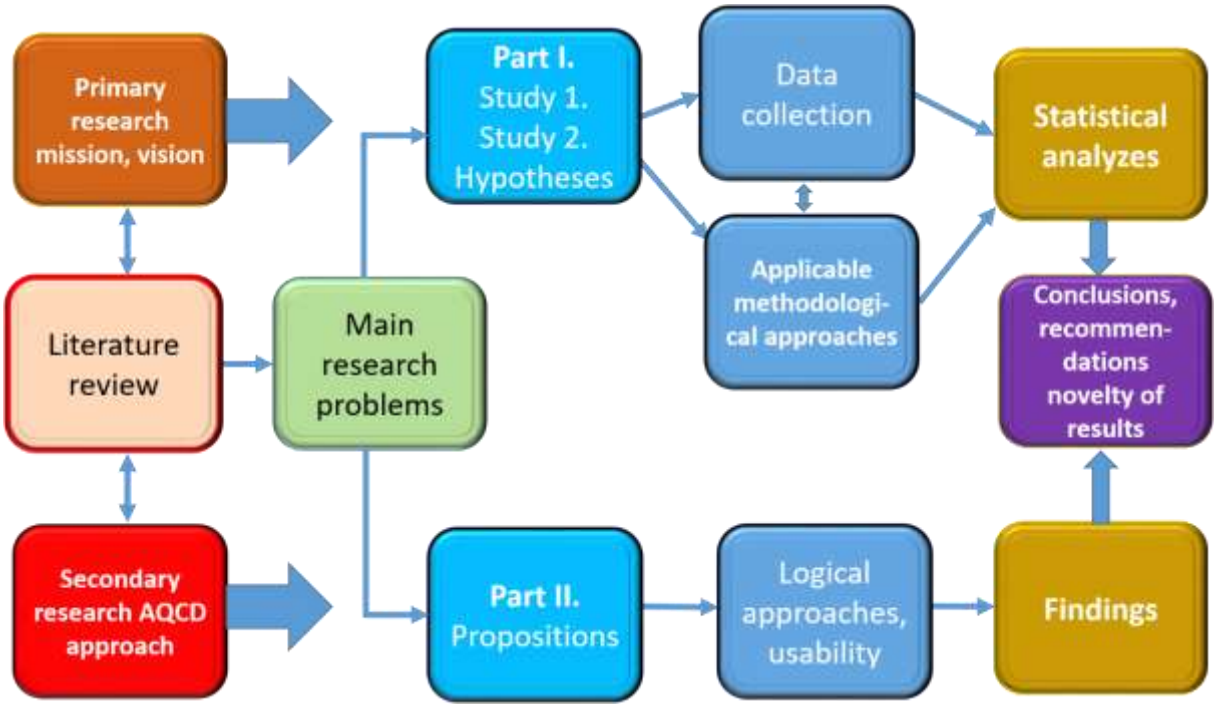

Figure 1: The Structure of the Dissertation

Source: Author's own compilation

Detailed structure and justification of the dissertation

Part I: Analysis of Vision and Mission Statements and Their Association with Organizational Performance: A Guide to Writing Effective Vision and Mission Statements

Known to many around the world as the father of modern management, Peter Drucker was a proponent of organizations having formally written vision and mission statements. DRUCKER (1974) proposed early in his career that firms should ask three questions before engaging in strategy or any other formal aspects of planning:

1. Where are we going? (Vision)
2. What business are we in? (Mission), and
3. How are we going to get there? (Strategy).

Question one above is similar to the commonly used definition of a vision statement often stated as "what do we wish to become." Question two is the currently universally accepted definition of mission. Question three by Drucker addresses the strategy and tactics used any particular organization to execute upon its vision and mission statements.

Drucker's thoughts on firms having formal vision and mission statements, much like other aspects of his work, remain vitally important for success and survival in business today, just as they were two generations ago. Increasingly today there is a growing need for organizations whether a Fortune 500 firm, a mom-and-pop business[2], a university, or a not-for-profit firm, to have a clear vision and mission statement as the precursor to a detailed strategic plan. With the current climate of globalization, rapid transfer of information, global pandemics, and technological advancements, many mistakenly believe there is less need for a clear vision and mission as firms strive to adapt to survive. However, firms must adapt more quickly now than ever before and customers are increasingly more demanding and discriminating in their purchasing habits. Uncontrollable external forces such as economic conditions, viruses, technological changes, and political events, coupled with the need to motivate and energize employees and managers internally necessitate firms having effective vision, mission, and strategy documents.

Today there are virtually limitless consumer choices no matter the industry. For example with automobiles, customers now can purchase cars with almost unlimited features tailored to

[2] A "mom and pop" business is a colloquial reference to a small, independently owned and operated business with few employees and relatively low sales volume.

specific customer needs. Similarly, in the cosmetic industry, there are virtually limitless choices, as is also true in the restaurant industry and countless other areas of business. The days of producing a single product that will satisfy the needs of a large percentage of the population are vanishing. New trends in customer preferences and demand are increasingly forcing organizations to develop and communicate a clear, detailed, well-conceived vision, mission, and strategy.

Considered an important first step in strategic planning, vision and mission statement construction is a popular topic in many textbooks. For example, the DAVID et al. (2020) textbook devotes a full chapter just to vision and mission statements. A study by ALEGRE et al. (2018) revealed that mission statement articles in 20 different academic journals totaled to 53 from 1980 to 2014 with the largest number the five year period from 1995 to 1999; there are 14 articles in the five year period 2010 to 2014, a total of 8 such papers in the first period of 1980 to 1984. However, since 1990, there are only on average two vision/mission articles published among the 20 journals studied, revealing a steady downward trend in vision/mission research. Of the publications studied, over 50 percent studied the association between mission and organizational performance, followed by researching mission statement components, impact on employees, and development. A recent paper by DAVID at al. (2016) studied mission statements related to customer satisfaction.

While still a topic commonly taught in business schools, the reduction of vision and mission statement research in the literature is troubling. This situation creates one of the most important aspects of this dissertation, to produce two or three empirical articles for high-ranking journals that describe the nature of and discuss the importance of having a vision and mission. All of strategic planning should flow from a carefully designed vision and mission statement as (Figure 2) reveals. Before a SWOT analysis, before objectives, and before strategies can be developed and implemented, all must be grounded in the vision and mission. Firms must stay focused on their purpose and avoid mission creep or driving away from the core focus of the firm to other aspects or fads that are tempting to chase.

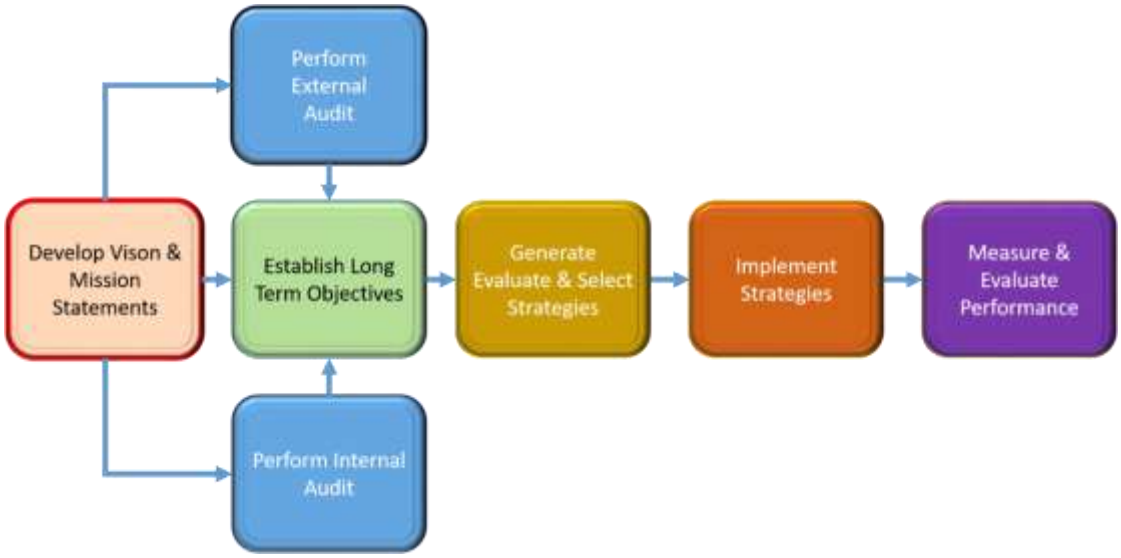

Figure 2: A Comprehensive Model of the Strategic Management Process

Source: Based on prior research and David et al., 2020, p. 2.

This dissertation further develops the vision and mission statement literature and explores a series of hypothesizes for empirically testing the characteristics of vision and mission statements as presented in Study 1. Mission statement components are empirically analyzed using a new technique called DRAPE analysis in Study 2 to determine their importance in a more robust manner. Additionally this dissertation examines vision and mission statement attributes as related to firm performance with the main objective being to determine a set of vision and mission characteristics common among firms. Specifically in this dissertation, 72 vision and 72 mission statements included in a recent Fortune 500 list (FORTUNE, 2019) are examined utilizing robust methodological and statistical procedures.

While there have been multiple articles analyzing mission statements, to our knowledge few papers have addressed vision statements which are discussed in detail in Study 1. ***The characteristics of both vision and mission documents here-to-fore have never been empirically examined***. This dissertation examines characteristics commonly purported to be included in vision and mission statements, and uses Principle Components Analysis (PCA), Partial Least Squares Path Modeling (PLS-PM), DRAPE, and several other techniques to examine both 1) prevalence of characteristic and component inclusion and 2) characteristic and component linkages to financial performance.

Within Part I, Study 1 focuses on vision statement and mission statement characteristics, while Study 2 focuses on mission statement components. To avoid overlap in the literature review, Study 1 and Study 2 are broken apart in the hypothesis, methods, and discussion sections, but they share much of the same literature review. Findings and implications presented

herein provide insight regarding how to write quality vision and mission statements, thus advancing strategic management theory, research, and practice. This topic and research are important because establishing ***an effective vision and mission statement is widely acknowledged to be the first step in strategic planning***, as (Figure 2).

While there has been moderate research on mission statements in the past, prior work in this area has not analyzed mission statements in a robust statistical manner; ***earlier studies have primarily used basic descriptive statistics including frequencies or parametric statistics to analyze generally non-parametric data.*** Perhaps consequently, different conclusions have been reported regarding both the prevalence of components and their association with organizational performance. Study 2 in this dissertation addresses this prior methodological issue by utilizing a new statistical method called DRAPE (Deep Ranking Analysis by Power Eigenvalues) to rank previously determined components (PEARCE and DAVID, 1987) in a more robust and sophisticated manner (TODESCHINI at al., 2019). Employing a more robust method for assessing performance, while also in introducing a new statistical technique to the strategic management literature, represent major contributions to the strategic management literature.

The DRAPE and Two-Block PLS results reported in Study 2 importantly reveal

1. The prevalence of various mission statement components in corporate documents,
2. The respective association of various components with organizational performance,
3. Whether internal or external components are more important for inclusion in these documents, and
4. The prevalence of various components included versus the components most closely linked to performance.

Results presented herein indicate ***that well-constructed mission statements lead to higher firm performance***. However, often the ***most included components in corporate mission statements are not associated with performance, thus suggesting corporations are possibly attributing undue weight to less important strategic considerations.***

Part II: Improving Strategic Planning Matrices through Incorporation of AQCD Factors

For the first time ever in management, the DAVID et al. (2020) 17th edition strategic management textbook proposed that external and internal factors need to comply with AQCD guidelines in order for firms to effectively utilize SWOT analysis in doing strategic planning. The David's defined AQCD as follows:

- Actionable (i.e., SWOT factors are meaningful and helpful in ultimately deciding what actions or strategies a firm should consider pursuing);

- Quantitative (i.e., SWOT factors include percentages, ratios, currencies, and numbers to the extent possible);
- Comparative (i.e. SWOT factors reveals changes over time or relative to another firm or product); and
- Divisional (i.e. SWOT factors relate to the firm's products and/or regions (rather than consolidated) so inferences can be drawn regarding what products and regions are doing well or not.

Prior to the David textbook, the AQCD concept was never directly discussed in the management literature, although several articles touched on this subject and are included in the literature review provided in this dissertation. The David authors followed up their initial AQCD description in the textbook with a conceptual journal article published in the SAM *Advanced Management Journal* (DAVID at al., 2020). This article addresses the issue of AQCD; relevant parts of this article are incorporated into this dissertation.

Although numerous organizations around the world annually perform SWOT analysis, SWOT guidelines in the management literature prior to the David et al. (2020) textbook ***allowed for exceptionally vague external and internal factors***. Vagueness however is disastrous for strategic planning. Poorly written or quickly developed SWOT analyses without appropriate underlying research to identify the AQCD aspects of key external and internal factors quite likely explain why some firm's today have abandoned the use of SWOT or even in some cases abandoned using a formal strategic planning process. Recall that the management scholar of years ago, Edward Deming, had a famous saying "In God We Trust, All Others Bring The Data."[3] This dissertation advocates that strategic planners gather and incorporate hard data in AQCD fashion to provide an effective foundation for performing SWOT analysis and other important strategic planning analyses discussed in Part II of this dissertation.

Perhaps due to the vagueness problem that plagued SWOT analysis prior to the David textbook, many other techniques have replaced SWOT or are used in conjunction with SWOT analysis in performing strategic planning – such as Porter's Five Forces Model and his Industrial/Organizational Model (I/O) (WERENERFELT, 1984). Resource Based View (RBV) expanded upon and popularized by BARNEY (1991), Value Chain Analysis (VCA), and Balanced Score Card analysis. This dissertation describes the appropriateness or un-appropriateness of the above 4 techniques (I am combining the Five Forces and I/O Model intoone technique) in the literature review provided in Part II. ***I believe that while the above***

[3] https://quotes.deming.org/authors/W._Edwards_Deming/quote/3734

techniques are valid strategy tools, SWOT analysis performed from an AQCD perspective, coupled with development of an Internal Factor Evaluation (IFE) Matrix, an External Factor Evaluation (EFE), and a Quantitative Strategic Planning Matrix (QSPM) also performed from an AQCD perspective, is an excellent effective method/approach for practicing managers doing strategic planning (and for students doing case analysis in strategic management courses globally) as well as for theory makers and authors who are engaged in development of strategic management.

Part II provides a framework for improving SWOT analysis, a popular technique used for decades, but analysis remains it its infancy with respect to development. Consequently, extensive vagueness commonly characterizes how most companies and organizations perform SWOT analysis today. This dissertation aims to show why extensive vagueness is ineffective in strategic planning generally and SWOT analysis in particular.

All total, ***this dissertation aims to significantly enhance the strategic planning process so commonly utilized by organizations to determine their future direction***. This dissertation encourages companies and organizations to carefully consider utilizing formal strategic planning initiated by effective vision and mission statements, followed by utilization of AQCD factors in creating IFE and EFE matrices, followed by an AQCD SWOT analysis, and ultimately by performing and AQCD and QSPM analysis.

GAPS IN THE LITERATURE, SHORT SUMMARY

This dissertation research aims to address and fill several important gaps or voids in the strategic management literature, as mentioned above and discussed below within the two sections of this document: Part I and Part II.

Part I

Vision statements have rarely been studied in the strategic management literature other than theoretical considerations. To our knowledge, no empirical work has been conducted on vision statement characteristics, presenting a large gap in the literature. Never has a framework been constructed to determine the characteristics of vision or mission statements. Mission statements have only been introduced by answering the question "what business are we in" and vision statements answering the question "where do we wish to go." But it is quite possible other characteristics would define vision and mission more clearly than simply one-sentence phrases.

To best address these gaps in the literature, this dissertation research makes a clear distinction between the words characteristics and components. In this dissertation, the word "characteristics" is in fact a new word in the literature used for the first time in this research to

describe broadly the tone and intent of vision and mission statements. In contrast, the word "components" is derived from previous research that reported nine specific variables four included in mission statement construction. The two words, characteristics and components, for organizational and clarity purposes herein, are mutually exclusive and not used interchangeably in this research**.**

Study 1 discussed herein presents five characteristics for describing vision statements and also five characteristics for describing mission statements, so the tone of these statements can be empirically examined. Since ***there is disagreement in the literature regarding whether mission statements should be written primarily from an internal or external perspective and which perspective is most closely linked to performance***. Study 2 addresses the nine components of mission statements and the internal/external issue. Both Study 1 and Study 2 address the vision/mission-organizational performance issue.

While mission statements have been studied in the literature, most of these studies used simple statistical techniques. Using more robust statistical methods than previously used in vision/mission research, this dissertation provides some clarity to the internal/external debate. ***Never has the new statistical method DRAPE been used to provide a rank order of the importance of mission components***. There is debate in the literature regarding the importance of mission statement components and their correlation with organizational performance. By using DRAPE, this dissertation attempts to provide a significantly more sound statistical method for making the mission performance to inclusion link. DRAPE analysis also enables examination of the odds ratio by which a given component "wins" over others; this analysis allows ***a clearer interpretation of the rank order of components*** in a much more sophisticated manner than simple frequencies.

Part II

In Part II presents a new method called AQCD for developing, writing, and analyzing the underlying external and internal factors that provide the foundation for SWOT analysis. This work may ***encourage organizations to take SWOT analysis more seriously***, or even to begin using SWOT analysis for the first time. In Part II, a literature review is provided and propositions are set forth for future study and methods are described for future research in this important area of strategic management. Additionally in Part II, a potential survey is developed and presented for empirically examining whether the relative importance of underlying external and internal factors being AQCD (actionable, quantitative, comparative, and divisional). Discussion and propositions and a survey are provided in Part II in order to fill this important gap in the literature regarding how to perform SWOT analysis effectively.

1. PART I: ANALYSIS OF VISION AND MISSION STATEMENTS AND THEIR ASSOCIATION WITH ORGANIZATIONAL PERFORMANCE: A GUIDE TO WRITING EFFECTIVE VISION AND MISSION STATEMENTS

1.1. Hypotheses for Part I

As indicated earlier, Part I is composed of Study 1 and Study 2. Hypotheses established and empirically tested in this dissertation are presented below:

Study 1 – Vision and Mission Characteristics: Prevalence of Inclusion ad Association with Organizational Performance Analyses

Based on our literature review (presented after the hypotheses), four hypotheses were established regarding the prevalence of inclusion of literature-derived characteristics in vision and mission documents, as presented below:

- Hypothesis 1: Corporate mission statements will be longer in length than corporate vision statements but will be shorter than 100 words.
- Hypothesis 2: Corporate vision statements will exhibit four characteristics: *Clear, Concise, Inspiring, Futuristic, and Unique*.
- Hypothesis 3: Corporate mission statements will exhibit five characteristics: *Clear, Concise, Inspiring, Broad, and Utilitarian.*
- Hypothesis 4: Corporate vision and mission statements are separate documents with their associated characteristics.

Three additional hypotheses were established regarding the association of various vision and mission statement characteristics with organizational performance, as presented below:

- Hypothesis 5: Corporate ***vision*** statements that contain the characteristics *Clear, Concise, Inspiring, Futuristic, and Unique* will be associated with higher organizational performance.
- Hypothesis 6: Companies whose ***mission*** statements contain the characteristics *Clear, Concise, Inspiring, Broad, and Utilitarian* will be associated with higher organizational performance.
- Hypothesis 7: ***Mission*** statement quality, as indicated by prevalence of inclusion of five characteristics, will be more positively associated with organizational performance than ***vision*** statement quality measured similarly.

Study 2 - Mission Statement Components Analysis Using DRAPE (Deep Ranking Analysis by Power Eigenvalues)

Based on our literature review (presented after the hypotheses), four hypotheses were established regarding the prevalence of inclusion of various components in mission statement documents, as presented below:

- Hypothesis 8: *Philosophy, Distinctive Competence, and Employees* will have higher positive correlation with the Power Weakness Ratios (PWRs) when associated with performance. (Note PWR is discussed later under DRAPE analysis)
- Hypothesis 9: *Customers, Products/Services, Markets, Technology, and Survival* will have lower positive correlation with when associated with performance.
- Hypothesis 10: *Public Image* will have higher positive correlation with PWR when associated with performance.
- Hypothesis 11*:* Mission statement components' prevalence of inclusion based on frequencies will not align with the PWR scores and the importance of the statements.

1.2. Literature Review

Analysis of Vision and Mission Statements and their Association with Organizational Performance

DRUCKER (1974) proposed that the question "what business are we in" is the starting point for developing an effective strategic plan. DRUCKER (1974) also emphasized the importance of vision and strategy through his questions "what do we wish to become?" and "how do we want to get there?," respectively. COLLINS and PORRAS (1996) reinforced this belief arguing that in a dynamic world where practices and strategies continually evolve, maintaining a core foundation and core purpose of who you are enables firms to reinvent themselves and achieve superior performance. In fact, COLLINS and PORRAS (1996) suggest that firms should have a "vision" of what they wish to become 10 to 30 years into the future in what they called an "envisioned future." This envisioned future should combine possible aspirations and dreams with concrete more tangible possibilities. It takes a clear vision and mission to energize managers and employees and external stakeholders to strive to see the firm be successful.

Setting goals well into the future can enhance a firm's chance for success (COLLINS and PORRAS, 1996). PORTER (1980) suggests that firms need a clear vision in order to help avoid falling into the operational effectiveness trap of competing to be the best. Typically, operational effectiveness tactics include cutting costs or buying up rival firms. Without a vision, firms tend to use similar benchmarks, use the same firms for their outsourcing, and frequently end up charging down similar paths that ultimately result in only the consumer winning with lower prices. A clear vision and mission should aid an organization in identifying activities that are differentiated from rivals in process and/or in the products and services offered (PORTER, 1980). I side with the authors mentioned above that having a clear vision and mission is indeed an important first step in strategic planning and is needed to avoid falling into the operational effectiveness trap.

As NÁBRÁDI et al. (2010, p.30), said"effective mission statements are just a few sentences, short and concise. It is good to include expressions that suggest positive emotion - that is, emotion and the world of feelings - such as; responsibility, attentiveness, flexibility, reliability, etc., the principle of which gives a positive impression of the company. Manifestation of success in the mission statement can have an impact in two directions at once; *on the one hand*, a well written mission statement encourages the firm's employees to maintain focus on the mission, and on the *other hand*, a clear mission sends a message to the outside world that the business is on a lasting path worthy of their support. One of the most difficult parts of the mission statement is uniqueness, that is, the distinction from any other similar undertakings.

There is no well-prepared recipe for mission statement construction because writing mission statements are often more emotional than rational." NÁBRÁDI et al. (2010, p.30) also stressed that "although some specific things may be suitable for differentiation, such as a unique product, a new invention, a specific manufacturing technique technology, a named authority at the company, etc., none of these are timeless, long-term unsustainable distinctive elements. The roots of concrete elements are mostly short and shallow. Feelings, emotions, inspirations, and usefulness, on the other hand, are rooted much deeper. Sustainable in the long run represents real value, inspiring outsiders to differentiate." That is why not an easy task to formulate a good mission statement that is effective for motivating all internal and external stakeholders to support the firm.

A clear vision and mission helps firms establish a particular strategic position and make associated tradeoffs. Uniqueness is what vision/mission is all about in that firms must select ways to compete that differentiate the organization from rivals and to achieve competitive advantage (PORTER, 1980). DRUCKER (1974) suggests that 90 percent of what organizations do is generic across all industries, thus accenting the need for clear vision and mission statements to achieve uniqueness for the remaining 10 percent of activities. MARTIN (2014) suggests strategy is about difficult choices and firms that are totally comfortable with their strategies may not have a strategy. It can be inferred that an effective detailed and specific vision/mission may make firms uncomfortable for a variety of reasons, but as Martin and others indicate is needed to help increase the odds of success.

Researchers have studied vision and mission statements in the past, but generally have used simple statistical techniques. In contrast, the research presented herein utilizes PLS-PM and PCA to determine 1) the prevalence of vision and mission characteristics in corporate documents, 2) the respective association of various characteristics with organizational performance, 3) whether mission and vision can be better explained through multiple variables and 4) DRAPE Analysis addressing the most important components to include in mission statements. Prior research has examined mission statement components (PEARCE and DAVID, 1987; DAVID and DAVID, 2003), but never mission (or vision) statement characteristics.

