

# Book of Abstracts

Barcelona, May 3rd, 2016

## II Research Workshop

Missions, leadership and  
sustainability

Universitat Internacional de Catalunya

**UIC**

barcelona

*Chair of Management by Missions*

*and Corporate Government*



## II Research Workshop

Missions, leadership and  
sustainability

Barcelona, May 3rd, 2016

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## Foreword

In this book the abstracts as well as the full text of the papers, collected from various countries, presented at the Second Research Workshop "Mission, Leadership and Sustainability" organized by the Chair Management by Missions and Corporate Governance from UIC on March 3<sup>rd</sup>, 2016 are collected. The workshop took place the day before the Symposium organized under the same title by the Chair, which brought together several hundred business executives to discuss the same topic: sustainability from the point of view of the mission. This was also the central theme of the workshop, but it was treated from an academic perspective with the aim of collect and discuss scientific contributions and recent developments on mission. With these activities, one of the inspirational objectives of the Chair, which is to promote research projects, teaching and transmitting knowledge concerning the model of Management by Missions (MBM), is being developed.

In this research workshop management by missions has been analyzed both in theory and in practice. In the theoretical research (Part. I. Academic Research papers) has been studied the economic, strategic, organizational, social, motivational and anthropological foundations behind this trend. In the practical field (Part II. Practical Papers) ways in which organizations introduce this new form of management and the best practices to promote its development have been presented. Specifically, the the following topics have been proposed:

- Missions and leadership
- Missions and motivation
- Missions and sustainability
- Missions in social enterprise
- Personal mission
- Personal-Organizational mission integration

Miquel Bastons

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# Part I

## Academic Research Papers

## **Beyond Business with a Human Face. Business Oriented toward the Person**

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### **Abstract**

Presenting business with a human face is a noble attempt to soften hard economic approaches, which many consider inhuman. However, adding some superficial elements is not sufficient to produce a humanistic management which considers the human being as a whole and with intrinsic value. More than looking for a human face, we propose managing and governing business toward the person, endowed with dignity and openness to flourishing or development as human being. We argue that business oriented toward the person is based on three elements: proper recognition of human dignity, respect for people and service to human flourishing, all of which entails awareness of the impact of business decisions on people. These three elements should be integrated into an appropriate mission, strategy, organization and operative techniques. While business oriented toward the person has respect for and service to people as its primary goal, at the same time provides powerful elements to aid in the pursuit of results. The benefits will probably outstrip the alternative orientation toward economic results using people as mere human resources, provided that management is competent enough in terms of strategy, and organization.

**Keywords:** Business towards the person, recognition, respect, service

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## 1. Introduction

Mary Parker Follett, a very well-known pioneer in management, once wrote: “We can never wholly separate the human from the mechanical side ... But you all see every day the study of human relations in business and the study of operating are bound up together.” (1971[1930], p. 95). In her view, there are no psychological, ethical or economic problems, but human problems and these cover aspects which can be psychological, ethical, economic or whatever. However, Follett’s view was not especially influential in her time - the first third of the 20<sup>th</sup> century. It is in the last three decades that she has been rediscovered and assessed as a prophet of management (Graham, 1994). Contrary to Follett’s view, business enterprise has generally been studied as a merely economic phenomenon, and sometimes as sociological, psychological or political reality, but not often in a holistic way and even less as a whole. Theories of organizations and management have typically been constructed from very partial perspectives of the human being (Melé & González Cantón, 2014, Chap 2).

Facing the lack of consideration of the human being, often seen as *homo economicus*, reduced to interests, preferences and calculative rationality, several lines of criticism have emerged against the mainstream management theories (especially strong are those of Ghosal 2005). Nevertheless, proposals have been made to add elements to give a human face to business (e.g. Karsten 201; Tharp 2005; Leisinger 2007). Presenting business with a human face is a noble attempt to soften hard economic approaches, but it is not sufficient for a humanistic management, which considers the human being as a whole and with his or her intrinsic value. More than looking for a human face, here we propose managing and governing business toward the person, recognizing that persons are endowed with dignity and openness to flourishing or development as human beings (Melé & González Cantón 2014).

This paper provides reason for orienting business toward the person and explore three basic elements for this end: a proper recognition of human dignity, respect for people and service to human flourishing, which entails awareness of the impact of business decisions on people.

## 2. Business oriented toward persons

Obviously economic results are a compass for business, but all too frequently results are the paramount orientation for managing business. In many places people are basically “human resources” used to seek results. That is very problematic. To some extent people may be seen as resources but they are much more than “human resources”.

According to Alvira (2007), Business Humanism “consists of establishing the dignity of those related to business as the ultimate end to the business enterprise, and lastly society”. Accepting this, we can go ahead and propose a humanistic framework in which business is oriented towards persons, and consider results as a means. In practice, we must seek the best results, but consider them as an instrument to serving persons and never the reverse.

In order to go into this topic in any depth, let us remember that business enterprise was born within the modern age, and in the modern age results are essential. Actually, man assesses himself and is assessed by others on his results. This approach contrasts with Greek philosophers, specifically the Socratics, who had higher esteem for action than for results. According to them, action expresses human nature and has immanent effects on the person who is performing the action. That is more important than the external outcome.

Beyond results and action there is the person who acts. The acting person transcends both action and results. He or she discovers the meaning of the action and recognizes those who receive its effects and can even refer the action to God by considering each action within the God’s plan for the creation. Every action either serves the human development of persons or, on the contrary, is damaging to them.

If we consider the chain “results-action-person”, the elements must be put in the proper order. The Spanish philosopher Leonardo Polo distinguishes three “radicals” or bases for Western civilization. Classic (Greek), focused on action, Christian or Personal (he relates it to person, inasmuch as the concept of person and his or her capacity for transcendence has been cultivated especially on Christian ground) and Modern (focused on results). He thinks that all these radicals are compatible provided they are properly ordered. “The key to this compatibility is a regulation according to the relative depth of each one.” (Polo 1990, p. 80). The solution given by Polo is that the radical based on results is the most improper and the radical based on the person is the most proper. So persons are at the top and results have to be subordinated to persons. The Personal radical includes the classic, which is not abolished but considered in more depth and more transcendently. It also includes the productive dimension.

This identification of the supremacy of the person reminds us of John Paul II’s distinction between the objective and subjective meaning of work and the supremacy of the latter over the former (1981, #5-6). The “objective meaning” of work is related to productive action, including production technology and outcomes, while the “subjective meaning” expresses the worker as a person. It is in this latter meaning where the dignity of work ought to be found and also in the ethical requirement that work is “a function of man” and not man a “function of work.” (#6). For the same reason “business is for man and not man for business” (John Paul II, 1982, #7).

In other words, profits play a legitimate role as an indication that business is functioning well (John Paul II 1991 #35). Nevertheless, profits are an instrument while persons are an intrinsic value. That is why proper regulation requires subordinating results to action and action to the persons who are recipients of the action. So, persons are first but great concern must also be given to business actions and their results, just for the sake of persons; otherwise business oriented to persons would be a utopia.

To give a real orientation towards persons we have to pay attention to those who are recipients of the action in one way or another. It can be observed that an action has an impact on:

- The *person who is acting*. The acting person improves or degrades his or her humanity by the action and at the same time he or she acquires abilities related to the action performed.
- The *persons directly affected by the effects of the action*. In business, these are basically workers, clients and consumers, suppliers, shareholders and investors.
- The *persons in the social environment, who are indirectly affected by the effects of the action*. Within the social environment of business, we find employees' families, the local community where the company operates, society, competitors, etc.
- *The natural environment and the people who share and will share it*. Businesses take resources from the natural environment, transform it in some ways, and perhaps pollute it or leave waste materials in it.

Apart from these impacts, action is also *addressed to God* insofar as "He entrusts man to act and man could—and must—offer his action to Him. God is also who ultimately judges if the action is accepted or not." (Polo, 1990, p. 95).

These impacts have a moral dimension. There is a set of interdependent relationships between business and persons or groups of persons affected by business. The recognition requires respect and service. When persons are recognized in their dignity interdependence becomes a sort of moral category.

At first glance it seems that a business oriented to persons is like that presented by stakeholder theory, but this isn't so. Stakeholder theory is focused on people with a stake in business and on how their interests have to balance. In our approach, we also consider the stakeholders' interests but above those we focus on the dignity of all persons and their rights and needs in order to flourish as human beings.

### 3. Recognition, Respect, and Service

More than seventy years ago, Chester I. Barnard, a pioneer of management thought, wrote:

“I have found it impossible to go far in the study of organizations or of behavior of people in relation to them without being confronted with a few questions which can be simply stated. For example: ‘What is an individual?’ ‘What is a person?’ ‘To what extent do people have power of choice or free will?’ The temptation is to avoid such difficult questions, leaving them to philosophers and scientist who still debate them after centuries. It quickly appears, however, that even if we avoid answering such questions definitely, we cannot avoid them” (1968[1938], p. 8).

Barnard was aware of relevant aspects of the human being. Many other authors have asked similar questions, but actually they have tried to discover what human behavior is like rather than to know what the human being is. Generally speaking, they are more interested in knowing how human behavior influences the outcomes than in investigating what a human being is. The reason for this approach may lie in a pragmatic attitude in which the only relevant thing in business is results, and in a positivistic and skeptic vision which denies any possibility of knowing what a correct view of the human individual is, apart from the empirical facts. That is why sciences like sociology and experimental psychology rather than ethics and philosophical anthropology have been dominant in management and organizational theories.

From an ethical perspective, Catholic social teaching (PCJP, 2005), states intrinsic value of every human being. According to John Paul II (1991), in a certain sense, the guiding principle “of all the Church’s social doctrine, is a *correct view of the human person* and the person’s unique value...” (#11)<sup>1</sup>. In a more practical way, Catholic teaching is that in economic and social realms, as in the others, “the dignity and complete vocation of the human person and the welfare of society as a whole are to be respected and promoted. For man is the source, the center, and the purpose of all economic and social life.” (Vatican Council II, *Gaudium et spes*, #63).

In this line of thought, John Paul II stressed the crucial value of the business enterprise and the enterprise economy, the root of which is the human freedom of persons (# 32, 35) but with the condition that they are oriented towards the *common good* (#43). He also pointed out that man is the decisive factor in the productive process and the central role of work within it (#31-32). “It is his

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<sup>1</sup> So is it in other religions. In this line, Pope John Paul II (1991 #60) invited Christian Churches and all the great world religions to offer the unanimous witness of our common convictions regarding the human dignity of the human person. Along the same lines, he encouraged all people of good will to have an open dialogue and cooperation.

disciplined work—the Pope says—in close cooperation with others that makes the creation of ever more extensive *working communities* possible which can be relied upon to transform natural and human environments.” (#32).

In the face of these attitudes, one might question whether economic results are the whole reality. We should ask what the most important goal in business is. Great economic results can be achieved but at the cost of unethical behavior, introducing inhuman conditions of life and sometimes destroying social peace.

Since the beginnings of industrialization, people have been assessed mainly on their results. However, a progressive recognition of human capacities has taken place. Before the mid- 20<sup>th</sup> century man was generally seen as a mere economic factor within the business world. The worker was a cost necessary for profits and nothing more, save perhaps as an object of some feelings of compassion. In this context the mission of a manager was to organize work in the most rational way in order to increase productivity and profits. Workers follow the manager’s orders in a strict manner; that was the best for maximizing profits.

Great progress was made when the worker came to be seen as a “human resource” and not only a “labor cost. In essence, the idea of “human resource” is that each worker is an active resource for business. Workers can do much more than simply follow orders. They are rational and free beings, they are frequently creative, innovative and may even be entrepreneurs in their work. Under this perspective, the proper thing for managers is to motivate workers and create conditions for maximizing the capabilities of every worker.

In recent years some concepts have been introduced in the business world which emphasize other aspects of the human condition. Unquestionably, focusing human activity on results has produced great economic progress. This cannot be denied. The level of life people enjoys in industrialized countries, and to some extent even in developing countries, could hardly be imagined without attention being paid to the results of the action and to the individual and the interactions between individuals and groups in order to improve outcomes. However, this is not the only way to focus on human activity. The results come from actions and actions come from persons. In addition, the whole meaning of the results is beyond the results. So we need a philosophical approach— even a theological approach—to know more deeply the meaning of the action and what gives a proper sense to the results.

In contrast to behavioral sciences, which focus on behavior, philosophy focuses on people as human beings. Consequently, results of human actions are studied in order to know the nature of the action and the subject of that action. The capacities and abilities of the subject are also considered but mainly to better understand the subject of these capacities and abilities.

A proper philosophical approach is necessary because questions related to human identity, the nature of freedom, rationality, the sense of life, human dignity and rights, to mention only a few, are beyond positive sciences. Certainly, there are different philosophical systems and different conclusions, but that doesn't seem reason enough to abandon the possibility of seeking a true knowledge of human beings. For this purpose, as realistic philosophers suggest, you have "to wake up" to reality and in this way *recognize* the identity of every being.

On this point I take advantage of the valuable contributions of the German philosopher Robert Spaemann (1989, 1991, and 2000) who points out that the recognition of the identity of a being is discovered through benevolent treatment. He remarks that dealing with beings is previous to reasoning about people. This leads us to know what each being is "in itself" and not only how useful it is "for me". According to Spaemann, "waking up to reality" has a lot to do with dealing with every being in a benevolent manner. Reason arises from treating reality with benevolence and remaining united with it (Spaemann 1991, p. 355).

Specifically, dealing with human beings in a benevolent manner leads us to recognizing every individual as "a person". Person means "someone" unique, unrepeatable and of immense value; a certain "absolute", and not "something" which is interchangeable with other individuals of the same species. A person possesses reason, consciousness of himself or herself and is owner of his acts, at least potentially. The dignity of every human being comes from this condition of "person".

Beyond this ontological approach, there is widespread recognition that every human being is a unique being endowed with rationality, freedom, dignity, innate rights, with a rich inner world and open to personal fulfillment. Actually, many people *recognize* human dignity and innate rights in human individuals, at least as a condition for living together in a peaceful, fair and free way. So the UN's Universal Declaration of Human Rights takes as a starting point that all human beings are equal in dignity and rights. So do many modern Constitutions, in which the *recognition* of human dignity and rights is a crucial basis.

One may object that this kind of recognition has rather weak foundations and many controversies can arise when two or more rights conflict. That is true, but recognizing human dignity is a good beginning from which to develop many ethical requirements and to instigate intercultural dialogue, which can be quite fruitful.

There are other approaches to recognizing human dignity and rights, as is very well known. Kant (1993[1785]) sees that human dignity is a consequence of human autonomy and freedom. According to Locke (1989[1689]) some individual rights, like life, property and freedom are self-evident. Aristotle (1980

[c.350 BCE]) perceives that human beings are superior on account of their rational nature. Thomas Aquinas agrees with Aristotle but adds that “man’s supreme dignity lies in this, that they are directed towards the good by themselves, and not by others.” (*Super Epistolas...*, cap II, lect III, 217). Furthermore, Christian theology recognizes human dignity not only for this reason but also and mainly from faith. Man has dignity since he was created by God to his image and likeness, redeemed by Christ and called to holiness: “The dignity of man rests above all in the fact that he is called to communion with God” (*Gaudium et spes*, #19).

The recognition of human beings as persons includes recognizing whatever the person possesses as a part of his or her human condition, like life, body, reputation, property, or freedom of movement (Spaemann, 2000, p. 185). In a broader sense, a proper recognition of man includes what we can call *structural needs*. By structural needs I mean what every person needs to achieve human development. All of these needs can be grouped under three headings: needs to live in a human way, needs for true knowledge and needs for a proper relationship with people, the environment and God. The existence of structural needs and their relationship to human rights is not a trivial question, but its discussion exceeds the limits of this work. However, let me say here that the structural needs become specific needs and desires for each person and can even change at different times. Whatever they may be, these specific needs and desires are ultimately the expression of structural needs. Human structural needs are associated with human rights.

Furthermore, the attitude of “waking up” to reality is not limited to persons but extends to animals and the whole natural environment. Every animal has to be treated with the respect it deserves for its identity and its relationship with men and God, the Creator. This respectful attitude towards animals is not the same as that we owe to persons. We can feel compassion for an animal, but cannot put ourselves in the place of an animal because it is a different identity. As the Catholic Church admits, it is legitimate to use animals for food, clothing and scientific experiments if this remains within reasonable limits. However, it is contrary to human dignity to cause animals to suffer or die needlessly (*Catechism of Catholic Church*, #2417-2418).

As a normative consequence, recognizing persons and what persons possess implies *respect* for this dignity and these rights. Respect requires treating people with consideration, deference, esteem, and honor, and above all not interfering with, harming, degrading, insulting, injuring or anything else that could produce vexation to you were the roles reversed.

Kant remarked that the normative ethical requirement of human freedom and dignity is based on the imperative that acting in such a way respects humanity in oneself or in others; or always deal with each person as an end and never as a

mere means. John Paul II reformulated this principle in these words: “By virtue of a personal dignity the human being is *always a value as an individual*, and as such demands being considered and treated as a person and never, on the contrary, considered and treated as an object to be used, or as a means, or as a thing.” (1988, #37).

As one might imagine, “respect for persons” relies on the foundation of the recognition of human dignity. But, even people without a large training on human dignity can accept “respect for persons” as of “common or shared wisdom”. Some can see such respect as a matter of a rational categorical imperative (Kant) or a result of each individual being a representation of the Absolute. The latter provides a transcendent reason for considering that each person is an absolute end and his or her dignity is thus independent of any function.

Finally, the recognition of persons requires *service* towards these persons. more than respect, service means helping or doing work for other persons or for a community. Service has an active sense in the assistance or benefit given to someone. In civil society, for instance, it is one thing to respect the access of all to education, and another is to provide the means for effective education for all. In the same way, respecting personal development within a firm is a passive position while serving personal development means helping this development in some way.

It may be opportune here to remember that in ethics there are prohibitive and affirmative norms. The former are usually related to respect while the latter have more to do with service. Prohibitive norms are quite concrete and rule out negative acts (theft, fraud, bribery, slander, etc.) while affirmative norms related to service are open to excellence and their determination needs practical wisdom and depends on the circumstances and, to some extent, even the capability of the subject. Serving correctly requires considering the proper order in serving people, as many needs can often be seen at the same time.

“First don’t damage, then try to cure”, as wise doctors would say. First respect persons and don’t violate their rights, then try to serve them in their *legitimate* needs and desires; that is to say, serve their human development.

One might question whether respect for people is enough. Respecting people is an approach in order to avoid damage while service is focussed on promoting good for people. The Christian answer is unequivocally on the side of service. The commandment of love your neighbor as yourself is very clear in this respect, and Christ’s commandment to love others as He did and the parable of the Good Samaritan, even more so. Up to a certain point, service also includes the “golden rule”, one of the most common principles of morality in many traditions. Even the modern interpretation of human rights contains some aspect related to serving human needs.



Actually, serving people is necessary for the human development of each person. As *Gaudium et spes* (#24) states, man cannot find his fulfillment without a sincere self giving to others. This is a deep reason for service that will not be developed here for the sake of brevity, but it truly is the definitive reason, at least for those who are aware of the importance of fulfillment for human life.

#### 4. Conclusion

Business oriented towards the person has the recognizing of the human being and his or her intrinsic dignity, respect for and service to people as its primary goal, but at the same time provides powerful elements to aid in the pursuit of results. The benefits will probably outstrip the alternative orientation toward economic results using people as mere human resources, provided that management is competent enough in terms of strategy and organization.

This would be matter for further research. However, we can say here that recognition, respect and service of persons develop virtues and generate trust. They help to attract clients, good managers and employees and lead to better service for customers, both internal and external. All of which obviously impact on profit.

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He earned his doctorate in Industrial Engineering from the Universitat Politècnica de Catalunya and his Ph.D. in Theology from the University of Navarra. He was ordained a Catholic priest (Opus Dei) in 1983. Before joining IESE in 1986 he was professor of Chemical Technology at the Universidad Politècnica of Valencia.

Over the last 30 years, Prof. Melé has researched and written extensively on the areas of business ethics, business in society and Catholic Social Thought in economy and business. His areas of specialization include economic and business ethics, corporate social responsibility, Christian ethics and spirituality in management, philosophy of management and corporate ethics.

He has published and edited twelve books and over 60 scientific chapters and articles in referred journals, including the Journal of Business Ethics, Business Ethics Quarterly, Business Ethics: A European Review, Business and Society Review, and Philosophy of Management. Furthermore, he has authored about 20 case studies (IESE Publishing).

# **Expertise Interpersonal Perceptions and Personality Attribute Assymetry on Team Outcomes: A Multi-Level Perspective**

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## **Abstract**

Why are some teams more effective than others at using their members' expertise to achieve team performance and outcomes? Critical factors to this issue may be team expertise differences - members' differing perceptions of each other's level of expertise and differences in team personality attributes. Performance hinges on how team members perceive all other members' expertise, i.e., the disagreements about how much each member can contribute will undermine individuals' development and teams' capacity building. Despite the increasing prevalence, small group research has so far largely neglected the study of teams' differing expertise perceptions, focusing instead on the effects of teams' shared perception of expertise. Acknowledgement of potential disparity between the way team members perceive one another's level of expertise and dissimilarities in team personality attributes can have differing effects over team outcomes. We examine the effects of differences on personality attributes and variances in interpersonal perceptions, i.e., team members' perceptions of one another's level of task-relevance and specialized knowledge on three essential team processes and performance - team identification, team performance, and agreements among team members. We test the models from a multi-level perspective through an experimental data of 60 teams using dyadic measures on interdependent pairs of individuals and team personality dissimilarities at group level. We find that asymmetry in team member expertise and team personality decreases all dimensions of team effectiveness: team performance, team agreements, and team identification.

**Keywords:** Dyads, interpersonal perceptions, team performance, team processes, and team size

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## 1. Introduction

Team members are interdependent of one another in their behaviors, attributes and in their perceptions (i.e., interpersonal perceptions) to carry out tasks and accomplish goals (Arthur, Edwards, Bell, Villado & Bennett, 2005). Specifically, team performance fundamentally depends on the optimal use of each member's expertise perceptions. Expertise perception is the extent to which team members hold diverging perceptions about other members' levels of specialized knowledge. Team work capabilities depend on integrating members' knowledge building from experiences, which requires that all members' contributions be shared and used (Edmondson, 2012). But the trend of changing team membership, constraints on members' having less opportunity to establish shared perspectives on the task, their context, and on each other (Wageman, Gardner, Mortensen, 2012). Therefore, the present study explores a fundamental research on expertise differences in interpersonal perception and member personalities in teams' over team outcomes based on the criteria: (a) team tasks that are complex and requires interdependency may contend with multiple levels of expertise, (b) the possible disparity of expertise interpersonal perceptions among each team member may disrupt team-task cohesion, (c) the dissimilarity in their personality may create noisiness in overall team performance, and (d) the likelihood that asymmetry in expertise interpersonal perceptions and dissimilarity in personality affect team processes and team performance.

