

BASIC CONCEPT OF VISION, MISSION AND OBJECTIVE

• **By Dr.Shambhu Nath**
Assistant Professor, Deptt. Of M.B.A
B.S. College, Danapur

VISION

It is at the top in the hierarchy of strategic intent. It is what the firm would ultimately like to become. A few definitions are as follows:

Kotler description of something (an organization, corporate culture, a business, a technology, an activity) in the future. The definition itself is comprehensive and states clearly the futuristic position.

Miller and Dess defined vision as the “category of intentions that are broad, all inclusive and forward thinking”.

The definition lays stress on the following:

- (1) broad and all inclusion intentions
- (2) vision is forward thinking process.

A few important aspects regarding vision are as follows:

- It is more of a dream than articulated idea
- It is an aspiration of organization. Organization has to strive and exert to achieve it.
- It is powerful motivator to action.
- Vision articulates the position of an organization which it may attain in distant future.

Envisioning

This is the process of creating vision. It is a difficult and complex task. A well conceived vision must have

- Core Ideology
- Envisioned Future

Core Ideology will remain unchanged. It has the enduring character. It consists of core values and core purpose. Core values are essential tenets of an organization. Core purpose is related to the reasoning of the existence of organization.

Envisioned Future will basically deal with following:

- The long term objectives of the organization.
- Clear description of articulated future.

Advantages of Having a Vision:

A few benefits accruing to an organization having a vision are as follows:

- They foster experimentation.
- Vision promotes long term thinking
- Visions foster risk taking.
- They can be used for the benefit of people.
- They make organizations competitive, original and unique.
- Good vision represents integrity.
- They are inspiring and motivating to people working in organization.

MISSION

The mission statements stage the role that organization plays in society. It is one of the popular philosophical issues which is being looked into business managers since last two decades.

Definition

A few definitions of mission are as follows:

Hynger and Wheelen “purpose or reason for the organization’s existence”.

David F. Harvey states “A mission provides the basis of awareness of a sense of purpose, the competitive environment, degree to which the firm’s mission fits its capabilities and the opportunities which the government offers”.

Thompson states mission as the “essential purpose of the organization, concerning particularly why it is in existence, the nature of the business it is in, and the customers it seeks to serve and satisfy”.

The above definition reveals the following:

- (i) It is the essential purpose of organization

- (ii) It answers “why the organization is in existence”.
- (iii) It is the basis of awareness of a sense of purpose.
- (iv) It fits its capabilities and the opportunities which government offers.

Nature:

A few points regarding nature of mission statement are as follows.

- It gives social reasoning. It specifies the role which the organization plays in society. It is the basic reason for existence.
- It is philosophical and visionary. It relates to top management values. It has long term perspective.
- It legitimizes societal existence.
- It is stylistic objectives. It reflects corporate philosophy, identify, character and image of organization.

Characteristics:

In order to be effective, a mission statement should possess the following characteristics.

- (i) A mission statement should be realistic and achievable. Impossible statements do not motivate people. Aims should be developed in such a way so that they may become feasible.
- (ii) It should neither be too broad nor be too narrow. If it is broad, it will become meaningless. A narrower mission statement restricts the activities of organization. The mission statement should be precise.
- (iii) A mission statement should not be ambiguous. It must be clear for action. Highly philosophical statements do not give clarity.
- (iv) A mission statement should be distinct. If it is not distinct, it will not have any impact. Copied mission statements do not create any impression.
- (v) It should have societal linkage. Linking the organization to society will build long term perspective in a better way.
- (vi) It should not be static. To cope up with ever changing environment, dynamic aspects be looked into.
- (vii) It should be motivating for members of the organization and of society. The employees of the organization may enthuse themselves with mission statement.

(viii) The mission statement should indicate the process of accomplishing objectives. The clues to achieve the mission will be guiding force.

Examples of Mission Statement:

A few examples of mission statement (academically not accepted) are as follows:

India Today “The complete new magazine”

Bajaj Auto, “Value for Money for Years”

HCL, “To be a world class Competitor”

HMT, “Timekeepers of the Nation”

Some experts argue that these are the publicity slogans. They are not mission statements. A few other examples are as follows:

Ranbaxy Industries “ To become a research based international Pharmaceuticals Company”.

Eicher Consultancy “ To make India an economic power in the lifetime, about 10 to 15 years, of its founding senior managers.”

Formulation of Mission Statements:

The mission statements are formulated from the following sources:

- (i) National Priorities projected in plan documents and industrial policy statements.
- (ii) Corporate philosophy as developed over the years.
- (iii) Major strategists have vision to develop mission statements.
- (iv) The services of consultants may be hired.

Mission vs Purpose

The term purpose was used by some strategists. At some places, it was used as synonymous to mission. A few major points of distinction are as follows:

- (i) Mission is the societal reasoning while the purpose is the overall reason.
- (ii) Mission is external reasoning and relates to external environment. Purpose is internal reasoning and relates to internal environment.
- (iii) Mission is for outsiders while purpose is for its own employees.