Vision Statement Characteristics

Having a clear vision provides the foundation for developing an effective mission statement. A firm must first know where it wants to go before it can determine its primary mission or even strategy of how it wants to get there. Prior research suggests that vision statements should be short, approximately once sentence in length, and include as many managers as possible in developing the statement. Jeff Weiner, CEO of LinkedIn, was recently voted the best CEO in

the United States and recently said at a conference in San Francisco the single most important attribute of being an effective leader is articulating the firm's vision as meticulously and clearly as possible to everyone at the organization. Former CEO of Colgate, Reuben Mark is another avid believer in the importance of vision statements, indicating, with respect to vision, that it is best to push one vision globally rather than many different smaller messages in various different cultures. An effective vision is inspiring and not focused on financial means; according to Mark, it is difficult to motivate employees to charge machine guns (being committed to a noble cause) for purely financial objectives - there must be something more palpable, more meaningful than merely financial objectives (DAVID et al., 2020).

Generally, a well-developed and thought out vision statement will provide improved direction for the firm and its stakeholders. Overall, the literature on vision statements is not nearly as developed as the management literature on mission statements. One of the goals of this dissertation is to enhance the theoretical foundation and impetus for developing vision statements. We can draw upon the writings however of DAVID et al. (2020) and propose and empirically examine for the first time ever the characteristics of vision statements, as presented in (Table 1).

Table 1: Characteristics of a Vision Statement

1. Clear: reveals type of industry and what the firm strives to become
2. Concise: one sentence in length
3. Inspiring: motivates the reader to support the firm
4. Futuristic: reveals what the firm strives to become or accomplish in five years
5. Unique: reveals the firm's competitive advantage

Source: Author own compilation based on prior research and David et al., 2020, p. 47.

Mission Statement Characteristics

To my knowledge, no journal articles have ever empirically examined mission statement characteristics, but in the DAVID et al. (2020) strategic management textbook, ten mission statement characteristics are presented as listed below in (Table 2)

Table 2: Characteristics of a Mission Statement (Full)

1. Broad in scope; does not include monetary amounts, numbers, percentages, ratios, or objectives
2. Concise; fewer than 100 words in length
3. Inspiring
4. Identifies the utility of a firm's products
5. Reveals that the firm is socially responsible
6. Reveals that the firm is environmentally responsible
7. Includes nine components: customers, products or services, markets, technology, concern for survival/growth/profits, philosophy, distinctive competence, concern for public image, concern for employees
8. Reconciliatory; resolves divergent views among stakeholders
9. Enduring but never cast in stone
10. Attracts customers; is written from a customer perspective

Source: Based on David et al., 2020, p. 49.

Based on prior research and the information presented in (Table 2) five mission statement characteristics were examined in this dissertation research, as defined in (Table 3). The reduction from 10 to 5 variables was for several reasons. First, several of the variables in (Table 3) are also included in the nine components. In addition, when looking for the sample with the most parsimony, fewer variables would work well. In addition, trimming of the variables was based on sample size, and in Study 2, I tested the nine components.

Table 3: Characteristics of a Mission Statement (Condensed)

1. Clear – answers the question "what business are we in" and distinguishes the business from others.
2. Concise - fewer than 100 words in length
3. Inspiring – motivates and energizes external and internal stakeholders to action
4. Broad - does not include monetary amounts, numbers, percentages, ratios, or objectives
5. Utilitarian – reveals the intrinsic value of the firm's products/services to customers

Source: Author's own compilation

Mission Statement Components

Unlike the vision statement literature, the mission statement literature is more robust, thereby supporting the foundations for new studies and insights that are rooted in previously accepted theory. Mission statements are often called by other names that include: *creed statement, statement of purpose, statement of philosophy, credo,* and various other names. Sometimes mistakenly, firms will refer to a mission statement by the name vision and a vision statement by the name mission. For purposes of this thesis, mission statements answer the question

proposed by Drucker “what business are we in?” and vision statements answer the question “what do we wish to become?”

DRUCKER (1974) says answering the question “what is our business?” is not as obvious as many managers believe. For example, an airline carries passengers and freight, but this does not satisfactorily answer the question what is our business. For example, what percent of freight or passengers does airline carry? Is the airline a discount airline or more full service, regional or international? Questions such as these more readily answer the question, what is our business, and should be answered before organizational structure or future plans can be finalized (DRUCKER, 1974).

Goal ambiguity or more specifically mission ambiguity routinely leads various managers astray, focusing on their own projects and goals rather than the larger organizational mission, often at the expense of organizational performance and employee motivation. Mission clarity has revealed a positive correlation with employee motivation (JUNG and RAINEY, 2011), organizational performance, employee satisfaction and goal commitment (JUNG, 2013).

One of the original, seminal works on mission statements was published by PEARCE and DAVID (1987) in the *Academy of Management Executive*. This article reported eight components to be commonly found in mission statements from 61 *Fortune 500* firms of high performing firms. This original article and all follow-up research, until now, has not addressed or examined mission statement characteristics. However, the PEARCE and DAVID (1987) components consisted of: 1) Customers, 2) Products & Services, 3) Geographic Region, 4) Technology, 5) Concern for Survival, Growth and Profitability, 6) Philosophy, 7) Self-Concept (core competences), and 8) Concern for Public Image. Later work by DAVID (1986) added a 9th component, concern for employees. The collection of data in that seminal 1987 article used *Fortune 500* firms as a sample, similarly as used albeit up-to-date in this dissertation.

Prior research studied the nine components to determine if they were still applicable to mission statement construction assuming possibly the institutional forces would drive mission statements of firms in similar industries to be more similar than a basket of firms in different industries (PEYREFITTE and DAVID, 2006). This was indeed the case as a sample of firms from three distinct industries indicated industry membership did play a significant role in components used. The study found the components of “Self-Concept,” “Philosophy,” and “Concern for Public Image” were all included in mission statements across all industries, along with components, “Customers,” “Products and Services,” and “Technology” that were also statistically significant on being included in mission statements.

External versus Internal Considerations in Mission Statements

A debate still rages in academia regarding the prevalence and usefulness of an internal versus external approach in strategy formulation. The internal approach is anchored by Barney's resource-based view (RBV) theory which contends that sustained competitive advantage comes from a firm having resources that are rare, non-substitutable, and not easily imitated (BARNEY, 1991). In contrast, the external approach is led by PORTER (1980). Internal versus external considerations are important because our empirical research examined the relative importance of internal versus external mission statement components as related both to prevalence of inclusion in corporate statements and association with organizational performance. Determining if there is a bias on usage of internal vs. external components in mission statements and whether internal versus external components are more related to performance is importance, because as DRUCKER (1974) reminds us, mission clarity must come before a firm creates objectives, strategies, and plans.

All organizations need customers, employees, and managers, and most firms need creditors, suppliers, and distributors. Thus, mission statements are effective vehicles for communicating with both internal and external stakeholders. A mission statement reveals the firm's shared expectations internally among all employees and managers. For external constituencies, the statement reveals the firm's long-term commitment to responsible, ethical action in providing a needed product and/or service for customers.

Researchers debate whether a mission statement is more useful for internal or external stakeholders. KLEMM et al. (1991) argue missions are for both internal and external purposes. Motivating employees and providing direction for objectives are important internal considerations. Research also indicates managers view mission statements as having more importance internally than externally. For example, LEUTHESSER and KOHLI (2015) revealed many companies do not publish their mission in annual reports or on their websites, providing credence for an internal use and importance of mission statements in the eyes of managers. Mission statements also serve to diffuse contentious situations among employees and keep the firm's strategies aligned with the mission. LIN (2012) argued that well-established mission statements can enable enhanced alignment of employees' goals with organizations goals, thus providing evidence for missions to be written from an internal angle. One of the areas most concerning for me in this research was the lack of division and study among components from an internal vs. external perspective despite much research in the field focusing on internal vs. external issues.

(Table 4) provides working definitions of the nine mission statement components studied in this research.

Table 4: Mission Statement Components Defined

	Internal
1.	Products or services —What are the firm's major products or services?
2.	Survival, growth, and profitability y— Is the firm committed to growth and financial soundness?
3.	Distinctive Competence — What is the firm's major competitive advantage?
4.	Philosophy — What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
5.	Employees — Are employees a valuable asset of the firm?
	External
6.	Customers — Who are the firm's customers?
7.	Markets — Geographically, where does the firm compete?
8.	Technology — Is the firm technologically current?
9.	Public image — Is the firm responsive to social, community, and environmental concerns?

Source: Author own compilation based on prior research and David et al., 2020, p. 47.

(Table 5) provides a frequency breakdown of mission statement components according to PEARCE and DAVID (1987). Note that Concern for Survival was included most frequently, followed by Concern for Public Image. Also note that four internal components were ranked in the top 5 as the most frequently used components in corporate mission statements, not including Employees

Table 5: Prior Research (Pearce & David, 1987) Regarding Prevalence of Inclusion

Component	Percent Included
Customers	48
Products/Services	67
Markets	41
Technology	20
Concern for Survival	90
Philosophy	79
Distinctive Competence	77
Concern for Public Image	87
Concern for Employees	NA

Source: Author own compilation based on Pearce and David, 1987

According to MCGINNIS (1981), a mission statement should

- define what the organization is and what the organization aspires to be,
- be limited enough to exclude some ventures and broad enough to allow for creative growth,
- distinguish a given organization from all others,

- serve as a framework for evaluating both current and prospective activities, and
- be stated in terms sufficiently clear to be widely understood throughout the organization.

OSTAPSKI and ISAACS (1992) suggested mission statements discussing philosophy or ethical concerns promote increased levels of business ethics. DAVID et al. (2016) proposed that mission statements be written from an external customer prospective. Although mission statements can and do vary in length, content, format, and specificity (PEYREFITTE and DAVID, 2006), most practitioners and academicians of strategic management feel that an effective mission statement should include the nine components mentioned above.

Association of Mission Components with Firm Performance

There has been substantial research attempting to link the quality of mission statements to organizational performance. The importance (benefits) of mission statements to effective strategic management is well documented, although research results are mixed; overall, prior research suggests that there is a positive relationship between mission statements and measures of financial performance (BIRKINSHAW et al., 2014; PALMER and SHORT, 2008; SIDHU, 2003; BRAUN et al., 2012).

A meta-analysis of 20 years of empirical research on mission statements concluded "there is a small positive relationship between mission statements and measures of financial organizational performance (DESMIDT et al., 2011). Research in marketing explains that customer satisfaction has a strong positive relationship with organizational performance (DEVASAGAYAM et al., 2013). Indeed, researchers have noted that "managers increasingly tend to see customer satisfaction as a valuable intangible asset" (LUO et al., 2012). Thus, written from a customer perspective, mission statements may indeed "accomplish their mission."

PEARCE and DAVID (1987) concluded that three of the eight components (Philosophy, Distinctive Competence, and Public Image) were statistically significant with higher performing firms. Note that two of these three components (Philosophy and Distinctive Competence) are internal as categorized earlier in this paper. Higher performer firms in the PEARCE and DAVID (1987) study were firms with a profit margin in the top quartile of all responding *Fortune 500* firms. JUNG and RAINEY (2011) later reported that Concern for Employees was statistically significant with respect to firm performance. Mission clarity has revealed a positive correlation with employee motivation (JUNG and RAINEY, 2011), organizational performance, employee satisfaction and goal commitment (JUNG, 2013).

Researchers studying American, Dutch, and Japanese firms (SIDHU, 2003) suggest a positive correlation between firm performance and mission statements. BART and BAETZ (1998) in

fact found formally written mission statements exhibited Return on Sales significantly higher than firms with poorly written mission statements. A recent article showed a positive relationship with ACSI (American Customer Satisfaction Index) Scores and well-written mission statements (DAVID et al., 2016). GERMAIN and COOPER (1990) revealed mission statements written from a customer perspective had a positive impact on firm performance.

Despite research showing a positive correlation between well-crafted mission statements and organizational performance, many other papers have showed no such relationship. Research on the topic has ranged from studying the relationships between profits and employee turnover (KLEMM et al., 1991), or between managers' satisfaction with mission statements and firm performance. Further negative evidence on the importance of mission statements was reported where firms with and without a mission statement were compared on firm performance with no differences in performance reported (DHARMADASA et al., 2012).

A possible explanation for inconclusive findings on the link between mission statements and organizational performance is the lack of research using an accepted definition of mission. Another possible reason explaining the lack of significance in having a quality mission statement as associated with firm performance is that most articles to date have not researched moderating variables associated with mission and firm performance. A paper by WILLIAMS et al. (2014) provided a series of propositions laying the groundwork for assessing management's commitment to the business mission.

ALEGRE et al. (2018) provided two critiques of prior research that examined the association of mission statement quality with organizational performance. First, there is little discernable way to determine the quality of the actual implementation of the mission statement based on construction. Also previous research tends to suggest that all components are of equal weight in importance. GERMAIN and COOPER (1990) reported that firms with customer-oriented mission statements resulted in a positive impact on performance. BART and BAETZ (1998) surveyed 136 executives from Canadian organizations concluding formally written mission statements correlated significantly with Return on Sales. The authors also determined mission statements are more beneficial when aligned well with the performance evaluation systems of the firm. While empirical research directly correlating well-written missions to performance is indecisive, most researchers are in agreement, that missions do increase performance even if difficult to directly support empirically.

Higher performing firms were firms with a profit margin in the top quartile of all responding *Fortune 500* firms. These three components were: Philosophy, Self-Concept and Public Image. There has been substantial research since attempting to link the quality of mission statements

to organizational performance. A meta-analysis in 2011 that focused on twenty years of research on mission statements indicated mixed evidence of mission statements boosting performance (DESMIDT et al., 2011). There is a growing thought in business that with a rapidly changing world, strategy and vision and mission are not as important as they once were. As managers focus increasingly on means that led directly to performance, mission statement construction oftentimes takes a back seat and is met with less enthusiasm with managers (BAETZ and BART, 1996). Despite research suggesting managers possibly exhibit less enthusiasm developing a mission and vision, there is evidence in many journals that show a positive correlation between well-written mission statements and firm performance, indicating the importance of having a formal business mission.

Researchers studying American firms, Dutch firms, SIDHU (2003), and Japanese firms (HIROTA et al., 2010) suggest a positive correlation between firm performance and mission statements. BART and BAETZ, (1998) reported that formally written mission statements exhibit Return on Sales significantly higher than firms with poorly written mission statements.

In contrast, evidence on the importance of mission statements was reported where firms with and without a mission statement were compared on firm performance with no differences in performance reported (DHARMADASA et al., 2012). One possible explanation on the inconclusive findings regarding the mission statement link to organizational performance is the lack of research using an accepted definition of mission, and simply that so many extraneous variables impact organizational performance.

With regard to mission statements, WILLIAMS et al. (2014) provides four criteria to determine management commitment. They include: 1) communicating and identifying the core concepts that should be included in a mission, 2) involve as many managers as reasonably possible, and from various functional areas, 3) set targets with respect to the mission, and finally, 4) review and revise the mission as necessary. Despite these possible improvements and suggestions, little is provided here on implementing mission statements. Despite the quality of the mission statement, if management is unwilling to adhere to the statement or struggles with implementing the statement, then simply analyzing the components or other attributes of a mission for its association with firm performance will restrict the chances of finding a positive statistical relationships.

A story told in management circles, perhaps in *Best Laid Plans* by Alan Weiss, speaks of an encounter between a manager and the CEO of the firm; the manager was debating with the CEO whether his new ideas could be formulated or implemented because of the firm's stated strategy. In the story, the CEO asked to see the formal strategy document, crosses out the affronting

passage and quipped, now we can proceed with my plans. The story, true or not, serves as example if mission statements are given such treatment, then there would be difficulty in finding statistical significance. A similar story illustrated in the above book, was when an employee came to his manager indicating he knows the mission of the company, he believes in the mission and he is currently with the customer, but he is just not sure how to implement the mission.

While the debate continues regarding whether effectively written vision and mission statements lead to improved organizational performance, a meta-analysis by DESMIDT et al. (2011) indicated mixed results on firm performance. Although numerous previous research has studied mission statement construction and its correlation to firm performance, we could find no analogous research relating vision statements to firm performance. Prior research indicates a positive link between well-constructed missions and firm performance (BIRKINSHAW et al., 2014; PALMER and SHORT, 2008; SIDHU, 2003; BRAUN et al., 2014). Research from the field of marketing suggests that certain customer satisfaction measures have a robust positive relationship with firm performance (DEVASAGAYAM et al., 2013). This finding is not surprising as researchers have indicated that "managers increasingly tend to see customer satisfaction as a valuable intangible asset" (LUO et al., 2012). BART and BAETZ (1998) found the more formal a mission statement is written the more likely the firm will report higher organizational performance. An article studying customer satisfaction scores revealed such scores are higher correlated with well-written mission statements (DAVID et al., 2016). GERMAIN and COOPER (1990) also revealed mission statements tailored to a consumer perspective were associated with higher organizational performance.

Some articles report no relationship between mission statement quality and firm performance. (KLEMM et al., 1991) studied managers' satisfaction and employee turnover and found mission statement construction had no correlation with either dimension. A recent study reported that firms with mission statements performed no better than firms without mission statements (DHARMADASA et al., 2012). Possibly use of different definitions of mission statement can explain the contradictory results in addition, but it is difficult to assess management commitment to mission statements even if the firm has a quality statement written. In addressing management commitment, WILLIAMS et al. (2014) detailed a list of propositions to more effectively evaluate management commitment to mission statement implementation. ALEGRE et al. (2018) addressed the difficulty in determining the link between mission statement construction and firm performance.

Given our review of the literature, a clear need exists in strategic management theory and practice to examine the 1) prevalence of inclusion of vision/mission characteristics in corporate documents, 2) the association of vision/mission characteristics with organizational performance and 3) the use of DRAPE analysis to study mission statement components. Thus, there is a significant opportunity in this dissertation to make a significant contribution to strategic management as regards to vision and mission statements.

Benefits of Quality Vision and Mission Statements

While the debate may never die on whether effectively written vision and mission statements will lead to improved organizational performance, a meta-analysis by DESMIDT et al. (2011) indicated mixed results on firm performance. KING and CLELAND (1979) indicated several intangible benefits of well-written mission statements that include:

1. Clearly state the purpose of the organization to employees and managers,
2. Prioritizes key resources both internal and external that aids in the formulation of strategies,
3. Aids in allocation of resources, and
4. Aids in organizing work activities around departments, segments, and divisions around a shared purpose.

In my opinion is that another key advantage of well-written mission or vision statements is it provides a means to resolve divergent views among managers in tactful manner. For example, in a university setting faculty may have honest disagreements on the relative importance of research, teaching and service in assessing individual performance. Revisiting the firm's vision and mission statement is an effective way to diffuse such disagreements in a tactful manner.

Developing Effective Vision and Mission Statements

Firms should include as many managers as possible when writing vision and mission statements. Generally, firms should educate managers on what constitutes a quality vision and mission statement, remind managers of the strategy and goals of the corporation then ask them to develop their on respective mission and vision statements (DAVID et al., 2017). Upon completion, top management should collect and merge statements into a single document and continue the process until an agreed upon vision and mission statements are developed. If property developed the final documents will contain statements unique to the firm, be written in a quality manner consistent with vision and mission theory, and provide a robust level of commitment to the organization as many managers participated in the process. Study 1 and Study 2 aim to enable firms to develop more effective vision and mission statements.

Summary

The literature review on mission statements is quite extensive testing the components commonly found in these documents. However, there is no prior empirical or heuristic work published on the characteristics commonly provided in mission statements other than that the DAVID et al. (2020) textbook outlines five characteristics commonly included in mission and vision statements. The literature with respect to mission components has never used vigorous statistical techniques to analyze the link to performance or the rate of inclusion. Further, the mission and vision literature does not do a robust job of explaining which statement, vision or mission is more important for enhancing organizational performance or which characteristics and components are most linked to performance. Addressing the issues above, and following the model in Figure 1, new hypotheses are proposed and examined herein to analyze empirical data through proper statistical analysis providing new insights and recommendations for business managers and executives. The lack of prior empirical work on vision/mission documents and scant overall coverage is likely the reason that many firms and organizations either do not have vision or mission statements, or mix up the terminology, or even prepare documents that lack effectiveness from both an internal or external perspective. This dissertation aims therefore to address this critical shortcoming in the management literature.

Internal Versus External Forces

Internal Forces

BARNEY (1995) distilled the resource-based view into the VRIO (value, rarity, inimitability, organization) framework. The emphasis of RBV theory is upon developing skills, technologies, administrative systems or organizational cultures that are unique to the firm. The RBV approach to competitive advantage contends that internal resources are more important for a firm than external factors in achieving and sustaining competitive advantage. ***RBV theory contends that performance is primarily determined by internal resources that enable a firm to exploit external opportunities and neutralize threats.*** A firm's resources can be tangible, such as labor, capital, land, plant, and equipment, or intangible, such as culture, knowledge, brand equity, reputation, and intellectual property. Because tangible resources can more easily be bought and sold, intangible resources are often more important for gaining and sustaining competitive advantages.

The basic premise of RBV theory is that the mix, type, amount, and nature of a firm's internal resources should be considered first and foremost in devising strategies that can lead to sustainable competitive advantage. Managing strategically according to the RBV involves developing and exploiting a firm's unique resources and capabilities, and continually

maintaining and strengthening those resources. ***The more a resource(s) is rare (not held by many firms in the industry), hard to imitate (hard to copy or achieve), and not easily substitutable (invulnerable to threat of substitution from different products), the stronger a firm's competitive advantage will be and the longer the advantage will last.*** Valuable resources comprise strengths that a firm can capitalize on to prosper in a given industry. With respect to mission components, it is easy to attribute rare, hard to imitate and not easily substitutable to all five internal components presented and discussed in Part 1.

External Forces

Theorists such as PORTER (1980) contend that ***external factors and forces are far more important for a firm to consider in formulating strategies and developing a mission statement.*** There are 10 external forces that can be divided into 5 broad categories: (1) economic forces; (2) social, cultural, demographic, and environment forces; (3) political, governmental, and legal forces; (4) technological forces; and (5) competitive forces. The four external mission statement components presented in Part 1 correlate well as presented later with factors Porter (1980) would consider of importance. Changes in external forces translate into changes in demand for both industrial and consumer goods and services. ***External forces affect the types of products developed, the nature of market segmentation and positioning strategies, the range of services offered, and the choice of businesses to acquire or sell.*** External forces have a direct impact on both suppliers and distributors. Identifying and evaluating external opportunities and threats enables organizations to revise their mission if needed, to design strategies to achieve long-term objectives, and to develop policies to achieve annual objectives.

PORTER (1980) suggests that firms should strive to compete in attractive industries, avoid weak or faltering industries, and gain a full understanding of key external factors within that attractive industry. Porter is an advocate of external variables rather than internal ones being a larger driver of competitive advantage, similar to a rising or falling tide; it is difficult to overcome a rising tide no matter your internal capabilities. Porter's Five-Forces Model offers guidance to strategists in formulating strategies to keep rival firms at bay. According to Porter, the nature of competitiveness in a given industry can be viewed as a composite of five forces:

1. Rivalry among competing firms
2. Potential entry of new competitors
3. Potential development of substitute products
4. Bargaining power of suppliers
5. Bargaining power of consumers

Alignment of internal attributes and external factors to weigh decisions has likely been in effect as long as intelligent life has been on earth. In businesses and academia, the term SWOT has served well as a means of searching for alignment between internal and external factors (VALENTIN, 2001; ANSOFF, 1965; PORTER, 1991). WEIHRICH (1982) was the first to receive credit for construction SWOT matrix analysis that many firms use today. SWOT is commonly used by thousands of organizations around the world ranging from mom and pops, not-or-profits, to the largest corporations in the world. There are many reasons for the use of SWOT, principally that firms realize there is a need to link internal and external factors. In addition, having a discussion of internal and external factors can improve morale, cause employees to feel they are part of the decision process, more comprehensively list or cover all key factors affecting the firm, and often, SWOT is simply used predominantly as a means of compliance with legal bodies, or to satisfy stakeholders of the firm.