Table 1 shows the results obtained from an experimental data consisting 60 teams of sizes 4, 5, and 6 of 20 teams each. Specifically, we examine the impact of how asymmetry in expertise interpersonal perceptions and dissimilarities in personalities affect three key team outcomes: team identification, team performance, and team agreements. We model this examination on a multilevel perspective using dyadic differences of perceptions among team members and personalities at group-level, instead of traditionally used mean models which are based on aggregation and are more individualistic in phenomenon. The dissimilarities index of personalities ( $\lambda$ ) and concordance index of interpersonal perceptions ( $\eta$ ) based on socio-matrices were used to measure both differences in personalities and interpersonal perceptions, respectively. Personality attributes were measured on the NEO-FFI questionnaire and the socio-matrices of interpersonal perceptions were based on a task evaluation questionnaire measuring 7 items related to distribution of time, work method, decision making, information fitting, and communication style. The results were based on multiple step-wise regression models to determine the predictive validity explained over team process and outcomes.

## **2. Discussion and contribution**

Findings show various important conclusions: (a) as expertise interpersonal perception differences among team members on the explanation of his/her ideas to other members within teams' decreases, team outcomes, i.e., number of agreements reached among team members in team decision making and team identification increases. (b) As, expertise interpersonal perception differences on each team member over the information given to solve the tasks decreases, the number of agreements reached among team members in team decision making increases. (c) Finally, as expertise interpersonal perception differences decreases on each team member over the dialogue delivered as considered useful for solving the tasks, team identification and team performance increases. (d) Regarding personality differences among team members executing expertise tasks, as individual members' differences on agreeableness attribute among team members decreases, the number of agreements reached within the team, team identification, and team performance increases. As members' differing on neuroticism personality attributes decreases, team identification increases among members of teams. Finally, as members differing on the personality attribute of openness decreases, team performance increases. (e) Importantly, the findings support the theory of similarity-attraction paradigm stating more homogenous teams are expected to be more effective in team outcomes. More specifically, although the expertise perception differences among team members on distribution of time, work method, and decision making do not explain the variances; information fitting and communication style during task performances and knowledge sharing demonstrate statistically significant predictive capacity over explaining the team process and team outcomes. These findings may be useful for practioners to assume managerial implications in improving team building and team composition. Also, most importantly the results state better explained variances of 23% to 60% compared to meta-analytic studies showing 3.6% to 18% (Bell, Villado, Lukasik, Belau & Briggs, 2011) of variances in explaining team differences on attributes and behaviors over team process and outcomes. Thus, the present study may facilitate future applied researchers to analyze group characteristics based on dyadic interdependent differences instead of aggregation of team member responses.

n = 4	Agreements						Team Identification		Team Performance	
	Step 1		Step 2		Step 3		Step 1		Step 1	
Predictor	B	β	B	β	B	β	B	β	B	β
λ <sub>A</sub>	-4.72	-.61**	-4.46	-.58**	-3.05	-.40*	-.54	-2.71*	-1.80	-.52*
η Item4			-4.89	-.39*	-5.29	-.42*				
η Item5					-5.78	-.39*				
	R <sup>2</sup> = .34		R <sup>2</sup> = .47		R <sup>2</sup> = .57		R <sup>2</sup> = .25		R <sup>2</sup> = .23	
	F = 10.91**		F = 10.05**		F = 9.54***		F = 7.32*		F = 6.64*	

n = 5	Agreements		Group Identification		Team Performance	
	Step 1		Step 2		Step 3	
Predictor	B	β	B	B	B	β
λ <sub>N</sub>	-	-	-1.43	-.59*	-	-
			R <sup>2</sup> = .31			
	-	-	F = 9.46**		-	-

n = 6	Agreements		Group Identification				Team Performance					
	Step 1		Step 1		Step 2		Step 3		Step 1		Step 2	
Predictor	B	β	B	β	B	β	B	β	B	β	B	β
λ <sub>O</sub>	-	-1.20	-.52*	-	-.57**	-1.15	-.49**					
					1.32							
η Item4	-			-	-.49*	-2.22	-.51**					
				2.16								
λ <sub>O</sub>	-								-1.26	-.64**	-1.12	-.69***
η Item6	-										-2.41	-.34*
	-	R <sup>2</sup> = .22		R <sup>2</sup> = .44		R <sup>2</sup> = .60		R <sup>2</sup> = .38		R <sup>2</sup> = .59		
		F = 6.14*		F = 8.14**		F = 9.91**		F = 12.64**		F = 18.25***		

(Note: Significance levels \*\*\*p<.001; \*\*p<.01; \* p<.05).

Table 1. Stepwise multiple regression models explaining team process and outcomes by differences in expertise interpersonal perceptions and personality dissimilarities for separate analysis of teams with 4, 5 and 6 members.



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# The Optimal MBO: A Model for Effective Management by Objectives Implementation

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## Abstract

The Management by Objectives (MBO) approach is wide spread, but has been challenged to provide hard evidence of its consistent, positive effect on organizations' performance. The OPTIMAL MBO is a revised formula, proposed for vitalizing the original MBO approach. It includes some additional components related to business strategy, financial performance, and incentives, as well as some tune-ups to existing components, and aims at winning executive support. The OPTIMAL MBO stands for its integrated set of components, namely: (O) Objectives & Ownership; (P) Profit & Loss or budget related; (T) Target Setting; (I) Incentives; (M) Measurement; (A) Agreement, Appraisals, Appreciation; and (L) Leadership Support. Empirical testing of impact on operational and financial performance is called for.

**Keywords:** Leadership, Management, Objectives, MBO, Performance.

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## **1. Introduction**

Management by objectives (MBO) studies indicate that the implementation of this approach has become wide spread over the past three decades, in both private and public sectors, and that most corporations use it (Rodgers & Hunter, 1991; Curtin, 2009). Notwithstanding its widespread use, MBO has struggled to prove its effectiveness, without much success. And yet, it seems that giving up on MBO is uneasy to digest; The three major components of MBO, namely goal setting, participation in decision making, and objective feedback, are separately and together as a system, shown to yield increases in organizational productivity. If goal setting alone works, why doesn't the whole MBO system work? (Kondrasuk, 1981). The gap between the consensus over goal-setting effectiveness, and the actual MBO performance – is too loud to ignore and move on from.

This study reviews the MBO approach's performance challenge as a whole, and the various components of MBO and their flaws, as identified by prior researchers. It then turns to the corporate restructuring and turnaround research and literature in search of practices which could fix such flaws, for turnaround companies are often ill-disciplined, and lack any sense of a performance-oriented culture (Slatter et al., 2006: p. 15). At the time of a turnaround, success has to be clearly defined, so it can be translated into goals, complete with targets and the right metrics to measure them by (Roman, 2010: p. 234). Following, is an integration of MBO components with turnaround practices, aiming at forming a grafted, improved formula, whose impact on organizational operational and financial performance could be empirically tested by future research.

## **2. Literature review**

### **2.1 The Effectiveness of MBO**

Studies examining the effectiveness of MBO indicated that the impact of MBO generated mixed results, and raised questions about the circumstances under which it is effective (Kondrasuk, 1981), as such pointing at the contingency approach. Huge effects have been reported in some studies, and tiny effects have been reported in others. In few studies, negative effects have been found (Rodgers & Hunter, 1991). Substantial attention had been focused on the reported failures of MBO as a management technique (Scott, 1980; Duffy, 1989). Moreover, even when positive effects were reported, such effects did not measure the improvement in a firm's financial performance, but rather measured employees' perceptions, satisfaction, and productivity (Thompson et al., 1981). The levels of effectiveness MBO managed to demonstrate led some researchers to consider it as an outdated management fad (Roth, 1999).

Researchers suggested various factors as contributors to the failure of MBO. The failure was attributed to the variety of definitions for that term, and confusion around its meaning (Kondrasuk, 1981), multiple variations or other problems in MBO's implementation process (Rodgers & Hunter, 1991), lack of appropriate incentive systems, top management support, or inadequate training (Muczyk & Reimann, 1989), the introduction of MBO into organizations without considering its viability and appropriateness (Duffy, 1989), and the decadence of the hierarchical model, which did not fit the new-era management, calling for higher degrees of participative management and innovation (Roth, 1999). The understanding of such contributors to MBO failure could have supported the effort of finding the ideal MBO formula. But the search for the ideal MBO formula has proved to be every bit as futile as the search for the best leadership style (Muczyk & Reimann, 1989).

## 2.2 Objectives & Ownership

MBO calls organizations to define their objectives, in order to support organized work on their attainment. Such objectives should be defined in a practical manner, to allow conversion into clear, measurable goals, then targets, and then measurements down the road. That should prevent the confusion between motion and performance, or between knowledge and action. However, confusion is not always avoided: One of the central problems is the tendency to direct efforts and vision towards inside processes, rather than towards the purpose on the outside (Drucker, 1976).

The problem observed by Drucker (1976) may get fixed by aligning MBO with the planning / marketing process, and specifically with its strategic phase, an area in which MBO is failing (Duffy, 1989). The strategic phase of the planning / marketing process is concerned with an organization's long-term considerations, including its opportunities, business strategy, positioning strategy, mission statement, and marketing systems. Of those, the mission statement can serve as the kind of strategic "compass" for keeping organizational objectives on a strategic track: The management literature suggests that carefully prepared mission statements are widely recognized by both practitioners and academicians as the first step in strategic management, and as an essential tool for effectively establishing objectives (David et al. 2014). Such a focal point for objectives, may also prevent any one department from dominating the organizational objectives, an adverse symptom identified in turnaround firms (Scherrer, 1988).

As such it is proposed to make sure that an organization's objectives are aligned with its mission statement. Practically, that means identifying the link between the objectives set, and the main questions answered by a traditional mission statement, namely: What is our business? Who is the customer? What is the

value to the customer? What will our business be? and What should our business be? (Kotler, 1980).

Ownership is another component of MBO. It aims at producing responsibility and commitment for performance and results within the organization, and making self-control possible on the part of the managerial and professional staff (Drucker, 1976).

Implementing ownership and accountability is a major task in turnaround companies too; In most of such firms, managers and employees have not been held accountable for results, and making them accountable for meeting budgets, targets, deadlines, etc., is the first step in building a performance or results-oriented culture (Scherrer, 1988). Ownership and accountability starts to have traction only when senior management is seen to deal with poor performance by removing individuals from their jobs (Slatter et al., 2006: p. 186). Every job should be pinpointed with ownership and accountability (Sutton, 2002: p. 124).

As such, it is proposed that the Ownership component of MBO be supported by pinpointing ownership, accountability, and responsibility for every job. Owners should be expected to perform, and non-performers should expect low levels of tolerance, rather than acceptance.

### **2.3 Profit & Loss or Budget related Goals (private / public sector)**

Each area of objectives will require a number of separate goals to be set. In order for goals to be clear and measurable, they should include specific work assignments, specific timetables, specific strategies, and specific resources, especially manpower (Drucker, 1976). There is much experimental evidence that goal setting improves performance (Kondrasuk, 1981).

It is proposed that on top of the strategic goals set in light of strategic objectives, operating goals be set as well. The distinction between strategic health and operating health is another component borrowed from the turnaround literature and research. These two types of health represent different priorities and tradeoffs with short-term versus long-term recovery strategies (Hofer, 1980). A healthy or recovered company is healthy from both strategic and operating perspectives (Bibeault, 1999: p. 92; Arogyaswamy et al., 1995). That is the ultimate position proposed for MBO to support.

Despite their name, operating turnaround strategies aim at recovering from poor financial performance, and include strategies such as cost efficiencies and asset reduction. They are triggered by internal factors, such as poor management, inefficient cost-structure, non-optimal debt-structure, over

expansion, or poor control-environment, and as such aim at fixing internal processes (Schendel et al., 1976; Hofer, 1980; Hambrick & Schecter, 1983; Robbins & Pearce, 1992; Arogyaswamy et al. 1995; Bibeault, 1999: 226-238; Safrudin et al, 2014).

Drucker (1976) observed that one of the reasons for ineffective MBO implementation is the tendency to focus on inside processes, rather than on the outside purpose. But in fact, corporate health, or recovery, requires focus on both internal processes and the outside, in turn: The focus of operating turnarounds is reaching a sustainable level of reasonable profitability by fixing internal processes. As soon as profitability is reached, investment in strategic growth can, and should, be pursued (Bibeault, 1999: p. 237; Teng (2010) p. 42). The same tango is proposed for MBO.

## **2.4 Target Setting**

Goals should be converted into specific targets (Drucker, 1976). Target setting plays a major role in turnarounds: It helps in recognizing success when we get there (Roman, 2010: p. 234). In fact, in looking for manpower reductions, managers are asked to determine if they can establish performance targets for each person on their staff (Bibeault, 1999: p. 249). What differs targets from goals is that target achievement is controllable at the individual employee level, and expected to be achieved. That does not derogate the benefit of reaching agreement over targets, a discussion which deserves a section of its own. And finally, targets should be revisited periodically, in order to consider what worked and what didn't, and push the limits of success further (Roman, 2010: p. 190).

## **2.5 Incentives**

Lack of appropriate incentive-systems has contributed to the failure of MBO (Muczyk & Reimann, 1989). That includes the lack of reward systems which are based on team and organization productivity as well as that of individuals, as called for by the "new era" team approach (Roth, 1999).

Corporate restructuring and turnaround literature calls for fighting the phenomenon of managers becoming non-achievers, and perceiving their role as simply defenders of status-quo. Performance-based rewards can help change such situations (Bibeault, 1999: p. 349). Changing reward systems – particularly bonus and incentive systems – is a key component in many turnaround strategies (Armenakis & Fredenberger, 1995; Muczyk, 1998). The main point is to link rewards to key performance indicators, whether targeting sales, or operational productivity, or other (Slatter & Lovett, 1999: p. 257; Slatter et al., 2006: p. 186).

Bonuses and incentives should be based on both individual and team performance, and should be paid monthly, as an integral part of the routine salary structure (Sutton, 2002: p. 111; Roman, 2010: p. 221). It is proposed to reinforce MBO by applying the same as a part of its implementation.

## **2.6 Measurement**

MBO calls for directing effort and vision by measuring performance. That includes the definition of how performance can be measured, or at least judged. Unless results can be appraised objectively, there will be no results. There will only be activity, that is, costs. To produce results, it is necessary to know what results are desirable, and be able to determine whether the desired results are actually being achieved (Drucker, 1976). This approach is widely supported by corporate restructuring and turnaround researchers and practitioners (Bibeault, 1999: p. 235; Sutton, 2002; Roman, 2010: p. 187).

Arguments against MBO's call for measuring performance were related to its focus on the individual, namely: that such a focus on the individual does not capture how well team members work collectively, and; that measuring individuals' performance is becoming increasingly difficult, as organizations grow more complex and responsibilities grow more interdependent (Roth, 1999). Indeed, corporate restructuring and turnaround practitioners call for measurements which capture both group and individual performance. It is advised that goals shared by relevant managers and teams prevent conflicts between owners across the company (Roman, 2010: p. 198). It is also advised that incentives be designed to support cross-company (unit) team-work and peer-pressure, and prevent the creation of lone-wolves (Sutton, 2002: p. 111). The challenge of measuring individuals' performance has not been identified by corporate restructuring and turnaround practitioners, as an obstacle. In fact, practice calls for responding to individuals' performance, through either performance-based rewards, further job training, or disciplinary measures, where necessary (Bibeault, 1999: p. 349). As such, it is proposed that both group and individual performance be measured.

## **2.7 Agreement, Appraisal, Appreciation**

MBO calls for obtaining an understanding and agreement within the organization over: the organization's objectives and their balance; goals and strategies; priorities and abandonment of un-prioritized goals; efforts and resource allocation; and measurements. The individual manager is asked to describe how his goals, priorities, and strategies, can support those of the organization (Drucker, 1976). Denison (1984) provided hard evidence that companies with a participative attitude towards members, in the sense of

achieving high levels of shared meaning, normative integration, and a common vision, reap a return on investment (ROI) that averages nearly twice as high as those in firms who are not. At the same time, Denison observed that organizational culture must also fit its business environment. On top of the positive psychological effect of such inclusion, the positive effect was explained by an operational one as well: with participatory input from lower levels, useful information that is known to subordinates is made known to top management (Rodgers & Hunter, 1991).

Over the years, multiple variations of alleged MBO evolved, proposing a wider range of participation levels. Some of those were described as highly participative and permissive (Muczyk & Reimann, 1989). It came to a point where it had to be clarified that MBO could work, if it were modified to function within the planning/marketing process, and as a part of it, rather than aiming at replacing it (Duffy, 1989). Simultaneously, MBO was losing top-management support where organizations and leaders did not incline to be participative or permissive. It has been realized that it makes more sense to switch to another brand of MBO rather than try to change the organization and its leaders (Muczyk & Reimann, 1989).

Drucker (1976) identified the problem of MBO getting out of control, in real time, and clarified: "The advocate of MBO likes to talk about participation. This is a misleading term, or at least an inadequate term. The desired result is willingness of the individual within the organization to focus his or her own vision and efforts towards the attainment of the organization's goals... The desired result is commitment, rather than participation." However, that was too late. The meaning of MBO had already been misunderstood, it had been wrongly implemented, and was soon pronounced as a failure, as described above. But apparently, the failure should have been more accurately attributed to the Participation component (Heckscher, 1995).

The turnaround literature relates to individuals' willingness to focus their efforts towards the attainment of the organization's goals, as called for by the original MBO. It is often found that employees do not associate their own goals with the goals of the business in which they work. To recover, it is important that employees develop a proprietary interest in the business and feel that if it succeeds, they will succeed (Bibeault, 1999: p. 195). All department leaders should sign with the organizational goals (Roman, 2010: p. 198). And at the same time, managers should handle the soft issues and win the hearts and commitment of the staff (Armenakis & Fredenberger, 1995). Unless these are addressed, the financial number will inevitably be brought down (Midanek, 2008; Teng, 2010: p. 154). That may be the accurate balance between organizational goals and participation: all employees must get in line with the organizational goals that percolate down the chain of command. But in order for that process to be effective, i.e. positively affect the financial numbers,



managers should involve their reports in decision making, and in setting personal goals that serve the organization, and win their hearts and commitment, without undermining their own authority. That is also the exact mix proposed for a recovered MBO approach.

Organized, objective appraisal is supported by measurable goals which were agreed with the MBO participant (Drucker, 1976). That is common for turnaround companies as well (Armenakis & Fredenberger, 1995). In fact, delegation of authority without inspection, control, feedback, or reinforcement, is one of the early signs of a crisis (Scherrer, 1988). As far as employees are performing, the turnaround literature emphasizes the importance of public *appreciation* of notable achievements, beyond the two-way appraisal communication between a manager and his or her subordinate (Sutton, 2002: p. 111; Midanek, 2008). The same is proposed for MBO.

## 2.8 Leadership Support

Lack of top management support has contributed to the failure of MBO (Muczyk & Reimann, 1989). When top-management commitment was low, so was the average gain in productivity (Rodgers & Hunter, 1991). As such the question is, *why* has MBO failed to attain top-management support? Duffy (1999) provides a lead: MBO can be successfully implemented where top management support is strong, where decision-making is centralized, and where decisions are of an analytical nature. All together, these findings lead to speculate that MBO could have gotten top-management support, and succeeded, if it didn't undermine the centralized decision making, and if it led to decisions of a more analytical nature.

But as observed earlier, MBO may have called for a level of participation / understanding / empowerment which was too difficult for traditional, hierarchical management to swallow and support. In addition, it lacked the financial-operational goal setting and focus, about top-management is concerned on a quarterly basis. In combination, that may have resulted in a more hectic, participative environment, where the voice of less experienced and unaccountable layers had to be heard, without that helping to meet the next quarter's financial forecast. It's no wonder that attaining leadership support was a challenge. When that is missing, leading by example is not applicable, and the whole approach cannot be enforced (Guiso et al., 2013). If the components described so far were absorbed into the MBO approach, it could have made a difference in the levels of leadership support attained.

### 3. Conclusion

Solving the riddle of MBO effectiveness and fixing it, if possible, will prevent throwing the baby out with the bathwater, and will provide us with a tool to improve organizations' performance. Such a tool may be handy in sustaining a healthy level of financial performance, or in achieving competitive advantage, or in recovering troubled firms. In this study, a problem-solving approach was used to analyze the various components of MBO, identify their flaws, and propose a fix for each one of them. It was proposed, and demonstrated, that corporate restructuring and turnaround literature and research can help fixing the traditional MBO approach, as corporate turnarounds practically live the MBO dream. These two domains, in combination, can actually form the OPTIMAL MBO, whose highlights are summarized in Table 1:

<b>Objectives &amp; Ownership</b>	Align objectives with the mission-statement. Owners are expected to perform, or leave.
<b>Profit &amp; Loss / Budget related</b>	Add goals that aim at improved financial performance.
<b>Target Setting</b>	Make sure that set for employees are within their control to achieve.
<b>Incentives</b>	Pay incentives as a part of the monthly salary. Link it with team and individual targets.
<b>Measurement</b>	Measure group and individual performance. Nothing is too difficult to measure.
<b>Agreement, Appraisal, Appreciation</b>	Employees should align with organizational goals. Managers should win their commitment.
<b>Leadership Support</b>	Following all the above will lead to executive support. Then let executives lead by example.

Table 1. OPTIMAL MBO Highlights

The OPTIMAL MBO model still lacks direct, empirical research support. I hope some of the readers will find it worth testing within their organizations, and provide case-studies to test the impact of OPTIMAL MBO on organizations' financial and operational performance.

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## **A Community of Missions: Propositions for Personal Mission within an Organization**

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### **Abstract**

Nowadays the concept of personal mission is a growing trend in companies. However, the question about what is the role of personal mission within the organization is still unanswered. This article aims to answer this question by suggesting four propositions that provide clarity to the concept of personal mission in an organizational context.

**Keywords:** Personal mission, Role mission, Mission Statement, Leadership, Unity.

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## 1. Introduction

“No man can live the dream of another man.” With these words, Jeff Gravenhorst – CEO of the Danish multinational ISS Facility Services -, began a worldwide program called “Find your apple”, aimed at its more than 500.000 employees in 75 countries. Through this initiative, the company regularly invites its employees to reflect on the *raison d’être*, the “purpose” of their work.

Nowadays, the idea of a personal mission at work –the “purpose” of people’s efforts and dreams (Covey, 2013) – is forcing its way into companies, following what seems to be an upward trend. Through the personal mission, people find greater meaning in their work, thus improving their motivation and efficiency (Frankl, 1959; Wrzesniewski et al. 1997; George, 2001; Grant, 2008; Rosso et al., 2010; Christensen, 2010). Companies such as Unilever, Medtronic and Heineken are well aware of this and invite their employees to reflect on their personal mission, through training and coaching programs (Craig & Snook, 2013). This exercise is also increasingly present in executive MBA programs and business schools.

