Importance Of Formally Expressing Purpose Through Mission Statement

Introduction

In an era as dynamic as the one prevailing, featured by breath-taking progress across all aspects of a business- from competitive intensity to the challenges induced by a business's environment, now more than ever, organisations must explicate their purpose through their mission statement. This aids the stakeholders to recognise the role an organisation plays to provide it with a "social license" to operate. 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. 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.

Those who affect an organisation's functioning must be aware of its purpose since this renders a focal point which aids in aligning everyone with the organisation to ensure that decision-making practices 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. Organisations which do not vocalise their purpose for tomorrow will not necessarily fail, but neither are they inclined to thrive.

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.

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 that their principles do not coincide with the organisation's purpose. Consumers know why they utilise that organisation's product or service. Partners recognise the reason to collaborate with that organisation rather than a competitor and suppliers feel satisfied that their product or service can help achieve the purpose of the organisation.

Evidence

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

establish its original purpose of existence. Between 2003-2004, the worst financial results were obtained in LEGO’s history. The 35-year-old wunderkind 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”.

He then aligned the crucial stakeholders in line with this purpose to bring the company back on course to attain success. This implies that the purpose of an organisation is 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”, which provides direction to the organisation.