As strategy theory developed further, SWOT was replaced to some extent by either opportunities and threats or strengths and weaknesses, thus separating the two rather than analyzing/matching them together. Focusing on opportunities and threats would be championed by PORTER (1998) in his industrial organizational (I/O) model. Where WERNERFELT (1984), or more recently BARNEY (1991), are strong proponents of significantly favoring the strengths and weaknesses side of SWOT, which they refer to as the RBV (resource based view). The I/O school is often criticized for over-weighting the external side while the RBV is commonly criticized for over-weighting the internal side.

I/O Model and Five Forces Model

PORTER's (1991, 1998) I/O Model and Five Forces Model stress the importance above all else of choosing an industry to compete in that has an attractive future with growth (PRIEM and BUTLER, 2001) Porter advocates that the external environment's role in the profit margins and successes or failures of a firm is substantially more important than internal issues. He says firm's should attempt to compete in industries that are deemed "attractive" generally based on profit margin, but also based on his Five Forces which include 1) Potential development of substitute products, 2) Bargaining power of consumers, 3) Potential entry of new competitors, 4) Bargaining power of suppliers and 5) rivalry among competing firms. One of the largest ramifications of Porter's line of thinking is that firms traditionally viewed competition narrowly, generally focusing on the largest rival. For example, Coca Cola would consider PepsiCo their main rival. While this line of thinking is not incorrect, both firms have many other "competitors" looking to siphon off profits from the industry, namely actors that constitute

the five forces. Porter suggests, the stronger the Five Forces are, the less profitable the industry will be.

Resource Based View (RBV)

In contrast to Porter's I/O and Five Forces Model is the RBV approach which focuses on the importance of internal resources over external factors (BARNEY, 1991). Many RBV advocates contend that firm performance is predominantly determined by key internal resources that dictate competitiveness by allowing them to more effectively and efficiently exploit external opportunities and counter external threats. According to BARNEY (1991) a resource is valuable based on the extent the respective resource is 1) rare, 2) hard to imitate or 3) not easily substitutable. The studious reader will readily see the parallels between the three criteria above and Porter's Five Forces guidance. RBV theory has received criticism in the literature, most notably from PRIEM and BUTLER (2001) who drew awareness to four weaknesses or shortcomings of Barney's work: 1) RBV theory is tautological in nature, 2) RBV theory fails to accept that many different resource combinations may yield the same value for a firm, 3) failure to define and develop product markets, and 4) RBV theory is limited on its prescriptive applications.

Value Chain Analysis (VCA)

VCA is a popular strategic management technique whereby value is delivered to the customer based on the price paid versus the perceived benefits. However, according to Porter, this value can be obtained through any series of activities in the process of producing the product to delivery of the product to the end user. This array of activities required from initial raw material to producing and marketing a produce is referred to as the value chain. Strategically it is important to gain even what appears as small advantages along many steps of the value chain to produce ultimate value to the end customer and hopefully a sustainable competitive advantage for the organization.

The importance in assessing many value creating tasks involved in making a profit from any product or service has several advantages, such as the following: 1) it becomes increasingly difficult for rival firms to copy success as success came from advantages derived from many different activities performed more cost effectively or with added value, and 2) it is easier to incrementally improve what seems like mundane tasks along the value chain than to have one or two revolutionary ideas or task. The two aspects outlined here go against human nature to some degree where humans are preprogramed to search for innovative solutions or some "good idea" to implement. For example, consider an industry where three firms are competing selling a product viewed as similar to other same offerings by rivals. If one of these firms were to drop

prices by 10 percent, other firms would likely have to respond with a price drop as well. If there were no real rationale for the price drop other than merely “let’s be the cheapest in the market” then all firms theoretically would compete with lower profit margins and possibly there would be a merger or a firm may go out of business or all the firms may have to eventually return to normal pricing. The point here is, a price drop is easy to match by rivals. On the contrary, if the focal firm was using VCA and created value on multiple levels of its value chain, then the price drop in products would create more value and provide the focal firm with a sustainable competitive advantage.

Balanced Scorecard Analysis

KAPLAN and NORTON (1996) developed the Balanced Scorecard technique as a new strategic management system. The researchers proposed that simply studying and focusing on financial aspects in evaluating strategies only provides an organization with information on what has already taken place. However, examining nonfinancial metrics can aid in predicting future financial performance numbers. Three key nonfinancial areas proposed for study by the Balanced Scorecard technique include: 1) customers, 2) business processes internal to the firm, and 3) measures to report learning and growth. The authors argue that financial measures alone are not sufficient to ensure future performance. In addition Balance Scorecard advocates suggest that simply having a vision or mission statement posted in the building or on a website does not readily translate into action by lower level managers since many commonly do not understand how to implement or utilize these statements. KAPLAN and NORTON (1996) call into question the vagueness of vision and mission statements as partial explanation why lower level managers find such statements to be useless in implementing strategies.

SWOT Analysis

Originally referred to as TOWS analysis by WEIHRICH (1982), SWOT analysis consists of a process of identifying a firms strengths, weaknesses, opportunities and threats and matching those factors to identify feasible alternative strategies. As many managers as practically possible should participate in the development of a SWOT. SWOT analysis is arguable the most popular strategic management technique used in planning exercises, based partly on its simplicity (HELMS and NIXON, 2010). Businesses, colleges, not-for-profits, governments, and countries all routinely use SWOT analysis in doing strategic planning.

Individuals can use SWOT analysis for personal strategy development and in fact, in the David 2020 textbook an exercise at the end of each chapter focuses on applying this technique in individual settings. Some researchers contend the SWOT technique to be one of the most popular strategic management tools by consulting firms in the United Kingdom. Researchers

such as PANAGIOTOU (2003) consider SWOT to be the single most widely used strategic planning technique in the world today. HELMS and NIXON (2010) described SWOT as an outstanding starting tool but one that involves a great deal of subjectivity and as a result is unable to be relied upon completely. HELMS and NIXON (2010) determined research supports SWOT analysis for strategic planning. SWOT can even break the ice and get firms rolling in the strategic planning process. HELMS and NIXON (2010) advocate a rigorous SWOT analysis process whereby experts are included and in-depth brainstorming sessions are held with managers.

Criticisms of SWOT

Many researchers suggest SWOT analysis to be of minimal value over what the authors described as familiarity bias as well as too vague in nature. VALENTIN (2001) accused traditional SWOT analysis as making a technique appear simple to the point it is not practically useful. In particular, he criticizes the SWOT checklist revealed and discussed in THOMPSON and STRICKLAND (1984). Examples provided by VALENTIN (2001) from the Thompson textbook include "powerful strategy" and "attractive customer base." Valentin suggests that such simple factors do not allow for one to determine the relative importance of one factor versus other factors. FAHY and SMITHEE (1999) describe SWOT as being implemented using procedural guidelines often lacking basis in any theory. HILL and WESTBROOK (1997) describe traditional SWOT analysis as a monotonous task of proceeding from factor to factor with the main intent on finishing the process, significantly increasing the likelihood of misleading analysis. Traditional SWOT analysis can also suppresses creativity and vision. KONG (2003) suggested that the SWOT framework requires little investment, is simple to adopt, and requires few skills. KONG (2003) states further that the reasons mentioned above are why SWOT analysis is so popular with the service non-profit organizations (SSNPOs). Some suggest SWOT fails to illustrate how firms can create a competitive advantage, also SWOT is a cross sectional analysis, or more simply stated is a snapshot at one point in time. In addition SWOT fails to determine any interrelationships between internal and external factors that may be present, weights of factors are not considered, and alternative strategies are not provided unless using the SO WO ST WT method discussed in this dissertation.

Other researches such as KAY (1999) agree, reiterating that SWOT is simply a list. SWOT's simplicity of failing to produce prioritized strategies leads to its lack of effectiveness. COMAN and RONEN (2009) outline four key flaws to SWOT analysis: 1) lacking a theoretically sound methodology for the identification of strengths and weaknesses, 2) SWOT analysis typically focuses on quantity including many strengths and weaknesses rather than the main ones, 3)

strengths and weaknesses are not ranked by hierarchy or is causality displayed, and 4) SWOT is a snap shot in time. However, analyzing COMAN and RONEN's (2009) examples of "strong brand," "extensive distribution," and high quality service," all meeting, according to the authors, the four standards above, there remains much interpretation on to the quality of SWOT factors. A following example of strengths described by COMAN and RONEN (2009) as not meeting the four criteria outlined are "build to order growth," Asian growth," and Competitiveness in North, South, and Central America." It is difficult to decipher between the two sets of examples.

There is a dissatisfaction among many with many strategic management techniques including Porter's models and SWOT analysis. With respect to SWOT, threats can at times be called opportunities and strengths can at times be considered weaknesses. HELMS and NIXON (2010) contend that SWOT analysis does not yield strategies and is merely a list of bullets that are difficult to implement. VALENTIN (2001) blames SWOT for promoting management to simply jump from one issue to the next just to complete the SWOT analysis process. Having used the DAVID and DAVID (2017) textbook, HELMS and NIXON (2010) argued that SWOT needs to have a quantification element and a need for weighting, ranking and prioritizing variables.

Improvements to SWOT

VALENTIN (2001) suggested traditional SWOT analysis is too vague to be useful and introduced what he dubbed the Resource Based View of SWOT analysis. The Resource Based View or (RBV) traces its roots back to WERNERFELT (1984) who stated internal resources should be weighted higher than external factors with respect to a firm's survival. Valentine proposed distinguishing between tangible and intangible resources that include such resources as: financial, intellectual, legal, reputational, relational, and others.

CHANG and HUANG (2006) designed a quantified SWOT analysis using an analytical method for decision-making and suggested a more quantified approach to SWOT in general. MORRIS (2005) contends to focus on major factors when performing SWOT analysis to avoid issues such as opportunities being classified as threats. For example, catastrophic problem issues in the industry are likely not to be classified as an opportunity, while a lesser issue could possibly be classified both ways. COMAN and RONEN (2009) discussed problems associated with SWOT and suggested adding tools using factors that generate strengths and weaknesses, using reality trees for distinguishing core strategic issues from less strategic issues, and core competence trees to aid in determining the core competencies of the firm. These researchers also suggest strength and weaknesses have four to five characteristics: 1) Concise in nature,

four or five items per list. DAVENPORT and BECK (2001) add that executives simply cannot effectively consider much less implement more than four or five characteristics, 2) Actionable in nature allowing for clear direction of the actions needed to be taken by executives in charge THYSSENKRUPP (2008), 3) Significant in nature, all items included should have a material effect on a firm's success or failure, and 4) Authentic, which is described as the strengths and weaknesses not simply being wishful thinking but having a realistic component to them on actually being implemented.

HELMS and NIXON (2010) discussed methodology changes and improvements for SWOT. In particular they suggested a resourced based SWOT approach that combines the RBV perspective. Their aim was not to eliminate the checklist nature of SWOT or alter the traditional four cell matrix of strengths, weaknesses, opportunities and threats, but rather to use RBV concepts to produce a more prescriptive analysis that is actionable in nature. HAI and TSOU (2009) suggested, like many other researches, the need for quantifiable SWOT. Failure to quantify variables by weights and ranks can lead users to assume all factors are of equal importance.

KO and LEE (2000) suggested that organizations need to combine the Balanced Scorecard with SWOT analysis, while PROCTOR (2002) suggested to incorporate Porter's 5 Forces Model when producing SWOT strategies. WEIHRICH (1982) designed the TOWS matrix which created the SO WO ST and WT strategies advocated by DAVID et al. (2020) and discussed below. All four sets of strategies are performed by linking internal factors with external factors. Using McKinsey's 7S Framework along with Porter's generic strategies are advocated by HELMS and NIXON (2010) as improvements to traditional SWOT analysis. In addition, HELMS and NIXON (2010) propose using multiple tools to supplement SWOT Analysis when conducting strategic planning activities.

CHANG and HUANG (2006) developed a series of SO, WO, ST, WT strategies asking two questions for each strategy compared to other strategies:

- how achievable is the strategy and
- how effective is the strategy compared to other strategies.

All answers were scored on a 1 to 5 Likert scale. According to DAVID et al. (2020), SO strategies are the most aggressive of the four sets where firms match internal strengths with external opportunities. For example a possible SO strategy could be market development through KFC expanding its business of selling fresh fried chicken (internal strength) into new locations in China after determining Chinese customers also enjoy American style fast food (external opportunity).

WO Strategies are focused on improving internal weaknesses in order to take advantage of excellent external opportunities available to the firm. For example, a pizza delivery service may struggle with low customer satisfaction on delivery times (internal weakness) and ordering accessibility. After careful internal review, management determines during busy hours, employees can't answer the phone quickly and determines customers prefer to order through applications on their phones (external opportunity) resulting in hiring a firm to develop an application for smart phones where customers can order online and see at the point of order the expected time of delivery resulting in a WO Strategy.

ST Strategies comprise matching internal strengths to help counter or bypass external threats. For example rising labor costs in developed nations (external threat) has caused millions of jobs to shift to cheaper labor markets when organizations have the capital resources (internal strength) to relocation a portion of its operations.

WT Strategies are the most defensive strategies available to a firm and should not be overlooked even when a firm is successful. Matching internal weaknesses to external threats too generates feasible alternative strategies to consider. For example, divesting a poorly performing business, something General Electric has done for decades, or closing several underperforming stores such as Yum Brands Pizza Hut recently announced in the USA that it will be closing 500 of its eat in stores to focus increasingly on pizza delivery.

AQCD SWOT

Arguably the most important improvement to the SWOT analysis in the last several decades is the concept of AQCD outlined by DAVID et al. (2020). The framework suggests the underlying external and internal factors that are included in SWOT analysis must meet the following guidelines:

1. Actionable – Any included factor should be written in a manner that mangers can clearly and accurately take action to implement the factor.
2. Quantitative – Factors should include numbers, percentages, ratios, and so on to the extent necessary
3. Comparative – Factors should reveal changes over time with respect to the individual organization or to a competitor or any other comparative nature desired
4. Divisional - Factors should focus on key products or services, key geographic regions or any other divisional breakdown deem beneficial.

In addition when preparing a SWOT matrix, generally it is beneficial to include 10 of each strengths, weaknesses, opportunities, and threats as outlined in chapters 3 and 4 of the David textbook. The factors selected should be tied closely to the vision and mission statement of the

firm. Writing factors in this manner helps to ensure an actionable strategic plan, addressing and aiding to address a common complaint regarding SWOT from some researchers as discussed in this dissertation.

EFE and IFE Incorporation

Based on the suggestions of an extensive literature review the current model proposed in the DAVID et al. (2020) textbook, both the External Factor Evaluation (EFE) and Internal Factor Evaluation (IFE) Matrices serve as excellent tools to: 1) supplement the SWOT with additional strategic planning matrices, 2) Provide a means of weights and ratings for factors so management can easily identify the most pressing issues facing the organization, and 3) serve as a tool to assess the alignment of SWOT factors with current strategies being implemented by the organization. EFE and IFE design is similar in nature. Participants are encouraged to develop upwards of 50 factors of each strengths, weaknesses, opportunities, and threats and through discussion with a point person, but the list should be reduced to 10 factors of each. No firm can take action upon an infinite number of factors. Strategic planning is all about prioritization, and reducing the number of external and internal factors to 10 each from say 50 each is important. There are several ways to proceed next, but the most comprehensive way would be to weight each factor to its importance on success in the industry (DAVID et al., 2020). All factors for the EFE should sum to 1.0 just as all factors for the IFE should also sum to 1.0. The next step is to rate each factor from a scale of 1 to 4 based on how well the organization's strategies are responding to the factor with:

1 = The response is poor

2 = The response is average

3 = The response is above average

4 = The response is superior

Once the weighting and rating tasks are completed in developing EFE and IFE matrices respectively, multiply the weights by the ratings and sum the resultant column of numbers to yield a total weighted score. Total scores can range from 1.0 to 4.0 with 2.5 being considered average. Ensure to the extent possible that all SWOT factors entered meet the AQCD test. Scores below 2.5 indicate that current strategies being pursued by the organization do not mesh well with the firm's internal (if examining an IFE) or external (if examining an EFE) key factors (SWOT). As a result a change or alternation in strategy is advised DAVID et al. (2020). High total weighted scores indicate currently used strategies have high strategic alignment with their respective SWOT factors. However, persistent monitoring is still important.

Quantitative Strategic Planning Matrix (QSPM)

Originally developed and reported by DAVID (1986), the QSPM has become increasingly utilized by organizations in doing strategic planning. By transferring the same AQCD factors from the IFE and EFE into one matrix, a QSPM, firms are in a position to rate 2 or more strategies in a decision stage phase of strategic planning DAVID et al. (2020). Based on the results of the EFE and IFE indicating how well current strategies are aligned with SWOT Factors decided upon, the QSPM is a powerful planning tool used to determine mathematically the relative attractiveness of various strategies being considered by the company, country, organization, or individual. Adding AQCD features with QSPM analysis significantly strengthens the latter analysis. If resulting EFE and IFE scores are low, a firm may need to alter its vision and mission or analyze strategies through a QSPM that are different from current strategies being perused. To the extent that EFE and IFE scores are high, the QSPM is still beneficial for analyzing alternative strategies that are similar to current strategies being pursued. However, no matter the EFE or IFE scores, firms can analyze virtually any number of strategies they choose within a QSPM yet they must ensure all strategies open for discussion are in line with the current vision and mission of the firm. Generally, the strategy with the higher score calculated through a QSPM is the desired strategy to implement.

1.3. Methodology for Study 1

This part of the dissertation elaborates upon the methodology utilized in Part I, first in data collection (see in Figure 1) and secondly with applicable methodological approaches. Both are extremely important in a scientific work. First of all, I detail the data collection methods, and then I discuss the particular statistical techniques I used from the statistical toolbar.

1.3.1. Data Collection

Mission and vision statements remain commonly used. The sample used in this analysis revealed that approximately 40 percent of *Fortune 500* firms have both a mission and vision statement on their website, approximately 35 percent have only a mission statement and approximately 10 percent only have a vision statement provided on their website; over 80 percent of firms have at least one of the two documents posted on their websites.

In selecting mission and vision statements to analyze, a sample of 72 was drawn from the 2019 *Fortune 500* list. This sample was deemed large enough to produce ample statistical power to find statistical significance if statistical significance present. In addition, using the *Fortune 500* has several key benefits. Most importantly, the sample "self-controls" for many outside factors as all firms included in the *Fortune 500* met the publication's criteria for inclusion. Using the *Fortune 500* ensures firms are similar in nature. Secondly, using the *Fortune 500* introduces less bias than if the researches simply chose mission and vision statements in a nonrandom manner. Finally, the use of the *Fortune 500* is common among many mission statement studies including PEARCE and DAVID (1987) and PEYREFITTE (2012).

Once the firms were determined through a random number generator, I visited the respective websites and tabulated firms who contained a mission, vision, or both. Only firms who had both a published mission and vision were included and rated in this dissertation research. Previous work by PEYREFITTE (2012) sent formal letters to *Fortune 500* firms asking for copies of their mission statements receiving 353 replies. PEARCE and DAVID (1987) received 218 replies to a similar inquire but only deemed 61 responses to be a usable mission statement for analysis. With improved transparency and ready access to the Internet today, the approach used herein is appropriate for sample collection. In addition, the sample size of 72 used here is sufficient based on academically accepted sample sizes smaller PEARCE and DAVID (1987) with 61 PEYREFITTE and DAVID (2006) with 57.

In attempting to determine what characteristics are common in mission and vision statements, we drew from the guidelines and suggestions provided in the DAVID et al. (2020) mainstream textbook *Strategic Management* and our own personal review of mission and vision statements

not used in the study to help determine the list of characteristics common among both vision and mission statements. Our content analysis revealed that the visions and missions each had five characteristics each which are provided later in detail, along with the coding scheme with corresponding Cronbach's alpha coefficients calculated.

In the following narrative, I review the statistical analysis procedures that were utilized in the Part I analyses, and discuss why those particular methods were selected in lieu of other statistical options.

1.3.2. Note on Definitions

This dissertation uses a technique often referred to as ***Factor analysis*** or ***Principle Components Analysis (PCA***) while the two not exactly the same, the terms are used interchangeably in this dissertation as is often the case in practice and even in leading journals and books on the subject.

Where applicable, detailed direction is provided to indicate differences and which method was chosen and the reasons for and against utilizing other methods. Two other classes of definitions used are:

1. Variables and
2. Factors, latent constructs, latent variables, dimensions, and components.

For purposes of this dissertation, all names associated with ***factors*** are used interchangeably as is the case in most research. The variables are always the full data set, what the researcher is testing and attempting to reduce. In this dissertation, there were ***ten variables*** (the characteristics of the vision and mission statements). The attempts to reduce the variables, ten in this research, lead into the second definition. Ten variables were reduced to two latent variables in this dissertation ***also called factors***, latent variables or constructs, dimensions and components.

1.3.3. Principal Components Analysis (PCA)

The two main uses of factor analysis employed in this research are 1) explain the structure of predetermined variables, and 2) reduce the data into two latent variables in particular one variable describing mission and one describing vision (FIELD et al., 2012). My purposes was two-fold employing factor analysis. First it was determined five characteristics of both vision and mission statements, this is a far better measure than previous research that only suggested a firm having a vision or mission without diving into further detail.

Some studies have attempted to study characteristics or components of mission statements but never using PCA to our knowledge. Based on the assumption of the data being uncorrelated, a

factor or component matrix was employed instead of a structure of pattern matrix which is more appropriate for oblique rotations and correlated variables. There were minor issues with cross loadings, but after employing a Varimax rotation a significantly clearer picture emerged with respect to our two factors ultimately named vision and mission. Varimax was selected over Quartimax due to the inherit nature of Quartimax attempting to load variables onto multiple factors. The rotation is needed to more clearly explain the structure of the model. The goal of any PCA or factor analysis is to have high loadings among variables on a single factor yet low loadings on opposing factors. Cross loadings are when variables load on multiple factors however, they are not generally considered a problem unless loadings are over 0.400 (HAIR et al., 2010). Our resulting equations are presented for the Varimax rotation did not have a significant problem with significant cross loadings. Since Varimax is an orthogonal technique, all factor loadings are considered to be both the regression coefficient and the correlation coefficient between variable and factor (FIELD et al., 2012). Intuitive readers will note both equations are similar to regression equations without the intercept, this is because the intercept is considered to be 0.

In deciding what cutoff point to use for selecting factors, generally an eigenvalue of 1.0 or higher is appropriate (KAISER, 1960), but some authors such as JOLLIFFE (1986) suggest eigenvalues greater than 0.7 are appropriate factors for inclusion in the study. As sample sizes approach 200, STEVENS (2002) suggests a Scree Plot is the best method for selecting factors for inclusion as there will be many factors with eigenvalues over 1.0. For purposes of our study considering the sample size, two factors were extracted. There was no viable third option, as all variables loaded well on one of the two factors except for mission broad, which there was little variance left for this factor to belong to its own group.

With respect to sample size, KASS and TINSLEY (1979) suggested a sample size of 5 to 10 per variable and NUNNALLY (1978) suggested a sample size of 10 per variable is appropriate. ARRINDELL and VAN DER ENDE (1985) concluded factor solutions are quite robust and little is gained by increasing the sample size per variable.

1.3.4. PCA Analysis - What Method to Use R or Q?

In assessing which factor analysis model to use there are two broad categories to consider: R Factor Analysis and Q Factor Analysis. Most statistical packages focus on R Factor Analysis because it is simpler for the computer to process (HAIR et al., 2010) than Q Factor Analysis. The main difference between the two techniques however has little to do with computer processing; the difference is R Factor Analysis analyzes a set of variables in an attempt to identify dimensions or factors that are latent. In contrast, Q Factor Analysis is a technique used

to reduce respondents. Generally, if reducing respondents is desired then selecting a cluster analysis technique would be more appropriate (HAIR et al., 2010). For purposes of this dissertation, the variables were the vision and mission statement characteristics in Study 1 while the respondents were the sample *Fortune 500* companies. While some firm data was mentioned in Study 2, reducing the number of sample firms was not of interest in the studies relating to factor analysis. The companies only served as cases or respondents to help provide a framework for generalizing results and providing recommendations on the benefits and design of writing quality vision and mission statements. Once deciding on R Factor Analysis based on our objective to reduce variables rather than respondents, other objectives must be considered.