However, there are several questions about the personal mission that still remain unanswered. What is the role of the personal mission in the context of a business organization? What is the relationship between the personal mission and job functions? What is the role of leaders when employees define their personal mission? How does the mission of each individual relate to other organizational elements, such as objectives and performance assessment? Given the lack of answers, people run the risk of confusing the personal mission with tasks, objectives and functions, leading to the distortion of the mission, or with a merely sporadic motivational exercise that is disconnected from the reality of the company.

This article intends to answer these questions by analyzing the role of the personal mission and its development within the context of the business organization. We start this analysis by conceptually studying the role of the personal mission in organization theory, followed by the perspective of the anthropological organizational theory (Pérez López, 1993) and Management by Missions (Cardona & King, 2006, 2008). We then identify four propositions that help conceptualize the role of the personal mission in the context of the organizational mission.

## 2. ¿What is an organization?

Despite certain differences, it is commonly understood that administrative management theory is based on three main approaches to management – mechanistic (also known as the classical or bureaucratic management theory), psychosocial (or humanistic management theory) and institutional. The idea of

personal missions, is, however, not covered by any of these theories. Classical and neoclassical theories focus on the objectives, tasks, functions and projects that each person must carry out, and on the values and skills needed to fulfil them. But personal missions, the “purpose” of an individual’s work, is something that is not contemplated in traditional management theories.

However, the anthropological approach to organizational theory can provide some insight into this gap by offering a more comprehensive and integral view of the human person. In this organizational conception, each person is seen as something unique and of immense value (Melé, 2009), which is perceived in his deepest “raison d’être”: his life mission. This is what some refer to as the anthropological view on organization (Pérez López, 1993; Rosanas, 2008; Argandoña, 2007; Melé, 2012).

Under this anthropological conception, a company is a community of persons (Melé, 2012), to which we will refer as a “community of missions united by a mission”. The company is thus seen as the place of development of each member’s personal mission (Cardona & Rey, 2008), starting with the mission of the entrepreneur or founder, and fostering the development of the personal mission of all the employees. The company incorporates the individual missions, and beyond tasks and goals, the company *manages by missions* (Cardona & Rey, 2006, 2008).

This anthropological perspective of a company, in essence, corresponds to what many consider the ultimate, and what in the history of mankind has always been the basic form of organization: the family. It is a type of organization that, by nature, is designed to harbor and encourage the development of the personal mission of each of its members. As an organization, it has its own mission, a mission that is formed with the personal missions of each of its members. Throughout history, the comparison of the company as a family has often been made by managers and business leaders.

The four propositions that are made below arise from this anthropological conception and management by missions’ theory, which, in summary can be stated as a single proposition: to connect the personal mission and the company mission in a context of freedom, leadership and unity.

## **P1: Connecting the company mission and the personal mission**

Every human being needs a mission, a “purpose” (Frankl, 1959). Psychologists describe it as the main condition for survival in extreme situations. Researchers on happiness identify it as one of its main causes. And in a world that is ever changing, where coordinates indicating the way forward are increasingly blurred, where it is increasingly difficult to determine whether a decision is right



or wrong, our life mission plays the critical role of guiding our way over time (Craig & Snook, 2014).

There is currently a wide range of theories and beliefs covering different areas of spirituality, religion, family, work, community... In so far as the individual is able to discover his mission and live accordingly, his existence is authentic (George, 2001) and makes sense (Rosso et al., 2010). Conscious, preconscious or unconsciously, man seeks to understand his mission and needs it to guide the development of his potential (Christensen, 2010). The personal mission drives higher performance, enhances the use of existing capabilities, and the creation of new skills (Grant, 2008; Craig & Snook, 2014). It is considered to be the main source of human motivation (Frankl, 1959).

There is an intimate relationship between the company mission and its members' personal mission (Cardona & Rey, 2003, 2008). The progress and development of their potential is born from the personal mission of each individual (Frankl, 1959; Christensen, 2010; Covey, 2013), and, as such, it is the source of an organizational mission's progress and development. The company develops its mission through the personal mission of the individual, and, through the company mission, the individual develops a core part of his life mission.

And it is precisely at the junction of both – company mission and personal mission – where the role mission is configured (see Figure 1). For each person, the role mission reveals what the personal mission brings to the company mission and vice versa. It is the contribution that characterizes the identity of each person in their professional role (Cardona & Rey, 2008). The role mission is, at once, part of the company mission and part of the individual's life mission. Therefore, here we refer to role mission and not "job mission", as two people can share the same job, but have different missions.

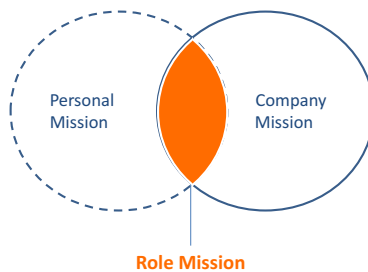


Figure 1. Role Mission

The role mission is the “commonplace” of the company and the individual, where the interests of the company and its members combine to reach its most perfect form. It is not a simple exercise of “self-awareness”, disconnected from the company mission. Nor is it an exercise of indoctrination of the corporate mission with no regard for the personal mission. Both extremes generate disappointment, lack of authenticity and loss of work motivation. Hence, it is in the individual’s “interest” that the company has a mission, just as it is in the company’s “interest” that the individual has a life mission.

## **P2: The personal mission as an exercise of freedom**

One of the mission’s key issues is that it cannot be imposed or managed “from outside” the individual. The “why”, is an intimately personal concept, as it is connected to identity itself (Campbell & Nash, 199; Cardona & Rey, 2008; Argandoña, 2003). For a team or a company, the mission is an issue that concerns its members, in cannot be imposed (Drucker, 1974). Nobody can obligate a company to have a mission. It is not society, nor the government, nor business associations, nor lobbyists that define a company mission. It is the company itself that discovers and defines its own mission and the only one that can fully assess its scope and meaning (Campbell & Yeung, 1991; Birkinsaw et al., 2014).

The same applies to the mission of the role that each person performs in the company, since the mission of an individual is not something that the company will grant, order, define or request. Missions do not come with the function or position. Nor is it something to be negotiated, as might be the case with salary or objectives. It is not the company that defines the mission of the individual, but the individual who, in a completely free and voluntary way, provides his work with a mission. Missions are born within each person, from their life mission (Frankl, 1959; Covey, 2013; Edmonds, 2014). No one can force an employee to have a mission in his work, just as no one can be forced to have a life mission. It is the individual himself who discovers and defines his role mission – the “purpose” of his work, and he is the only one who can fully assess its scope and meaning (Christensen, 2010). In missions, there are no bosses, superiors, orders or chain of command.

This is something that companies such as Morning Star, USA, fully understand. The company has 2.400 missions – defined freely and voluntarily by its 400 full-time and 2000 part-time workers- and a corporate mission that directs and guides their development. At morning Star, missions do not have a boss, or as they like to put it, the only boss is the company’s mission. And with this work method, they claim to have become the most efficient tomato processing company in the world (Gino & Staats, 2013).

At Morning Star, as in many other companies that incorporate the idea of the personal mission in their organizations, each individual has the primary responsibility to seek, define and assess the development of his mission. And, because freedom implies responsibility, each employee must have measurable and objective information on the progress of his mission (Cardona & Rey, 2008; Christensen, 2010; Craig & Snook, 2014; Edmonds, 2014; Covey, 2013). Because, unless an employee sets up the assessment process for his mission, there is hardly no point in developing his role mission.

### **P3: Missions need leadership support**

Leadership is commonly understood as an act of influence, a way to produce a specific effect on another person. In management theories, there are many types of leadership depending on the leader's characteristics and the type of effect produced – transactional, narcissistic, charismatic, transformational, servant, transcendent, etc. –. And, as proposed by situational leadership, there are many recommendations on how to exercise it, according to the situation and the level of maturity of the person who is led.

There is a kind of leadership, however, to which management gurus rarely refer. A form of leadership that takes place in a hidden and intimate way. That is barely appreciated on the outside. Leadership that is sometimes exercised without the leader or the person who is led realizing it. It exerts an influence in the individual's innermost self: in his life mission. It is what some call "true leadership" (Pérez López, 1993). When we speak of a community of missions, the role of this kind of leadership – which is exercised on a shared basis (Carson et al., 2007; Pearce et al., 2007)- takes a central position, which is absolutely necessary for the welfare of the organization.

This is because each person's search for the mission in his work is an entirely personal, but not completely solitary, matter. Developing a mission that is a good guide for an individual, which responds well to the peculiarities of his character and personality, and, in turn, links in with the requirements of his job function and company mission, usually requires the help of others (Covey, 2013; Craig & Snook, 2014; Edmonds, 2013). A friend, co-worker, boss, colleague in another function, someone who is especially admired or someone outside the organization... are usually necessary and essential for the consistent development of an individual's mission.

Missions do not have bosses, but they do have leaders. Leaders who do not necessarily coincide with the chain of command. Exceptionally, this leadership is exercised through concrete actions in which a person helps another with his mission through discernment, contrast with reality and support. But ordinarily, and principally, this leadership is exercised by example (Pérez López 1993) and

love of benevolence (Argandoña, 2013). In this type of leadership, we can see more clearly where managers' responsibility as bosses ends and their responsibility as leaders begins.

For this reason, this type of leadership does not require gifted managers or employees. People who value and respect the mission of their collaborators and colleagues as much as they value and respect their own, suffice (George, 2001). People who are willing and ready to support those who ask for help in the development of their mission, and to respect those who decide not to. Leaders that base the relationships with their colleagues on trust, freedom and respect, as this is the type of trusting relationship that allows a mission to develop (Grant & Sumanth, 2009). And always feel the urge to lead by example, conscious of the fact that their colleagues' mission depends in part on how they live their own. (Marimon et al., 2016).

As stated by Manuel Jimenez, CEO of a major exchange company in the south of Spain which manages by missions: "in our company the warehouse lads and distribution porters – many of them without even basic studies – understand very quickly what leadership is. They have a mission and that is what makes them leaders".

#### **P4. Incorporate unity as a fundamental criterion in decision-making**

In a recent Christmas speech, Sergi Ferrer-Salat, CEO of Ferrer -one of the leading European pharmaceutical multinationals - clearly stated: "We are not a group, we are not a corporation, we are not a group of companies: we are ONE". Thus, comparing the company to a family, he presented his managers a challenge that is now a growing trend and need: to promote unity in organizations. Because the higher external uncertainty, the greater the need for internal unity.

Unity is related to a sense of teamwork, harmony, commitment and collaboration – as these are, in part, signs of unity-, but it is something even deeper and more intimate. Unity is an abstract concept that evaluates the relationship between individuals' life missions. When two people share a common mission, it generates a unity between them. And when each of the members of an organization shares a common mission, it generates a united organization (see Figure 2). The level of unity shows the degree in which people identify with the mission of the organization (Argandoña, 2003, 2007; Rosanas, 2008; Cardona & Rey, 2008; Melé, 2012).

Unity is therefore an organizational quality – as is, for example, efficiency-, on which the success of a business largely depends. It is, however, highly unstable and difficult to sustain over time (Cardona y Rey, 2008). Unity cannot be

touched, it cannot be assessed empirically, but its presence radically changes the way events develop. This is something that companies such as Bimbo, clearly understand. This Mexican company is now one of the leading food companies in the world. Shortly after joining the company, its employees take a course to reflect on the connection between their personal mission and values and that of the company. Behind this course, attended by all of its 130.000 employees in 22 countries, is the deep-rooted belief that – as stated by the founder of Bimbo, Lorenzo Servitje- “the company has a soul, constituted by the souls of each of its workers”.

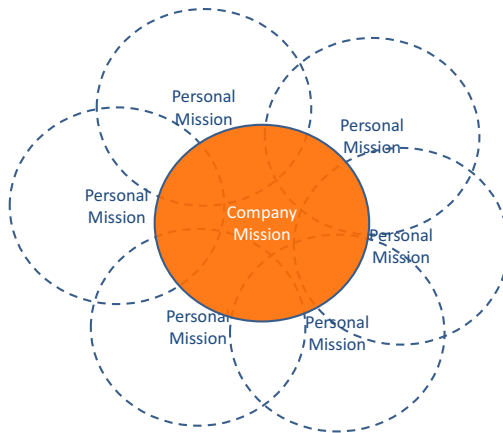


Figure 2. Unity

Unity is achieved from “person to person”, each individual counts. Every time that someone integrates his personal mission with the company mission, the company increases its level of unity. And every time someone moves away from the company mission, the level of unity decreases. In fact, the three issues that we have seen in the previous sections – joining the personal and company mission in a context of freedom and leadership- are the main factors that determine the level of unity of an organization. Especially leadership, which, in essence, is the main source of unity in an organization (Argandoña, 2007).

However, the type of context in which the mission of each individual is developed, also greatly influences the capacity to generate unity. We could say that there are types of organization that greatly favor the generation of unity, whereas others damage their members’ unity. And the main condition for an organization to generate unity is its degree of consistency with the organizational mission (Marimon et al., 2016). For when a company truly lives its mission, it becomes a “magnet” that attracts the personal mission of its

collaborators (George, 2000; Marimon et al., 2016). Hence the importance of what some call “making connections”, showing employees through stories, pictures and examples how their efforts benefit others (Grant, 2011) and, in turn, ensuring that all management systems – strategy, objectives, communication, selection, evaluation etc. – are consistent with the corporate mission (Cardona & Rey, 2006; 2008).

Because ultimately, unity is a criterion for action (Rosanas, 2008). And similar to the way in which an organization that seeks to be efficient must consider efficiency in “everything they do”, an organization that seeks unity should reflect on this criterion in all decisions.

### 3. Conclusion

Incorporating the personal mission in a company offers great potential for the development of organizations, by strengthening the links between the company and the employee, generating meaningful organizations and improving performance (Frankl 1959; Wrzesniewski et al. 1997; George, 2001; Grant 2008; Rosso et al., 2010; Christensen, 2010). But in order to bring these benefits to fruition, a significant change of mentality is needed, both in the way in which the organization is understood and the relationship there should be between managers and subordinates. This means taking it a step further, towards consolidating a way of managing companies that has been brewing for decades, and will, probably, continue to gain strength in the future. Where organizations become increasingly flatter, with less bureaucracy and fewer levels of command, and where each individual has a greater capacity to deploy his potential.

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## Definition of Spiritual Capital as a part of Universities'

### Mission

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### Abstract

The present paper poses the different types of capital in order to facilitate universities the understanding of the concept of spiritual capital, since it is a central part of their mission. More specifically, contributions with regard to the concept of capital and their main bibliographic source are presented, and the representation of the evolution of these different forms of capital is provided. When universities understand the concept of spiritual capital and integrate it properly in their mission, they become able to supply students a deeper vision of themselves, the others, and the world, while strengthening their employability given the increasing interest of business for the spiritual capital.

**Keywords:** Spiritual capital, spirituality, mission, university.

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## **1. Introduction**

Learning implies engaging students in their intellectual, emotional and spiritual dimensions (Rogers & Love, 2007). Therefore, universities have to go abroad in the process of teaching, focusing not only on content, but also in developing wholeness among learners (Lee, 1999). According to Rogers and Love (2007), higher education has the central mission of providing meaning, purpose and values to students, and the way of doing so is “focusing on ultimate questions, developing an authentic identity, and advocating for social justice or inclusive multiculturalism”. This focus on spirituality as part of their mission is specially noticed at faith-based universities (Koenigs & Ferrari, 2013), but extensible to all type of universities, since they are responsible for helping students develop as full citizens of the world (Lee, 1999). Cavanagh (1999) points that the knowledge about spirituality allows students to “more easily establish their own personal goals and moral values, and to cope more easily with the difficult ethical choices with which that student will be confronted in her/his personal life”.

During the last decades there has been an increasing interest for spirituality in the workplace (Burack 1999; Garcia-Zamor, 2003; Gotsis & Kortezi, 2008; Jurkiewicz & Giacalone, 2004; Milliman et al., 2003; Mitroff & Denton, 1999a; O’Brien, 2012; Smith & Rayment, 2007; Tischler et al., 2002). More specifically, in the economic field it is common to use the term “spiritual capital” to refer to the spirituality of people in the firm. As the mission of universities take into account the spiritual dimension of learners, the fulfilment of their mission provides students, on the one hand, a deeper vision of themselves, the others, and the world, and, on the other hand, promote their employability given the interest of business for the spiritual capital.

For all the above, it is important that universities understand the concept of spiritual capital that conforms their mission, since it is commonly taught implicitly rather than explicitly (Rogers & Love, 2007). For this reason, in this paper we provide a contextualization of the meaning of spiritual capital, by explaining the different forms of capital that exist.

## **2. Discussion and Contribution**

### **2.1 Different forms of capital, from classical capital to spiritual capital**

This section collects the contributions found in the literature to determine and to explain some of the more apparently cutting-edge concepts and also perhaps to explain the overlapping constructs of a varying nature with regard to the inherent capital within each person, which remains an undiscovered territory where this type of literature is still being developed. Frequently, authors of

these types of articles regret the lack of established studies that have an aggregate vision of all types of capital and that also reach a common consensus (Bueno et al., 2004; Martín-de-Castro et al., 2011).

In the literature on classical economics, the term “capital” is used in a very tangible sense. Authors such as Adam Smith (1776) and David Ricardo (1817) and their followers focus on physical resources in defining factors of production: land, labor, and capital. Classical economists employ the word “capital” in reference to money or human-made goods that are used in the production of other goods.

The origin of “Intellectual Capital” (IC) is related to the inadequacies of financial statements to determine a company’s value. Lev (1997) identifies a gap due to intangible assets between market value and book value. In the 1990s, the concept of IC emerged and, with it, the efforts to measure it. In the new century, there is a second stage that is characterized by academic analysis and models (such as Isaac et al., 2010; Moon & Kym, 2006; Reed et al., 2006; Subramaniam & Youndt 2005). The term “IC” refers to intangible or knowledge assets, and it represents a valuable resource and a capability for action based on knowledge and knowing (Nahapiet & Ghoshal, 1998). Specifically, the denomination of “capital” makes reference to the economic dimension, but this consideration is a controversial point (Dean and Kretschmer 2007). The previous research provides numerous frameworks to classify the components of IC. Traditionally, the 3 main components are: i) Human Capital (employees’ tacit or explicit knowledge); ii) Structural Capital (technological and organizational capital); and iii) Relational Capital (relationships with stakeholders and other organizations).

Human Capital (HC) can be considered to be the heart of IC (Moon & Bontis, 2008). HC includes employee attributes such as education, skills, innovativeness, and experience. According to Martín-de-Castro et al. (2011), the 3 dimensions of Human Capital are: knowledge (explicit and tacit, e.g., formal education, specific training, experience, and personal development); ability (individual learning, collaboration-team work, communication, and leadership); and behaviors (feelings of belonging and commitment, self-motivation, job satisfaction, friendship, flexibility, and creativity).

Social Capital (SC), one of the forms of capital in the World Bank classification, is gaining in importance (Bueno et al., 2004); it has numerous implications in many social science disciplines, such as sociology, economics, political science, psychology, education, etc. Social capital has a multidimensional nature (Koka & Du Bois 1997). Bueno et al. (2004) identify 4 social capital approaches: i) economic development theories, ii) social responsibility and ethics, iii) corporate governance, and iv) intellectual capital.

Therefore, for Bueno et al. (2004) IC is one of the components of SC, proving what we previously stated above: all of these concepts have diffuse and porous interconnections, and to a certain degree, these concepts overlap. We have also yet to reach a consensus in the literature to define each concept precisely. Thus, for example, Woolcock and Narayan (2000) consider SC to be the features that enable people to act collectively. According to Adler and Kwon (2002), SC can be defined as “the goodwill available to individuals or groups. Its source lies in the structure and content of the actor’s social relations”. Additionally, they assess the validity of using this type of resource as a form of capital. Issues such as networks, relationships, norms, trust, and responsible leadership are all included in this popular concept (Maak, 2007). However, as Dolfsma et al. (2009) state, the creation and maintenance of social capital must also consider gift exchange, given that relationships between individuals are formed and sustained through the cycle of giving and receiving (Ruth et al., 1999).

Luthans has worked extensively on the concept and on the measurement of the Psychological Capital (PsyC) of each employee (Luthans 2002). PsyC refers to individual motivational propensities that accumulate through positive psychological variables, such as self-efficacy, optimism, hope, and resilience (Luthans et al., 2006, 2007). The combinations of this construct have a positive impact on work-related performance and satisfaction (Luthans, 2002). PsyC involves a new concept that is emerging specifically to analyze its impact on workplace outcomes, such as engagement and stress, among others (Görgens-Ekermans & Herbert, 2013). The unit of analysis of this type of capital is the individual, although we do not disregard how this type of capital can be contemplated at the group or at the organizational level. In the current global economy, previous studies show that investment in psychological capital may yield huge returns and can influence employee work performance (Wang et al., 2014).

Surprisingly, there is a lack of consensus on the definitions of religious capital (RC) (Iannaccone, 1990, 1991) and spiritual capital (SPiC). There is a debate when it comes time to specify the terms religiosity and spirituality. Thus, Hicks (2002, 2003, 2005) takes the stance that religiosity is an integral aspect of spirituality, but Mitroff and Denton (1999a, 1999b) and Mitroff et al. (2009) claim that religion and spirituality are two different concepts. These classifications offer no explanation based on the nature of spirituality. Dahlgaard-Park (2012) discusses how existing and current theories for managing people have ignored the spiritual and ethical dimension of satisfying human needs. In order to locate SPiC in an asset portfolio, Smith (2015) poses that it can be done in three different ways: understanding that SPiC increases the value of other forms of capital; considering that it is a distinct asset, or supposing that it “shapes the way existing assets are used – for instance, providing vision and motivation”. Wasiluk (2013) states that “we need a spiritual approach to

managing people, to support a sustainable economy. A spiritual approach will develop the human being and not just their technical expertise”. Similarly, this investigation focuses its attention on the novel concept of Holistic Spiritual Capital (HSpC) and on the metric developed in the following section.

Table 1 collects all of these concepts and shows the respective focus of each concept and its main bibliographic source.

