Importance of Formal Expression of Purpose: Analytical Essay

Introduction

In the current era characterised by breath-taking progress across all aspects of a business owing to the high levels of competition and dynamicity, now more than ever, organisations must explicate their purpose through their mission statement. This has become a sine qua non for an organisation to obtain a “social license to operate” (Ketchen et al., 2014) from its stakeholders. This essay will evaluate the importance of an organisation formally expressing its purpose through a mission statement using evidence.

Significance of formally expressing

An organisation’s mission statement is an articulation of its purpose and not merely a form of important internal communication (Jisc, 2012). As a strategic tool in communicating the purpose, it plays a crucial role in a competitive market to differentiate an organisation from its competitors. A formal expression maintains “the organisation and its public image in sync, giving its public persona greater gravitas” (Gershoni, 2019).

Stakeholders must be made aware of an organisation’s purpose since this renders a focal point to ensure that decision-making is guided by a single purpose. This heightens efficiency and productivity in the organisation. Organisations that do not formally express their purpose risk raising a question on their reliability and willingness to be held accountable for their actions (Blair-Loy et al., 2011, p.9). Organisations which do not vocalise their purpose for tomorrow will not necessarily fail, but neither are they inclined to thrive (Jisc, 2012).

Responsibility towards stakeholders

An organisation is liable to its stakeholders. This requires the organisation’s purpose to be exhibited to deliver each a measure of satisfaction. Mission statements are a medium used to signal an organisation's alignment with its external environment. “Attentiveness to external stakeholders is important because firms depend on them for resources and legitimacy.” (Blair-Loy et al., 2011, p.4)

A distinctly expressed purpose instils a sense of belonging within the employees and motivates them to work harder. It helps with recruitment as candidates opt-out if they believe their principles do not coincide with the organisation's purpose (Gershoni, 2019). Consumers know why they utilise that organisation’s product or service. Partners recognise the reason to collaborate with that organisation rather than a competitor. Suppliers feel proud of their product or service that can help achieve the purpose of the organisation (Gershoni, 2019).

Example

LEGO has produced one of the greatest turnaround stories using its mission statement to re-

establish its original purpose of existence. In 2004, the worst financial results were obtained in LEGO's history and Jorgen Knudstorp became the company's CEO and his first action was to restore the company to its original purpose, "to inspire and develop children to think creatively, reason systematically, and release their potential to shape their own future- experiencing endless human possibility" (Gbadebo-Smith, 2020).

Knudstorp aligned the crucial stakeholders in line with this purpose and aided LEGO in regaining success. This helps in identifying the purpose of an organisation as a fulcrum upon which significant value can be created. Formal communication of a purpose ensures unity and effectiveness in achieving it.

Conclusion

An organisation's stakeholders are inspired when the organisation has a compelling purpose expressed through its mission statement. This can be extremely motivating when conveyed with a clear intent to everyone internal and external to the organisation. Mission statements act as a "North Star" (Linkedin, 2017), which provides direction to the organisation.

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