1.3.5. Why the Number of Variables Were Chosen

Two main considerations when choosing the number of variables to include in factor analysis is to achieve parsimony and not to over fit the data. A reduction of parsimony through having many variables would make the factor solution more complex than necessary and selecting a large number of variables relative to the sample would also tend to over fit our data. In other words, the over fitting would make the sample less generalizable to the population. Factor analysis already in some circles (FIELD et al., 2012) is considered a suspect technique with respect to generalizability, so it was especially important to find the right mix of variables to describe the latent constructs vision and mission. In this dissertation, ***five variables were selected*** to represent ***vision*** characteristics and ***five variables represent mission*** characteristics. HAIR et al. (2010) suggests at least five variables per factor, so our research is in accordance with theoretical guidelines. For work with ten variables there will be 45 correlations and at 0.05 level of significance; approximately two would be considered to be significant on chance alone. When the number of variables increases to 30, there will be 435 correlations and at 0.05 level of significance, so 20 may be significant by chance alone. It is important to note in the two examples the number of variables tripled yet the chance of Type 1 Error increased tenfold. This Type 1 Error possibility does not even take into consideration the brevity of larger issues discussed formerly. As a result, with our sample of 72 companies and five variables for each vision and mission was deemed appropriate.

1.3.6. Notion of Variance in Factor Analysis

After deciding on a form of R Factor Analysis for the dissertation, but before selecting which factor analysis model to implement, a short discussion is provided here regarding how variance was considered in selecting an extraction method. An understanding of the partitioning of variable variance and its implications are crucial in determining which method to implement.

First, a brief reminder of what variance entails is provided. Variance is simply the square of the standard deviation and the dispersion of values of a single variable about its mean. If a variable is correlated with another variable, it is said to share variance with that respective variable. The coefficient of determination, also called R Square in regression, is simply the square of this variance. For example, if the correlation between two variables is 0.60 then the shared variance or the coefficient of determination is 36 percent.

Returning to variance, there are three types of variance two or more variables may possess: 1) common variance, 2) specific variance, and 3) error variance (HAIR et al., 2010). Common variance is the amount of variance that is shared with all other variables in the analysis, resulting in a variables communality being the estimate of all common variance among the variables. More specifically, the communality is the summation of the squared loadings across all extracted dimensions. Specific variance, also called unique variance, is the variance that cannot be explained by the other variables and remains uniquely with a single variable. Finally, error variance, similar to specific variance, is the variance not explained by correlations with other variables, but is due to unreliability in data gathering or other measurement error problems. With this understanding of ***how variance is partitioned, a close examination of exploratory factor analysis (EFA) or confirmatory factor analysis (CFA)*** is provided.

1.3.7. Exploratory Factor Analysis (EFA) or Confirmatory Factor Analysis (CFA)

This dissertation ***selected EFA rather than CFA for several reasons***. Remembering how variance can be distributed in factor analysis methods, it is important to understand that EFA includes all variance in its calculations where CFA only includes specific variance. This can easily be seen with the diagonals of the correlation matrix where in EFA the diagonals are all 1.0 because 100 percent of the variance was utilized. To the contrary, in CFA the diagonals of the correlation matrix will only include common variance, leaving out unique and error variance, the associated diagonals will be less than 1.0. FIELD et al. (2012) explains the difference between EFA and CFA as simply EFA is CFA with some error added.

Selecting an Extraction Method

There are multiple extraction methods available to the researcher including principle components analysis, principle axis factoring, unweighted least squares, generalized least squares, maximum likelihood factor extraction, and others.

How Many Components to Extract

There are several techniques for determining how many factors to extract by breaking them down into two categories: 1) A-priori Criterion and 2) non-A priori criterion. In Study 1, there was strong evidence to suggest telling the PCA package ***to extract two factors in expectation that vision statement variables would load onto a single construct absent of significant cross loadings and mission statement variables on the second construct.*** In Study 1, when running the PCA instruction to extract two factors exactly and the results were in accordance with theory and satisfactory. To double check, a second analysis was run allowing the SPSS package to decide how many latent constructs to extract based on eigenvalues, also known as latent root criterion. Using a traditional threshold of 1.0, also known as Kaiser Criterion (KAISER, 1960), again the same two components were extracted. Another method suggested is JOLLIFFE (1986), who recommends extracting latent constructs with eigenvalues over 0.70. There was not a third latent variable that would have met the 1.0 standard.

It is important to remember that one variable when using PCA has the variance of 1.0. This can be viewed along the diagonal of the correlation matrix, so including dimensions such as JOLLIFFE (1986) recommends at 0.70 would explain less than a single variable. This is another strong reason Jolliffe's recommendations would likely not have been given serious thought should our data have presented itself with an eigenvalue between 0.70 and 1.0 for consideration. A ***Scree Plot*** was also analyzed to determine how many components to extract; the plot revealed two components. However, the Scree Plot is generally not considered the proper tool with sample sizes less than 200 (STEVENS, 2002). However, it is important to note, the Scree Plot itself can function with sample sizes less than 200, so the recommendation from Stevens and others is mostly based on the latent root criteria extracting too many variables when the sample size gets above 200, resulting in possibly less parsimonious interpretations. (HAIR et al., 2010) also indicates that for the social sciences, 60 percent of the variance should be explained for practical significance.

1.3.8. Rotation Methods

Often when running factor analysis there will be significant cross loadings of variables on multiple latent constructs making their interpretations difficult with respect to which variables load on which factors. There are several rotation methods which simply rotate the x and y axes when extracting 2 dimensions (with each axis representing one dimension) in an attempt to have the variables load more clearly on a single dimension. The two broad types of rotation methods are orthogonal and oblique. Orthogonal rotations assume uncorrelated variables and the axes must be maintained at 90 degrees. In contrast, oblique rotation allows for the

correlation of factors instead of maintaining independence between rotated constructs. While most data does include some level of correlation between factors, oblique rotations are limited in their generalizability outside the sample size, in particular this lack of generalizability is compounded when the sample size and cases to variable ratios are relative low. ***Considering the same size and cases to variables ratios, along with the findings that the level of correlation between the vision and mission latent constructs in this dissertation were low, orthogonal rotation measures were used.***

There are three main choices under orthogonal rotation methods to select from: 1) Quartimax, 2) Varimax, and 3) Equimax. Quartimax attempts to simplify the rows (which are the variables) in an attempt to have variables load high on one factor and low as possible on other factors. While this sounds like a useful technique, the problem is in any type of factor analysis; the first factor or latent construct will explain most of the variance by the nature of the techniques. This phenomena is compounded under Quartimax where many more variables are likely to load on the first factor. Based on these considerations and the underlying structure of Quartimax rotations, ***they were not chosen as the desired rotation method***.

The most common orthogonal rotation method used is Varimax and it was the method selected for use in Study 1. In contrast to Quartimax, Varimax attempts to simplify the columns which are the factors or dimensions or latent constructs. Based on the design of Varimax the method is working well with the overriding objectives of the factor analysis with respect to reduce many variables into the most parsimonious set of latent constructs possible. In statistical terms, Varimax attempts to provide all 1.0 and 0.0 for variables on all constructs through maximizing the sum of variances of required loadings of the factor matrix. For example, in this dissertation when utilizing the Varimax rotation method, ***the variable Vision Clear would attempt to load 100 percent or 1.0 of its loading on one dimension and 0 percent of its variance on the other dimension.*** Hopefully, the researchers variables will all load together highly on the expected dimension or factor. In this case, Vision Clear loaded highly on the component ultimately named "Vision." In the case of this research, both orthogonal Varimax rotation and an Oblique rotation were used, and the results were similar***. Based on the previous discussion, the Varimax rotation methods are reported in the results.***

1.3.9. Factor Loadings

According to HAIR et al. (2010), factor loadings ranging from plus or minus 0.30 to plus or minus 0.40 are minimally acceptable for statistical significance, with variables over plus or minus 0.50 deemed necessary for practical significance. In mathematical terms, a loading of

0.30 when squared is equal to 0.09 revealing only 9 percent of the total variables variance is accounted for by the factor. Remembering from earlier discussion, variance is partitioned among three categories, specific, unique and error, leading a prudent researcher to be more conservative in their extraction values. In addition, factor loadings have larger standard errors than typical correlations forcing a researcher to evaluate factor loadings considerably stricter. Based on this knowledge***, factor loadings in this study were limited to 0.50 or higher***.

1.3.10. Partial Least Squares (PLS) - Why Did I'm Select This Technique

PLS is a technique that allows for multiple different paths or relationships between blocks of variables (SANCHEZ, 2013). PLS is based on mathematical principles but ***also requires much intuition and skills of the researcher and should be considered both an art and science***. One key advantage of PLS over other techniques is that PLS provides a multi-tool approach to address a variety of statistical problems that can be solved through least squares (WOLD, 1982). There are two common approaches to PLS, PLS regression methods and PLS path modeling. Path modeling approaches more closely resemble Structural Equation Models (SEM) but not entirely, as will be explained later. Traditionally, the researchers, affectionally called regressionists, typically are working on chemical or life sciences, and the path modelists apply their trade in the ***social sciences, businesses, and economics*** (SANCHEZ, 2013). Thus it was appropriate in this dissertation to select PLS based on traditional issues alone, but a more detailed discussion on the considerations of why PLS was selected are discussed in the coming paragraphs.

One of the reasons PLS Path Modeling was used in this research is in the nature of the technique itself. PLS Path Modeling allows a researcher to better quantify some concept of importance that is not easily measurable otherwise (SANCHEZ, 2013). For example, asking how satisfied one is with the customer service at a restaurant is difficult to measure directly. For example, 1) how friendly the waiter was, 2) how fast your food was served, 3) how well their waiter explained the food options and recommendations, and 4) how frequently the waiter refilled your water glass are just a few of the many examples that may measure satisfaction with customer service at a restaurant, and so. As opposed to say measuring your red blood cell count, a medical professional could simply take a blood sample and send it to a lab and there would be little debate on the true nature of the results. ***Variables that cannot be measured directly are called latent variables.*** In this dissertation, I proposed ***two latent variables, vision and mission***, and sought to determine what components or characteristics explain latent vision and latent mission. Working under the hypothesis that well written vision and mission statements lead to increased organizational performance, implementing a PLS technique can ***help make determinations on***

the composition of both latent vision and latent mission and determine any relationship to performance with respect to latent vision and latent mission. In other words, one of the principle reasons to use PLS is its ability to provide a practical method of explaining how dependent variables are explained by the independents.

Another key reason PLS-PM was used in this research is the method does not require strict assumptions of normality, linearity, heteroscedasticity, or metric data, yet still maintains a prediction focus (SANCHEZ, 2013). PLS uses prediction error to assess the accuracy of the model and abstains from forcing the data to meet any other distributional assumptions that are difficult to meet with categorical data or oftentimes in real life even with continuous data. ***The proposed end model is not considered to be the full truth, only an approximating that has practical usefulness*** (SANCHEZ, 2013), ***which is exactly what I sought out with the nature of my data, an exploratory study to better describe vision and mission construction but with special attention to vision construction since there was limited literature on the nature of vision statement construction***. No other techniques would accomplish this quite as effectively as PLS including regression, cluster analysis, MANOVA, or any other parametric or non-parametric test including the PLS variation of SEM described later.

SEM was considered for use but was decided against because it uses a covariance based approach where the assumptions are the variables based on a factual theoretical model (SANCHEZ, 2013). I did not feel the standards were met for this more exploratory research. Using SEM also returns to heavy statistical inference and distributional assumptions, and as previously mentioned was a clear reason for the use of PLS. In addition to SEM, variations of Canonical correlation, and more advanced factor analysis techniques are often utilized to study the relationship of multiple blocks of variables in an attempt to uncover the true structure. Given the low structure situation expected with the data in this dissertation, ***again, PLS was selected over the various forms of canonical correlation***.

1.4. Coding Scheme for Study 1

In Study 1, two independent raters closely examined 72 *Fortune* 500 vision and mission statements and recorded the prevalence of five vision and five mission characteristics within the documents. Additionally, a word count analysis for both vision and mission was conducted. After careful study of both vision and mission statements, the raters developed a 1 to 3 coding system to assess the prevalence of both the vision and mission statement characteristics in the sample documents. The ***one exception to the utilization of a 1-3 coding system was total word counts for both vision and mission statements. To maximize the variance and more***

accurately distinguish between statements with different words it was determined to utilize the full word count instead of breaking into a 1-3 category. At the outset of this research, the raters used and discussed the coding system on a "pre-test" sample of vision and mission and statements not used in the analysis to ensure clarity was present before proceeding with the coding of the actual sample used.

In addition to the characteristics examined and rated, four organizational performance measures were taken and recorded for each sample firm. Year-end 2018 financial data was secured for each sample firm. Thus, the methodology utilized in this research allows determination of:

1. the prevalence of inclusion of both vision and mission statement characteristics in corporate statements, and
2. the association of vision and mission statement characteristic with organizational performance.

According to SPECTOR (1992), an appropriately designed scale should address 4 attributes:

1. Scales should contain multiple items that are able to be combined for summation.
2. Measurements between items should vary quantitatively as opposed to qualitatively.
3. There should be no right answer among the choices. For example, a multiple choice exam asking the capital of the USA, only Washington, DC is the correct answer, thus excluding questions with single right answers.
4. Scale items are statements where raters will provide their best judgment rating about the statement.

Characteristics and Coding Scheme

The coding scheme was selected after careful study of vision and mission statements and adapted from prior suggestions in Pearson's leading strategic management textbook (DAVID et al., 2020). Coders discussed the coding system on a sample of vision and mission statements not used in the analysis to ensure clarity was present before proceeding with the actual coding of the sample used. A 1 to 3 rating system was used for all factors other than word count, where a raw number was utilized. The 1 to 3 coding system is common in other articles on mission statements within the literature. Note "inspiring" was selected as a characteristic to be examined in both vision and mission statements in this research.

Vision Statement Characteristics Coding Scheme

The (Table 6) explains the coding system for vision statement.

Table 6: Summary of the applied coding procedure in terms of vision

No.	The coding system of vision statements: Names, Ranks, explanations			
	Name	**1**	**2**	**3**
1	**Clear**	Does not address the question "what we wish to become" in any regard, the statement is simply a slogan.	Makes a minimal attempt to answer the question what we wish to become but is extremely vague and could be used for many industries;	Addresses what the firm wishes to become and mentions the industry at least indirectly but is vague.
2	**Futuristic**	Provides little to no wording that could be judged futuristic in nature.	Provides at least some inclination of the future concern our outlook.	Provides a more detailed inclination of the future concern for the firm.
3	**Concise**	Total Word Count used		
4	**Unique**	The firm's vision statement includes no mention of its uniqueness or competitive advantage.	The firm's vision statement has words that may discuss uniqueness or competitive advantage, however, they are vague and at best only limit some possible industries from likely using the exact same vision statement, yet still broad enough that many business in differing industries could use the same statement.	The firm's vision statement is specific enough that only firms in the same industry or sector could reasonably use the exact same statement.
5	**Inspiring**	Only mentions being the best or profits, no mention of words that will inspire employees or customers to be great or support the firm for reasons other than growth or profit.	Mentions words that can be viewed as inspiring but the overall statement is not specific and could be used for any firm in any industry.	Mentions words that clearly inspire stakeholders to support the company for reasons other than mere utilitarian reasons.

Source: Author's own compilation

1. ***Clear*** – Identifies the traditional definition of a vision statement answering the question ***"what do we wish to become."*** In addition the Clear characteristic should identify the firm's industry to receive a higher rating. Specifically, 1) Does not address the question "what we wish to become" in any regard, the statement is simply a slogan. For example, "good ethics is good business" or "the customer is king." 2) Makes a minimal attempt

to answer the question what we wish to become but is extremely vague and could be used for many industries; for example, “we wish to become the top customer service firm in the world.” This statement could be used equally for McDonald’s or Airbus, Finally, 3) Addresses what the firm wishes to become and mentions the industry at least indirectly but is vague. For example, “we wish to be the best restaurant” or “we wish to be the top selling restaurant in the world” or more specifically such as to becoming renown throughout the United States as providing the most nutritious and healthy Mexican food options.

2. ***Futuristic*** – Forward looking, indicates the firm’s aspirations over the next several years. 1) Provides little to no wording that could be judged futuristic in nature. For example, “We conserve resources and make people happy.” 2) Provides at least some inclination of the future concern our outlook. For example, “At ACME company we will continue to provide our customers automotive and home insurance needs and adapt as needed.” 3) Provides a more detailed inclination of the future concern for the firm.
3. ***Concise*** – Vision statements should only be a few words in length, shorter is better, and around one sentence in length. A total word count was utilized here.
4. ***Unique*** – What does the firm specialize in, what is the firm’s competitive advantage, what makes the firm different from rivals? Specifically, 1) The firm’s vision statement includes no mention of its uniqueness or competitive advantage, for example, “our vision is bringing smiles around the world.” 2) The firm’s vision statement has words that may discuss uniqueness or competitive advantage, however, they are vague and at best only limit some possible industries from likely using the exact same vision statement, yet still broad enough that many business in differing industries could use the same statement. For example, “quality is what drives our success and remains our vision.” 3) The firm’s vision statement is specific enough that only firms in the same industry or sector could reasonably use the exact same statement. For example, “We strive to become the premier compounding drug firm in the world, matching drugs to specific individual needs rather than a one drug fits all approach.”
5. ***Inspiring*** – deriving from CEO Mack and others, motivates employees and customers to support the organization. Specifically, 1) Only mentions being the best or profits, no mention of words that will inspire employees or customers to be great or support the firm for reasons other than growth or profit. For example, “We want to be the top airline company in Europe,” or, “we care about customer and employee excellence in the food we sell,” or, “we strive to produce the best wind turbines in the world.” 2) Mentions words that can be viewed as inspiring but the overall statement is not specific and could

be used for any firm in any industry. For example, “we value relationships over profits or good ethics is good business.” 3) Mentions words that clearly inspire stakeholders to support the company for reasons other than mere utilitarian reasons. For example, “We strive to produce the most efficient wind turbines in the world, leading to a cleaner earth and more efficient energy for generations to come.”

Mission Statement Coding Scheme

Based on the literature review provided herein, factors selected for analysis regarding the characteristics of mission statements include the following (Table 7):

Table 7: Summary of the applied coding procedure in terms of mission

No.	The coding system of mission statements: Names, Ranks, explanations			
	Name	**1**	**2**	**3**
1	Clear	Provides a mission but does not address the question "what business are we in" or addresses such that could be used for multiple firms in differing industries.	Answers the question "what business we are in," but is not expanded upon and could be multiple businesses.	Clearly answers the questions "what business we are in.
2	Broad in scope	Mission makes reference to both objectives and includes numbers, percentages, or ratios.	Mission makes reference to only objectives or includes numbers, percentages or ratios, but not both.	Mission does not include objectives or numbers, percentages or ratios.
3	Concise in nature	At total word count was used here.		
4	Inspiring	Only mentions being the best or profits, no mention of words that will inspire employees or customers to be great or support the firm for reasons other than growth or profit.	Mentions words that can be viewed as inspiring but the overall statement is not specific and could be used for any firm in any industry.	The firm's vision statement is specific enough that only firms in the same industry or sector could reasonably use the exact same statement.
5	Written by describing products in a utilitarian nature	No products or services are described	products or services are described but only referred to literally such as "railroads" or "pharmaceuticals"	Products and services are described but referred to in a utilitarian nature.

Source: Author's own compilation

1. ***Clear.*** Answers the question "what business are we in" and distinguishes the business from others. Specifically, 1) Provides a mission but does not address the question "what business are we in" or addresses such that could be used for multiple firms in differing industries. For example, "We help people from all around the world." 2) Answers the question "what business we are in," but is not expanded upon and could be multiple businesses. For example, "We are committed to serving fresh food." Here this could be

any type of restaurant. 3) Clearly answers the questions "what business we are in." For example, "We are in the fast food business specializing in burgers and fries."

2. ***Broad in scope;*** does not include monetary amounts, numbers, percentages, ratios, or objectives. 1) Mission makes reference to both objectives and includes numbers, percentages, or ratios. 2) Mission makes reference to only objectives or includes only numbers, percentages or ratios, but not both. 3) Mission does not include objectives or numbers, percentages or ratios.
3. ***Concise in nature.*** At total word count was used here. Generally around 100 words.
4. ***Inspiring*** – 1) Only mentions being the best or profits, no mention of words that will inspire employees or customers to be great or support the firm for reasons other than growth or profit. For example, "We want to be the top airline company in Europe. Or, "We care about customer and employee excellence in the food we sell," or, "We strive to produce the best wind turbines in the world." 2) Mentions words that can be viewed as inspiring but the overall statement is not specific and could be used for any firm in any industry. For example, "Our vision is to put people first in everything we do." 3) Mentions words that clearly inspire stakeholders to support the company for reasons other than mere utilitarian reasons. For example, "We strive to produce the most efficient wind turbines in the world, leading to a cleaner earth and more efficient energy for generations to come."
5. ***Written by describing products in a utilitarian nature***. Specifically, 1) No products or services are described 2) products or services are described but only referred to literally such as "railroads" or "pharmaceuticals" 3) Products and services are described but referred to in a utilitarian nature. For example, instead of railroads the word "transportation" is used or instead of pharmaceuticals the phrase "healthier world" is used.

Intraclass Correlation Coefficient

In order to measure the level of conformity between raters, the intraclass correlation coefficient was utilized through running SPSS (SHROUT and FLEISS, 1979). We utilized a two-way mixed model since both of the raters were not selected at random with type of consistence, as opposed to selecting absolute agreement. Confidence intervals were set to 95 percent and the average measures statistic was used as the measure to determine the agreement between the two raters. This statistic approximates Cronbach's Alpha quite well with scores over 0.600 considered questionable, over 0.700 acceptable, over 0.800 good, and over 0.900 excellent (MATKAR, 2012). The intraclass correlation coefficient was run on the full range of raters data ranging from 1 to 3 as explained previously. ***This test was an important initial step to ensure***

agreement and validity between raters before further analysis could proceed. Cronbach's Alpha is also reported since many are more familiar with this statistic.

Test for Inclusion

In order to test for inclusion of the characteristics in the vision and mission statements, ratings of 2 and 3 were combined into a new category simply deemed "included" with a rating of 1 remaining "not included." A Wilcoxon Signed Test was selected to determine significant differences by setting our cutoff value at 50 percent and determining if the raters' judgments on each characteristics differed significantly from 50 percent or the chance at random of selecting either a 1 (not included) or 2 (included). ***This test, like the intraclass correlation coefficient, was an important test to determine if the characteristics are indeed present or not.*** Further analysis would possibly not be viable if inclusion could not be determined.

Study 1 - Prevalence of Inclusion

Table 15, included in the results section, provides results of inter-rater reliability calculations using the interclass correlation coefficients described earlier in the methodology. Note all variables have interclass correlation scores above 0.700 indicating acceptable levels, except for the Vision "Futuristic" variable with a score of 0.620. However, the agreement of each variable was significant at the 0.00 level indicating the two raters agreed well enough for further analysis to be run.

Table 15 also reveals that all characteristics were included more than random chance would explain in both vision and mission statements. Note Mission "Broad" was determined by the raters as being in almost 100 percent of statements. All associated p -values are quite small providing statistical support that *Fortune 500* companies in the judgment of the raters do include these 8 characteristics providing support for both Hypothesis 1 and Hypothesis 2.

Cronbach's Alpha

There were two raters of data in this dissertation research. GEORGE and MALLERY (2003) provide the following guidelines for accessing the quality of Cronbach's Alpha readings, as provided in (Table 8).

Table 8: Cronbach's Alpha Guidelines

Value	Accessing quality
> 0.90	Excellent
0.80 – 0.89	Good
0.70 – 0.79	Acceptable
0.60 – 0.69	Questionable
0.50 – 0.59	Poor
< 0.50	Unacceptable

Source: Author own compilation

Test for Correlations and PCA (Principal Components Analysis)

A Spearman's correlation matrix was developed to show significant correlations between variables. Spearman's was selected over Pearson based on the nominal characteristics of most of the data being analyzed. This is an important first step to determine if a more robust PCA can be used to determine latent factors that would help explain mission and vision. With this standard satisfactorily met, PCA was run. PCA is a special type of Factor Analysis. I utilized a correlation matrix as opposed to a covariance matrix and an orthogonal Varimax rotation to help describe the data more clearly. The results were excellent with no significant cross loadings. Continuing the methodical flow, PLS-PM was run to determine which components loaded on which latent constructs.