Forms of capital	Conceptual Focus	Theoretical Framework/Main Sources
Classical capital CC (Macroeconomic level)	Focus on tangibles and physical assets such as land, labor, and capital.	Classical economists: Smith (1776), Ricardo (1817), among others
Intellectual Capital IC (Firm level)	Focus on intangibles or knowledge assets	Brooking (1996), Sveiby (1997), Edvinsson & Malone (1997), Cabrita & Bontis (2008), Chang et al. (2008), Hsu and Fang (2009), Martín-de-Castro et al. (2011), among others.
Human Capital HC (Firm level)	Focus on employees’ capacities or skills	Brooking (1996), Edvinsson & Malone (1997), Sveiby (1997), Cabrita & Bontis (2008), Chang et al. (2008), Hsu & Fang (2009), among others
Social Capital SC (Collective level)	Focus on value created through the relationship as a resource for social action.	Coleman (1990), Nahapiet & Ghoshal (1998), Putnam (2002), Adler & Kwon (2002), Maak (2007), Dolfsma et al. (2009), among others
Psychological capital PsyC (Individual level)	Focus on individual’s positive psychological state of development, consisting of hope, resilience, optimism, and self-efficacy	Davis & Luthans (1980), Luthans (2002), Luthans et al. (2006), Luthans et al. (2007), Görgens-Ekermans & Herbert (2013), Wang et al. (2014)
Religious Capital RelC (Individual level)	Focus on religious practice	Iannaccone (1990, 1991)
Spiritual Capital SPiC (Individual level)	Focus on the skills and experience related to one’s religion	Iannaccone & Klick (2003), Finke (2003), Zohar & Marshall (2004), Wortham & Wortham (2007), Liu (2015), Malloch (2010)
Holistic Spiritual Capital HSpC (Individual level)	Focus on people’s spiritual value (religiosity, morality, capacity for transcendence, the sanctity of life, social capabilities, creativity)	Bosch (2015)

Table 1. Types of capital related to SPiC

The previous table suggests a growth beginning with the older, more consolidated constructs up through our proposal. The older constructs are associated with society or social groups, whereas, in the measurement that unfolds in Table 1, we find constructs that are increasingly focused on the individual. Figure 1 shows this progression. The horizontal axis represents the degree of intangibility for the different types of capital, increasing the degree of intangibility as we move from physical capital to greater and greater levels of intangible capital. The vertical axis, however, represents the degree of aggregation with regard to the different forms of capital, moving from the most general and social dimension to a level that refers to each person as an individual.

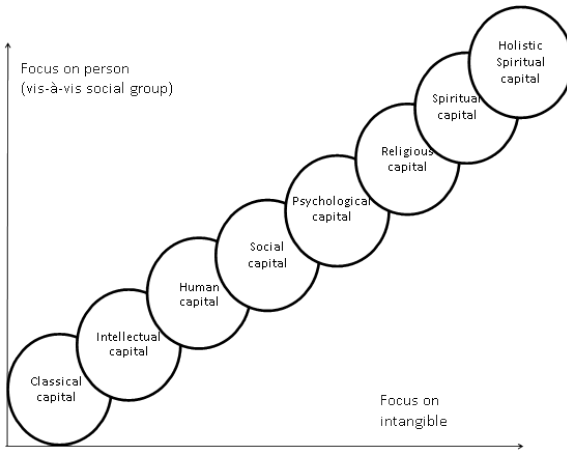


Figure 1. The evolution of different forms of capital considered as a function of intangibility and their application to the individual vis-à-vis social group

### 3. Conclusions

Universities have to focus on spiritual capital as a central part of their mission, since they are responsible for providing meaning, purpose and values to students (Rogers & Love, 2007). When doing so, they supply students a deeper vision of themselves and what surrounds them, while strengthening their employability given the increasing interest of industry for the spiritual capital. According to Cavanagh (1999), fulfilling universities' mission, "spirituality provides a unique opportunity to make some of the most valuable elements of our heritage available to others".

In order to be able to foster spirituality, it is important for universities to understand the concept of spiritual capital, distinguishing it from the other forms of capital. To clarify the meaning of spiritual capital, we have started by collecting contributions found in the literature with regard to the concept of capital. Since authors in this field frequently regret the lack of established studies with an aggregate vision of all types of capital, we have summarized all the concepts of capital related to spiritual capital, specifying their main bibliographic source. Additionally, we have represented the evolution of these different forms of capital considered as a function of intangibility and their application to the individual vis-à-vis social group.

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## Effective Mission Implementation: The Three Dimensions of the Mission

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### Abstract

Several authors have shown that there is a certain “gap” in mission theory, which in practice explains the lack of actual effectiveness in mission implementation. In many cases, this loss is due to members of the organization being insufficiently motivated by the mission. This conceptual article aims to bridge the gap by analysing the relationship between the mission of a company and its members’ motivation. It entails an extension of mission and motivation theory, in which three dimensions of mission development are analysed: formal, operational and motivational. At the same time, the role of prosocial motivation in effective mission development is highlighted, as, other than extrinsic and extrinsic motivation, it is oriented to satisfying the needs of others. In addition to identifying the various dimensions of mission implementation, the relationship and the possible forms of coherence and incoherence between them is analysed, which explain the success or failure of the effective implementation of corporate missions.

**Keywords:** mission, mission statement, organization, motivation, authenticity.

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## 1. Introduction

The mission, from the Latin *missio*, is a concept that has existed since the beginning of mankind. Possibly one of the first mission statements was recorded in Genesis, with a mandate to “*be fruitful and multiply...*” (Abrahams, 1999). In management literature, frequent use of the term appears in the 70’s of last century, although there are several examples of what is understood as mission, commonly presented under other terms. The importance of having a defined mission that is shared by all members of a company has been advocated by several authors and ratified by various management experts. The mission includes the definition and deployment of what Barnard referred to as the “*purpose*” of an organization (Barnard, 1938), Simon referred to as the “*organizational goal*” (1964, 1976) and Drucker (1974) and Mintzberg (1979) referred to as the organization’s mission. The mission is commonly understood as the “*why*”, the *raison d’être* of an organization (Bart, 1997), and it is presented by many management authors as fundamental to the development and welfare of any organization. The question of the mission lies at a contributory level, as it consists of “*external results*” which “*are the people’s needs that an organization meets or intends to meet* (Campbell & Yeung, 1991; Barktus & Glassman, 2007)”.

Defining a company mission is equivalent to the process in which an individual raises questions about his own existence and what moves (motivates) him in his activity (Campbell & Nash, 1992). Some authors have, however, shown the absence of a clear theory that would explain the relationship between the mission and the motivation of an organization’s members (Campbell & Nash, 1992, 52-54).

The purpose of this article is to contribute to bridging this gap by providing a more precise analysis of the concept of mission and its relationship with motivation. Based on a systemic approach of the classical theories of institutionalism (Barnard, 1938; Simon, 1976; Argandoña, 2008; Rosanas, 2008), a conceptual model of mission is presented that explains the relationship between mission and motivation, by identifying (prosocial) motivation as an integral part of the concept mission. This article intends to broaden the field of study of the corporate mission, by adding the motivational and operational dimensions to its formal dimension (mission statement). This will contribute towards solving the issue of personal involvement in company missions, and to define a model to promote its effective development in practice.

## 2. Mission: Overview of the literature

The main contributions and developments regarding the corporate mission were made during the decades of the 70's, 80's, and 90's, through different approaches. Most of them complemented each other, albeit with some differences both in substance and contents. In these approaches, the mission is commonly referred to as the "why" of a company, although we find two different ways of understanding this concept:

- The first defines the mission as a *statement* that answers the question: *What is our business?* in terms of the value that the company brings to its customers. Or with a broader conception: the company's contribution to the various stakeholders, such as shareholders, employees and society.
- The second sees the mission as a *practice*, where in addition to the mission *statement*, other questions, such as values, standards of conduct, objectives and strategy are included.

Really, these two ways of understanding the company mission complement each other. The first establishes the core concept of mission, and the second expands its contents. Below we will study in more detail these two ways of understanding the mission, and highlight some of the main open discussions.

### 2.1. The mission as a Statement

The first understanding of the concept mission defines it as the essence of a business -what primarily characterizes its identity - which often goes beyond making a specific product or providing a specific service. A company that manufactures glasses, for example, could find its mission in dimensions such as 'eye health' and 'improving people's visual ability'. A company that produces cosmetics products could have the mission 'to promote the beauty of women' or 'to contribute to building people's self-esteem'. A milk producer could define its mission as 'enabling people to lead a healthy diet'. From this perspective, a mission is a formal expression, usually in the form of a short phrase, of the scope of a company's activity in terms of the value brought to its customers. Ultimately it comes down to answering the question: "What is our business?" (Drucker, 1974).

According to Drucker, the importance of the mission lies in the guidance it provides to a company in aspects such as defining strategies, objectives, and choosing which products to produce or discontinue (Drucker, 1974). When a company does not have a defined mission, or the mission is inadequate, it is at high risk of failure. Defining the mission should be the first priority of senior management and leads to reflections that are fundamental for the welfare of a company. Only if the mission and purpose of a business have been clearly

defined, can one establish clear and realistic business objectives. Defining the mission is, however, not a simple task, as it requires overcoming 'internal discrepancies' and conflicts that, on this issue, may be present at management level (Drucker, 1974). Similar to Drucker's definition of mission, is that presented by Henry Mintzberg in the late 70's in his book "The structuring of organizations" (1979). According to Mintzberg, the mission is the combination of basic products and services a company performs, and it is up to senior managers to find the most effective ways to carry out business or make the necessary changes. Along these lines, we can find other proposals that regard the mission as the answer to the question "What is the true nature of our business?" (McGowan, 1986; Vasconcellos e Sá, 2011).

Within this understanding of mission, is the position that advocates that the mission must include other stakeholders, in addition to the value brought to the client, such as employees, shareholders, suppliers, the community, etc. (Freeman & Reed, 1983). The mission is the 'why' of a company; the essence of an organization's activities, but the answer to this question should be extended, considering other social actors, besides the customers. Under this broader understanding of the concept mission, it is no longer expressed in a short phrase, but, generally, has a number of phrases or statements, dedicated specifically to each of the stakeholders that have been identified by the company as key to its success.

The recommendation to take the various stakeholders into consideration when defining a mission can already be seen in the early 80's. Pearce (1982) states that the mission, seen as a "solid statement of the purpose that distinguishes it from similar companies", should include the company's relationship with what he calls internal and external 'claimants' of the organization. The internal 'claimants' would be the shareholders and the employees. And with external he refers to the customers, suppliers, government, competition and the general public. When determining the mission, those responsible for its implementation must (1) identify the main 'claimants' that determine the success of the company, (2) understand vis-à-vis demands, (3) prioritize needs, and (4) coordinate with other elements of the mission. This understanding of the mission as a *statement* that includes the company's contribution to specific stakeholders – and not only the client-, can be seen in numerous authors, such as Want (1986), David (1989), Senge (1998) and, currently, we could say that it best represents what is commonly understood as the corporate mission (Bartkus & Glassman, 2008).

## 2.2. The mission as a Practice

The second understanding of the concept mission reflects this perspective, but, additionally, considers certain aspects related to its implementation, as part of the mission. Several authors defend this understanding of mission, which in general, regards the mission as the essence of the business and contribution to certain stakeholders, but also includes other elements, such as 'values', 'the technology applied', 'the strategy', policies and objectives, products and services, and standards of conduct.

Along these lines, Pearce (1982), who we previously mentioned as the driving force behind including the contribution to certain stakeholders in the concept mission, also states that a mission may consist of five key elements:

- Products or services, market and technology
- Objectives of endurance, growth and profitability
- The company philosophy
- The company's self-concept
- The desired public image (or social image)

Another contribution of the same decade, which follows a similar vein, was presented by Want (1986, 50), who also points out the need to consider the mission's contribution to certain social agents – clients, employees, competitors, regulatory agents and the general public- and, in turn, proposes structuring the mission around five key elements:

- Purpose or *raison d'être*
- Corporate identity
- Primary objectives
- Values
- Company policies

Alongside these definitions by Pearce and Want, there are other authors from the same period who, to greater or lesser extent, follow a similar line, highlighting some of the elements mentioned above, or adding new elements such as 'vision' or 'social policies' (David, 1989). Under this second perspective, which considers the mission as a wide range of elements, one of the major developments of the early 90's, is the Ashridge model, or "The Ashridge Mission

Model” by Campbell and Nash (1992), which came to be widely distributed. According to these authors a mission consists of four elements:

- Purpose: contributing to society and certain stakeholders
- Strategy: the competitive position and distinctive competence
- Values: the beliefs of the company
- Standards and behaviors: policies and behavioral patterns that underpin the distinctive competence and value system

The Ashridge model is represented in the shape of a diamond, placing the ‘purpose’ as the main element and the ‘standards and behaviors’ as the foundation that supports the other two elements, strategy and values (see Figure 2). This model includes some of the elements defined by Pearce and Want, but introduces a new one: ‘strategy’, as part of the mission. This proposal can also be seen in other authors of their time, such as Klem et a. (1991) and Ireland and Hitt (1992).

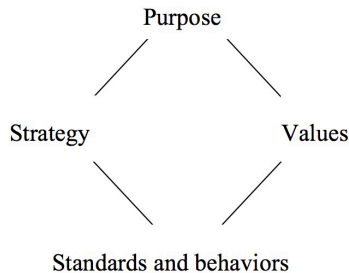


Figure 1. The Ashridge Mission Model

In the same vein, a more recent concept of mission is the *mission scorecard* (Cardona & Rey, 2008). The *mission scorecard* includes the formal mission statement, but incorporates measurement indicators, showing the degree of practical realization of each of the mission’s elements. Similar to the way in which the formal dimension of the mission is made explicit by the mission statement (Hirota et al., 2010) the mission scorecard makes the mission’s operational development explicit, through monitoring indicators.

This second understanding of the mission –as a practice- provides a different approach to the concept mission in terms of its nature. In the first perspective,

the mission is considered something that is declared formally, in the form of a “mission statement”. In the second perspective, however, the mission is more dynamic. Under this approach it is not only a formal declaration of the purpose of the company, but also of the way in which the company carries out its purpose. We could say that while in the first approach the nature of the mission is formal and static– focused on its own mission statement in the form of phrases or statements-, under this second perspective the mission becomes operational.

The literature on mission contains numerous references that indicate that the mission is not just something that is written, but is also something that is put into practice. This can be seen, for example, in the concept “mission fulfillment” by Suh et al. (2010). It refers to a dynamic dimension of the mission, in which the mission can have different degrees of development. This same way of understanding the mission, not just as a statement, but as a practical reality, is contemplated by several authors, such as Bartkus and Glassman (2008) when saying that the ‘mission is an accurate indicator of the organization’s priorities and actions’ (Wang, 2011), ‘aligning organizational processes with mission’ (Crofts, et al., 2005) and ‘mission achievement’ (Davis et al., 2007). Thus, some authors distinguish between “mission prescription” and “mission practice” (Bart, 1997) as two different dimensions of the mission, where “mission practice” is responsible for “bringing the mission to life” (Leuthesser & Kholi, 1997).

This second perspective of mission shows that the meaning and significance of mission is not limited by the boundaries of the mission statement. The organization can reinforce the mission once written (Davies et al., 2007), but the mission is a wider concept than the mission statement. Similar to the way in which we traditionally differentiate between strategy formulation and strategy implementation (Mitzberg et al., 1998), we can also say that there is a formulation and an implementation of the mission, which shows that there are two different, but interrelated, dimensions of the concept mission. In fact, as some say, the mission statement is simply an intellectual exercise, but you need the discipline of formal systems and procedures to bring it to life” (Bart, 1997). What matters in this understanding of the mission is not just the mission statement, but the degree or extent in which the company is doing what it says in its mission statement (Bart, 1997; Bartkus & Glassman, 2008; Suh et al., 2011). This approach is in line with several authors’ proposals to use the mission to evaluate the performance of the company (Drucker, 1974), to translate the purpose of the organization into parameters of assessment and control (King and Cleland, 1979), to develop company planning based on the mission (Pearce, 1982), to use the mission as an essential criterion to assess performance (Bart, 1997), to use the mission as a control mechanism (Bartkus et al., 2004), to express the mission in terms of specific results (Crofts et al., 2005) and to integrate the mission in management (Cardona & Rey, 2006).

### 2.3. The mission as motivation

In the previous sections we have analyzed the different ways of understanding the mission in the literature. We have seen that it is regarded as a *statement* or a formal declaration, and as a *practice* in its operational dimension. The presented developments, however, leave unanswered questions with regards to the personal involvement in the mission -the relationship between mission and motivation-, which, in turn is needed to ensure its operational implementation. It is what some call a 'gap' in the literature (Campbell & Nash, 1992).

The motivation of employees is one of the main reasons why companies define declarations of commitment to stakeholders in the forms of Credos, beliefs, values or mission statements (David, 1989; Campbell & Yeung, 1991; Klemm et al., 1991; Baetz & Bart, 1996; Anderson, 1997; Bart et al., 2001). Companies offer their members motives to conduct operations and processes in order to fulfill the mission. The mission has also a motivational dimension, which is the motivation of the organization's members that is needed to carry out the formal mission. And this motivation, precisely because it is aimed at satisfying the needs of 'others', is a special type of motivation that differs from "extrinsic motivation" (generated by economic compensation and incentives) and "intrinsic motivation" (generated by internal and personal needs). It is similar to the type of motivation that has been treated and referred to in the literature as *prosocial motivation* (Batson, 1987; Batson & Shaw, 1991; Brief & Motowidlo, 1986; Grant, 2008b, 2009, 2011).

There are studies on the effect of prosocial motivation in for example enterprises of the public sector (Wright, 2007; Naegelen and Mougeot, 2011; Polidori and Teobaldelli, D., 2013), in the non-profit sector (Rose-Ackerman, 1996; Kirk & Nolan, 2010), in caregiving (Finkenauer & Meeus, 2000), and in a company's salespeople (Agnihotri et al., 2012) and job design (Grant, 2007, 2008a). As prosocial motivations involve different levels of autonomy and differ from extrinsic and intrinsic motivations in terms of goal directedness, they can be regarded as a different motivation (Grant, 2008b). In the context of an organization, prosocial motivation is considered a big source of motivation that drives employees to expend an effort to benefit other's needs. Therefore, this kind of motivation may also play a significant role in business companies when it is addressed to the stakeholders considered in their mission statements (Cardona & Rey, 2008; Wang, 2011).

The motivational mission reflects the development of the motivation (prosocial) of the organization's members linked to the fulfillment of its formal mission; it is the development of motivations that go beyond economic incentives and self-satisfaction, and are aimed at meeting the needs of others (Stakeholders) expressed in the mission. Naturally, in the first place, the development of these motivations is sought among employees (Bart et al., 2001; Ireland & Hitt, 1992;

Campbell & Yeung, 1991; Klemm et al., 1991), but it may also be found in other agents, such as customers, shareholders and suppliers, who in this case would act as ‘active agents’ contributing to the fulfillment of the external mission. An example of the development of the *motivational mission* among other agents in addition to employees can be found in the efforts that some companies make to commit their customers, suppliers or shareholders to issues such as quality improvement, environmental care or responsible consumption.

### 3. Three Dimensions of the Mission: Formal Mission, Operating Mission and Motivational Mission

In order to ensure the effective mission’s implementation, we must find an answer to questions such as: To what extent is the mission of the organization also the mission of individuals who belong to the organization? What is the relationship between the company mission and the personal mission of its members? What conditions are necessary for the mission to be effective in practice? The answers to these questions can be obtained showing the interdependence between the formal mission of an organization, the practical implementation of the mission and the motivation –personal mission- of its members. It enables the proposal of a concept of mission that is extended beyond the existing framework, providing a more complete, and integrated, picture, of what is understood by mission and its actual development within an organization (see Figure 2).

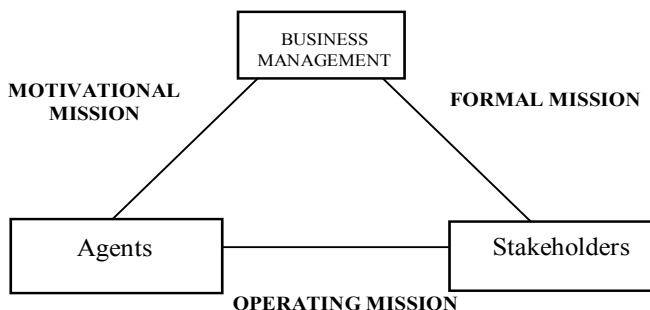


Figure 2. The three dimensions of the mission’s development

The literature revision above allows us to see that the “actual” development of the mission in an organization is structured in three dimensions. We can speak of a formal, an operating and a motivational mission. The two ways of understanding the mission that we have seen before – the mission as a



statement and the mission as a practice- are respectively related to the dimension of organization's purpose (which we call *formal mission*) and the operational dimension (which we call *operating mission*). And in the motivational dimension we can find the development of what we discover here as the third dimension of the mission: the *motivational mission*.

Companies have and define an *external or formal mission* expressing the stakeholders' needs that the organization intends to meet (by motivating its members to conduct certain operations). This is the aspect reflected in the majority of *mission statements*. The *formal mission* is generally an explicit declaration of the mission. It represents the *knowledge* that members of an organization have about their own mission. This dimension is at the focal point of the existing literature on corporate missions, and consists in defining and communicating the essence of the "why", the *raison d'être* of the organization, by means of a *mission statement*. Most research and developments in literature focus on the formal mission. In fact, this "part" of the mission has been treated by the main contributions, research and methodologies on mission, to which we have referred previously. Naturally, the first needs an organization generally seeks to meet are those of the customers, but it may also intend to meet the needs of other stakeholders, such as shareholders, employees, suppliers and society in general.

The *operating mission* reflects the degree of the formal mission's actual fulfillment; how it is carried out in practice. It is the "why" of the company expressed in terms of the operational processes and procedures that the company conducts. This dimension can be seen in the mission proposals mentioned above, that consider the mission as a set of 'practices' (Pearce, 1982; Want, 1986; David, 1989; Campbell and Yeung, 1991; Klem et al., 1991; Ireland and Hitt 1992). And, in turn, it reflects the proposals of several authors who consider the practical fulfillment of the mission as a measure to assess the performance of the company and establish objectives (Drucker, 1974, 74; King & Cleland, 1979; Pearce, 1982, 15; Bart, 1997, 16; Bartkus et al. , 2004, 394; Crotts, 2005; Cardona & Rey, 2006).

The operating mission has two basic expressions: mission *assessment* and *planning*. The assessment of the mission corresponds to what we might call *past dynamism* of the mission, which refers to the degree in which a company is fulfilling its mission. Ultimately, it answers the question: How are we conducting our mission? The second basic expression of the operating mission, mission planning, corresponds to its *future dynamism*, which involves defining strategies and objectives that express the mission in terms of concrete results that must be achieved. In this regard, as discussed above, expressing the formal mission in concrete actions and results –products and services- is also part of the mission itself. What matters in the operating mission is therefore to which extent, or in

which way, the company fulfills and intends to fulfill its formal mission. It is what the company – the internal agents- ‘have done and intend to do’.

What is commonly understood by mission in the literature is related to the *formal* or to the *operating* mission. The *motivational mission*, in terms of motivation development linked to the external mission, has not been contemplated in theories or models on mission. However, the motivational mission – motivation linked to the formal mission – is also essential part of the concept of mission. Without it we could say that, in reality, the mission does not exist, or at least, that it is not performed in practice. Motivation linked to the mission is what makes a mission authentic and brings it to life. It is what causes matters that may be part of a mission, such as ‘customer satisfaction’, ‘stakeholder remuneration’ and ‘employee development’, to become something truly sought after by members of an organization, instead of simply being formal statements. It can therefore also be called *personal mission*. We could say that the “why” of the work and efforts of members of an organization –their motivation to meet the needs of others-, is what ultimately defines whether an organization has a mission and what it actually is. In other words, to understand the “why” of an organization (formal mission) we must consider “why” its members act (motivational mission), that is, their personal motives.