OBJECTIVES AND GOALS

Objectives refer to the ultimate end results which are to be accomplished by the overall plan over a specified period of time. The vision, mission and business definition determine the business philosophy to be adopted in the long run. The goals and objectives are set to achieve them.

Meaning:

Objectives are open ended attributes denoting a future state or out come and are stated in general terms.

When the objectives are stated in specific terms, they become goals to be attained.

In strategic management, sometimes, a different viewpoint is taken.

Goals denote a broad category of financial and non-financial issues that a firm sets for itself.

Objectives are the ends that state specifically how the goals shall be achieved.

It is to be noted that objectives are the manifestation of goals whether specifically stated or not.

Difference between objectives and goals:

The points of difference between the two are as follows:

- The goals are broad while objectives are specific.
- The goals are set for a relatively longer period of time.
- Goals are more influenced by external environment.
- Goals are not quantified while objectives are quantified.

Broadly, it is more convenient to use one term rather than both. The difference between the two is simply a matter of degree and it may vary widely.

Need for Establishing Objectives:

The following points specifically emphasize the need for establishing objectives:

- Objectives provide yardstick to measure performance of a department or SBU or organization.
- Objectives serve as a motivating force. All people work to achieve the objectives.

- Objectives help the organization to pursue its vision and mission. Long term perspective is translated in short-term goals.
- Objectives define the relationship of organization with internal and external environment.
- Objectives provide a basis for decision-making. All decisions taken at all levels of management are oriented towards accomplishment of objectives.

What Objectives are Set:

According to Peter Drucker, objectives be set in the area of market standing ,innovation productivity, physical and financial resources, profitability, manager performance and development, worker performance and attitude and public responsibility. Researchers have identified the following areas for setting objectives:

Profit Objective – It is the most important objective for any business enterprise. In order to earn a profit, an enterprise has to set multiple objectives in key result areas such as market share, new product development, quality of service etc. Ackoff calls them performance objectives.

Marketing Objective may be expressed as: “to increase market share to 20 percent within five years. or “ to increase total sales by 10 percent annually. They are related to a functional area.

Productivity Objective may be expressed in terms of ratio of input to output. This objective may also be stated in terms of cost per unit of production.

Product Objective may be expressed in terms of product development, product diversification, branding etc.

Social Objective may be described in terms of social orientation. It may be tree plantation or provision of drinking water or development of parks or setting up of community centers.

Financial Objective relate to cash flow, debt equity ratio, working capital, new issues, stock exchange operations, collection periods, debt instruments etc. For example a company may state to decrease the collection period to 30 days by the end of this year.

Human resources objective may be described in terms of absenteeism, turnover, number of grievances, strikes and lockouts etc. An example may be “to reduce absenteeism to less then 10 percent by the end of six months.

Characteristics of Objectives:

The following are the characteristic of corporate objectives:

- (i) They form a hierarchy. It begins with broad statement of vision and mission and ends with key specific goals. These objectives are made achievable at the lower level.
- (ii) It is impossible to identify even one major objective that could cover all possible relationships and needs. Organizational problems and relationship cover a multiplicity of variables and cannot be integrated into one objectives. They may be economic objectives, social objectives, political objectives etc. Hence, multiplicity of objectives forces the strategists to balance those diverse interests.
- (iii) A specific time horizon must be laid for effective objectives. This timeframe helps the strategists to fix targets.
- (iv) Objectives must be within reach and is also challenging for the employees. If objectives set are beyond the reach of managers, they will adopt a defeatist attitude. Attainable objectives act as a motivator in the organization.
- (v) Objectives should be understandable. Clarity and simple language should be the hallmarks Vague and ambiguous objectives may lead to wrong course of action.
- (vi) Objectives must be concrete. For that they need to be quantified. Measurable objectives helps the strategists to monitor the performance in a better way.
- (vii) There are many constraints internal as well as external which have to be considered in objective setting. As different objectives compete for scarce resources, objectives should be set within constraints.

Process of Setting Objectives :

Glueck identifies four factors that should be considered for objective setting. These factors are: the forces in the environment, realities of an enterprise's resources and internal power relations, the value system of top executives and awareness by the management of the past objectives. They are briefly narrated below:

- (i) Environmental forces, both internal and external, may influence the interests of various stake holders. Further, these forces are dynamic by nature. Hence objective setting must consider their influence on its process.
- (ii) As objectives should be realistic, the efforts be made to set the objectives in such a way so that objectives may become attainable. For that, existing resources of enterprise and internal power structure be examined carefully.
- (iii) The values of the top management influence the choice of objectives. A philanthropic attitude may lead to setting of socially oriented objectives while economic orientation of top management may force them to go for profitability objective.
- (iv) Past is important for strategic reasons. Organizations cannot deviate much from the past. Unnecessary deviations will bring problems relating to resistance to change.

Management must understand the past so that it may integrate its objectives in an effective way.