PLS-PM (Partial Least Squares Path Modeling)

Partial Least Squares Path Modelling, also known as PLS-PM – (WOLD, 1975), investigates blocks of items and then determines the relevant paths and links between these blocks using correlation analysis. PLS-PM is an iterative technique and constructs one latent factor (the external factor model) from the items within each block. The model is also known as the composite factor model as it explores correlations between the latent factors as well (the internal model). The normalized version of the Goodness-of-fit (GoF) was applied, as proposed by VINZI et al. (2010), to measure the goodness of the inner and outer model simultaneously. According to WETZELS et al. (2009), the reference values of 0.10, 0.25 and 0.36 are considered as unacceptable, acceptable and good model fit, respectively. The average variance explained (AVE) by the blocks was calculated to measure the quality of the external model. The AVE is calculated as the average of the squared correlations between the measured variables and the latent variable. The AVE indicator needs to be above 0.40 - 0.50 (CHIN,

1998). In interpreting the latent factors, only items with correlations in excess of 0.50 with its respective factor were considered.

The reliability of the latent factors that were created in a reflective way was tested with Dillion Goldstein's RHO index. FORNELL and LARCKER (1981) criterion were applied to measure the discrimination potential (each latent factor should be more correlated to it own block than to another latent factor) of the model. For the estimation of the PLS-PM model, XLSTAT software was used. The model was validated through bootstrap resampling with 100 replicates being performed on the original data. This reveals the estimated correlation coefficient of both the internal and the external model in all samples and the average and standard error was calculated. Only those model parameters were considered statistically significant where the relative standard error was less than 0.50 (CHIN, 1998).

1.5. Results and Findings for Study 1

Hypothesis 1 was tested using a paired samples t-test in SPSS. The null was rejected in favor of the alternative with the average mission statement including approximately 32 words compared to the average vision statement containing 19 words. The significance level was at the 0.000 level and a t-calculated value of 3.80. ***While there is no research to our knowledge that has tested vision and mission length, mission statements are generally thought to be more lengthy.*** Using the two-tailed test outlined above over a directional test, it is strongly supported statistically and practically that indeed mission statements are longer in length than vision statements. It is interesting to note the large standard deviation, revealing considerable variation in mission and vision length, with vision statements ranging from 4 words to 102 in the sample.

(Table 9) reveals the paired samples test results. (Figure 3) reveals one extreme outlier of 102 words in a histogram. Eliminating this outlier case would reduce the variance and increase the significance level. However, with a sample size of 72, there would not be a material effect on the results and I determined the case was indeed part of the normal population of firms with vision statements and chose to maintain the case for inclusion in the study. (Table 11) reveals the quartiles for number of words used in vision statements. ***Note that the bottom 25 percent of both vision and mission statements contain roughly the same number of words, however the top 75 percent of vision and mission statements reveal statistically significant evidence that mission statements are longer than vision statements with respect to the sample*** of *Fortune 500* firms.

Table 9: Study 1 Paired Samples Test

Paired Samples Test					T Calculated
Name	**Mean**	**Std. Deviation**	**Lower (95%)**	**Upper (95%)**	
Mission – Vision (total words)	13.85	30.71	6.6	21.1	3.82

Source: Author own compilation

(Figure 3) provides a histogram that reveals the number of words in the sample vision statements. Note that the mean was 19 words.

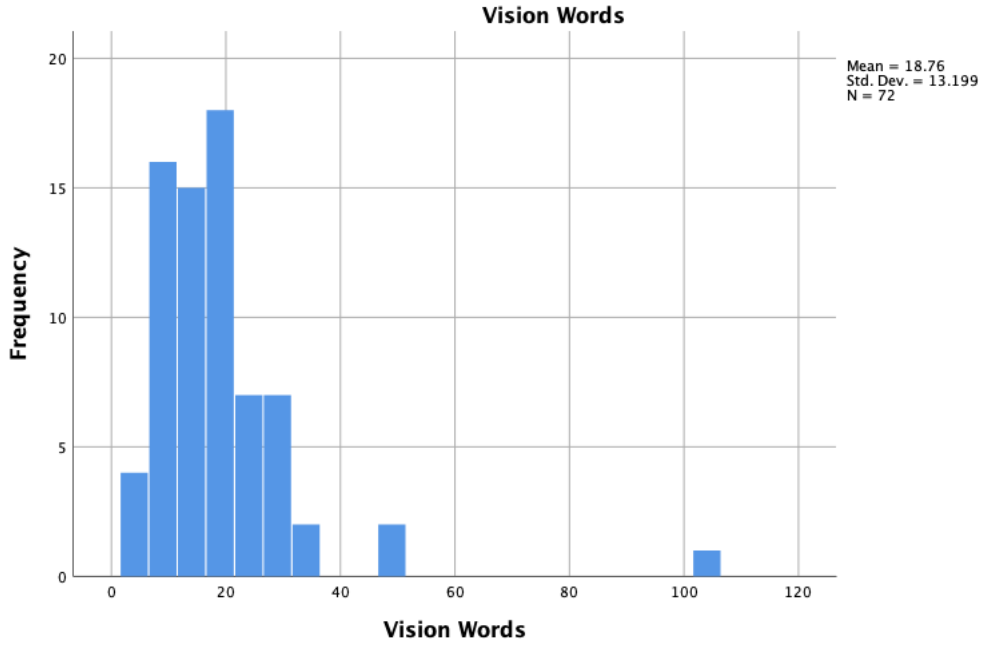

Figure 3: A Histogram of the Number of Words in the Sample Mission Statements

Source: Author own compilation

(Table 10) provides results from my analysis of the number of words included in the sample vision statements.

Table 10: Results of Vision Statement Number of Words Analysis

Percentiles	Vision Words
25	11
50	17
75	23

Source: Author own compilation

Research by DAVID et al. (2020) suggests that mission statements should contain around 100 words in length. For Hypothesis 1, testing the average word count for mission statements using 100 words as the test value the data was significant at the .000 level with average words of 32. The corresponding t-calculated value of -19.25 is revealed in (Table 15). These results suggest that in practice mission statements are generally statistically much shorter than theory suggests and one can comfortably argue practically shorter as well.

(Table 11) provides a mission statement number of words analysis accompanied by (Figure 4) revealing approximately half of all mission statements sampled contain 24 words or less. It is interesting to note the standard deviation of 30, suggesting quite a bit of variation in mission statement length where statements varied from 3 to 140 words in length. New direction for writing mission statements can be updated to be shorter in length than previously thought. (Figure 4) reveals one possible outlier, the company with a 140 word mission statement, however this case was not considered to cause any statistical issues and was kept for inclusion.

Table 11: Mission Statement Number of Words Analysis

Name	N	Mean	Std. Deviation
Mission Words	72	32.61	29.71

Source: Author own compilation

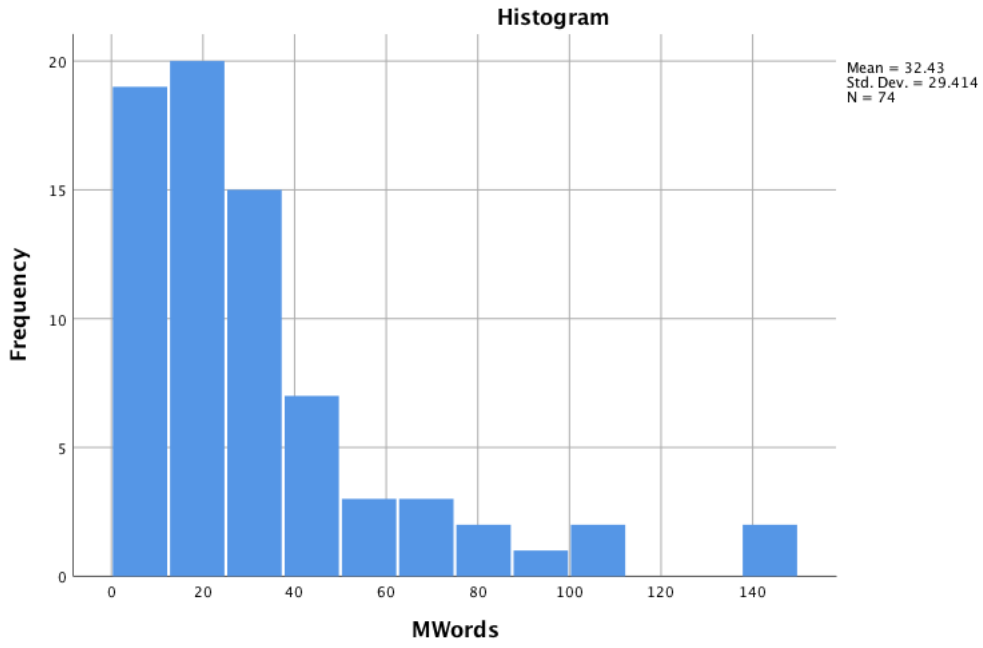

Figure 4: A Histogram of Mission Statement Number of Words Analysis

Source: Author own compilation

(Table 14) provides results from my analysis of the number of words included in the sample mission statements.

Table 12: The Percentile Results for Study 1

Percentiles	Mission Words
25	12
50	24
75	38

Source: Author own compilation

In Study 1, t-tests were run on the differences in mission and vision statement length with findings of the average mission statement containing 33 words and the average vision statement containing 19 words. The results are provided in (Table 14). Differences in length were statistically significant at the 0.000 level providing support for Hypothesis 1. ***Average mission length of 33 words and the 50th percentile of statements included 24 words is significantly shorter than research that indicates around 100 words max.***

Table 13: The t-test Results for Study 1

Name	t-calculated	DF	Sig 2 tailed	Mean Difference	Lower (95%)	Upper (95%)
Mission Words	-19.25	71	.000	-67.39	-74.37	-60.41

Source: Author own compilation

Cronbach Alpha Results

Cronbach Alpha results, which is a measure to test interrater reliability, were positive in Study 1. Only one variable of the 8, Vision "Future" produced a questionable result below 0.70 in (Table 14) below. However, only one variable Mission "Clear" produced a good result over 0.80. All variables but Vision "Future" were over 0.70 so reliability is to acceptable standards. Based on the reliability results, 8 new variables were created in SPSS averaging the ratings of the two raters to create a composite score. This composite score was used in all subsequent analysis.

Table 14: The Cronbach's Alpha Results

Name	Cronbach Alpha Results	Accessed quality
Vision Clear	0.708	Acceptable
Vision Future	0.618	Questionable
Vision Unique	0.753	Acceptable
Vision Inspiring	0.772	Acceptable
Mission Clear	0.813	Good
Mission Broad	0.733	Acceptable
Mission Utility	0.732	Acceptable
Mission Inspiring	0.762	Acceptable

Source: Author own compilation

(Table 15) is another measure for assessing the agreement between raters; the results parallel

Table 15: Basic Statistics for Assessing the Agreement between Raters and Inclusion

Statement	Interclass Correlation	p-value	Included	Not Included	p-value
Vision Clear	0.704	.000	66.2	33.8	<0.001
Vision Future	0.620	.000	72.3	27.7	<0.001
Vision Unique	0.738	.000	63.5	36.5	0.001
Vision Inspiring	0.765	.000	66.9	33.1	<0.001
Mission Clear	0.810	.000	69.6	30.4	<0.001
Mission Broad	0.719	.000	98.6	1.4	<0.001
Mission Utility	0.725	.000	68.9	31.1	<0.001
Mission Inspiring	0.761	.000	71.6	28.4	<0.001

Source: Author own compilation

The results of the Spearman's correlation matrix are presented in (Table 16). The numbered columns of the (Table 16) represent the Spearman correlation table. The values below the main diagonal are the Spearman correlations and above the main diagonal the corresponding significance values can be seen. The main diagonal remained empty since we are not interested in self-correlations which would be equal to 1.00. We highlighted all relevant correlation values above 0.20 in bold and the grid represents the 3 blocks or latent constructs later used in PLS-PM.

Table 16: Spearman's Correlation Matrix of Performance Indicators and Statements

	Vision					Mission					Performance		
	1	2	3	4	5	6	7	8	9	10	11	12	13
Vision Clear (1)	-	0.000	0.000	0.000	0.000	0.100	0.536	0.171	0.384	0.991	0.229	0.885	0.466
Vision Future (2)	**0.572**	-	0.000	0.000	0.001	0.661	0.084	0.048	0.163	0.088	0.403	0.401	0.828
Vision Unique (3)	**0.649**	**0.447**	-	0.000	0.000	0.015	0.056	0.077	0.369	0.922	0.469	0.545	0.938
Vision Inspiring (4)	**0.547**	**0.397**	**0.608**	-	0.000	0.025	0.049	0.090	0.899	0.672	0.665	0.819	0.492
Vision Word Count (5)	**0.387**	**0.276**	**0.494**	**0.510**	-	0.752	0.826	0.438	0.765	0.005	0.465	0.805	0.857
Mission Broad (6)	0.136	-0.036	0.199	0.184	0.026	-	0.695	0.594	0.316	0.003	0.910	0.459	0.552
Mission Clear (7)	0.051	0.143	0.157	0.162	0.018	-0.033	-	0.000	0.000	0.001	0.003	0.626	0.123
Mission Utility (8)	0.113	0.163	0.146	0.140	0.064	0.044	**0.444**	-	0.000	0.079	0.016	0.003	0.056
Mission Inspiring (9)	-0.072	0.115	-0.074	0.010	-0.025	-0.083	**0.342**	**0.466**	-	0.000	0.046	0.001	0.012
Mission Word Count (10)	-0.001	0.141	-0.008	0.035	**0.231**	**-0.245**	**0.261**	0.145	**0.348**	-	0.694	0.324	0.444
Revenue (11)	0.099	0.069	0.060	0.036	0.061	0.009	**0.242**	**0.198**	0.164	0.033	-	0.000	0.000
Assets (12)	0.012	0.070	-0.050	0.019	0.021	-0.061	-0.040	**0.242**	**0.276**	0.082	**0.733**	-	0.000
Equity (13)	0.060	0.018	-0.006	0.057	0.015	-0.049	-0.127	0.158	**0.207**	0.063	**0.761**	**0.916**	-

Source: Author own compilation

(Table 16) reveals ***strong support for Hypothesis 2 and Hypothesis 3 with vision factors correlating well with other vision factors and mission factors correlating well with other mission factors.*** From the coefficients, it can be clearly seen that Mission "Broad" is an outlier and correlated less with other statements within its own block as well with performance indicators. ***Performance indicators are more strongly correlated with items from mission supporting Hypothesis 6 and Hypothesis 7 but not as associated with vision characteristics no supporting Hypothesis 5.*** The largest correlation can be found between Asset and Mission "Inspiring" variable (r=0.276; p=0.001). Vision block is more coherent compared to Mission and there is also a significant correlation between the word frequencies of Vision and Mission statements (r=0.231; p=0.005) indicating firms with longer visions also had longer missions. It should also be emphasized that word counts correlated the most with Clear and Inspiring characteristics of Vision and Mission. Note also that as the word count increases in mission

statements, the more specific (and less broad) mission statements became as indicated by the statistically significant correlation of -0.245. Note also that simply because Mission "Broad" did not correlate to the other variables does not mean it is not a common characteristic of mission statements as it was the most common characteristic associated with corporate mission statements.

As shown in (Table 17), the Bartlett's Test of Sphericity was employed to determine if all correlation coefficients are zero. In essence, the test is used to compare the observed correlation coefficients to the magnitudes of the partial correlation coefficients. In lay terms, the researcher is hopeful the partial correlations will be small in comparison to the observed correlation coefficients. This test is extremely sensitive to sample size, but with the relatively small sample, this was not a huge concern. ***The strong significance level indicates partial correlations are not a significant problem and resulting determination of the underlying components are able to explain the observed correlations right well.***

Table 17: Bartlett's Test of Sphericity

Name		Results
Bartlett's Test of Sphericity	Approx. Chi-Square	258.505
	Df	28
	Sig.	.000

Source: Author own compilation

From (Table 18), it was determined to extract two factors based on the total eigenvalue rule of 1.0 or greater. Three components could have been extracted as component 3 was close to 1.0 but notice the present of variance explained is a great drop from 23 percent for including the second factor (the factor relating to mission) to 12 percent for including the 3rd factor. This extra latent component was deemed no necessary because it reduced the parsimony of our data without providing enough extra information. The Scree Plot in (Figure 5) also exhibits the case for two components with the large jump between component 2 and 3, thus indicating a 2 component solution. Note on the far right of (Table 18), once rotating the total variance explained for component 1 (vision) was reduced while the variance for component 2 (mission) increased. However the total variance explained remained the same.

Table 18: Total Variance Explained

Com-ponent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3.039	37.990	37.990	3.039	37.990	37.990	2.715
2	1.866	23.321	61.311	1.866	23.321	61.311	2.190
3	.976	12.204	73.515				
4	.824	10.300	83.815				
5	.508	6.346	90.161				
6	.474	5.927	96.088				
7	.205	2.569	98.657				
8	.107	1.343	100.000				

Source: Author own compilation

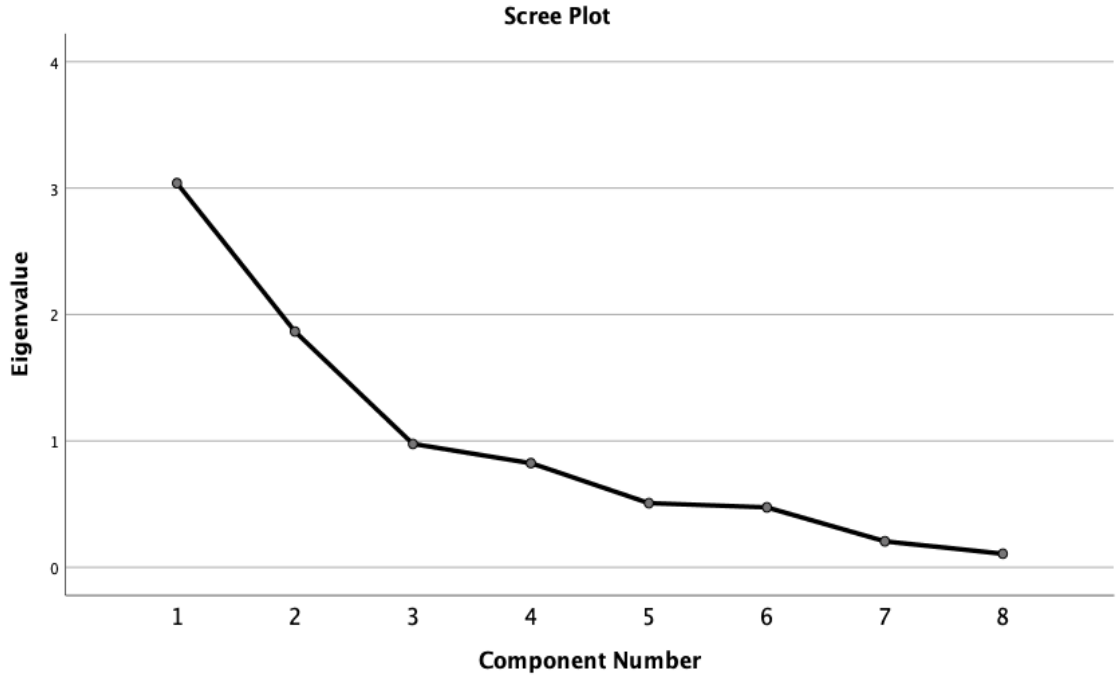

Figure 5: The Scree Plot Revealed

Source: Author own compilation

(Table 19) reveals the principle components analysis communalities among each variable and the total number of components extracted which was two in this case. It is easy to determine

that PCA or a similar method was used based on the initial communalities being 1.0. Methods such as maximum likelihood would reveal initial communalities less than 1.0 since error variance is omitted from the calculations. The researcher is hoping for the highest number possible on the extraction number as this explains the percent of variance explained by the common factors (two in this case). The extraction numbers are calculated by summing the squared loadings for the components in either the unrotated component matrix displayed in tables cc or the rotated component matrix displayed in table cc. The extraction number will be the same as rotating only redistributes the explained variance among the components, it does not change the total variance explained per variable, also known as the communalities. Note the low commonality with Mission Broad; ***this variable was dropped from the analysis*** in PLS-PM.

Table 19: Communalities Revealed

Name	Initial	Extraction
Vision Clear	1.000	.831
Vision Future	1.000	.519
Vision Unique	1.000	.841
Vision Inspiring	1.000	.760
Mission Utility	1.000	.644
Mission Inspiring	1.000	.756
Mission Clear	1.000	.383
Mission Broad	1.000	.169

Source: Author own compilation

(Table 20) and (Table 21) reveal the factor loadings both unrotated and rotated associated with the two components that were subsequently named mission and vision. Ideally, a researcher would look for significant loadings above 0.40 but above 0.60 is considered more practical (HAIR et al., 2010). After running the unrotated analysis a Varimax rotation was desired to remove any significant cross loadings. Significant cross loadings are when a variable loads (over .40) on two more components. Take for example Vision Unique, it loaded .790 on component one and -.466 on component 2 before the rotation and .917 and .018 after implementing a Varimax rotation. The sum of squared loadings for each component are equal to the respective eigenvalues found in (Table 20)

Table 20: Component Matrix[a]

Name	Component	
	1	2
Vision Clear	.789	-.457
Vision Future	.706	-.143
Vision Unique	.790	-.466
Vision Inspiring	.856	.164
Mission Utility	.482	.642
Mission Inspiring	.352	.795
Mission Clear	.369	.497
Mission Broad	.262	-.318

Source: Author own compilation

Table 21: The Rotated Component Matrix[a]

Name	Component	
	1	2
Vision Clear	.911	.026
Vision Future	.676	.250
Vision Unique	.917	.018
Vision Inspiring	.642	.590
Mission Utility	.073	.799
Mission Inspiring	-.118	.861
Mission Clear	.053	.617
Mission Broad	.390	-.133

Source: Author own compilation

PCA Result of the Pairwise Relationships between the Statements

(Figure 6) reveals two latent constructs or factors were created from vision and mission statements, but Mission "Broad" correlated less with the other variables and its membership could not be categorized into one of the two latent constructs. ***This finding does not reveal that Mission "Broad' is not a characteristic of mission statements, it simply means it is not as similar as the other three characteristics more closely positioned on the map***. Note from the data presented in (Figure 6) and later in (Figure 7) that vision and mission statements are unique documents as DRUCKER (1974) and many other scholars have suggested providing support for Hypothesis 4. Also, note how closely the variables or characteristics loaded with each other but this was expected after the results of the Spearman's correlation matrix in (Table 16).

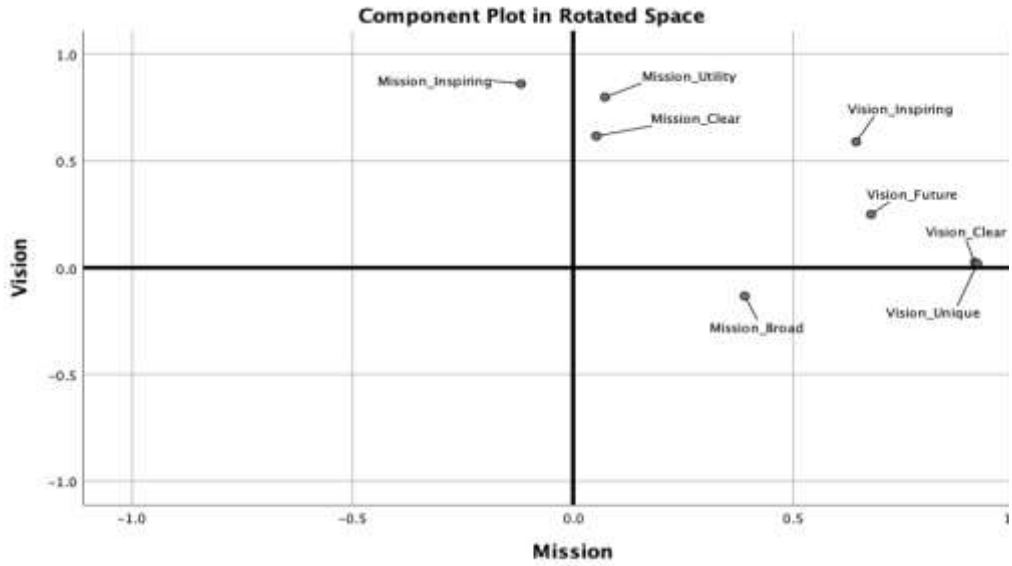

Figure 6: The Component Plot in Rotated Space

Source: Author own compilation

Association with Organizational Performance

(Figure 7) reveals that each latent factor explained about 50 percent or higher amount of the variation of the corresponding item, satisfying the FORNELL and LARCKER (1981) criterion. Statements were grouped in the following blocks: Vision (clear, unique, inspiring, future, word count) and mission (clear, utility, inspiring, word count). We use "word count" as a surrogate for the characteristic "Concise" in both vision and mission documents. We created a Latent Variable Partial Least Squares Path Model (LVPLSM) (WOLD, 1975) based on the blocks of vision and mission statements evaluated by two judges to estimate our research model.