Referring to the mission solely from the perspective of the “formal” mission means the concept of mission is simplified. In practice, the mission to “meet the customer’s needs” -a phrase that can be found in many corporate mission statements, (Abrahams, 1999)- implicitly carries the associated mission “to ensure that employees are personally motivated to meet the customer’s needs”. For a company to satisfy customer needs to a certain degree –a necessary condition to stay in the market- does not make it their true mission, however much they advertise and communicate it to their stakeholders. It will only ‘truly’ be their mission if the members of the organization have real motivation to meet those needs. However noble the activity of a company, as would be the case of a pharmaceutical company that seeks the health of its customers, if the members of the organization – the ‘active agents’ only have the motivation to make money, we can hardly say that the health of its customers is the company’s true mission.

Now that we have presented the three dimensions of mission implementation, it is time to make three clarifications. The first is that we are not dealing with three different missions, but with three inseparable dimensions of the same mission. That is, each dimension represents a different aspect of mission development. This means that it is possible to analyze or develop the mission in only one or two of its dimensions, while still referring to the mission itself. Studying the best words to formulate a mission focusses on the formal dimension of the mission, while still referring to the mission of the company. Similarly, behind the operational dimension of the mission –operations and

processes- there is what might be called an implicit formal mission. Hence, by looking at what a company does, one can infer its formal mission, even if it has not been defined and stated as such. And something similar can be said about the motivational dimension of the mission, since the objectives of a company largely shape the motivation of its employees. The second consideration is that the three dimensions are necessary to understand the mission as a whole. We may say that you can only have true knowledge of what a mission is when you consider the complete “model”. This explains why studies that limit themselves to the formal dimension of the mission –that which appears on the website- often provide conflicting results, at times showing that the mission has a positive effect on performance, and other times showing the opposite. This is because they perform an incomplete study of the actual mission, by keeping it superficial, without going into the motivational and operational dimensions. That is, they consider only what the company formally “states” in its mission, without analyzing whether the mission motivates the employees or if the company is actually conducting that mission. Among the empirical studies that present this limitation, we can highlight, for example, Pearce and David (1987), David (1989), Leuthesser and Kholi (1997), Sufi and Lyons (2003), Barktuss and Glassman (2006-2007) Nimwegen and Bollen (2008), and King and Case (2010). Similarly, this limitation can be seen in various practical methods for mission development, such as Want (1986), Cochran and David (1985), Jones and Kahaner (1995) o Abrahams (1999). The final consideration is that, although the three dimensions are inseparable in practice, the existence or development of one of them does not necessarily imply the existence or development of the other two. Having a stated and communicated mission, for example, does not mean that the employees are going to commit to it, just for that reason. The dimensions support each other, but the effective development of each dimension depends on mechanisms and actions that are specific for each dimension.

#### **4. Coherence of mission’s development**

The unitary, yet at the same time three-dimensional nature of the mission raises the question of the “fit” or coherence that must exist between the various dimensions: between the formal and motivational dimensions, between the motivational and operating dimensions, and between the operating and formal dimensions. The “fit” or coherence between the various elements of an organization is a central theme of organization theory (Soda, 2014). The coherence between the three mission dimensions has, however, barely been studied, while it can provide an explanation for many cases of mission development failure in practice. Just like there are three forms of coherence, there can be three forms of incoherence. It is hard to find an unambiguous term for the different forms of coherence and incoherence, but they can be

distinguished by their relationship with the three different aspects of mission development: *authenticity*, *integrity* and *consistency*, (Figure 3).

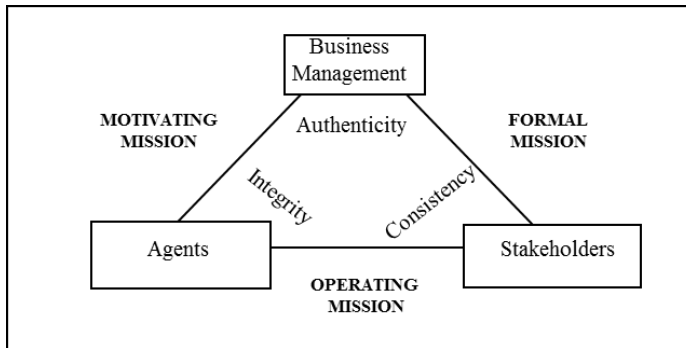


Figure 3. The three dimensions and characteristics of the mission

The first form of coherence (or incoherence) is that between the formal and motivational mission, i.e. the coherence between what the company states as its mission (the formal mission) and what really motivates its members (the motivational mission). This form of coherence expresses the fit between what the company “says” it wants and what its members “truly” want. In this sense, we may say that it determines the ‘authenticity’ of the mission. It expresses the degree in which the formal statement is actually internalized by members of the company. ‘Authenticity’ can have different meanings, and in the literature on management it has been studied in relation to the product, brand or leadership (Bishop, 2013). By origin, ‘authenticity’ means “being true to oneself” (Freeman & Auster, 2011; Mazutis, 2015). And in this sense, the mission of a company can also be authentic or inauthentic. We can speak of an *authentic* mission, when it is “real” in the sense that it is “truly” lived by the individuals. And that depends on the alignment between the expressed intentions (formal mission) and the true intentions of individuals (motivational mission). Earlier, we mentioned the case of the mission that is published on the website, but not internalized by the people. This would be a merely formal, but not “authentic”, mission. Bart (1997), for example, referred to authenticity when, whilst analyzing a sample of companies, he encountered a high percentage of mission failure, because the people did not feel personally identified by it. Lencioni (2002) also refers to the empty and inauthentic nature of many *values statements*. The coherence between the formal and motivational mission is also related to organizational identification and organizational commitment, which, while not exactly the same (Ashforth, 2008), both refer to the ‘fit’ between an organization’s objectives and the goals of individuals (Pratt, 2000).

Coherence between the motivational and operating dimensions of the mission depends on the degree of fit between what truly motivates people –personal values- and what they actually do in their daily practice (operations and processes). This form of coherence gives the mission “integrity”. ‘Integrity’ does not have a single unambiguous meaning, and can have many nuances (Beebe, 2005; Audi, 2006; Palanski et al., 2015), but it always expresses the “comprehensive and integrated” nature of personal values and behavior (Killinger, 2010, 12). In the organizational context it represents the alignment between people’s motivation – their values- and the decision-making systems and operating procedures of the company (Paine, 1994). If we apply this to the mission, integrity expresses the “integration” of the desired mission and the mission in practice. It represents the coherence between the motivational and operating mission. The integrity of the mission can be broken by two main reasons: either because of a lack of motivation for the mission, or because an individual is forced to do what does not motivate him. The first is the case of the salesman who satisfies the customer, but, in reality, is only interested in “getting rid of” the product. In the second case the salesman is motivated to sell and satisfy the customer’s needs, but spends all day having to fill out forms and making reports, or is forced by bosses or objectives to sell products that do not suit the customer. Following this example, a mission is therefore integrated, when the salesman meets the customer’s needs because he is truly interested in his wellbeing. This relationship of integrity, the fit between the motivational and operating mission, has hardly been considered in literature on mission, and yet, it conceals what frequently becomes a cause of mission failure.

Finally, the relationship between the operating and the formal mission defines the *consistency* of the mission, that is, the degree of alignment between what is done in practice (operating mission) and what they claim (formal mission). The formal coherence in mission development has been discussed in some research. Bartkus and Glassman (2008) analyze, for example, if “firms practice what they preach”, and attribute mission failure to the lack of a meaningful relationship between what is formally stated in the mission and what is done in practice. It is what some call *mission fulfillment* (Suh et al. (2010). If the formal mission and processes and operations point in different directions, however much the mission motivates people, this motivation does not translate into the organizational activities and processes, thus mission and practice become inconsistent.

## 5. Conclusion

The mission is understood as the “why”, the *raison d’être*, of an organization. Some authors have referred to a ‘gap in the theory’ on mission and the absence of a theory in the literature that would explain the relationship between the

mission, employee motivation and business practice. In practice, this gap explains the loss of effectiveness in the actual implementation of the mission that many companies have experienced.

This gap can be bridged by providing an extension to the theory, which contributes to solving a practical problem in implementing the mission in companies. The literature has studied certain mission dimensions, for example the formal and operating dimensions, but has left out other dimensions, such as the mission's relationship with motivation. Moreover, these dimensions have not been integrated. The proposed model fills the theoretical and practical gap, by identifying three different dimensions to consider in the mission. Along with the formal and operating dimensions, already discussed in the literature, the motivational dimension of the mission is discovered, which, conversely, is distinct to extrinsic and intrinsic motivation, as it is oriented to satisfying the needs of others. For this reason, it can be considered a form of *prosocial motivation*, which is what generates mission internalization. Prosocial motivations are those that internalize the formal mission in people and, in turn, provide operational effectiveness to the company's formal mission. And finally, this model has allowed us to study the relationship between the three dimensions of the mission and identify the different forms of coherence and incoherence that may arise between them: authenticity, integrity and consistency.

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# **A Light at the End of the Tunnel: Mission Statements in Social Enterprises**

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## **Abstract**

Hybrid organizations, organizations that combine different institutional logics, frequently experience tension between these multiple logics. Social enterprises in particular, face the challenge to manage both social and economic logics. This paper investigates the crucial role of the organizational mission in driving the responses to such tension. With an inductive case study approach of three work integration social enterprises we find that the way the management team understands and formulates the mission in terms of means and goals, determines the way organizations react to the tension generated.

**Keywords:** Mission, social enterprise, social entrepreneurship.

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## 1. Introduction

Social enterprises are organizations that adopt business strategies to achieve socially-oriented purposes (Dacin, Dacin & Tracey, 2011), are therefore hybrid organizations combining the market and the social logic. Creating both, economic and social value is embedded in their DNA, in their “raison d’être”, in their organizational mission. Good economic results ensure the viability of the company and the fulfilment of the social objective while poor financial results compromise it. The relationship between economic and social goals is complex, these two, sometimes contradictory, internal demands frequently generate tensions that need to be managed appropriately.

Smith et al. (2013) classify the tensions that arise in social enterprises in four different types: performing tensions, organizing tensions, belonging tensions and learning tensions. The present paper focuses on the first type of tensions, performing tensions, which are those that emerge from divergent outcomes such as organizational goals. And specifically on how the organizational mission statement can be used to manage this tension.

If well articulated (Salem Khalifa, 2012), an organization’s mission statement expresses the purpose of the organization and serves as a guidance for organizational strategy and employee behaviour. An adequate mission statement can be a powerful source of inspiration and action (McDonald, 2007).

In social enterprises the mission of the organization is at the core of all organization’s activities. Specifically, this paper explores the role of the organizational mission in dealing with the paradox of having two contradictory, yet interrelated goals in a single organization (Smith et al., 2010). Thus, the present paper aims to answer the following research question: *How can organizational mission help social enterprises to manage performing tensions?*

We conduct an inductive multi case study of three work integration social enterprises (WISE). Work integration social enterprises are a category of social enterprises that train disadvantaged people with psychological, social, or physical disabilities in order to permanently integrate or reintegrate them into the workplace (Borzaga & Defourny, 2001). WISEs have received a lot of attention in the literature because they are a great example of organizations balancing two very different logics like the market and the social logic.

## 2. Methods

Given the limited theory on how social enterprises use the mission to confront performing tensions, an inductive case study was chosen (Eisenhardt, 1989).

The organizations studied are three Spanish work integration social enterprises. In Spain, the economic crisis that started in 2008 has forced governments to

drastically reduce the amount of subsidies that were given to WISEs. In addition, demand has fallen and Spanish unemployment has become the highest in all European countries. This situation has strongly affected the commercial performance of all companies in the country, but specially WISEs that have seen how subsidies were reduced, sales were falling and, at the same time, social demands for employment were increasing.

Studying WISEs at this particular point in time was a very adequate scenario for the present research. The economic crisis strongly impacted WISEs, profit and revenues decreased dramatically, and WISEs faced a dilemma between the need of having positive financial results to self-sustain their own operations and the need to maintain or increase the number of jobs for people with intellectual disabilities which was their *raison d'être*.

During the period 2009-2014 a total of 20 WISE were visited and interviewed by the author. We collected data from all 20 WISEs and we identified three extreme cases that heavily rely on the mission to drive their response to tension. The three WISEs chosen are from the same geographic area, so the institutional and economic environment is the same for all of them, and that have similar characteristics in terms of founding year, profit distribution policies and managerial structure. Table 1 summarizes some of their characteristics.

	Tuca	Inca	Mica
Founding year	1982	1992	1989
Business	Gardening	Printing / Hostel	Packaging
Number of employees	59	81 / 59	140
Number of employees with disability	36	62 / 50	96
Disability of employees	Only mental disability	Only mental disability / Mental and physical disability	Mental and physical disability
Profit distribution	Non-profit	Non-profit	Non-profit
CEO characteristics (at the time of data collection)	CEO also founder Gardener Age: 50 Gender: Female	CEO also founder Teacher Age: 58 Gender: Female	CEO also founder Social Worker Age: 52 Gender: Male

Table 1. Summary description of cases

The names of the three companies explained in detail have been modified to maintain anonymity.

Data was collected using several data sources: (1) Interviews with the CEO and other members of the management team in each of the companies, (2) webpages of the companies, leaflets, press releases and yearly reports, (3) site visits and observations and (4) interviews with key informants like the government responsible for WISEs subsidies, clients and suppliers. In addition to the information on the particular companies, information on the sector was acquired in fairs and social entrepreneurship conferences.

### 3. Findings

Until 2008, the situation experienced by Spanish WISEs was quite good. WISEs were able to generate sufficient revenues that, complemented by government subsidies, provided WISEs sufficient financial stability to support continuous growth, most WISEs were able to generate some new jobs each year. WISEs therefore felt that they were accomplishing their main two objectives: the social objective was accomplished by maintaining and generating jobs for people with disabilities and the economic objective by having sustainable financial results.

In 2008 the global crisis hit Spain in a considerable way. Economic growth was replaced by an economic recession and a skyrocketed unemployment. Government subsidies decreased dramatically leaving WISEs in a difficult situation. The close-to-perfect balance maintained by WISEs in the previous ten years is not possible anymore and WISEs faced a difficult situation. The market versus social trade-off was then strongly felt by the social enterprises studied:

*“For several months I could not sleep well, I could not stop thinking about what was going to happen to all these kids if we had to close the printing shop. We were losing money every month”*

*(Interview with Inca CEO).*

The crisis was a shock that forced all WISEs to re-think their strategy. As the tension raised WISEs entered into an stage of confusion, where they were not sure about what practices, objectives or policies they should prioritize. The organizational mission played a key role at this stage serving as guidance and orientation. The process described is graphically represented in figure 1.

The mission of the three organizations studied is stated in table 2.

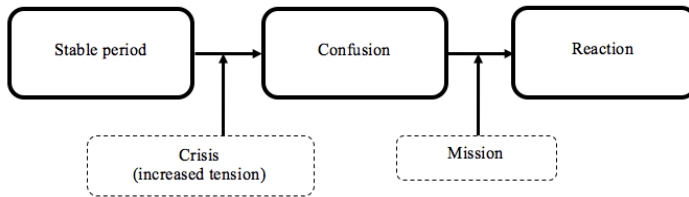


Figure 1. process WISEs followed when institutional complexity increased

	<b>Mission</b>
Inca	We want for our people the highest regard for who they are, what they do and what they wish, for their project of life. We fight with them to achieve their independence. We work with them for their positive recognition as individuals and as active citizens with full rights.
Tuca	We believe job integration is an essential part of social integration. At Tuca we want to create jobs for people with mental disabilities offering our clients excellent and personalized gardening services.
Mica	Mica works every day to be the best sleeve supplier for its clients. We want to be the best in quality, service, capacity, price and innovation while, at the same time, being careful about the environment. We have a strong commitment with our employees to help them see that each package we personalize represents the whole company and therefore all products we make should be perfect.

Table 2. Mission statements of the different companies

Quotes that illustrate the situation of the WISEs in the stable period (before the crisis), in the confusion period (where companies experienced an increase in institutional complexity) and finally in their reaction period are summarized in table 3.

Two different organizational reactions were observed, prioritization and balance, driven mainly by the way the organizational mission was framed in terms of means and ends. Two companies took a prioritization strategy, that is, the companies decided to prioritize either the economic objective or the social objective. Mica decided to prioritize financial results while reducing the number of jobs for people with intellectual disabilities. Tuca, in contrast, maintained jobs



but incurred in financial losses, their hope is that government subsidies increase again in the near future. Inca in contrast, managed to keep the balance between both objectives in a situation where it seemed to be such a strong trade-off that maintaining equilibrium seemed not possible.

WISE	Stable period	Confusion period	Reaction
Tuca	We always re-invest all the profit generated, three years ago we used the profits to buy a new van, this helped us reach more clients, which in turn helped us create a new job.	We had two disabled workers and one non-disabled supervisor working at an important client. We lost the client and we had to dismiss the non-disabled employee. We kept the two disabled ones but we do not really need them and we don't know what to do with them, we hardly can pay their salaries. This is stressful.	Last year there was a drought that was terrible for the plants, and now the crisis that does not seem to finish. We have not reduced the number of jobs for people with disabilities and we were nearly going to close. Thanks God we received an extra-subsidy that has helped us overcome this year, let's see what will happen next, I hope the government will take some measures to support companies like us.
Inca	The system was very well structured. We had our school, where at the age of 16 we already started training the kids on the job they will perform afterwards. Like that when, at 18, entered the printing job as employees, they already knew how to manage. The printing shop was running smoothly and we could welcome all the students from the school that wanted to join.	Our crisis came before the global crisis. Already at the beginning of the 2000's decade, the printing industry started to move to developing countries and we started to incur in losses. For several months I could not sleep well, I could not stop thinking about what was going to happen to all these kids if we had to close the printing shop. We were losing money every month.	We don't care if we do something in the production sector or in the services sector. We thought the services sector will be less prompt to move to developing countries so we concentrated on that. But cleaning, tourism or printing is all the same for us, the important thing is to create good jobs for people with disabilities, no matter how.

Mica	We have been growing tremendously in the last decade. There was a moment where we could not fit in the place we rented so we decided to buy a new production plant where we could have enough space to grow. We have grown in the number of business units, in revenues and in number of employees with disabilities.	The crisis has had a devastating effect; we have felt that especially with our relationship with the banks. There is no credit anymore and we now have treasury problems. We are considering different options, either we reduce the size, meaning we have to fire people, or we accept the entrance of a new investor or... well, we don't know what to do, we have to consider all possible options.	We are a company and we have to act as a company. Like many other companies in this country we had to re-structure, yes, we fired people but we will offer them a job again as soon as the crisis is over and we can grow again.
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Table 3. Quotes from the different stages

Both prioritization and balance strategies did effectively reduce the tension in the short term but only the Inca's strategy is effective in managing the tension also in the long term. Only the balance achieved by Inca guaranteed that future financial and social performance could be maintained and improved.

Some mission statements reflect not only the objective that guides the actions of the organization but also the process by which the objective has to be met. In the case of Tuca the mission contains a reference to the gardening services while in the case of Mica a reference to the final product, sleeve labels. In contrast, the mission of Inca does not detail the process; it only refers to the final objective of the organization.

This distinction between goals and means was already used in Pache & Santos (2010), goals are institutional demands at the ideological level while means are demands at the functional level that define the organization courses of action. Means are functional strategies required to achieve the goals. In hybrid organizations, where financial and social performance are intertwined the distinction between goals and means can differ from one organization to the other. This differentiation between goals and means can be observed in table 4.

According to its mission, Tuca believes the ultimate goal of the organization is to create jobs for people with disabilities and the process to achieve the goal is offering gardening services. In contrast Mica is centered in offering high quality products and employing people with intellectual disabilities is one of the characteristics of the production process. In Inca, there is also a distinction between goals and means, between the final objective of the organization and

the actions that have to be taken to achieve this objective, but the formulation of both, goals and means, is made in social terms. A company belonging to the fourth quadrant would be a standard business with both goals and means using a financial logic.

Mica, Tuca and Inca seem very similar from an outside perspective; all three companies offer products or services and employ people with intellectual disabilities. All three companies have a relatively similar size, are in the same geographical area and have many other commonalities. However their mission formulation is very different and this difference has important implications. The mission affects the way in which employees understand their role and act as social enterprise.

		Goal	
		Social	Financial
Mean	Social	<p>Inca</p> <p><u>Goal:</u> Give people with mental disabilities full rights as active citizens.</p> <p><u>Mean:</u> By providing them with decent jobs</p>	<p>Mica</p> <p><u>Goal:</u> Best sleeve supplier for its clients</p> <p><u>Mean:</u> By employing people with mental disabilities</p>
	Financial	<p>Tuca</p> <p><u>Goal:</u> Creating jobs for people with mental disabilities</p> <p><u>Mean:</u> By delivering excellent gardening services</p>	

Table 4. Goals and means matrix

Mica management team understood Mica’s purpose as:

*“We are a company, not an NGO, we produce high quality products and we compete in the market. Is true, our employees are people with mental disabilities and this is an essential part of our company but we always look for excellence, if one employee does not work well, he cannot work with us”* (Mica human resource manager).

Tuca in contrast considered the social purpose as the main organizational duty and did not contemplate any option that implied firing people or reducing the social component of the company. The behaviour of Tuca’s management team

was very socially oriented and this was reflected in every part of the organization. Yet, Tuca’s management team felt constrained by the mission. Providing excellent gardening services is what they do is, according to their point of view, the only mean to achieve their final goal, which is provide employment.

In contrast, Inca’s mission only specifies the goal but not the process so the management team does not feel tied to a certain process or way to act:

*“It is not important if we do printing, we run a hostel or we do laundry, the important thing here is to provide them with a decent job, a job that helps them learn, develop and earn a salary at the end of the month”*  
(Interview Inca CEO).

Goals and means are found to be very important in how the company defines its strategy and thinks about the different options or ways to react in front of the tension between the social and the economic objective when this tension is exacerbated. Table 5 explains the different reactions observed.

		Goal	
		Social	Financial
Mean	Social	Inca Balance	Mica Maintain financial performance Decrease number of jobs
	Financial	Tuca Decrease financial performance Maintain jobs	

Table 5. WISEs reaction to tension

#### 4. Conclusion

As outlined before, three different reactions were observed: (i) sacrificing financial performance, (ii) sacrificing social performance or (iii) balancing both via the creating of a new revenue generation stream. Reactions correspond to two differentiated strategies that diminish the tension between the different organization logics: (i) prioritization and (ii) balance. When the reasons for such different reactions were studied through in-depth analysis of the interviews and

data available, the most salient reasons referred to the mission of the organization.