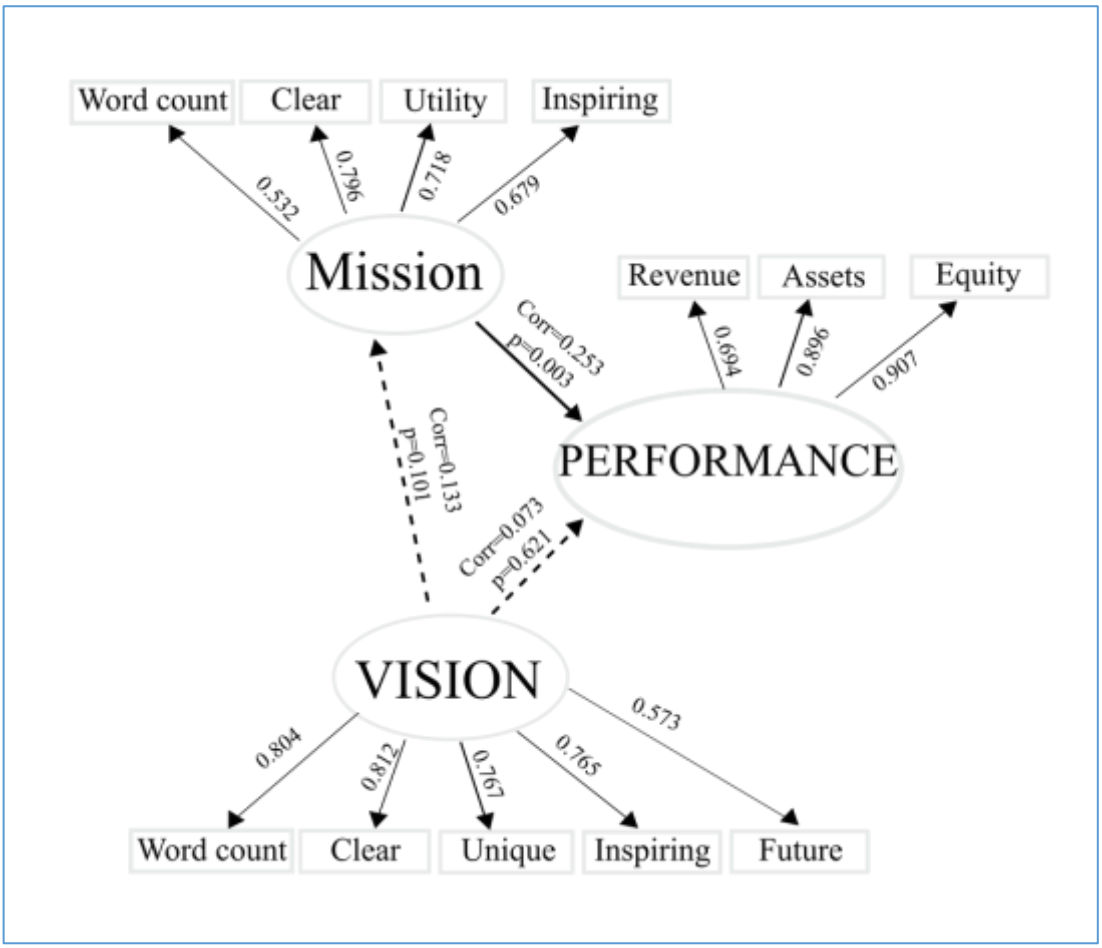

Figure 7: Latent Variable Partial Least Squares Path Model

Source: Author own compilation

Ovals are blocks representing the latent factors, and squares stand for vision and mission statements characteristics evaluated by the judges. Numbers represent correlation coefficients. The straight-line arrows represent significant links at 95 percent reliability, the dashed-line arrows represent non-significant links. Note that ***the PLS model supports mission and vision as being two separate documents providing support for Hypothesis 4. Also, vision is not related to performance but mission is associated with performance.*** This finding is not unsurprising as visions are forward looking and one should not expect to see a correlation with current financial results with a forward looking statement and not providing support ***for Hypothesis 5, but supporting Hypothesis 6 and Hypothesis 7.***

The GoF of the internal structural model was 0.489 and the GoF value of the external factor model was 0.979 and the entire model has a normalized GoF of 0.979 which shows an excellent fit.

(Table 22) reveals that the reliability of the blocks was tested with Dillon Goldstein's RHO index; the average variance explained by each latent factor was also calculated. The values

below the main diagonal (seen as dashes) are the Pearson correlations and above the main diagonal the corresponding significance values can be seen. The main diagonal remained empty since we are not interested in self-correlations, which would be 1. At the 5 percent significance level, only Performance and Mission was significant (r=0.253; p=0.003).

Table 22: Major Statistics of the Latent Factors in the PLS-PM Model

Latent factor	RHO*	AVE**	1	2	3
Vision (1)	0.869	0.562	-	0.100	0.621
Mission (2)	0.794	0.473	0.133	-	0.003
Performance (3)	0.890	0.703	0.073	***0.253***	-

*: Dillon-Goldstein index;**: Average Variance Extracted

Source: Author own compilation

Performance was the first outcome variable in the model that was directly affected by the statements of Mission (Clear, Utility, Inspiring, Word Count). Model estimates suggest that Mission is the most important factor supporting Hypothesis 6 and Hypothesis 7 with respect to financial indicators with an effect of 92 percent, while Vision block explained only 8 percent of the variance of the performance indicators. The correlation coefficient of Mission was 0.253 (t=3.06; p=0.003, SE=0.081) with performance. ***From these results, we can conclude that the higher the quality of Mission is (more clear and useful), the stronger the capability of the given company to reach higher financial performance, supporting Hypothesis 6***.

Regarding vision statements, we did not estimate a significant direct correlation (r=0.073; t=0.495; p=0.621, SE=0.081) with Performance. ***Thus, based on our results, Hypothesis 5 should be rejected.*** This finding is not totally surprising though due to the nature of vision statements being forward looking. One would not expect current results on such a forward looking statement. ***Vision statements only have at best little direct result on current performance.*** As COLLINS and PORRAS (1996) stated, visions should have an outlook of 10 to 30 years. From the external factor model, we could also obtain important information. With respect to mission statements, we found rather strong correlations between Mission and 'Mission Clear' (r=0.796; t=15.89; p<0.001) and 'Mission Utility'(r=0.718; t=12.46; p<0.001). ***This suggests that an effective mission statement should be "Clear" and "Useful" in order to reach its goal.***

Word frequency is also correlated strongly with Mission (r=0.532; t=7.59; p<0.001) and Vision (r=0.804; t=16.34; p<0.001), Latent factor 'Vision' and 'Clearness' are the most strongly related variables (r=0.812; t=16.81; p<0.001) and the frequency of words is also strongly

correlated with Vision. Compared to Mission, word count played a more important role in case of Vision. ***Future is the least correlated item with Vision*** (r=0.573; t=8.45; p<0.001) ***yet still strongly significant.***

1.6. Methodology for Study 2

1.6.1. Sample

Two independent raters examined 72 *Fortune 500* mission statements and tallied whether (or not) each respective statement included the literature-derived 9 components. If the respective component did not include the component, the rater (independently) recorded a 0 (zero), but if the statement did include the component, the rater recorded a 1 (one). Both raters were strategic management professors. A pre-test was performed by the raters on statements not included in the analysis before actual ratings began to assure mutual understanding between the raters as to the meaning of each component.

In addition to the nine components being examined and rated, four organizational performance measures were taken and recorded for each sample firm. Year-end 2018 financial data was secured for each sample firm. Thus, the methodology utilized in this research allows determination of 1) the prevalence of occurrence of each component among the 72 sample mission statements and 2) the association of each component with organizational performance.

1.6.2. Rater Reliability

(Table 23) reveals there is substantial agreement between the two raters on whether the respective components are included in documents. Every Phi measure is significant at the 0.01 significance level, with the lowest concordance attributed to Distinctive Competence; the largest was between Employees and Markets. It is interesting to note in (Table 23) the percent included of at least one of the components being determined present by one of the two raters. Compared to the PEARCE and DAVID (1987) study, there is a quite a reduction in our study of internal related components, and a relative increase on the external related components of inclusion based on frequencies.

Table 23: Mission Statement Component Rater Reliability and Agreement between Raters

Component	Phi Measures[1]	Both not included[2]	Disagreement[2]	At least one included[2]	Both included[2]
Customers	0.80	35	10	65	55
Products/Services	0.61	32	21	68	47
Markets	0.86	57	7	43	36
Technology	0.67	62	14	38	24
Concern for Survival	0.80	58	10	42	32
Philosophy	0.70	43	17	57	40
Distinctive Competence	0.47	25	25	75	50
Concern for Public Image	0.76	67	10	33	23
Concern for Employees	0.87	68	6	32	26

Note: 1: all values are significant at 1% level; 2: measured in percentage

Source: Author own compilation

1.6.3. DRAPE Analysis

TODESCHINI et al. (2019), KENDALL (1955) proposed a new ranking method called DRAPE. The method is based on the so-called tournament tables and the calculation of the PWR from these tournament matrices proposed by RAMANUJACHARYULU (1964), KENDALL (1955) and WEI (1952). These statisticians suggested to use the eigenvalue and eigenvector solution of these tournament matrices for ranking. The first eigenvector reveals the power of an object which won over the others and the second eigenvector represents the weakness when the object is defeated by the others. The PWR is thus the ratio of the eigenvectors. The tournament matrix contains the pairwise comparisons of all the objects. The entries of this matrix are values between 0 and 1 showing how many times an object is better than an other object with respect to all the studied criteria. Objects can be mission statement components, chemical samples, methods, players, countries, business variables, etc.; the method allows us to render different weights to different criteria. In this dissertation, the objects are the nine mission statement components identified in the literature review.

Previous research has attempted to rank the components of mission statements by frequency but never in a more robust manner. A new technique (TODESCHINI et al., 2019) uses DRAPE to provide a more sophisticated ordering approach. Using the power weakness ratio (PWR), (RAMANUJACHARYULU, 1964). I was able to better determine the winner of a round robin tournament. With respect to this research, I sought to determine which components were

included more frequently over other components (known as power) while also analyzing other components that were included more than itself (weaknesses).

Using DRAPE analysis, if an entry of the tournament matrix is equal to 0.5 that indicates a tie between the two objects. In order to study the quality of a ranking, a smoothing of the original tournament matrix is required. For this purpose, a family of thresholds (t*) was obtained from the basic tournament matrix selecting all the different values greater than 0.5. Then each entry of the tournament matrix which lies within the interval of [1-t*, t*] is reduced to 0.5 (TODESCHINI et al., 2019). A consensus of the rankings were calculated by a Principle Components Analysis (PCA) analysis on the PWR ranking corresponding to the different thresholds. Another advantage and great feature of the methodology that is offers an a-posteriori variable importance detection by correlating the criteria to the PWR rankings. DRAPE method was performed by using the authors' own source code in R-project 3.4.4 (R CORE TEAM, 2019).

Using DRAPE analysis, I was able to more robustly determine which companies are winning (having higher performance measures) than with simple frequencies that past researchers (PEARCE and DAVID, 1987) used. Determining the winner in our study is determined by a 72x72 matrix that is summarized in Table 24 comparing the corporations pairwise based on the components how many times a corporation won over another corporation with respect to all of the components. This is a significant improvement to simply comparing frequencies of components used. By ranking companies (presented later in Table 26 and Table 27), we also derive the weights and importance of the components too through multicriteria decision-making, resulting in a derived PWR measure from the values of the tournament table.

1.6.4. Two-Block Partial Least-Squares Analysis

Two-block PLS is a similar procedure to Factor Analysis but with two sets of variables. The method reveals factors in both sets but with the goal of maximizing the covariance between the two sets of variables obtaining the maximum correlations between the corresponding factors from both sets (called Block1 and Block2). The complete algorithm is described in ROHLF and CORTI (2000) and implemented in R 3.4.4. Software in the Morpho Package (R CORE TEAM, 2019). The mathematical algorithm starts with the correlation matrix partitioned according to the two blocks and proceeds with a singular value decomposition only on the cross-correlation matrix of the two blocks, according to the following formula: $R_{12} = F_1 D F_2^t$, where F_1 and F_2 contains the loadings of all axes for Block1 and Block2, D contains the singular values which can be used for the calculation of the explained variance between the two sets of variables.

The summation of the squared factor loadings equals the eigenvalue and these numbers can be explained on a basis of 100. Therefore if 100 variables and an eigenvalue of 1.0 is equivalent to the corresponding factor explaining 1 percent of the variance, with 50 variables then 2 percent of the variance.

1.7. Results and Findings for Study 2

For the nine components examined among 72 *Fortune* 500 company mission statements, DRAPE analysis was utilized to examine the respective components' 1) PWRs, 2) association with organizational performance, and 3) extent internal or external components are correlated with performance. Our mission statement component's PCA results are presented in (Figure 8). This map reveals the results of the performed PCAs. First, I created a pairwise comparison matrix containing the Phi indices of the 9 components for Rater 1 and Rater 2 respectively. Then we applied a PCA with only two principal components on the correlation matrices separately calculating the loadings of the nine components. Each component was represented with its loading in a common PCA map. It is apparent that Distinctive Competence was further from its pair as suggested earlier. Note also that there is a cluster at the bottom right corner of the map. The raters separated the 9 components very well. It can be clearly seen that Product/Service, Technology, and Markets are located on the other side of the map and belong to a different cluster. PCA analysis was performed using principal function in R 3.4.4. Software in the psych package (R CORE TEAM, 2019).

Table 24: Family of Thresholds from DRAPE[1] with Financial Performance Indicators

Thresholds	frequency[2]	entropy[3]	PC1 loading[4]	PC2 loading[4]
0.50	8.83%	1.00	0.97	0.16
0.54	7.87%	1.00	0.97	0.16
0.58	7.37%	1.00	0.97	0.17
0.62	7.23%	1.00	0.97	0.19
0.65	6.15%	1.00	0.97	0.19
0.69	5.36%	1.00	0.97	0.20
0.73	3.45%	0.99	0.98	0.18
0.77	2.62%	0.96	0.97	0.21
0.81	***2.10%***	***0.85***	***0.93***	***0.31***
0.85	1.33%	0.56	0.90	0.36
0.88	0.75%	0.34	0.79	0.55
0.92	0.42%	0.36	0.80	0.55
0.96	0.17%	0.06	0.09	0.95

Note: 1: Deep Ranking Analysis with Power Eigenvectors

2: total number of entries in the tournament matrix is 72*72=5184

3: Shannon entropy, 0 means all companies have the same ranking

4: loading of the first two Principal Components calculated on the rankings

Source: Author's own compilation

Different thresholds found in the basic tournament matrix with performance were 0.5, 0.54, 0.58, 0.62, 0.65, 0.69, 0.73, 0.77, 0.81, 0.85, 0.88, 0.92 and 0.96, as indicated in (Table 24). Note in (Table 24) that if an entry of the tournament matrix is equal to 0.5 that means a tie between the two objects.

In order to study the quality of a ranking, a smoothing of the original tournament matrix is required. The different threshold can be seen in the table with their relative frequencies in the tournament matrix. A so-called "entropy value" should be calculated in order to select the best threshold. The entropy measures how different the PWR values are and gives idea on the quality of the ranking. An entropy with 0 value means each object has the same PWR value and we cannot make a difference between them; an entropy with 1 value means that every object has a

different PWR value. In order to find a unique solution, a PCA analysis on the PWR ranking was performed corresponding to the different thresholds. In our case, we have selected the threshold of 0.81 as it is the first different solution compared to the previous thresholds regarding PC1 and 2 and still provides a reasonably higher entropy and relative frequency.

(Table 25) provides the results of our DRAPE analysis with only the 9 components included removing performance measures. Note the threshold of 0.72 seemed to be the best option for further investigations based on the two PCA loadings, while not sacrificing significantly on the frequency and entropy scores.

Table 25: Family of Thresholds from DRAPE[1] Based Only on the 9 Components

Thresholds	frequency[2]	entropy[3]	PC1 loading[4]	PC2 loading[4]
0.50	10.76%	0.97	0.87	0.49
0.56	11.15%	0.97	0.87	0.49
0.61	9.59%	0.97	0.86	0.50
0.67	7.81%	0.97	0.83	0.55
0.72	***5.79%***	***0.94***	***0.77***	***0.62***
0.78	4.78%	0.78	0.73	0.67
0.83	2.62%	0.52	0.65	0.75
0.89	1.29%	0.30	0.49	0.85
0.94	0.62%	0.31	0.46	0.88

Note: 1: Deep Ranking Analysis with Power Eigenvectors

2: total number of entries in the tournament matrix is 72*72=5184

3: Shannon entropy, 0 means all companies have the same ranking

4: loadings of the first two Principal Components calculated on the rankings

Source: Author's own compilation

The Principal Component Analysis map of mission statement components is provided in (Figure 8). This analysis shows excellent agreement between the two raters on all components except for Distinctive Competence.

(Figure 8) reveals the PCA map associated with study 2 and the nine components ratings for each rater. The figure shows excellent inter rater reliability between the two raters on all components except for distinctive competence. Customers and survival had the most difficulty loading onto a specific factor.

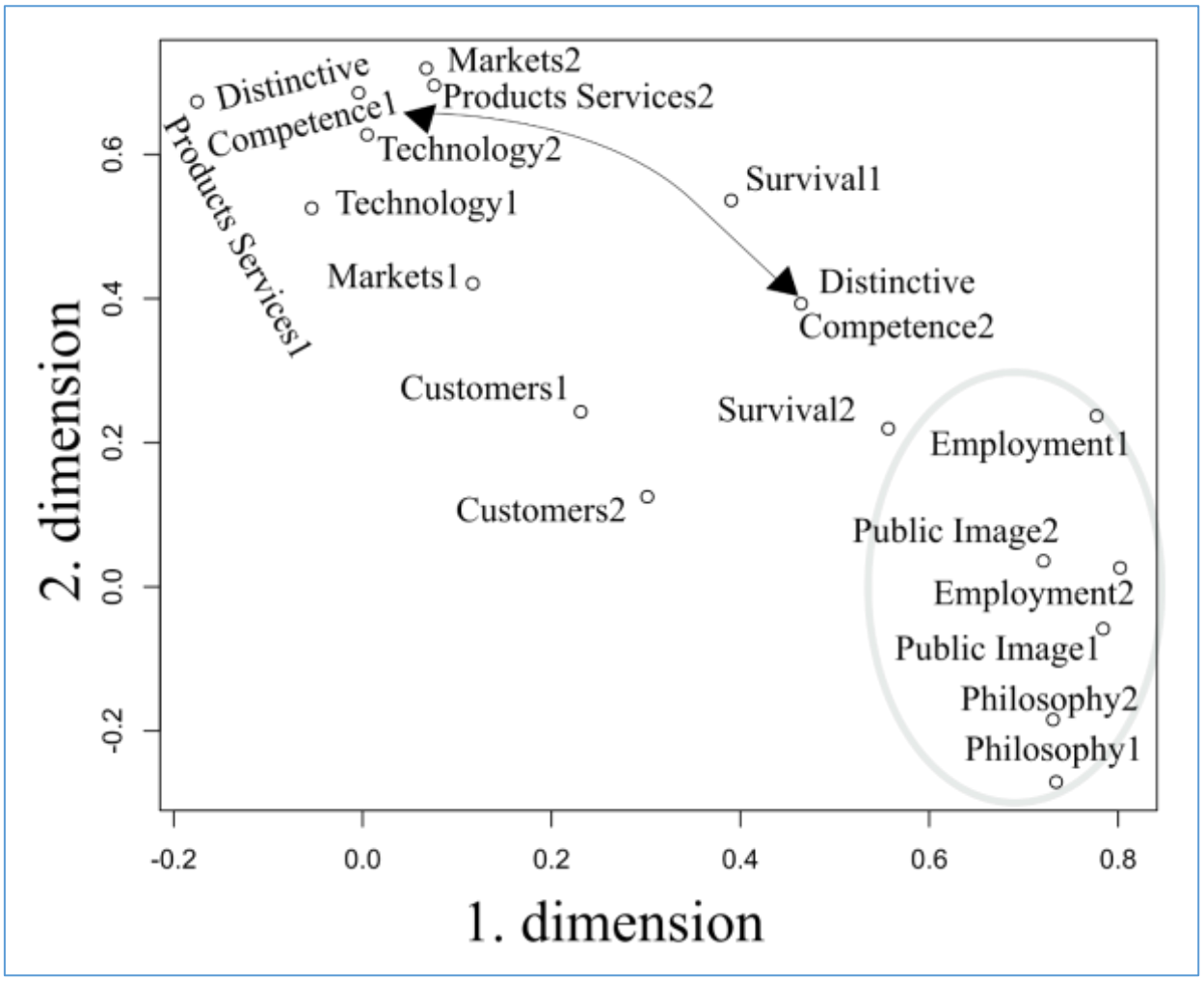

Figure 8: Principal Component Analysis Map of Mission Statement Components

Source: Author's own compilation

Organizational Performance

As indicated in (Table 25), DRAPE analysis suggests that greater values in ***Distinctive Competence, Employees, Philosophy, Markets, and Public Image would improve the ranking position of a given company, while Product/Service and Technology have less influence on the rankings. These findings support Hypothesis 8 and this finding partly supports Hypothesis 9.*** Hypothesis 9 proved to be only partially true since Markets have relatively higher correlation with PWRs then Customers, Product/Service and Technology. Regarding performance indicators, there is a strong relationship between the PWR value and profit, ROE and ROA and revenue had relatively less influence on PWR. I also report our sample companies that exhibit the highest and lowest PWR value. Within-block-ranks are revealed in parentheses. For example Philosophy is 3rd regarding performance indicators but is 5th in its own block as revealed in (Table 26) and (Table 27). We can also conclude that profit, ROA, and ROE together

with Distinctive Competence, Employees, Philosophy, Markets, and Public Image play an important role in the companies' power status.

Table 26: Deep Ranking Analysis Results Based on the 9 Components and Performance Indicators

Component	Spearman's Correlation with PWR[1]	Rank	Highest PWR[1]	Lowest PWR[1]
Customers	0.34**	10 (7)	**Coke (2.46)**	**World (0.75)**
Product/Service	0.16	12 (9)	**Pepsi (2.25)**	**Reins (0.76)**
Markets	0.42**	6 (4)	**Valer (1.68)**	**AGCO (0.82)**
Technology	0.27*	12 (8)	**Amphe (1.26)**	**Foot (0.82)**
Survival	0.37**	9 (6)	**Lear (1.24)**	**Sempr (0.85)**
Philosophy	0.46**	5 (3)	P&G (1.18)	Hunts (0.86)
Distinctive Competence	0.55**	1 (1)	Exxon (1.16)	Tyson (0.87)
Public Image	0.40**	7 (5)	CSX (1.15)	ADM (0.87)
Employees	0.53**	2 (2)	Fbook (1.13)	Apach (0.88)
Profits	0.51**	3 (1)	State (1.05)	Tesla (0.88)
ROA	0.39**	8 (3)	Union (1.05)	UNUM (0.89)
ROE	0.46**	4 (2)	Disney (1.05)	Conoc (0.91)
Revenue	0.32**	11 (4)	Avery (1.05)	JM Sm (0.91)

Note: *: significant at 0.05%; **: significant at 0.01%

1: Power Weakness Ratio

Source: Author's own compilation

Table 27: Deep Ranking Analysis Results Based on Only the 9 Components

Components	Spearman's Correlation with PWR[1]	Rank	Highest PWR[1]	Lowest PWR[1]
Customers	0.43**	6	**Coke (5.58)**	**Conoc (0.44)**
Product/Service	0.47**	5	**Valer (4.16)**	**Hersch (0.44)**
Markets	0.40**	8	**Amphe (3.55)**	**Foot (0.44)**
Technology	0.39**	9	**Pepsi (3.51)**	**Tyson (0.44)**
Survival	0.61**	1	**Lear (2.83)**	**World (0.64)**
Philosophy	0.41**	7	CSX (2.45)	ADM (0.65)
Distinctive Competence	0.57**	3	Graph (2.45)	Anthe (0.66)
Public Image	0.53**	4	Exxon (2.37)	Reins (0.67)
Employees	0.59**	2	P&G (2.35)	JM Sm (0.73)

Note: *: significant only at 5%; **: significant at 1%

1: Power Weakness Ratio

Source: Author's own compilation

We got a bit different picture when analyzing the 9 components separately from performance indicators as revealed in (Table 27). Note that Survival is at the first place followed by Employees, Distinctive Competence, and Public Image. The last component in the ranking is Technology.

Two-Block Partial Least-Squares Analysis

A data set consisting of two blocks (F1, F2) can be separated into two dimensions. (Table 28) shows the blocks and dimensions and the correlation between the two blocks. The dimensions are latent variables and the numbers express the weights between each component and the latent variable. Note that the first dimension explains about 80 percent of the total variance. All in all, in the first dimension, the level of correlation between the two blocks was 0.423. Thus, in the case of the financial indicators (Block II.) of the companies, profitability and revenue have a strong positive correlation with public image and employees (Block I.) and negatively correlated with product/service (Block I.). The second axis explains about 11 percent of the total variance and shows that for the financial indicators of the companies (Block 2), Return on Assets and Return on Equity (ROA, ROE) is separated from revenue.

The ROA, ROE are on the negative direction of the axis. Revenue is on the positive side of the axis. ***Among the components (Block I.), Philosophy, Public Image, Markets and Employees have a strong positive correlation with ROA, ROE, and providing support for Hypothesis 8, Hypothesis 9, and Hypothesis 10. Distinctive Competence and Customers show an opposite correlation with ROA and ROE and also a positive correlation with revenue, supporting Hypothesis 8 and partially Hypothesis 9.***

Table 28: Results of Partial Least-Squares Analysis of the 9 Components

Matrix	Component	dimension[1] 1	dimension[1] 2
Block I. (F1)	Customers	0.21	**0.67**
	Product/Service	-0.67	0.01
	Markets	**0.29**	0.06
	Technology	-0.15	0.07
	Survival	-0.16	0.07
	Philosophy	**0.47**	0.17
	Distinctive Competence	0.02	**0.31**
	Public Image	**0.32**	-0.34
	Employees	**0.21**	-0.55
Block II (F2)	Profit	**0.68**	-0.07
	ROA	0.23	-0.66
	ROE	0.34	-0.47
	Revenue	**0.61**	**0.58**
Correlation between the blocks		0.42	0.18
Variance explained %		79.60	11.40

Note: 1: the numbers in each column are weights

Source: Author's own compilation

As revealed in (Table 28) in the second dimension, the correlation between the two blocks was 0.18. I performed a bootstrap resampling "with replacement" by making 1000 replicates to validate the Two-Block PLS model. The mean was 0.444 (0.423-0.466, 95% CI) and the estimated critical value of the empirical distribution was 0.33 at 10% level. Thus, our original value is reliable and within the confidence interval. Regarding the second correlation coefficient, the mean was 0.204 (0.181-0.227 95% CI) with a critical value of 0.078 at 10%. Our estimation was not significantly different from the mean. Results of the Two-Block PLS model confirms and completes the results of DRAPE and relates Distinctive Competence with Revenue, Philosophy, Public Image, Markets, Employees with mainly ROE, ROA, and Profit. ***On the other hand, DRAPE provides the rankings of the nine components***.

To further emphasize some methodological differences between the two methods. DRAPE used only one dimension, and relates every component according to the correlation to PWR. Two-Block PLS separates two dimensions according to the correlation between the blocks. Two-Block PLS has nothing to do with ranking objects which DRAPE method is capable of doing. An interesting finding was that Public Image and Employees are important irrespective of the low included frequency revealed earlier. Only few firms put higher emphasis on Public Image and Employees. The firms that did place higher emphasis on Public Image and Employees ranked higher in the tournament table attributed to performance. Another interesting finding is the components most included are not the components that lead to performance. Table 29 provides a summary of the results of hypothesis testing analyses discussed above. Note that four hypotheses were strongly supported and only one hypothesis (Hypothesis 5) was not supported.

Table 29: A Summary of the Results of the Hypothesis Tests

Hypothesis #	Hypothesis Statement	Conclusion	Comment
Hypothesis 1	Corporate mission statements will be longer in length than corporate vision statements but will be shorter than 100 words.	Supported	
Hypothesis 2	Corporate vision statements will exhibit five characteristics: Clear, Concise, Inspiring, Futuristic, and Unique.	Supported	
Hypothesis 3	Corporate mission statements will exhibit five characteristics: Clear, Concise, Inspiring, Broad, and Utilitarian.	Supported	

Hypothesis 4	Corporate vision and mission statements are separate documents with their associated characteristics	Supported	
Hypothesis 5	Corporate vision statements that contain the characteristics Clear, Concise, Inspiring, Futuristic, and Unique will be associated with higher organizational performance.	Not Supported	
Hypothesis 6	Companies whose mission statements contain the characteristics Clear, Concise, Inspiring, Broad, and Utilitarian will be associated with higher organizational performance.	Supported	
Hypothesis 7	Mission statement quality, as indicated by prevalence of inclusion of five characteristics, will be more positively associated with organizational performance than vision statement quality measured similarly	Supported	
Hypothesis 8	Philosophy, Distinctive Competence, and Employees will have higher positive correlation with the Power Weakness Ratios (PWRs) when associated with performance.	Supported	Partially supported. Distinctive Competence was one of the most common included and also had the highest PWR. However, Philosophy and Pubic Image were included often but were near the bottom on respective PWR

Hypothesis 9	Customers, Products/Services, Markets, Technology, and Survival will have lower positive correlation when associated with performance.	Supported	Partially supported. Only Product/Services was associated with performance.
Hypothesis 10	Public Image will have higher positive correlation with PWR when associated with performance.	Supported	Supported but not to the extent predicted
Hypothesis 11	Mission statement components' prevalence of inclusion based on frequencies will not align with the PWR scores and the importance of the statements.	Supported	

Source: Author own compilation

1.8. Implications for Part I

Our results reveal the current nature of *Fortune 500* vision and mission statements and thus can provide a guide for companies devising new or revising old statements. Firms wishing to conform to the general style of vision and mission statements are advised to write their respective statements in a manner consistent with the results presented in this dissertation. ***Our results also indicate the need for both a vision and mission statement, rather than firms necessarily using or referring to a single document for the two. This finding is important. Organizations need separate documents.***

Our research for the first time ever empirically addresses the need for and the construction of how vision statements should be designed. We provide direction for what COLLINS and PORRAS (1996) described as "an envisioned future." We build on the work of Collins and Porras by suggesting what characteristics are commonly included to help firms build this future, and provided directions for writing visions along with average word counts.

Our results are similar to PEARCE and DAVID (1987) and JUNG and RAINEY's (2011) findings. Managers and executives should take care in crafting and developing their mission statements as our results and others consistently reveal a link to firm performance for firms that express/include Distinctive Competence, Concern for Employees, Philosophy, Markets, Public Image and in their respective mission statements vs. firms who do not include these

components. The components: Customers, Products/Service and Technology are not linked well to performance, however these components are some of the most frequently used components in corporate mission statements even increasing in popularity since the seminal article by PEARCE and DAVID (1987). ***Executives should be mindful not to overly focus on Customers, Products and Services, and Technology*** when construction mission statements and increase care and consideration should be attributed to concern for Distinctive Competence, Concern for Employees, Philosophy and Public Image.

With respect to firm performance, the Survival component was less relevant, however, it was the most important component when the ranking of the companies was based only regarding the corporate mission statements. Therefore, executives and managers should likely include Survival too. An interesting finding and area for improvement for firms in crafting mission statements is to ensure the firm's Philosophy and Markets is well stated. Philosophy's power ranking was 7th in power and Markets' ranking was 8th without taking performance into consideration, but Philosophy was the 3rd and Markets was the 4th most important component based on DRAPE when performance measures were included. ***Firms could possibly gain a sustainable competitive advantage by carefully considering their Philosophy, Markets, Public Image, and Employees and incorporating those components into their respective mission statements.***

Based on DRAPE analysis, it can be proposed that whenever firms are writing mission statements or redrafting existing missions the entity should ensure that ***the following four major components are present based on both prevalence of inclusion and association with organizational performance: Philosophy, Distinctive Competence, Public Image and Employees.*** The five remaining components are hereby considered minor components and should be studied further based on industry specificity and related dimensions for their importance. This is a significant implication of this research for two key reasons:

1. Companies need to know what components most assuredly should be included in their mission statement, and
2. Strategic management textbooks today do not differentiate among mission statement components as per desirability in terms of prevalence of inclusion or association with organizational performance.

Based on DRAPE analysis, our data and results reveal a clear bias toward mission statements being writing from an internal prospective. ***Concern for Employees, Distinctive Competence, Philosophy and potentially Survival all are statistically significant with higher organization performance.*** The only external component associated with statistically significant higher

performance was ***Public Image***. This result supports PEARCE and DAVID (1987) findings. It is interesting to note that 60 percent of the components categorized as "internal," not counting Concern for Survival, are statistically significant with firm performance, but Public Image or 25 percent of the external components are statistically significant with firm performance***. First and foremost, mission statements should be written from an internal prospective. However, there is debate in the literature regarding whether mission statements should primarily be written for internal or external stakeholders. With respect to Public Image, especially in this day of social media, our data reveals it too is a vital component to include.***

1.9. Limitations for Part I

This study has several key limitations that should be considered. To start, firms often use the terms vision and mission interchangeably. To resolve this issue, I determined any statement that answers the question "what do we wish to become" would be considered a vision statement and any statement that answered the question "what business are we in" to be categorized as a mission statement. The sample size of 72, although larger than many other samples performed on mission statements (PEARCE and DAVID, 1987; HARMAN, 1976) is still quite small. However, we had ample statistical power nevertheless. Our sample, as well as previous research, utilized *Fortune 500* firms, making extrapolations to smaller firms or non-US-based firms to be taken with care. In addition, as other authors have indicated previously, it is difficult to determine the extent management actually reviews or implements a vision or mission statement after having published the statement.

While the nine components are well grounded in the literature and make for excellent study from a theoretical basis, characteristics of both mission and vision are not developed as robustly in the literature. This is a possible limitation. Although many prior studies mention characteristics there is no consistency, and no studies have tested these characteristics in a rigorous empirical manner. While a limitation from a theoretical perspective, this research also makes a key contribution by extending the knowledge base in this area of strategic management.

A key limitation is even though mission statements can be studied, it is difficult to know the extent that management acts on and implements the mission statement. Also a limitation of the dissertation is that the data obtained was cross-sectional in nature. It is my intent, to reexamine the statements several years from now, especially with respect to vision statements to determine if there is a longitudinal link to performance. In addition, this is the first time that DRAPE analysis has been used in strategic management research so refinements of this analysis may be warranted in future research.

Previous research has indicated a difference in mission statement construction across industries. While this was not the focus of this dissertation, it is a limitation of the dissertation. It was my intent to first establish a theoretical basis for using DRAPE and testing the characteristics of both vision and mission statements before assessing industry differences.

While testing for performance is important, many factors can impact performance no matter the research topic. This dissertation reports and discusses the results of my analyses aimed at examination of organizational performance as associated with both vision and mission characteristics.

Some PCA experts would suggest the using PCA with Varimax rotation cannot be generalized outside of the sample and techniques including the maximum – likelihood method would be more suited for generalizability (HARMAN, 1976). An additional limitation of PCA is the technique assumes no unique variables only common variance. This is the nature of a PCA and focuses on the communalities in the component matrix. In short, PCA seeks to determine how particular variables, in this study the characteristics of vision and mission, contribute or "load" on their respective factors or dimensions. Author's such as FIELD et al. (2012) describe PCA as factor analysis with error added. However, despite the limitations discussed, it is generally considered that with sample sizes of 30, PCA and factor analysis will yield the same results, and findings can be generalized to the population. Another possible limitation to using PCA is variables that load are not necessarily the most important variables associated with the resulting factor.

1.10. Conclusions for Part I

As DRUCKER (1974) and many authors have indicated, having quality vision and mission statements are an important step in the process of developing quality strategic plans. Drucker reminds us that when assessing poor results and deciding on appropriate changes, it is useful for firms to have quality vision and mission statements for objectives and strategies to be measured against.

This dissertation, for the first time to our knowledge, studied vision and mission statements in a robust statistical manner through assessing their respective characteristics. PLS Path Modeling was used to determine both inclusion and impacts on performance. Several key takeaways from this paper are that vision and mission statements should indeed be separate documents. Previously to our knowledge, no one has reported this finding so many firms even today have a single document that is referred to as both their vision and mission. Also, our results reveal that while all 5 characteristics were present in vision statements, vision documents

vision statements are not associated with improved financial performance. This is possibly because vision statements are forward looking by nature, so the expected results would be longitudinal not cross-sectional. Additionally, this research reveals that the most important characteristics associated with mission statements and firm performance was “Clear”, “Inspiring” and “Utilitarian”. Firms should especially ensure that all three of these components are included in their respective mission statements.

Mission statements answer the question proposed by Drucker “what business are we in.” DRUCKER (1974) states the first step in a strategic plan and the answer to “what is our business” is not as obvious as many managers believe. Drucker suggested mission statements are needed for because having a clear mission statement increases the ability of business strategies to be reviewed and revised in accordance with answering the question “what business are we in.” Drucker says it is difficult to determine the source of underperforming results and implement appropriate changes unless a clear mission is available to be measured against. Only by having a quality mission statement can business objectives, priorities and strategies be effectively developed (DRUCKER, 1974).

Since the early work by Drucker, both businesspersons and academicians have considered mission statements to be a vital first step in developing an effective strategic plan, yet wide variation in the composition of these documents is apparent even today. Although nine components are proposed in the literature for inclusion in mission statement documents, this paper addresses three critical mission-related needs: 1) to assess the prevalence of various components in corporate documents, 2) to determine the association of various components with organizational performance, and 3) to examine whether internal or external components are more important for inclusion in mission documents, and 4) examine the most common components included versus the components most closely linked to performance. Importantly, this dissertation addresses these four critical needs, and provides some answers, based a new, technique known as DRAPE.

Used in this study for the first time to our knowledge in strategic management research, DRAPE analysis has potential to be used to examine many business variables in an effective manner. Based on the results of our DRAPE analysis as presented herein, this dissertation provides direction for corporations regarding how to effectively write mission statements. We determined that among nine mission statement components, internal-oriented variables are more often included in Fortune 500 documents than external-oriented variables, and internal variables are also more positively associated with organizational performance. The only

external component associated with significantly higher organizational performance is Public Image.

A business mission reflects judgments about future growth directions and strategies that are based on forward-looking internal and external analyses. The statement should provide useful criteria for selecting among alternative strategies. A clear mission statement provides a basis for generating and screening strategic options. The research described herein can be helpful to practitioners actually developing strategic plans in businesses.

Major Contributions and Novelty of Research

This dissertation makes several important contributions to the strategic management literature, including the following points:

1. Determined needed characteristics of a vision and mission statement through examination of their association with organizational performance.
2. Determined characteristics which are commonly used in vision and mission statements.
3. Determined word count used in vision and mission statements.
4. Provided a framework for writing effective vision and mission statements (based on characteristics commonly used by *Fortune 500* firms).

Part 1 of this dissertation's main contribution and novelty is to provide heuristic and empirical evidence for a particular set of characteristics to be used in vision and mission statement construction. Despite the research on mission statements, very little research has been performed on vision statements, and no research has been performed to my knowledge examining clearly characteristics associated with both vision and mission statements – so in this regard the findings presented herein make a contribution to the management literature.

2. Part II: improving strategic planning matrices through incorporation of AQCD factors

Part II of this dissertation aims to improve the strategic planning process by providing a literature review and proposed methodology for improving strategic planning matrices through incorporation of AQCD factors. A survey is also developed and provided to guide future research in this important area of strategic planning.

2.1. Propositions for Part II

(All stated null and will be adjusted/expanded upon after completion of the survey)

5. Firms using the "actionable" component of AQCD in their SWOT analysis will have more favorable satisfaction with their strategic planning processes.
6. Firms using the "quantitative" component of AQCD in their SWOT analysis will have more favorable satisfaction with their strategic planning processes.
7. Firms using the "comparative" component of AQCD in their SWOT analysis will have more favorable satisfaction with their strategic planning processes.
8. Firms using the "divisional" component of AQCD in their SWOT analysis will have more favorable satisfaction with their strategic planning processes.

The AQCD approach ***reduces the subjectivity of strategic planning***. In this way, internal and external analyzes (EFE-matrix, IFE-matrix), competitor analyzes (CP-matrix), definition of strategic directions, and setting of long-term strategic objectives can be made more accurate. From here, it is only one step to make the most favorable strategic decisions (possible) using the QSP matrix. With all this in mind, the strategies chosen more accurately and objectively reflect the elimination of weaknesses, the exploitation of strengths, as well as the exploitation of future opportunities and the avoidance of threats.

New Contributions

Through a detailed literature review, there is agreement within the academic literature and among practicing managers that strategic planning remains vitally important and the use of SWOT analysis is important and popular technique. The research on SWOT analysis is quite clear that SWOT remains an important and popular strategic planning technique throughout the world for businesses, universities, not-for-profits, countries, and individuals alike. However, current discontent with SWOT may largely lie with its present lack of AQCD orientation, and that is where this dissertation makes an important contribution. Simply put, underlying external and internal SWOT factors should be actionable, quantifiable, comparative, and divisional in nature. This dissertation reveals through a detailed literature review, review of common SWOT

analyses performed by consultants, a questionnaire survey administered to practicing managers, and research on vision and mission presented an improved practical method for doing strategic planning. Specifically, this dissertation aims to accomplish the following tasks:

1. Determine the use/perceived importance of Vision/Mission. While not a focal point of ACQD analysis, vision/mission analysis can be addressed in the same survey to examine actual strategic planning processes.
2. Determine the use/perceived importance of SWOT Analysis.
3. Determine the use/perceived importance of incorporating external and internal factors that meet ACQD specifications.
4. Determine which ACQD factors are most important in overall satisfaction with the strategic planning process and strategic clarity.
5. Provide improved guidelines for SWOT development resulting also in improved EFE, IFE and QSPM.
6. Provide guidelines on when a change in strategy is likely beneficial based on IFE and EFE Scores.

2.2. Example AQCD SWOT Analysis

To further exemplify the AQCD concept, Table 30 reveals hypothetical external and internal factors that are phrased in a manner that could be deemed Useless, Weak, Acceptable, Excellent depending on whether one, two, three, or four of the AQCD dimensions are included in the factor. Note that whenever a factor is stated in a manner that includes only one (or no) dimension among A, Q, C, or D, then the factor is generally Useless in contributing to effective strategic decision-making.

Table 30: Examples of Poorly and Well Written SWOT Factors

Factor	Company and Comments
Strength	**Example Company – Adidas**
	Comment
Sales are increasing	Meets neither A, Q, C, or D. Extremely weak; the factor could be interpreted in different ways by different managers
Sales are up 5%	Meets the Quantitative aspect, but nothing else. Still virtually useless since could be over 10 years. Too weak.
Sales are up 5% over the last 3 years, compared to the industry average of sales up 1%	Meets Quantitative and Comparative criteria. A significant improvement over just the Quantitative aspect above. A manager may interpret sales increases up 5% to be poor over 3 years. However, when compared to the industry average of 1% increase, it appears the company actually performed significantly better than its peers during a period of economic slowdown. Yet, a manager only knows that companywide sales were up 5%; they do not know how sales varied across divisions. Useful factor, but not strong enough per AQCD standards.
Sales in women's sports apparel were up 5% over the last 3 years compared to an industry average of sales up 1%	Excellent strength meeting all AQCD criteria. By adding the Divisional aspect of women's sports apparel, a firm such as Adidas can make informed choices regarding allocation of resources across segments or divisions. Be mindful that allocating resources across segments is arguably the most important decision that firms make annually.

Weakness	**Example Company – A Family-Owned Hungarian Traditional Restaurant**
	Comment
Bad reputation	Meets neither A, Q, C, or D. Extremely weak; the factor could be interpreted in different ways by different managers
200 complaints in 2019	Meets the Quantitative criteria only. Still virtually useless. Too weak.
Complaints totaled 200 in 2019 but down from 300 in 2018	Meets the Quantitative aspect and Comparative criteria. A significant improvement over just the Quantitative aspect above. A manager may or may not interpret the intended weakness correctly. Useful factor, but not strong enough per AQCD standards.
Complaints on the chicken soup item on our menu dropped from 300 in 2018 to 200 in 2019 yet remained the highest volume of complaints of all menu items relative to items sold.	Excellent strength meeting all AQCD criteria. By adding the Divisional aspect (in this case a menu product item), restaurant managers and owners can make an informed choice about keeping, altering, or removing the chicken soup from the menu.

Opportunity	**Example Company – A Small Chocolate and Candy Maker in the USA**
	Comment
Go global	Meets none of the AQCD criteria. Extremely weak, the factor could be interpreted many different ways to many different

	managers. **<u>In fact, this is not even an opportunity</u>**, since firms have internal control of expanding operations both domestically and globally. *Never include strategies as opportunities in performing SWOT analysis.*
German market grew 10%	This is an opportunity, since no firm (certainly a small chocolate and candy maker in the USA) really has an impact on the growth of the German economy. The factor is Quantitative but extremely limited from an AQCD perspective because the factor can be interrupted too many ways due to vagueness. Should the USA candy maker focus on providing chocolate or hard candy to German customers?
German's eat chocolate at a 10% higher per capita rate than other nations in Europe and grew at 10% last year.	Meets the Actionable, Quantitative, Comparative, and Divisional (chocolate) criteria. A significant improvement over just discussing factors subjectively. This factor provides valuable information for a small firm in the USA looking to expand into Europe since it is likely they are operating on a limited budget. Overall an excellent factor.

Threat	**Example Company – Apple**
	Comment
Tariffs	Meets none of the AQCD criteria. Extremely weak, this factor may be interpreted differently among managers at Apple. Tariffs from what country? On what products? Managers have little idea what products or what regions the threat of tariffs may arise.
USA is imposing a 10% tariff on goods imported from China.	Certainly Quantitative and certainly a threat but no mention of a Divisional aspect (what products are subject to tariffs) or Comparative to operating in other regions. A company in producing their products in China may be subject to extremely high new tariffs from the USA depending on the products they offer but firms manufacturing the same products in the EU are subject to significantly less tariffs.
Laptops made in China are subject to a 15% tariff once imported to the USA market, compared to 5% on smartphones from China.	Meets the Quantitative and Comparative criteria. It is also Actionable in the sense that Apple managers now know the tariff levels for two different products and can make informed choices. Useful factor and strong enough per AQCD standards. Still adding another factor or expanding this factor to show the same tariff levels for products made in Europe would be even more beneficial.

Source: Author own compilation

Note: To be satisfactory, any internal or external factor included in a SWOT analysis should meet at least three of the four AQCD criteria. Thus, meeting one to four of the criteria could be termed Useless, Weak, Acceptable, or Excellent respectively; firms should strive for Excellent external and internal factors, but should at least insist that Acceptable factors be included in a SWOT analysis. Too much is at stake in strategic planning to allow Useless or Weak external or internal factors to be included in any SWOT analysis.

2.3. Methodology for Part II

This dissertation lays a theoretical and empirical foundation for improving SWOT analysis as well as IFE, EFE, and QSPM analyses but incorporating AQCD factors into those processes. The Survey provided in appendix 1. is intended for use to determine the relative importance of the four AQCD variables. Thus Part II of this dissertation is heuristic rather than empirical in nature.