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## Characteristics and Rationales of Organizational Missions in Lithuania

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### Abstract

This paper aims to analyse characteristics and rationales of organizational missions in Lithuanian companies. For a long time, companies in Lithuania did not have missions at all because of the prevailing socialist economic system. This is the first attempt to analyse the presence of organizational missions in Lithuania and the reasons behind it. The sample of 53 top managers from 12 different companies was surveyed. Mission elements like concern for employees, stakeholders' identification, concern for shareholders, general corporate goals, Raison d'être, concern for employees and values were found to be the most reflected elements in the organizational missions. The most important rationale behind the organizational mission was establishing the common goal. In addition to the classical rationales for missions the respondents named a sense of direction, clarity and focus in everyday organisational activities, more purposeful daily routines, easier making a decision in doubtful situations as important reasons for having an organization mission.

**Keywords:** mission, rationale, Lithuania.



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## 1. Introduction

Lithuanian business environment had undergone a tremendous change during past 25 years. Restoration of the Lithuanian independence in early 90's led to national transformation from socialism to capitalism and immense boom of new private companies was registered in the country. First years of restored independence witnessed tens of thousands of registered new companies.

Recent data from the national Department of Statistics and Hay Group studies prove that business environment in Lithuania is young both in terms of top management and the size of companies: top management teams are among the youngest in Europe with average top manager's age is between 42 and 43; and 97% of companies in Lithuania have under 50 employees.

Naturally, during the first decade of the restored Lithuanian independence major concern in business environment was learning the basic business models, answering trivial financial management questions and utmost concern with sales. Initially, businesses depended exceptionally on individual courage, persistence and personal risk tolerance.

Facing the change in economic environment, political situation, social environment and values in general, Lithuania is an excellent example of exceptionally fast business transition. Eventually, relevance of certain business questions evolves gradually. New traditions of business culture start forming, the notion of "organisational culture" slowly gains momentum, and the questions of employees engagement, ownership and importance of missions as management system started to become relevant.

So for most of the companies in the country, the notion of having a mission was new and it took some time and maturity to introduce the concept to the market. As the first step in developing a mission statement, the most basic question every manager must answer is "Why is this important to my company?" or "Why does my company and I want to have a mission statement?" While the literature suggests several answers to this question, there has been almost no research on the rationale behind the mission statements in Lithuania. As mentioned before, Lithuania was not a free market economy for a long time and presence of the mission in the company was not viewed as necessary. With the economic system change, more and more companies started seeing the value in having and internalizing the mission. This paper aims to analyze the characteristics and rationales of company missions in Lithuania.

## 2. Literature Review and Research Methodology

**Definition of a Mission Statement.** A mission statement is a written, formal document which attempts to capture an organization's unique and enduring purpose and practices. (Bart, 1996a; Bart, 1996b; Bart, 1997; Byers, 1984 & 1987; Campbell, 1989, 1993; Campbell & Yeung, 1991; Daft & Fitzgerald, 1992; David, 1993; David, 1989; Germaine & Cooper, 1990; Higgins & Fincze, 1989; Wheelen & Hunger, 2007; Ireland & Hitt, 1992; Johnson, Scholes & Sexty, 1989; Klemm, Sanderson & Luffinan, 1991; McGinnis, 1981; Medley, 1992; Rue & Holland, 1988; Thompson & Strickland, 1996) In doing so it should answer some fundamental questions such as "Why does this organization exist?", and "What does this organization want to achieve?" A mission statement should find itself central to every company's strategy. Unlike objectives and other strategic statements, mission statements should be: enduring, (i.e., they should not have a time frame); passionate (i.e., they should be emotionally charged); and lacking specific quantitative measurements (i.e., financial goals) (Bart, 1997).

**Mission Statement Rationales.** Traditionally, the major rationales associated with organizational missions have been cited as:

- Providing a more structured basis for allocating resources (Ireland & Hitt, 1992; King & Cleland, 1979; Gibson et al., 1990);
- Inspiring and motivating employees in the organization to achieve a common goal or purpose (Campbell, 1989, 1993; Collins & Porras, 1991; Daniel, 1992; Germain & Cooper, 1990; Javidan, 1991; Ireland & Hitt, 1992; Klemm et al., 1991; King & Cleland, 1979; El-Namaki, 1992; Wilson, 1992);
- Creating a balance between the competing interest of stakeholders (i.e., customers, society, shareholders and employees) (Klemm et al., 1991).

Other literature has suggested additional reasons for developing a mission statement in the company. These include:

- Refocusing an organization during a crisis (Campbell & Yeung, 1991; Bart & Tabone, 1998);
- Creating behavior standards (Campbell & Yeung, 1991; Bart 1996a, 1996b, Bart, 1997b; Bart & Tabone, 1998);
- Providing a common purpose or direction (Campbell, 1991; Klemm et al., 1991; Ireland & Hitt, 1991, Bart 1997 & Tabone, 1998);
- Defining the scope of the business (Campbell, 1991; Klemm et al., 1991; Ireland & Hitt, 1991; Bart & Tabone, 1998);

- Allowing the CEO to assert control over the organization (Klemm et al., 1991, Bart & Tabone, 1998);
- Developing shared values or culture within the organization (Campbell, 1991; Pearce & David, 1987; Ireland & Hitt, 1991; Bart & Tabone, 1998).

To research the main elements, characteristics and rationales of mission statements in Lithuania, we chose to perform a survey. Since the main goal of research was to get the first top management's impressions of mission rationales and their characteristics in Lithuanian companies, we divided the research into three main categories – mission elements, mission characteristics and rationales behind missions. The logic was to start with narrower categories of the mission such as its elements and go to broader like reasons behind it. For all of these question categories, we used the mission components mostly proposed by Bart and Tabone (1998) and then used by other researchers.

To expand the classical research on mission rationales, we created the additional question were the new mission elements were added. The additional question was about how the respondents perceived specific elements of the mission when they first were introduced to this concept, like did they have positive or negative associations, did they perceive it as beneficial or not beneficial to the company, were they curious or not curious to learn more, etc. With the additional question, we wanted to analyse the first impressions of managers when they got introduced to the concept of mission by someone in their environment.

A specific sample of companies was chosen to carry out the research for this paper. Top management teams of twelve companies in Lithuania were invited to fill in the survey on the mission statements in their organisations. All of these companies took the exercise of defining and cascading the missions throughout organisations during past two years with assistance of management consultants; thus, the experience is rather recent and it is very likely that employee turnover in top management teams was not high since the exercise.

Business sectors represented by the companies are rather diverse: various fields of manufacturing, waste management, printing houses, publishing companies, software developers, telecommunication services, and a broad range of professional activities covering legal, engineering, and consultancy companies. The total number of responses was 53.

### **3. Research Findings**

The most active respondents were from two sectors. Namely, management team members from manufacturing companies and organisations carrying out professional, scientific and technical activities.

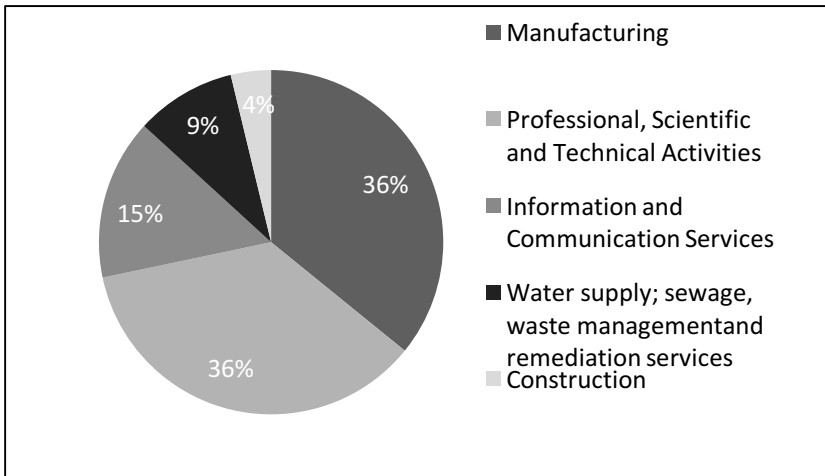


Figure 1. Distribution of Respondents according to Business Sector

All respondents held a top management position in their companies and most of them worked in companies with fewer than 250 employees.

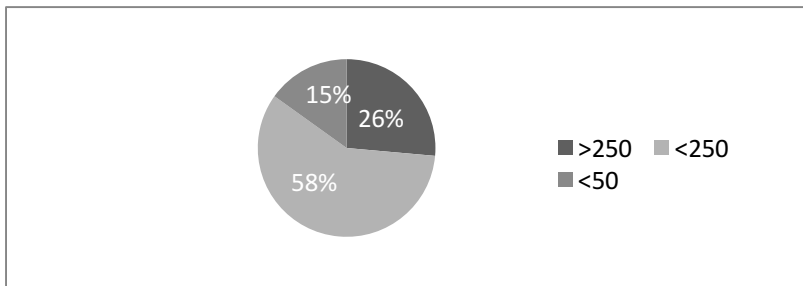


Figure 2. Distribution of Respondents According to Size of the Company

As mentioned before, all companies participating in the survey took part in the management consulting sessions where they were introduced at the strategic level to the definition of organizational mission, its components and benefits. However some respondents felt that the definition of their mission is still in progress as they have started the exercise just recently.

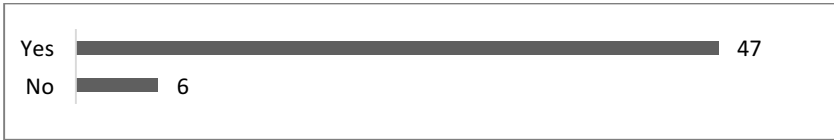


Figure 3. Respondents Having an Organizational Mission Defined in their Companies

Next we looked at the various mission statements elements and how they are perceived by the respondents as being reflected in organizational mission. Respondents evaluated the perception of each mission element on a five points Likert scale. Mission elements like concern for employees, stakeholders' identification, concern for shareholders, general corporate goals, Raison d'etre, concern for employees and values were among the ones that were evaluated as the most reflected elements in the organizational missions. Where concern for society, business definition, concern for suppliers, specific markets served and business location were among the least reflected elements. However, in general all mission elements scored high and the average mean for all of them is 3,90.

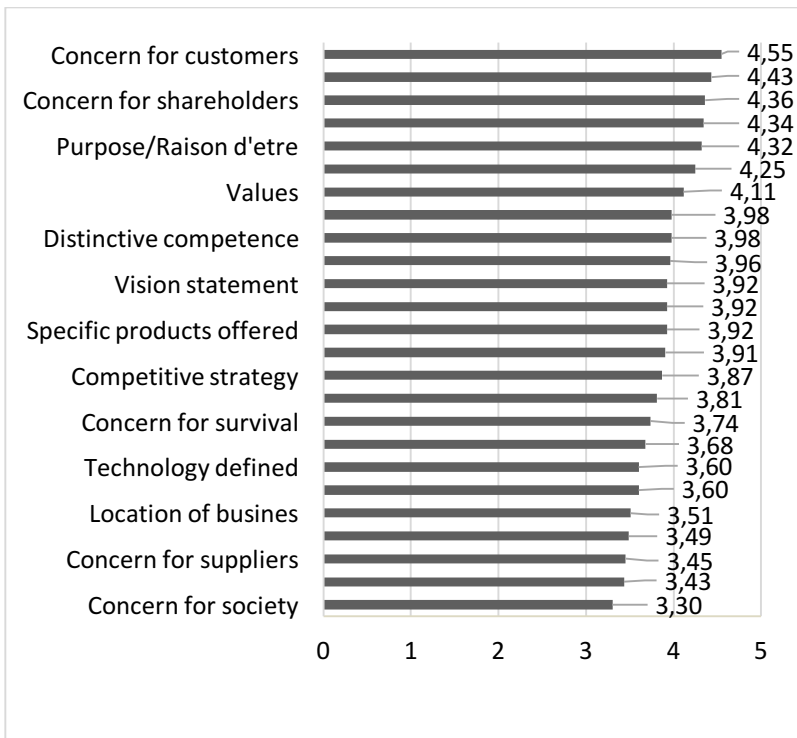


Figure 4. Mission Elements

When asked to evaluate some specific mission statement characteristics, respondents noticed that they are satisfied with the current mission and have commitments to it. Nevertheless, mission influence over others' behavior could be higher. Respondents believe that the organizational mission influences their own behavior more than the behavior of others at the company.

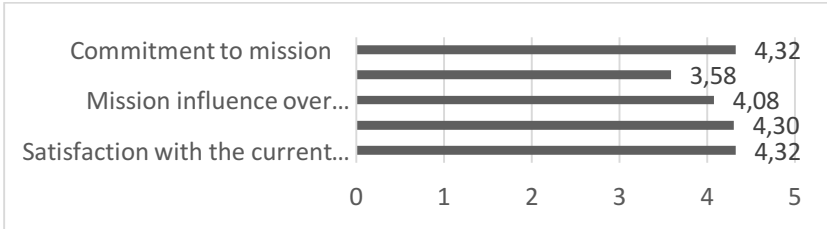


Figure 5. Mission Characteristics

Rather recently developed missions and low turnover in top management teams might be the reason why most of the respondents felt rather satisfied or very satisfied with the current mission statements, thought that they understand their company mission and feel committed to it. The same reasons might influence the relevance of mission components in respondents' daily activities: 88% of respondents indicated that they use mission components. Only 12% of respondents said that they almost never or never apply mission elements in their daily work activities.

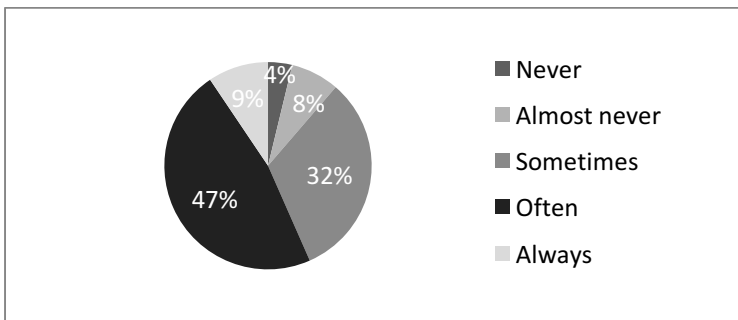


Figure 6. Frequency of Use of Mission's Elements

Ten different rationales of mission statements were tested. Respondents evaluated that establishing the common goal is the most important rationale of

the mission and refocusing in crisis is the least important. The overall mean of all rationales is 4,22 so we can state that top managements found all the reasons of mission to be quite important.

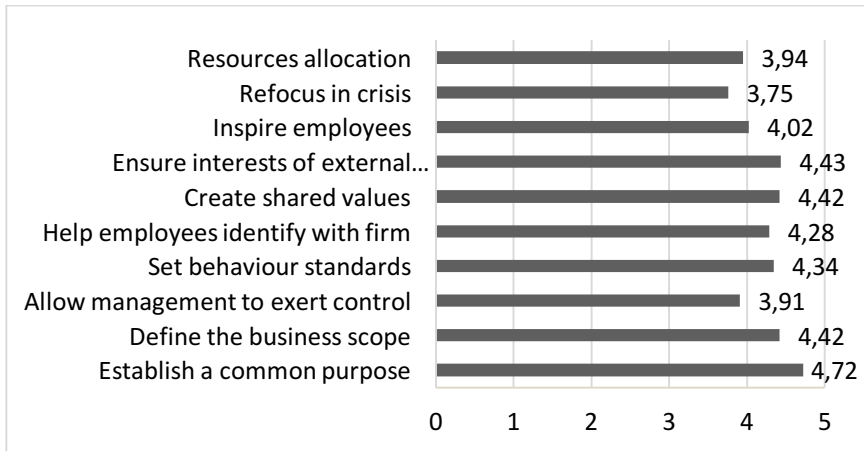


Figure 7. Rationales of Missions in Companies

After evaluating the main mission rationales, respondents also had an opportunity to express additional arguments in an open-ended question. Most of them (79%) elaborated on what they consider the most important benefits that missions within organisations bring. Their indicated rationales somewhat overlap with the ones suggested by Bart and Tabone (1998) but also demonstrate a very down to earth and practical nature.

Half of the respondents, who provided the additional arguments, mentioned that the defined mission provides a sense of direction, clarity and focus in everyday organisational activities; some mentioned that their daily routines became more purposeful and knowing the mission makes it easier to resolve dubious situations, clash of different interests or prevent personal opportunistic behaviour; it was even mentioned that decision making process improved.

Also many respondents mentioned that the exercise of cascading the mission throughout organisation serves as major unifying factor in building the organisation's community and pursuing the common direction in the course of actions.

We were curious to know what the respondents' first impression were when they were introduced to the concept of the organizational mission. This question was relevant to management consultants when thinking about how to



introduce the concept of organizational mission to the managers. Surprisingly the first impressions of managers were very positive when hearing for the first time about organizational mission – most of them immediately thought that their companies needed it, would benefit from it and they wanted to learn more. It was the hardest for respondents to imagine how to use the organizational mission in every day work activities.

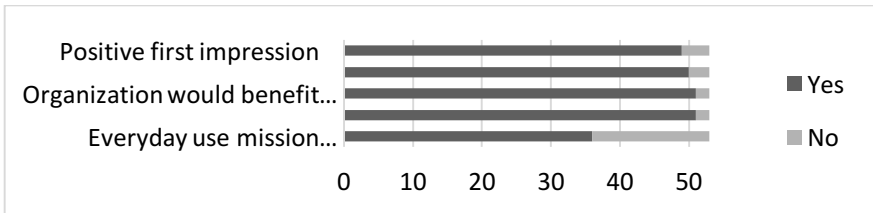


Figure 8. Respondents First Impressions after Hearing the Definition of Organizational Mission and its Benefits

The respondents of this survey can be called the Lithuanian pioneers of implementation of Management by Missions philosophy within their organisations. They represent the first companies in Lithuania to embrace this philosophy and seem to be very positive about its impact. Recalling the first impressions when the theoretical concepts of mission and its rationales were presented they demonstrate favourable spontaneous associations: almost all instantly considered it beneficial for their organisations and wanted to learn more about it.

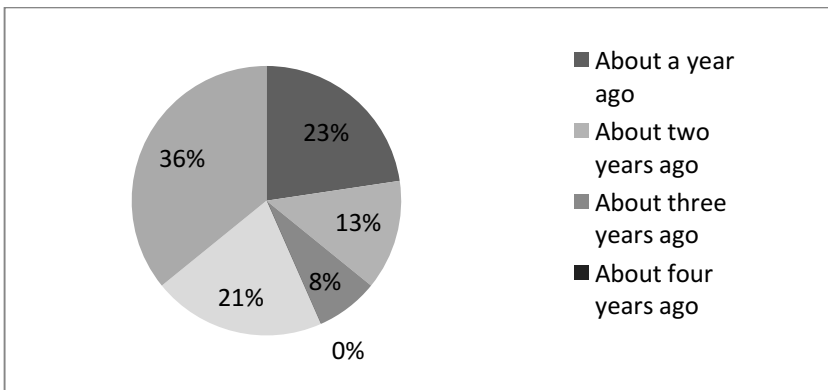


Figure 9. First Interest in the Notion of Organizational Mission

The last question was also very surprising to the researchers since most of the respondents (57%) said that they got interested in organizational mission long before they were formally introduced by the management consultants to the concept. 36% said that they were always interested in this while working in a business.

#### 4. Discussion and Contribution

The research results showed that managers in Lithuania understand the importance of organizational mission, value its benefits and use it in their daily activities.

This research showed that recent developments, with the help of management consultants in understanding of organizational mission, its importance and rationales behind it, are quite positive in Lithuania. Respondents actively participated in the survey and demonstrated favourable results. It would be interesting for further research to take the companies that have mission statements but have not been in contact with management consultants and analyze the difference in perceived mission elements, characteristics and rationales.

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## Developing Leadership and Management by Missions in Educational Institutions

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### Abstract

In the field of education, management by missions has received little if no attention, which does not prevent many educational institutions from having defined and proclaimed their missions, visions and values to the world. Nor does it prevent the definition of a mission from being considered a key element in the development of effective instructional leadership (Hoy & Miskel, 2008).

Undoubtedly, introducing the management model by missions to the educational world is something that can be positive. One way to approach this is by taking advantage of the concurrence of leadership types that are proposed for mission management: distributed, transformational and servant leadership; and the type of leadership that is advocated more these days in educational organizations, a leadership that has all those features mentioned above.

It is precisely in the field of education where distributed and pro-social transformational leadership is most present and most mentioned, which may make it easier to subsequently adopt the "management by missions" concept that is linked to this kind of leadership.

We hope to show in this paper how pro-social, transcendent and contributive leadership functions at the theoretical and practical level, particularly in the educational courses on business management that are taught at the UIC Faculty of Education employing the case method.

**Keywords:** Pro-social transformational leadership, Management by missions, case method.

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## 1. Introduction

The term "Management by Missions" is relatively new in the business world. Cardona & Rey (2008:61) say that the first company "creeds" originated in the mid-twentieth century and the concept became popularized in the late 80s and early 90s of the last century, an era which saw a boom in cultural theories.

In the field of education, management by missions has received little if no attention in the school organization handbooks, which does not prevent many educational institutions from having defined and proclaimed their missions, visions and values to the world<sup>2</sup>. Nor does it prevent the definition of a mission from being considered a key element in the development of effective instructional leadership (Hoy & Miskel, 2008).

Undoubtedly, introducing the management model for missions to the educational world is something that can be positive for achieving progress, both in this type of management as well as in researching management by missions in the field of education. One way to approach this is by taking advantage of the concurrence of leadership types that are proposed for mission management: distributed, transformational and servant leadership; and the type of leadership that is advocated more these days in educational organizations, a leadership that has all those features mentioned above.

In a recent paper (Tintoré & Güell, 2015) that analyzes the leading publications on leadership, we indicated that transformative or transformational leadership is clearly what is cited the most on a global level, especially in the scientific

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<sup>2</sup> The types of mission models we have found on the internet are the following:

- Collaborate with each of the families in the education of their children, training them as upstanding, free and supportive men committed to society via a strong academic background and consistent with the Catholic doctrinal and moral teachings.
- Offer their students rigorous academic training in English and Spanish, which will lead to a high level of success in a wide range of international examinations.
- We provide a Zionist Jewish education of academic excellence in order to train upstanding youth who are committed to building a better world.
- To help students develop their skills and attitudes in a way that will ensure satisfactory achievement in their lives.
- Provide comprehensive educational service training, at the highest level, to students studying to be pre-school, primary and secondary school teachers, from a scientific-humanistic perspective.
- Deliver quality service with a value-based education, promoting integrative learning that seeks a harmonious and democratic environment, based on dialogue that develops multiple intelligences.
- Guarantee for the whole population an education that is democratic, secular, compulsory, free, integrative, of quality, equitable and with human warmth, for various types, levels and categories, with transparency and probity.



literature about the world of enterprise and business. However, we also observe that, in the same literature, distributed leadership and pro-social transformational leadership is mentioned more and more. It is precisely in the field of education where the latter type of leadership is most present and most mentioned, which may make it easier to subsequently adopt the "management by missions" concept that is linked to this kind of leadership.

We hope to show in this paper how pro-social, transcendent and contributive leadership functions at the theoretical and practical level, particularly in the educational courses on business management that are taught at the UIC Faculty of Education. More specifically, we will focus on the School Management course that is offered in the undergraduate fourth year and the postgraduate course on Leadership and School Management (PLD), which is oriented toward school managers.

We will show what is humanistic management as well as transformational, distributed and pro-social leadership. We will do so using the case method, in which we analyze various real but remote situations that have been proposed for individual and group study. From there we will try to help in defining and understanding the mission of each center, as well as in preparing the development of missions for the various stages and departments of the school (Rey & Cardona, 2015:10). At the same time, we encourage leadership among the principals and students who are attending the courses.

This paper aims to demonstrate how the case method can be a good means for helping managers (in this case current or future school managers) in management by missions, in developing their leadership and in preparing their individual mission in the company.

## **2. Discussion and Contribution**

### **2.1 Main concepts**

Let us begin by briefly defining the concepts under study:

Rey (2015a, 7) defined management by missions as a "system of management that promotes the development of the 'personal mission' of each of the members of an organization. Just as management by objectives seeks to align personal goals with a company's goals, management by missions seeks to connect the mission of each individual with the mission of the organization." The same author, together with Cardona, defines the mission as "the general statement that captures the essence of the contribution that characterizes the identity of a company" (Cardona & Rey, 2008, 87) or "the end that guides the actions" of the company (Cardona & Rey, 2008, 75) and that "we must bring to all levels of the organization" (p. 88). Rey also defines the mission of the

company as the "why" of that organization, a "why" that specifies "what their contribution is to the world and to the society in which they are integrated" (2015th, 2).

We define leadership as an influence relationship among leaders and coworkers who are pursuing changes that reflect mutual interests (Rost, 1990). After a turbulent history and very different theories on leadership, today the most widespread type of leadership is transformational leadership, of which Burns (1978) first spoke of from the field of politics and which later became popular in the business world. From there, it spread to the field of education, primarily through Bernard Bass (1985).

We discern in our courses that which is becoming increasingly more evident in the academic literature: although the transformational leadership model is a good model and a better model than transactional leadership, it has many limitations. Among them, the type of leader that it produces is too charismatic and self-centered ("personalist"), and this person sometimes promotes competitiveness over collaboration in achieving objectives. We advocate, instead, a model of leadership that is at once transformational (because it transforms and increases the motivation of coworkers) as well as pro-social and people-centered (because it is not focused on the leader himself but on the mission and, in the case at hand, on cultivating the best form of development and learning among the people who comprise the educational community). This type of leadership, which is essentially distributed, is denominated by different authors as pro-social, transcendent or contributive leadership (Pérez López, 1996; Osterloch & Frey, 2003; Sison, 2008; De Vries et al, 2010; Tintoré & Arbós, 2012), and it shares many of the characteristics of the servant leadership described by Greenleaf (1970). In that sense, it is associated with the kind of leadership that is proposed by management by missions theorists: "distributed leadership, centered on a shared mission and vision," in which "managers must learn to be 'leaders of leaders', developing the leadership of their coworkers and teaching them to do the same so that it will cascade throughout the entire organization "(Cardona & Rey, 2015b: 12).

We now define our final concept: the case method.

As is already well known, the case method is one of the most practical ways to learn management skills. It consists of discussing real-life situations, placing oneself in a situation, then deciding and explaining the decision (Hammond, 2002). These are real situations that raise issues on which students have to reflect and toward which they must implement their ideas and knowledge. It is a method that originated at Harvard University, and for more than half a century it has been applied in the field of medicine, law, and above all in the most prestigious business schools around the world. It is a methodology that we have included among other Successful Educational Activities (Arbos et al., 2013) and

which we have worked on and analyzed in depth over recent years in the School of Education at the UIC, especially in the subjects related to school organization.

## **2.2 Learning to be leaders and manage by missions through the case method**

As well as in the context described above, the case method was used within the framework of management and leadership courses for senior undergraduate students and for managers of educational institutions. Specifically, it was employed to explain situations related to school leadership as well as to help the students consider their personal mission in relation to those schools where they either worked as managers or hoped to work as teachers in the future.

The cases are useful for analyzing the type of leadership and management in the various educational institutions presented for study. The next step is to analyze the type of leadership that exists in the school of each participant in the program (in the case of managers) or help them formulate, discover and redefine their way of leading (in the case of undergraduate as well as graduate students).

In analyzing their own leadership or that in their organization, this helps managers to reflect on their mission in life and in the life of the organization, as Rey (2015th: 8) indicates. They also try to analyze the specific missions of each stage or department and how they interact and coordinate with the overall mission of the school. Likewise, their reflections are facilitated by the training they receive regarding their role as person-leader, teacher-leader and/or manager-leader in the organization. The aim, again in the words of Rey (2015, 10), is to help participants act for reasons other than merely to satisfy their own needs, something which – incidentally – is easier to do in the world of education than in business because of the idiosyncrasies of educational organizations: such service organizations often attract people who have transcendent motivations.

The work on cases usually involves taking time to analyze the facts and situations described in the case, with a follow-up analysis of the motivations that seem to drive the players in the story. We view management as a way of increasing the motivation of the people involved in the company, and this is done by having each employee or manager develop and re-develop their personal mission and making it more and more complete. In the section on solutions, we try to help the characters in the case to increase the quality of their motives, knowing that this contributes to their personal and professional improvement while also improving the company

They are presented with examples of the missions of some educational institutions, so that they can assess those that may be more appropriate or

closely related to their particular situation, as well as to see what not a good educational mission is.

In this way, their reflections go beyond management by missions. They engage in the study of topics such as: the type of leadership that exists in an institution; what reasons and motivations prevail among its members; what type of communication is generated; how decisions are made; what impact this all has on the professional and personal satisfaction of the organization's members; and the types of coworkers, members and subordinates that exist in the organization.

To this end, we have employed various theoretical and empirical studies as well as our own experience to develop a graphic with three types of models along with a general model. These can help in analyzing and changing organizations, as well as in facilitating the work on cases<sup>3</sup>.

In summary, we can say that – putting aside the *laissez faire* style of leadership – two types of leader can be distinguished: transactional, which is linked to an authoritarian management style; and transformational (charismatic or people-oriented), which is linked to proactive and cooperative styles. Each type of leadership is related to a certain type of follower (Cardona, 2001; Zigarmi, Roberts & Alan, 2015): the reactive subordinate, proactive professional and cooperative team member or coworker. Leaders and coworkers influence and are influenced by one another while creating different levels of leadership for the organization.

This model concedes the important role of an organization's prevailing motivations. Since leadership serves to improve one's own level of motivation as well as of the followers, it is necessary to examine in greater depth how leaders (1) can foster higher levels of intrinsic and transcendent motivation among themselves and their followers, and (2) how they can optimize employee commitment to the organization. Working on personal missions and shared missions, as Cardona and Rey (2008) indicate, can be a good way to achieve this.

Therefore, it is imperative that leaders learn to employ a leadership style that supports the autonomy of their followers (Hocine, Zhang, Song, & Ye, 2014; Fowler, 2015) while also improving their level of motivation. But as Fowler (2015) states: leaders cannot motivate anyone. What they can do is create a work environment where people can feel optimally motivated in their work (and

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<sup>3</sup> More information on these models can be found in: Tintoré, M. & Arís, N. (2012). *Estilos de liderazgo y estilos comunicativos en el gobierno de instituciones educativas*. In M. Lorenzo et al. (eds.) *Respuestas emergentes en la organización de instituciones educativas*. Granada: Publicaciones Universidad de Granada, 429-439.

in the mission of the organization). Such an environment stems from their own behavior as leaders. Leaders need to recognize that people are always motivated. Their role as leaders serves to help individuals explore why they are motivated and the reasons behind their attitudes, as well as to teach behaviors that allow them to improve their level of motivation – or at least ensure that it does not become worse.

The graphics that conclude this presentation can help us in analyzing cases while also showing a possible way of doing so.

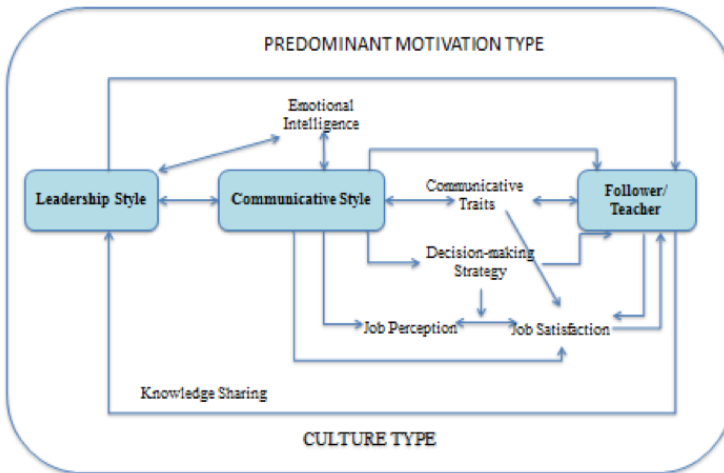


Figure 1. A model of the relationships between Leadership Style, Communicative Style and other constructs

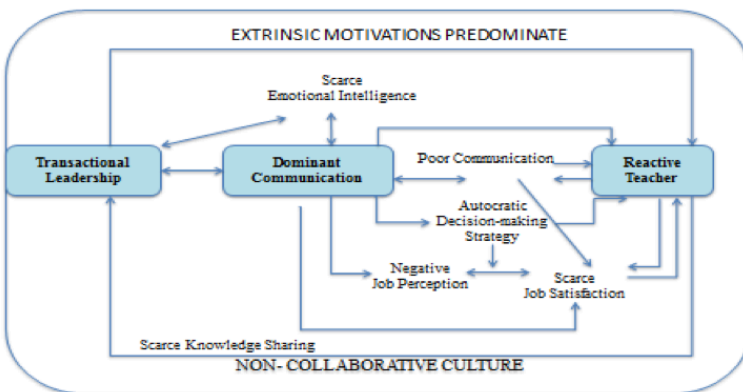


Figure 2. A model of the relationships between Transactional Leadership and other constructs

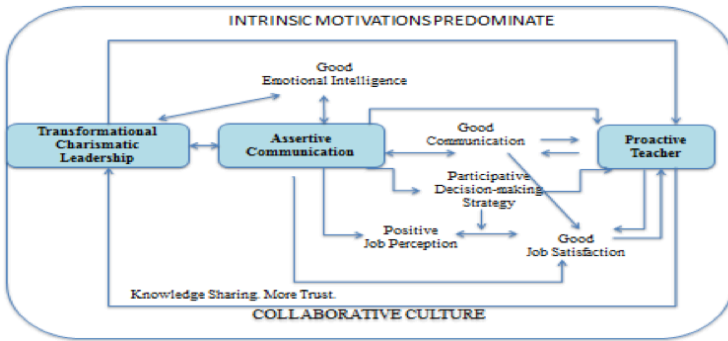


Figure 3. A model of the relationships between Transformational Charismatic Leadership and other constructs

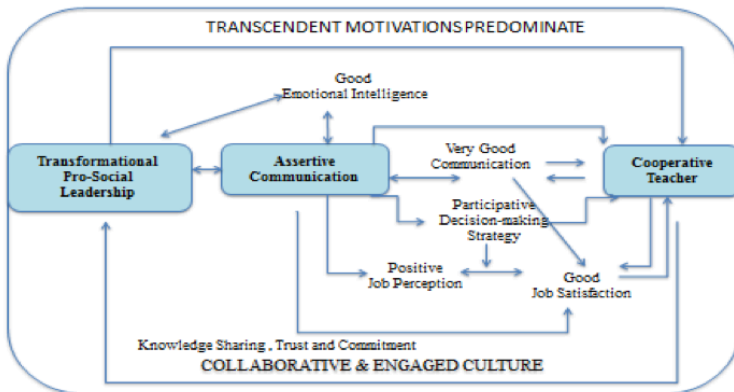


Figure 4. A model of the relationships between Transformational Pro-Social Leadership and other constructs

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## Authors' Biographical Notes

Mireia Tintoré holds a Doctorate of Humanities and Social Sciences from the Universitat Internacional de Catalunya (UIC), a Master in Family Education from the European Institute of Educational Sciences (EIES), a Post Grade in Women's Leadership from the Universitat Pompeu Fabra (Barcelona, Spain) and a bachelor's degree in Geography and History (specialty Contemporary History) from the Universitat de Barcelona (UB). Her doctoral thesis is related with organizational learning in universities.

She has worked as a professional educator in schools for more than 25 years serving as a teacher and assistant principal in a school, and adviser to numerous national and international schools in Spain, and in other European and Latin-American countries.

She currently works in the faculty of Education at the Universitat Internacional de Catalunya (UIC), as an educator, administrator and researcher. Now she is

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the Chair of Organizational Studies and Professionalization Research Group at the Faculty of Education, Director of the Post-Grade in Educational Leadership and Management, and Editor of the *International Journal of Educational Leadership and Management (IJELM)*. She gives lessons on School Organization and Social Science Didactics. Previously, she served as Vice-Dean (2008-2013) and Chair of the Educational Management and Leadership Specialty. She was also a teacher in the Master of Research in Social Sciences of the UIC, where she taught Educational Research.

Her current research interest includes: Leadership, School Management, Organizational Learning in schools and universities, Initial teacher education, Successful Actions in Universities and the Development of Emotional and Entrepreneurial Skills. A number of her recent writings have been on these subjects: "Successful actions in universities. Towards excellence taking the best universities as a model", "Political leadership under the classic thinkers: lessons for education", "Identifying the stage of growth in the organizational learning capacity of universities", "The emotional management, communication and leadership style", "Improving school leadership through communication". "Initial teacher education for entrepreneurship: the case of the faculty of education at the international university of Catalonia".

She has written some books on leadership and organizations: "*Manual de Organización de Instituciones Educativas. Un modelo humanista*" and "*Las organizaciones que aprenden en la Sociedad del Conocimiento*".

## Part II

# Practical Papers



## Company's Mission and Culture is all about Leadership

**Saulius Matulevičius<sup>1\*</sup>, Arturo Soto<sup>2</sup>**

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### **Abstract**

This case study describes the implementation of Management by Missions (MBM) at the Lithuanian unit of one of the World's Leading Insurance brokering company. This project began from crisis management stage, thus, respecting client's request we keep names, numbers and other exact details confidential. The prolonged crisis at the company made it known among Lithuanian consultants as a waste of time. Some of them strongly discouraged us from taking the deal. However, guided by our faith in human greatness and in consistency of MBM philosophy we engaged in this endeavour. In February 2014 we started implementing organisational culture change project. Next year (2015) their annual engagement survey indicated that their employee engagement grew 57%! That is an improvement from critically low ("destructive") to company's global average. The Lithuanian company received the award for the highest engagement increase of that year. The CEO was invited to the corporation's Central Management Team in London to share their best practice. This is the case study of the whole culture change project. Going thorough the entire crisis management and MBM implementation process we explain step by step how indispensable leadership is in managing crisis and in leading company towards the change and success. This case also brings some insights about the role of consultant in the MBM process. Our case strongly supports the idea that mission focused leadership can be the future of business success.

**Keywords:** Leadership, Crisis Management, Change Management, Mission.

**How to cite this paper**

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## 1. Introduction

In January 2014 I met the CEO of the Lithuanian unit of the World's leading insurance brokering company (Let's call him Andrew). He inquired if I could help him with issues in his company. Each year the whole corporation runs its annual employee engagement survey. Before we started their annual employee engagement level was down to "destructive" according to their own corporate measurements. The Lithuanian company was known among consultants as a managerial "dead weight". Other consultants strongly discouraged us to take this client referring to their own difficult experience with that company. Yet, guided by our faith in human greatness and in consistency of philosophy of Management by Missions (MBM) we engaged in this endeavour. In February 2014 we started implementing organisational culture change project. Next year (2015) their annual engagement survey indicated that their employee engagement grew 57%! That is an improvement from critically low (destructive) to company's global average. The Lithuanian company received the award for the highest engagement increase of that year. The CEO was invited to the corporation's Central Management Team in London to share their best practice. This is the case study of the whole culture change project. Going thorough the entire crisis management and MBM implementation process we explain step by step how indispensable is leadership in managing crisis and in leading company towards the change and success. This case also brings some insights about the role of consultant in the MBM process. Our case strongly supports the idea that mission focused leadership can be the future of business success.

## 2. Discussion and Contribution

### 2.1 Initial situation at the company

A decade ago World's leading Insurance brokering corporation purchased two local companies and merged them together to establish its local unit. Somehow this merger resulted in double leadership and division of powers. One CEO was responsible for the administrating part. He also was reporting to the Central and Eastern Europe (CEE) comity. Another person in charge was a founder and the CEO of the company purchased by the corporation. He negotiated to stayed as the general manager for sales. He openly expressed reluctance to take part in administration. So the company had as if two CEOs. One formal/official and one informal — focused solely on sales.

Under the management of the official CEO employee's engagement had been plunging down yearly. Responding to alarming trends the corporation fired that CEO (there were more issues) and promoted Andrew. Thus, Andrew inherited the company with extremely low engagement and a pressure to fix the situation.

During our conversation I had this sense that the company has real issues with work's meaning and mission's vacuum. Due to the cases of ethical abuse of employees, workers seemed to be irritated and in somewhat cynical state. I also noticed that Andrew suffered a degree of stress. It seemed as if at this point he would buy anything I sell. He was very enthusiastic about the MBM message, however, I had a feeling that selling efficient management system is not exactly the remedy this company might need at this point. I suggested the client that before implementing anything new we have to find the source of company's engagement crisis.

## **2.2 Research phase and research findings**

We agreed on an extended 20 days qualitative research of organisational culture with two reporting stages. Research design consisted of participant observation, focus groups and in-depth interviews. I asked for a desk to work at and temporarily became as if another employee participating in almost all office activities at the company, including organising interviews and focus groups.

When Andrew introduced me and our research plans to his management team, some of them were explicitly shocked and frustrated. The instant reaction of resistance was in the air. One of them wished me "good luck" and left the room the very second it became polite to do so.

During the following days I focused on building the rapport with the management team. I scheduled in-depth interviews guaranteeing complete confidentiality. Letting them speak for about an hour and making notes I gradually gained their trust. What I found was deep frustration, anger and emotional exhaustion in relation with the previous CEO. After additional interviews they would continue talking how they feel about working here. Later they became my greatest supporters in entire research process.

These are the key research findings.

### **Leadership issue**

#### **Dual leadership**

One of the key aspects of crisis was former dual leadership. It was inefficient and employees reacted badly. Moreover, previous CEO was detached, plotting, not keeping his word, abusing his powers and frequently harming employees' dignity. His leadership style can be named "neurotic" which resulted in clear traits of "neurotic" organisational culture. Andrew kept himself away of all this by focusing only on sales. Constant irritation was in the air. Some employees would even decline interview invitations arguing that there will be no use of it.

They would agree to talk only after mild persuasion and promise of confidentiality.

### **The Split inside the organisation**

After promotion Andrew agreed to keep sales responsibility but once again refused the administration part. The CFO of Lithuanian company stood out suggesting to cover that part. He seemed to be openly ambitious, willing to make a vertical career within that organisation. The company again ended up in dual leadership. This time the CEO disinterested in administration and the CFO who started creating “back office” as if a separate unit inside the company. This resulted in plotting and conflicts among “back” and “sales” offices. These became two rivaling identities. They had two separate canteens, would not talk to each other and continuously issue blamings. “Back office” employees adopted “victim” identity. I documented how newly employed people would be instantly “inculturated” to adopt one of these identities against the other.

The CFO was controlling, micromanaging, lacking leadership skills and over all uncharismatic. Many employees at the “back office” expressed frustration under his management.

### **Aggressive focus on profit**

As Andrew’s talents were in sales he directed his company towards profit making. However, this problem seemed to be even worse under the previous management. The CEO before Andrew was so aggressively profit oriented that he reached extremes in saving on the expense of employees. Office of almost 90 employees had not a square metre for recreation. Canteen space was about 5 m<sup>2</sup> large. Office was built using cheapest possible materials to the extent that toilets lacked proper sound sealing.

### **Ultimate lack of the sense of mission and strategy**

Absolute majority of employees were suffering from so called “cultural anxiety”. None of them knew company’s mission. They felt as if in a state of ignorance of what they are, where they are heading to and what is their role in the company. All of them indicated having no idea what their strategy is and if there is anything besides profit making. They had expected to be part of something bigger while ended up feeling merely “screws in the profit machine”.

After presenting the report to Andrew and his management team we agreed on the next step of organisational change. It began with unofficial executive coaching helping Andrew to understand the role of leadership in organisational



culture. I strongly recommended to take leadership challenge proposing my support where is needed.

First we agreed on presenting key findings to the whole company. Andrew announced an event and set off on preparations. Important leadership step was that Andrew openly discussed the report in front of the whole company admitting managerial mistakes of the past. He urged everyone to leave the past behind and look forward together. He also announced about organisational culture change project and informed about some of the priority issues he is going to fix. May part there was to give a short presentation of the MBM philosophy.

It is to be mentioned that Andrew's active leadership steps were taken very positively by the management team. He regained their trust and made them to engaged in the long awaited change for the better. It was quite obvious though that dealing first with the core of the crisis was an essential part of the later success with MBM implementation. Had we started with introducing new management system on the top of crisis it almost certainly would have resulted in failure.

## **MBM implementation stage**

### **Main mission and the leadership challenge of shared missions**

In November 2014 my colleague Arturo Soto and me set off with the management team for the first MBM session. The team seemed very inspired, enthusiastic and engaged. After finishing editing their new mission statement we encouraged them to take all this work to their departments and do the same with them. To our surprise this brought a sense of shock and frustration.

It was evident that we have to support them as much as they need. That meant meeting with each manager individually and helping them prepare for the sessions with their employees. Leadership skills on a managerial level appeared to be lacking because many of them were promoted to this position for their "sales" qualities rather than leadership qualities. We realised that unless we walk that extra mile with the client the project initiative is going to dye.

Formulating shared missions appeared a major challenge and the bulk of a hard work. Managers started to miss or cancel deadlines and show reluctance. In one of our regular meetings with Andrew we told him that this is the phase of the project's crisis. Managers face difficult challenge and naturally test the determination of their leader. We told that in this situation they will be determined as much as Andrew is. Andrew organised several management team meetings where he asked to report their progress at their departments and made clear that this project is not going to "evaporate" as it happened with

some other “strategy” projects in the past. Majority of managers took our proposal for help and we walked through their anxiety together. They engaged their teams in the process and formulated their shared missions. This was so unusual for many employees that at the beginning they acted cautiously, yet, later engaged in the process.