The Proposed Survey

The empirically test the concept of AQCD for the first time ever, I have developed the survey given later that is designed to enable factor analysis to facilitate determination of the most important and least important of the AQCD dimensions. The proposed survey is designed to run the following tests.

1. PCA (factor analysis) with orthogonal Varimax rotations. By using several questions to measure A, Q, C, and D it is a better approach than simply asking "how actionable are your SWOT underlying external and internal factors). Hopefully, the questions under actionable will "load" on the same "factor."
2. Use Structural Equation Modeling (SEM) or Partial least squares path modeling (these two techniques are about the same) to determine paths on how the questions under A, Q, C and D correlate to their latent variables (A, Q C or D)
3. Use SEM also to show links to performance or satisfaction (level of customer retention, etc.), you see questions written here. This is more likely to get an honest answer over "what was your revenue last year"
4. Regression will also be considered, but the SEM by its nature combines regression and factor analysis so a subsequent regression analysis may be redundant and not needed.

The overall aim of the proposed survey is to provide a foundation for empirical research to extend the body of knowledge regarding the nature and importance of AQCD in strategic planning, in three specific ways:

5. Determine the extent that firms are using AQCD in performing SWOT analysis, and
6. Determine the extent that firms that utilize AQCD exhibit higher performance, and
7. Examine the association of AQCD usage with various corporate demographic variables

2.4. Implications for Part II

Part II of this dissertation enables firms to more effectively perform SWOT analysis in their respective organizations. To date, the only journal article that addresses the need for underlying SWOT factors to include AQCD dimensions is the work of David, Creek, and David (2020).

This dissertation expands substantially on that work by providing a theoretical foundation for AQCD, and furthermore providing propositions and a survey to guide future research. Additionally, Part II provides a foundation for empirically examining the actionable, quantitative, comparative, or divisional constructs to determine the relative importance of these dimensions in performing not only SWOT analysis but also IFE, EFE, and QSPM analysis that collectively help assure effective strategy formulation.

One of the main implications of Part II is that each AQCD factor is now proposed to be defined by four to six variables that more fully explain its nature. This dissertation outlines how PCA analysis and PLS-PM can be utilized to develop a more robust model for better understanding the AQCD constructs. Firms will not only have direction regarding the relative importance of A,Q,C or D, but also will know which factors making up AQCD are most important for firm performance and overall satisfaction with the strategy process. Prior to this dissertation research, no path forward has ever been proposed for empirically investigating AQCD that is so important for moving the strategic planning process away for embedded vagueness to vital specificity as needed.

Several limitations are the proposed propositions and survey are the cross sectional rather than longitudinal aspect of the research. There are also possibly tens of factors that will likely explain each construct among AQCD more appropriately and parsimoniously than the ones included in the attached survey. Obtaining proper sample sizes, an appropriate mix of companies ranging in the products or services they offer, firm size, and firm location are all considerations and possible limitations that future research should consider.

2.5. Limitations for Part II

AQCD has only been published in one article to my knowledge but other articles have discussed some aspects of AQCD and to this point my research is only heuristic in nature. However, there has been no empirical test of AQCD and no test that itemize specific AQCD factors as presented in Part II. This is a limitation of any research generated from this study. Currently, as presented in this dissertation, Part II is only conceptional in nature making it a limitation. However, the survey is complete and well thought out, ready to be administered and hopefully providing a starting point for a theoretical basis for AQCD research as related to SWOT analysis. Additionally, each of the AQCD expected to be explained by five variables each. A limitation here is without grounded theory this study will be exploratory, yet versions of PCA are able to handle data as such. Similar to Part I limitations of only assessing *Fortune 500* firms and not comparing between different industries are limitations. However, it is best to use the *Fortune*

500 sample to help isolate statistical noise to the extent possible, especially given the exploratory nature of this research.

2.6. Rationale for not Administering the Proposed AQCD Survey

The primary thrust of this dissertation was to extend the body of knowledge in strategic management and more specifically vision/mission statement composition, components, characteristics, and development. Additionally, however, due to my pioneering involvement with the initial development and introduction of the AQCD concept in strategic planning, I desired to provide also in the dissertation a foundation for improving SWOT analysis that follows up upon development of effective vision and mission statements. Thus, I provide in the dissertation Part II, inclusive of a survey that can be used to empirically examine AQCD. Being primarily a vision/mission dissertation, it was beyond the scope and requirements to actually administer the AQCD-developed survey partly because validity and reliability aspects of each question presented for inclusion in the survey would need to be established with pre-tests, and indeed the survey itself improved based on pre-test results. A large sample size would be required as well as substantial statistics and analyses to actually bring the survey up to administration level. In the COVID environment of today, necessary personal interviews and large samples, on top of what already was included in the dissertation, were not deemed appropriate. Even length of the dissertation itself would exceed allowed space and time if Part II were expanded dramatically. To be honest with the reader, it would warrant a whole dissertation from a student to properly address AQCD, but I did want to set the stage for this to be done in the future given my foundational leadership on the AQCD concept in its initial writings.

2.7. Conclusions for Part II

Although strategic management remains an evolving field, Part II this dissertation provides an overview of several popular strategy techniques including the I/O Model, RBV, SWOT, Five Forces, and others – in light of a new AQCD concept. The need for clear strategic thinking is more important than ever as firms cannot afford to waste resources or trend down strategic paths not suitable to the firm's core vision and mission. To aid firms in making proper strategic decisions and to provide an improved framework, I proposed here in this dissertation that using the traditional SWOT analysis can be vastly improved through incorporating AQCD factors; this practice should lead to sustained competitive advantage and increased financial performance.

A detailed survey is presented in Part II (Appendix 1) that will enable future research to determine which of the four factors (actionable, quantitative, comparative, or divisional) leads to increased satisfaction and strategic clarity among businesses. Firms can take inventory of their own situation by filling out the survey and seeing where they are deficient in respect to sampled firms. ***This is a major contribution to the literature because much of the previous criticism over SWOT was for the technique being too vague***. Rather than using factors previously mentioned such as "attractive customer based," underlying SWOT factors should be rewritten along the lines of "sales of female running shoes has increased 15 percent over the last 2 years vs. the industry average of 5 percent." Stated in this manner, strategists should conduct appropriate research to enable all underlying external and internal factors to be AQCD to the extent possible. This example strengths above meets all 4 criteria among the AQCD dimensions. The factor is clearly actionable, quantitative, comparative, and divisional – and thus can enhance any associated SWOT analysis aimed at formulating effective alternative strategies for the firm to consider.

After developing a detailed SWOT analysis with AQCD factors, other strategic planning techniques including the EFE and IFE matrices can be employed along with the QSPM to make clearer and more informed strategic choices. The approach presented suggested here in Part II of this dissertation improves on much of the criticism in the literature about the various strategic planning techniques, including the SWOT. Providing impetus and direction for shifting from vagueness to specificity in the nature of information being used in the strategy formulation process is important. Vagueness is disastrous in strategic planning because it leaves too much room for emotion, politics, and halo error to compromise the decision making process. Part II

of this dissertation presents a path forward for studying AQCD and thus for advancing the body of knowledge in strategic management.

3. Overall dissertation conclusion and suggestion

3.1. Introduction

Strategic management first started to gain formal popularity in the 1960s but has been practiced for thousands of years by armies, countries, businesses and many other organizations. There is a great debate in the literature regarding whether strategy can be designed and planned or if strategy should be more emergent in nature. In addition, are internal or external factors more important in strategy? Strategist such as ANSOFF (1965) contend that strategy can be designed in what MINTZBERG (1990) referred to as the Design School of strategic planning. Mintzberg himself though is an advocate of the Emergent School of strategic planning. Other strategists such as PORTER (1980) suggests that external factors are most important to success in a business, while BARNEY (1991) suggests internal factors are more important. So the of two principle aims of this dissertation were to determine if there is evidence of success with firm's practicing the design school of strategic planning and is there evidence of internal or external focus being more important in strategy formulation. To accomplish these two objectives, 72 mission and 72 vision statements of *Fortune 500* firms were analyzed in an attempt to determine whether firms with well written statements experience higher performance supporting the design school of strategic planning in Study 1 of Part I. Also, a careful examination of internal and external factors within mission statements were studied to determine if internal or external issues are most important to success in Study 2 of Part I. A third main contribution to this research in Study 1 of Part I was providing for the first time ever guidelines on how to write effective vision statements.

Part 2 of the dissertation designed a survey to address the new AQCD (actionable, quantitative, comparative, divisional) approach in developing SWOT factors. Traditionally, there had been little guidance to determine an effective way to write SWOT factors. A recent paper by DAVID et al. (2020), suggested SWOT factors should be written from an AQCD perspective but simply stating to write a factor by actionable is not robust enough to provide direction. A detailed survey has been constructed to improve on the AQCD approach.

3.2. Findings of the Research

Part I of this dissertation included two studies, Study 1 and Study 2. Study 1 contained seven hypotheses and Study 2 contained six hypotheses for a total of thirteen hypotheses that were examined in this dissertation research. Study 1 has never been performed before to my knowledge in the literature with respect to vision statements and only marginally with respect to mission statements. The findings reported from Study 1 can significantly enhance the practice

of and body of knowledge within the field of strategic management, especially as related to both the characteristics and components of vision and mission statements. Study 2 tested through using DRAPE analysis the widely accepted nine components included in mission statements and determined which components are most important as related to organizational performance and when viewed from an internal versus external perspective. Previous studies have identified and studied the nine mission components but never in as a robust statistical manner as performed in this dissertation.

A key contribution of Study 1 was that it identified five key attributes believed to be included in mission and vision statements. Previously, researchers only identified mission statements as answering the question "what business are we in" and vision statements answering the question "what do we wish to become." While these definitions are accurate, ***I was out to determine a manner to describe both vision and mission statements by more than one attribute.*** By determining five attributes of both vision and mission statements, a more complete picture and guidelines could be applied to writing these statements. PCA was used on 72 firms taken from the *Fortune 500* list to determine if the five factors explain vision, the five factors explain mission and if there was any overlap of mixing between the factors expected to load on vision and mission. All five factors expected to load on mission loaded nicely, and four of the five factors expected to load on mission loaded nicely. ***These results indicate there is a clear difference between mission and vision statements being two separate documents.*** Many firms have both a vision and mission statement but many others have one or the other or none at all. ***Quality written mission statements did lead to higher organizational performance but quality written vision statements did not show a significant effect on firm performance.*** These findings are not totally surprising because a vision statement answers the question what do we wish to become, so being futuristic in nature, I would expect these firms with quality written vision statements will be performing better in the future than they are currently.

Study 2 revisited the nine components that previous research suggested are commonly found in corporate mission statements. Past research only used basic statistics to make the determinations of inclusion of the components generally in the form of basic frequencies. In this Study 2, I used a novel technique called DRAPE that utilized a tournament table of ranking through a power weakness ratio on various components. For example, instead of simply including frequencies of the components such as customers, employees, and philosophy, DRAPE analysis simultaneously exams how each component was included and the magnitude of which it was included versus all other options creating a win loss ratio. This method is much more sophisticated than pervious methods.

We can also ***conclude that profit, ROA, and ROE together with Distinctive Competence, Employees, Philosophy, Markets, and Public Image play an important role in the companies' power status. When using DRAPE with performance measures, Distinctive Competence, Philosophy, and Employees have the highest ranks indicating firms should write statements including these three components more frequently***. They are also all internal in nature, suggesting for performance related issues, ***having statements written from an internal perspective is more advantageous*** to the firm.

Using a two block PLS, ***I determined there were two significant blocks with block 1 containing philosophy, public image, markets, and employees all had strong positive correlation with ROA, ROE, while distinctive competence and customers in block 2 showed a strong positive correlation with revenue.***

Part II of this dissertation aims to provide guidance for future research to determine the performance impact of using AQCD factors when constructing SWOT Analysis. The aim of this research was to determine which of the AQCD factors explain the most variance in firm performance, employee satisfaction, employee motivation and other measures. PLS-PM and PCAs will be run to also determine what variables constitute each AQCD Factor. For example, instead of rating the factor A (actionable), I am proposing that four to six variables make up this factor and can more readily explain each factor than by simply one rating. PCA will be utilized here to make these determinations. It is my desire to provide a framework to aid managers and decision makers in construction of their SWOT and strategic planning activities. It is my goal that some of the discontent with SWOT usage in the literature will be mediated through providing a clear AQCD foundation.

In summary, Part II attempts to provide a framework for accomplishing the following:

1. Provide guidance for managers in doing strategic planning by emphasizing how and why AQCD information is vital incorporation into any SWOT analysis. Also, gather current managers' opinions on the use of SWOT analysis.
2. Assess the opinions of managers on the relative importance of internal versus external SWOT factors.
3. Determine if one or more of the AQCD dimensions are of increased importance versus others.
4. Develop a framework to aid managers in SWOT development that will improve EFE, IFE, and QSPM analyses.

5. Aid managers in effectively changing strategy through incorporation of concrete, specific, factual, hard data and information rather than making decisions based on vague, subjective, political, or emotional considerations.

3.3. Novelty and Implications

The research conducted and reported in this dissertation makes several key contributions to the body of knowledge of strategic management. Despite prior research on mission statements, very little research had historically been performed on vision statements, and no research at all had been performed to my knowledge examining clearly characteristics associated with both vision and mission statements – so in this regard the findings presented herein make a major contribution to the management literature. Part I of this dissertation's main contribution and novelty is the heuristic and empirical evidence discovered and reported for a particular set of characteristics to be used in vision and mission statement construction.

1. I determined and report the characteristics - which are commonly used today in- of corporate vision and mission statements. I also determined and report the word count used in vision and mission statements. While components have been addressed in mission statements before, never has anyone to my knowledge studied the more broad characteristics of mission statements. In addition, there has been virtually no research on vision statements. This dissertation investigated this issue and provided five key characteristics that should be included in vision statements that are common among *Fortune 500* firms.
2. The PCA revealed strong support for the five characteristics that are included in vision statements with no significant cross loadings onto mission statements. Likewise four of the five mission characteristics loaded well on mission and did not cross load onto vision. The implications and novelty here are that vision statements and mission statements are two separate documents and not interchangeable.
3. I determined and report on the needed characteristics of a vision and mission statement through examination of their association with organizational performance with respect to internal or external factors being the most important with respect to mission statements. To my knowledge this has never been performed in the literature. Internal bias in mission statements indicated higher performance than external bias.
4. For the first time to my knowledge, DRAPE was used in strategic management research. DRAPE is a statistical technique that ranks variables to determine which variables are more important relative to others. DRAPE was applied in Part 1 Study 2 to determine

the rank order of importance of the previously indicated nine components in mission statements.

5. As a result of the above, I provide a comprehensive framework for writing effective vision and mission statements. This is especially important because the literature review reveals the vital importance these documents serve in the strategic management process.

While Part II is only set up in nature, the novelty aspects are immense. Vagueness is disastrous in doing strategic planning and unfortunately vagueness is incorporated heavily in the actual practice of strategic management among small and large companies. Therefore, the primary novelty aspect of Part II of this dissertation is to:

1. Lay the foundation for a radical improvement in the manner that strategic planning is conducted by revealing the need for as many internal and external factors to be AQCD oriented as possible through SWOT Analysis
2. This will eliminate much of the vagueness that engulfs too many existing SWOT analyses among both profit and non-profit organizations, and thus will lay an objective rather than subjective foundation for preparing IFE, EFE, and QSPM analyses that also are important to utilize in doing strategic planning.
3. Another substantial contribution of Part II of this dissertation is to lay a theoretical foundation for additional empirical research to study the AQCD concept with regards to when particular dimensions are more important than others.
4. Part II even provides an elaborate survey that can be used to test particular propositions developed and presented in the dissertation to pave the way for future research in this area.

3.4. Limitations

The principle limitations of this dissertation do not rest in the methods used, they are sophisticated and statistically sound. Limitations rest on the sample utilized and the sample size. My sample size of 72 may be considered small on the surface but is larger than many other samples using similar data in published journals. Another key limitation is the sample was drawn from *Fortune 500* firms. Drawing from this publication, meant consistency in the sample and reduced variance but at the expense of extrapolating findings to smaller firms. All the firms were headquartered in the USA and this could also be considered a limitation of the study, however all the firms are clearly multinational in nature. The intent was to provide a clear starting point and framework on vision and mission development and improvement on SWOT construction; these objectives have been met. Another limitation is the use of only five characteristics for both vision and mission statements; there are possibly many other

characteristics that may make up these statements. While our PCA and findings were clear, these five are indeed included in statements, I cannot say with comfort that other characteristics should have been studied; only including these five when constructing vision and mission statements may not be adequate or capture all of the variance in firm performance. A final limitation was this research was cross sectional in nature. With respect to vision statements, no link to performance was found but this was expected as visions are forward looking. In the future, I plan to take an inventory on future financial performance of the firms in this dissertation and study how their performance changes over time with respect to the vision statements studied.

3.5. Main Conclusions, Summary

A main conclusion of this dissertation is that the Design School of Strategic Planning is a viable method for performing strategic planning with respect to mission statement construction leading to financial performance. In addition, internal dimensions in writing mission statements are associated with higher firm performance than external dimensions in the writing of mission statements. This dissertation research determined that firms should have both a vision and mission statement as it was determined that these are (or should be) two separate documents. This research revealed specific characteristics and components of these documents that are critically important for inclusion as per their association with organizational performance.

From, Part II of this dissertation, a robust new method for performing SWOT Analysis by identifying five characteristics of each factor of AQCD is proposed. This process should help provide further evidence that the Design School of strategic planning is a viable option for firms globally. Additionally, Part II provides a foundation for improving both strategic planning in practice and strategic management research going forward.

ACKNOWLEDGEMENTS

I greatly appreciate the opportunity to have developed this dissertation as part of the requirements to earn my PhD in Business from the prestigious University of Debrecen. The unifying theme of Part I and Part II of this dissertation is my genuine aim and intent to lay a foundation for businesses globally to improve the manner in which they do strategic planning. Part I and Part II of this dissertation aim to encourage businesses and institutions of all size and type, profit and nonprofit, to conduct strategic planning in a new and improved manner as needed to help insure organizational success.

This dissertation provides significant advancements to the body of knowledge in strategic management, especially with regard to the development of both vision and mission statements as well as construction of key strategic planning matrices such as SWOT, IFEM, EFEM, and QSPM. All of the matrices just mentioned need to be based on external and internal factors that are AQCD oriented. Part II of this dissertation provides a survey and propositions to further extend awareness globally of the need for AQCD dimensions. Without AQCD, vagueness overwhelms the strategic planning process to the detriment of overall effectiveness in planning, organizing, and motivating employees and managers.

This dissertation provides clarification and impetus in the strategic management body of knowledge for inclusion of both characteristics and components of vision and mission statements. The Part I results of this dissertation provide a foundation for further empirical and heuristic research to extend forward additional knowledge regarding how to prepare effective vision and mission statements. The importance of these documents for assuring uniqueness and competitive advantage in a firm's quest for greatness and fairness are reinforced in this dissertation.

For two decades, I have quite honestly really enjoyed teaching and learning all that I can about strategic management and publishing more than 50 cases and journal articles and being coauthor on the leading strategic management textbook in the world. My hope and desire is that this dissertation will provide a foundation for me to further develop professionally and personally with continued high quality teaching and research in strategic management for decades to come.

Let me conclude this dissertation by especially thanking the members of my dissertation committee for their encouragement and support and direction during this academic process.

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APPENDIXES

Appendix 1. The Proposed Strategic Planning Survey

We are studying the strategic planning process in organizations. An important strategic planning tool is SWOT analysis, which refers to gathering and utilizing information regarding a firm's internal Strengths (S) and Weaknesses (W) and external Opportunities (O) and Threats (T). Thank you for filling out this survey.

Please answer the following demographic questions about your company.

Demographic

1. Approximately how many full-time employees does the firm employ?
2. Approximately how many part-time employees does the firm employ?
3. Approximately how many years has the firm been in operation?
4. How many years have you worked for this firm?
5. When making plans for the future, my firm performs some type of written SWOT Analysis (listing of strengths, weaknesses, opportunities, threats).
6. When making plans for the future, my firm performs some type of oral SWOT Analysis (discussing of strengths, weaknesses, opportunities, threats).
7. My firm develops and establishes written objectives.
8. My firm develops and establishes oral objectives?

Based on your current or most recent work experience, please answer the following questions about the process and benefits of performing SWOT analysis. On a 1 to 5 scale, where 1 = not satisfied to 5 = extremely satisfied, please answer each question given below to reveal your opinion.

Dependent

9. How satisfied are you with the overall strategy of the firm?
10. How satisfied are you with the implementation (or execution) of the overall strategy of the firm?
11. How satisfied are you with the increase in revenues of the firm?
12. How satisfied are you with the pace of the firm attracting new customers?
13. My firm's current customer retention rate has been excellent.
14. How satisfied are you with the overall strategic direction of the firm?
15. How satisfied are you with meetings regarding the direction of the firm?
16. How satisfied are you with the current product or service mix offered by the firm?
17. How satisfied are you with the current geographic markets served by the firm?
18. How satisfied are you with the current targeted customer base of the firm?

Please respond to each statement given below using a 1 to 5 scale, where:

1 = I strongly disagree

2 = I disagree

3 = I neither agree nor disagree

4 = I agree

5 = I strongly agree.

Independents

19. Decision makers in my firm would cite the same vision for the firm.
20. Non-decision makers in my firm would cite the same vision for the firm.
21. Decision makers in my firm would cite the same mission for the firm.
22. Non-decision makers in my firm would cite the same mission for the firm.
23. Decision makers would cite the same strategy of the firm if asked.
24. Non-decision makers would cite the same strategy of the firm if asked.
25. The firm routinely refers to the mission when making business decisions.
26. The firm routinely refers to the strategy when making business decisions.
27. At the beginning of executive meetings, the firm's strategy is frequently discussed.
28. Key decisions are made based on the firm's strategy.
29. Key decisions are made based on the firm's mission.
30. Our strategic actions tend to be mostly reactive to what the market is doing?
31. Our strategic actions tend to be mostly proactive (we act before the market is clear) to what the market is doing?
32. We largely tend to copy our rivals on key strategic decisions.

Comparable (considering adding SWOT factors or objectives)

33. My firm's SWOT factors or objectives are often stated in a manner where they are compared to a competitor.
34. My firm's SWOT factors or objectives are often stated in a manner where they are compared to previous years of performance at our firm.
35. My firm's SWOT factors or objectives are often stated in a manner where they are compared to other products or services at our firm.
36. My firm's SWOT factors or objectives are often stated in a manner where they are compared to the industry where we operate.

Actionable

37. My firm's SWOT factors or objectives are often clear enough for most managers to agree on just a few possible courses of action to undertake with respect to the factor.

38. My firm's SWOT factors or objectives are focused enough for most managers to agree on just a few possible courses of action to undertake with respect to the factor.
39. Generally, most managers in my firm can agree on precisely what needs to be done by simply reading the listed SWOT factor(s).
40. My firm's SWOT factors or objectives are written in a practical rather than a theoretical manner.
41. My firm's SWOT factors are sufficiently broad that many firms in the same industry could site the same factor.
42. My firm's SWOT factors or objectives are generally over 5 words in length.
43. Most of the objectives (or SWOT factors) we suggest are stated in a manner that employees can understand them well enough to take action in order to carry out the strategy.

Quantitative

44. My firm's SWOT factors or objectives normally include a dollar amount when applicable.
45. My firm's SWOT factors or objectives normally include a number of units when applicable.
46. My firm's SWOT factors or objectives are stated clearly enough where everyone would agree on the same magnitude being stated.
47. My firm's SWOT factors or objectives are written in objective rather than subjective terms.
48. My firm's SWOT factors or objectives oftentimes include ratios or percentages.
49. My firm's SWOT factors or objectives are quantitative in nature.

Divisional

50. My firm's SWOT factors or objectives normally include by name specific products or services offered by the firm.
51. My firm's SWOT factors or objectives normally include by name specific regions of the country or world where we operate.
52. My firm's SWOT factors or objectives normally include the specific processes (for example, as related to processes, a farm may discuss harvesting specifically, or packaging of produce specifically).
53. My firm's SWOT factors or objectives address various businesses functions such as marketing, accounting, and management.
54. My firm's SWOT factors or objectives are divisional (referring to various business segments, geographic locations, or business processes