There was only one exception. CFO declined all our proposals for help yet he was late with all his deadlines. His “back office” included finance, accounting, IT, legal and administration departments. Finally after presenting his shared missions it was evident that all this is the product of one man’s creativity. Other managers were also shocked and irritated. My question “how much his employees were involved in this work” exploded to an open conflict between him and other managers. He verbally attacked everyone for blaming him being dishonest. He also turned to openly question our competences. This lasted for few days including emailing. At this point we thought the project might get stuck. However, Andrew interfered and disrupted emotional emailing between managers.

To manage the conflict I met CFO in private and asked if there is anything we can help him with.

He admitted the lack of skills in managing group work. It became clear that this process brings him stress. We agreed that he will invite me to the shared mission formulation session and I will help him where he feels necessary.

The session was a frustration. It was evident that earlier he had made some attempts with some of his back office staff to work on that. However, it did not work. Many of his employees were either irresponsive or irritated. Also it was evident that some of shared mission statement were created by the CFO from scratch, without employees even knowing this. He had issues with letting people speak and when they did he would reformulate their thoughts to the “better” version. It caused even more irritation and disengagement. Several times I had to step in and make employees keep on talking also asking the CFO to let them say this and keep their version. The session seemed promising. However, the final version of shared mission was not exactly what we had achieved. Clearly he re-edited making it similar to the previous version. Few months later the CFO left the company.

### **Formulating the key performance indicators (KPI)**

This process seemed to be the opposite of the enthusiastic formulation of main mission. These managers are good at making thoughts sound nice and fluent. However, when we came to the step where they had to decide how to measure all this they experienced yet another blow. They found that apart of profit related indicators they have neither skill nor methodology to measure anything

else. So we had to meet with managers individually discussing how to recognise the KPI's in their missions and how to decide on measurements. It took a lot of time and effort. The process seemed to stuck again. Every time managers had to do their homework they would skip deadlines and retreat to the passive mode. This is where Andrew's leadership came in again. Andrew insisted that they are not going to stop until they have all KPIs. He carefully reviewed all the sales department KPIs and suggested a solution for the crisis. He propose that all the different sales departments would unify some of their KPI relating to sales. Yet all KPIs which reflected uniqueness of the department stayed authentic.

This was the breakthrough. Managers instantly engaged in creating lacking measurement methodologies. Employees took this idea very well too. After few weeks the process of KPI formulation was over.

Next step was to organise a common event for the Lithuanian company bringing the whole picture together. Andrew informed the company that each department will have to present their shared mission to the rest of the company and encouraged creative approach. The response of employees was active and positive. During the final event there were lots of laughter as some of departments took creativity challenge seriously. During that event Andrew also publicly reviewed his earlier promises. He also announced that the change project is not over and that they are going to develop mission focused strategy.

The sad side of all this was the back office. Their KPI's where huge mathematical formulas which had nothing to do with employees engagement. During this event employees looked embarrassed. Later I inquired some of them whether they participated in making those KPIs. They told they did not. The new CFO is currently working to fix this situation.

We have finished the mission based strategy phase. Next steps in our consultancy process is to finish communication plan. Also Andrew publicly announced to the company that the following phase is introduction of mission/strategy based competence system.

### **What we learned from this experience**

There are two essential factors which we think determined our success. That is leadership and consultancy commitment.

### **Consultancy commitment**

We practically learned that committing to client's success is what consultancy is ought to be about. Selling fancy management idea alone most definitely would have resulted in project failure. That would have proved bitter experience of

companies that there are “cohorts of consultants out there selling things you don’t need” (Andrew’s words). This project took far more than it was initially agreed. We had to make a choice to stick to the contract or walk long extra miles for the client. We chose the latter, which meant meeting managers many times, being at hand for them. Our sincere commitment resulted in mutual trust. It was very difficult to anticipate the number of days or meetings the project will take, however, our commitment paid off later.

Trying to see things from the perspective of the company we realised that MBM system for them is as if a new machine purchased by the factory. For the consultant to sell it is just a first minor stage. What is essential is to help client to start it, teach them to use it and be there for them when they learn. Later in addition to the project contract Andrew proposed to sign a contract of permanent consultancy on demand with fixed monthly fee. The effort paid off.

### **Leadership**

From the very beginning it was evident that success of this project depends on Andrews commitment. His initial reluctance to take administrative responsibilities indicated that he felt uncomfortable and shy in front of people. We had to help Andrew in this from scratch, supporting his leadership steps. After his request I wrote first communication speech for him which he rehearsed on me first. I had to help him prepare even for the corporation’s Central Management Team meeting where he had to share his success story. Later he asked me to start giving feedback on his communication with managers. That meant addressing his habits of rudeness. We have prepared a mission based table where he have to track how he implements his mission towards his managers. Gradually Andrew stopped asking to draft speeches for him and to participate in company’s communication events. He began managing the challenge by himself. Andrews leadership was essential in several critical stages of MBM implementation. Managers several times naturally tested his determination. We have learned how essential leadership is in building organisational culture and guiding company through the change towards success.

### **Authors' Biographical Notes**

Saulius Matulevicius (narrator of the case study) is trained social anthropologist working in management consultancy. Saulius and his colleague Arturo Soto join their skills and knowledge in helping companies to unleash their human potential through Management by Mission philosophy and methodology. Both having academic backgrounds they also give talks and trainings for company on mission based business approach, organisational values and leadership. Both practice coaching. Saulius is working on his PhD in Social Anthropology. Arturo has his business degrees, yet also he is working on his BA in Philosophy with focus on business ethics.

# Implementation of MBM in Alpha Omega: Connecting Personal Mission and Organizational Mission in a Small High Tech Company

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## Abstract

Alpha Omega Engineering was founded in 1993 and today is one of the world leaders in the production of neurosurgery equipment. It is the first hi-tech Israeli company funded and managed by an Arab.

The boom of the hi-tech sector in Israel in the 60'-70' ("Silicon Wady" appeared. Wady means valley in Arabic) was notably related to the defense industries and most of the companies were afraid of hiring Israeli Arabs. Imad Younis, founder of Alpha Omega, suffered personally from this situation and decided to fight for changing it. He developed the vision of a future with equal job opportunities for Arabs and Jews in Israel. His wife Reem, co-founder of the company, also shared and pushed this same vision.

In this case we will describe the origins of the company and the vision of their founders, its evolution and the discovering of Management by Missions as the tool for:

- a. Transmitting their mission to their employees and people around Alpha Omega.
- b. Bringing real and solid change.

We will bring up the difficulties they faced and still face regarding how to implement the system in a small company, how to give to this project the priority it requires and finally the arguments inside the company about the convenience of the system itself for a company like Alpha Omega now, fully immersed in a process of strong growth.

**Keywords:** Management by Missions, leadership, change management, personal mission, corporate mission.

**How to cite this paper**

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## 1. Discussion and Contribution

It's March 2016. Imad Younis, founder of Alpha Omega Engineering, arrived home at 10 at night, after another exhausting journey. He is watching the forest behind his house, from the porch. When he discovered the philosophy of Management by Missions (MBM) in 2009 he decided that his company would be managed with this system. Since then, the company had been doing very well and it is still growing at a remarkable pace. The implementation of MBM began but was not completed, due to the ever more demanding daily work and for other reasons. The next week the delegation of the new Chinese distributor was supposed to arrive, a big one. They would stay the whole week and it would demand his full attention; other projects will wait. Imad continues watching and thinking. The MBM project is occupying space in his mind for too much time. He needs to decide now whether to restart the implementation or focus on his company's growth.

## 2. Alpha Omega now

Alpha Omega is a medical device company in the neurosurgery and neuroscience sector which offers cutting edge solutions in neural monitoring and stimulation markets. It is the world leader in neurosurgical equipment using MER (microelectrode recording) in implanting Deep Brain Stimulators (DBS), and it is a pioneer in introducing new technologies to neuroscience labs and to the neurosurgical research market. Alpha Omega's neurosurgery equipment is used during DBS procedures performed in hospitals worldwide, treating Parkinson's, OCD and other neurological and psychiatric disorders<sup>4</sup>.

The company, privately held, counts on 75 employees and it is based in Nazareth (Israel). It has two subsidiaries (in the US – Atlanta – and in southern Germany) and various distributors in China.

Alpha Omega has a customer base of over 500 distinguished hospitals and neuroscience labs worldwide, and works closely with the top opinion leaders in the field.

All of Alpha Omega's medical products have FDA and CE approvals and the company is working towards getting CFDA (China Food and Drug Administration) approvals for all of its medical products.

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<sup>4</sup> A sample of the possibilities of curing diseases using Alpha Omega equipment: <http://www.alphaomega-eng.com/Articles.aspx?id=26&CatID=26>



### 3. Background

After studying Engineering in the Technion<sup>5</sup>, Imad Younis, 24 years old, had a clear idea: enter the hi-tech sector. He started sending CV's, more than one hundred. But there wasn't any positive answer, even for a first interview. Something was wrong.

He realized that the fact that he was an Arab in Israel was an obstacle to reaching his dream. Most of the hi-tech companies were related to the national defense sector and Arabs were not allowed there. Also, the fact that he had not served in the Army<sup>6</sup> was seen by many employers as at least suspicious and it lowered his chances. Seeing that, Imad decided to go to the US. He came back after one month with a new version of his primary dream: to create a company in the hi-tech sector, as soon as he was ready, where Arab candidates could have equal opportunities for employment.

He started looking for a job again and he found one at Technion, in the neuroscience department. Some years later he started to work in the R+D department of a company that produced pieces for heart implants. He gained experience and little by little started his own venture, in 1990. He started asking his boss to reduce his work journey for dedicating more time to his venture. He repeated his claim different times until his boss told him: "Imad, you have to choose". He left and registered Alpha Omega Engineering in 1993: the first hi-tech Arab company in Israel.

In the meantime, Imad had married Rem, a girl he had known during his studies in the Technion. Also an engineer, Reem started her own venture in 1990, Alpha-Cad, an engineering company for civil building and architectural design. She shared Imad's vision regarding the employment of Arabs in Israel. But at that time the vision was relegated to the future: the only goal on mind then was to survive. None of them knew anything about business but they launched the companies anyway. They were located 50 meters apart and only Reem's had a fax. When Imad needed the fax, he went to send it from Reem's company.

Alpha-Cad was doing well. In three years it already employed seven engineers. Alpha Omega, on the other hand, was going through financial problems. Starting in the field of production of neurosurgery equipment, Imad needed more capital and he didn't have yet the trust of the banks. So Reem decided to sell Alpha-Cad to help Imad develop his company and to join Alpha Omega.

Years went by and Alpha Omega grew, making a name for itself in the sector, among huge competitors from all over the world. Little by little the vision they

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<sup>5</sup> Israel Institute of Technology <http://www.technion.ac.il/en/>

<sup>6</sup> Three years for men, two for women, but not compulsory for Arabs. Most of the Israeli Arabs don't serve in the Army for ideological reasons.

shared was coming true. But still, Imad remembers what Reem told him once in 2008: “we were envisioning employing thousands of people. And there are just thirty of us”.

On March 2009 Reem and Imad participated on a workshop about Management by Missions (MBM) led by Pablo Cardona<sup>7</sup>, with other forty businessmen. There they realized that MBM was the tool they needed for achieving their vision. They talked to Pablo Cardona immediately after the seminar and together they wrote a first mission for the company. But after Pablo’s departure and without the help of an expert on MBM, they didn’t reach the next stage of defining the shared missions for the different departments.

Four years later, on 2013, they hired Javier to start the HHRR department and continuing the implementation of MBM, and he decided to contact Carlos Rey. In the spring of 2014 Reem and Imad travelled to Barcelona to meet Carlos and they designed a plan for continuing the implementation. On July 2014 he came to Israel to give a workshop to Alpha Omega’s managers, where they learned about the methodology and together redefined the old mission, this time taking into account the different stakeholders (see **Exhibit 1**). The workshop was a success. All the managers were deeply involved in the sessions and they recognized the capacity of the methodology to make a great change in the company.

The new mission was communicated inside Alpha Omega. Reem and Imad also defined the values they wanted for their company (see **Exhibit 2**). They did it alone because they felt that the values cannot be negotiable. Those values would be the ones which would develop the leaders of the company and guide them to continue its mission when Reem and Imad aren’t there. They were written on the coffee cupboards for all employees to see. The new mission started to produce results. For example, if an employee came with a proposal, one of the criteria for its approval was whether it would help to achieve the mission of the company. The mission started to act as a reference.

Reem and Imad defined three areas in which Alpha Omega should act with priority: Education, Employment, Empowerment. Three areas to focus their efforts, inside the company and in the community. Again, when an employee comes with a proposal, if it addresses the 3E’s it is more likely to be accepted.

One thing they learned in the workshop was the necessity of acting as a leader, in order to produce more leaders and achieve the mission. They concluded that people learn when you teach them, when you practice what you say and when others see you as a role model.

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<sup>7</sup> IESE professor who developed the MBM methodology, together with Carlos Rey.

Related to this, Reem and Imad soon realized that their common mission required involving many other agents outside the company: public entities, NGO's, etc. So they decided to divide their tasks: Imad would be in charge of political relations and those more directly related to the business, while Reem would focus on the community aspect and on building relations with different NGO's and associations with common goals.

They started to make contacts with other people and they realized that many others were ready to share their goals. They started to participate on different boards and it gave them the possibility of bringing to the table the issues that mattered them, with the possibility of making change. They realized the importance of being present in those forums.

One satisfaction for Reem and Imad has been to see their former employees launching their own companies. Alpha Omega and the high tech sector are very demanding and many people working in the company left in the course of time. Very often the experience gained in Alpha Omega has proved a valuable asset for them for continuing working in hi-tech or for starting their own venture.

But the hours of the day are too few to grow Alpha Omega and also make change outside the company. Reem shared the motivation behind her vision: "we lived in the US in 2003 and 2004, when we opened our subsidiary. We liked very much the country and our life there. But if the strong people leave, only the weak would remain in our community, and they won't be able to make change. Not everybody has the capacity to change things. You need to be strong. So we decided to stay, and we also want our kids to stay and to contribute their efforts to make change<sup>8</sup>".

She goes on: "we promised Dima, Jude and Nada [their sons] to build a better future. And this implies that Alpha Omega must be a sustainable company, not centered on Imad, that produces leaders. A company that will act as the engine of an ecosystem for spreading the mission".

About the role of MBM in her vision: "it will help the employees to be better: to be people who care for others. It will help to transmit the mission and to internalize it. And it will help them to have the "leadership mode" always ON, to be able to influence positively: in the company, at home,... everywhere".

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<sup>8</sup> Reem and Imad are Arab Christians. In the last census of the British Protectorate (1931) the number of Christians was 91,398, out of a total population of 1,035,821 (almost 9% of the population. See: A. Zaiman, "Census of Palestine, 1931," *Journal of the Royal Statistical Society* 96 (1933): 660-662). During and after the conflict that followed the declaration of the State of Israel many Christians left (aprox. 60%: See: "Statistical Abstract of Israel 2014 - No. 65 Subject 2 - Table No. 2"). According to the numbers of 2014, Christians in Israel are 163,500 out of a total population of 8,296,900 (less than 2%. See: "Statistical Abstract of Israel 2015").

Imad explains that MBM can help Alpha Omega because “the hi-tech sector can turn people into monsters. And this is not part of my dream. Problems in QA, production, reliability,... it’s important to have a compass for the employees, that everybody shares, wherever they may be (...) If everybody in the company works like me to accomplish the mission of the company , then things will go right: reliability, development, marketing, sales,...”.

MBM started to take shape in Alpha Omega. Nevertheless, since Javier had left the company on May 2014, they again didn’t have anyone to direct the next stage, the definition of the shared missions. This was another frustration, since Reem and Imad felt there was still a long way to go:

The mission had not been yet communicated properly, through shared missions, to all the employees, and so they could not focus their efforts in the common mission of the company.

The values needed to be spread and lived.

Both the mission and the values were only at the CEO level and shared by some of the managers, in an informal way. They needed to be lived by every employee.

On 2015 Alpha Omega hired a new manager for the HHRR department. But after some months they saw that she was not going to be the one to lead the implementation of MBM either.

#### 4. The situation in 2016

Since 2009 the workforce more than doubled<sup>9</sup> and sales grew strongly. The sector itself calls for being global in order to compete and this means setting a very demanding pace inside the company. This is reflected in Alpha Omega’s vision (see **Exhibit 3**). The strong growth has brought with it complications in the organization (see organizational chart in **Exhibit 4**):

- People who lead new projects are not necessarily the department managers and this has made more difficult to understand the internal hierarchy<sup>10</sup>.
- Due to a deficient response in customer service, the customer support department had been divided into five sub-teams. The problem of the customer will go to the next level if it can not be solved previously. Team

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<sup>9</sup> From 30 people then it has passed to 75. Moreover, some of the former employees left and among them part of the management board that started the MBM implementation.

<sup>10</sup> MBM methodology needs a clear organizational structure for the implementation, in order to bring the mission down from the CEO to every employee.

one (a member of the sales team) and two (a more experienced one) were located in the customer facilities. Three was in Alpha Omega, with a more experienced engineer. Four in production. And the last one in R+D.

The subsidiaries abroad were growing accordingly. They were meeting their demanding targets, although on some occasions it looked like they didn't share a common goal with the headquarters. And all in all, income more than tripled from 2007 to 2015! (See **Exhibit 5**).

## 5. The decision

It's March 2016. Imad contemplates for a moment the evolution of his company. Who would have thought 20 years ago that Alpha Omega would be where it is now, starting from scratch and growing at such a pace? Their products are leading the way in its sector (see the last development in **Exhibit 6**).

He came from Canada last month, heading a delegation of Israeli Arab entrepreneurs for a one week meeting with Canadian counterparts with the aim of strengthening ties between both countries and fostering innovation and entrepreneurship<sup>11</sup>. Later on, he and Reem were invited to talk to the AIPAC<sup>12</sup> about the mission and achievements of Alpha Omega<sup>13</sup>.

He is making change. He is fulfilling his dream. And he didn't implemented MBM: they manage without it. But he continues wondering why they didn't continue: it's true that the rhythm has been frenetic in the last few years but maybe if he had pushed for a clear objective and milestones... He enters the house and closes the door, it's cold outside. He still has a decision to make.

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<sup>11</sup> Carleton University hosted the event, covered in its website (Imad Younis is the one with the yellow tie in the second picture): <http://carleton.ca/our-stories/story/matchmaker-for-tech-innovators/>

<sup>12</sup> The American Israel Public Affairs Committee is a lobbying group that advocates pro-Israel policies to the Congress and Executive Branch of the United States. One of the most powerful in the country, it helps to raise money for the campaigns of candidates to the presidency of the US.

<sup>13</sup> <https://www.youtube.com/watch?v=BdZZFC4jMxl>

**Exhibit 1**

Mission of Alpha Omega Engineering



**Exhibit 2**

Values of Alpha Omega Engineering



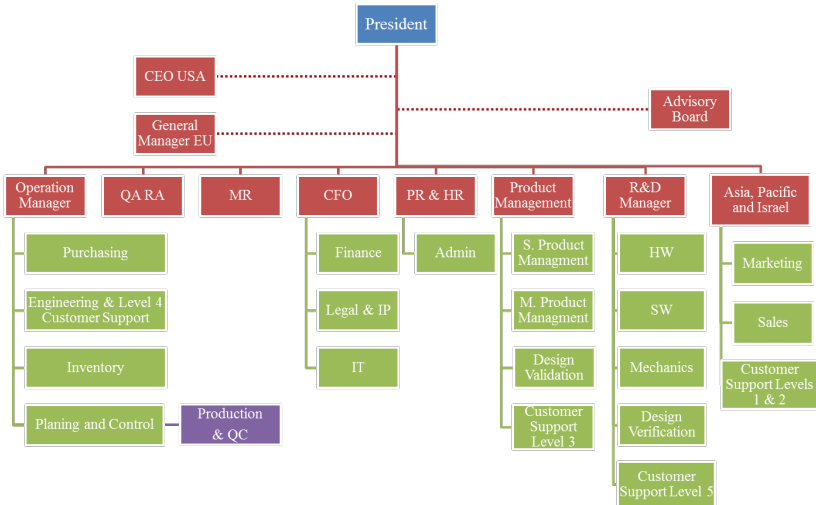
**Exhibit 3**

Vision of Alpha Omega Engineering

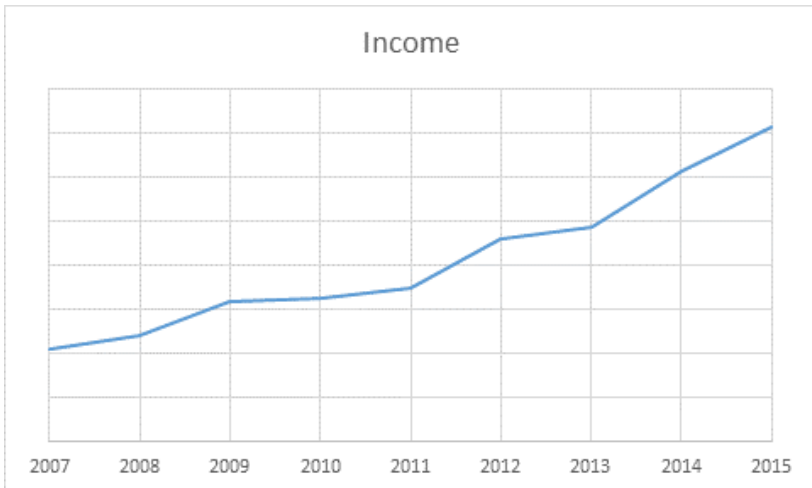
- Capture at least 60% of WW MER market.
- Capture a major share of DBS clinical market.
- Enter new applications and markets; e.g. epilepsy research, European countries.
- Dominate supply of clinical research systems and solutions for the DBS research scientific market. Provide superior solutions to neurological clinical research.

**Exhibit 4**

Alpha Omega’s organizational chart (July 2015 version)



### Exhibit 5



### Exhibit 6



**NeuroNav** - A portable micro-electrode recording (MER) system used during DBS procedures for guidance and target localization. The NeuroNav targets smaller centers or newly established practices. The system is approved by the FDA, CE and CFDA.



## **Authors' Biographical Notes**

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Carlos Rey teaches Strategic Management and is the director of the Chair Management by Missions and Corporate Governance at Universitat Internacional de Catalunya. As strategic and change management consultant has worked for important clients such as Sony, Repsol, Abertis o Bristol-Myers Squibb. Currently he is the Director Partner at Dpm Consulting, a global management consultant. Coauthor of the book "Management by Missions" translated into five languages.

The growing presence of missions in companies is the foundation of an evolutionary process of management, moving beyond the management by objectives to a new form of "management by missions". Management by missions study how companies organize and manage the missions at different levels of the company (from corporate to individual), how they integrate missions with other management practices (strategy, objectives, leadership, communication, training, compensation,...) and ultimately, how they promote the integration between the company's mission and personal mission of its employees.

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