

Strategic Mission Formulation by Passenger Car Companies in India: A Comparative Study.

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Abstract

PURPOSE: Post liberalization Indian car industry has undergone a paradigm shift providing new variants to customer and posing unique challenges with the fast changing business environment. With increasing competition, emerging customer demands, regulatory interventions, and technology led disruptions, and higher shareholder expectations, the car companies are being forced to constantly review and revisit their operating models along with change in the vision, mission and objectives as per the required change of the dynamic environmental forces. A number of studies have been conducted in India which examined the Advertisement Effectiveness, Strategy Formulation, Environmental Scanning, Product performance, Marketing Strategies of passenger car companies. But there is no descriptive study showing the strategic mission formulation by the passenger car companies is been conducted, which have a crucial role in deciding the course of action of the passenger car companies to achieve objectives in future and to pursue its team to achieve the mission and vision. So the present paper makes insight on the passenger car companies in India in order to make their management effective and efficient in formulation of Strategic Mission which ultimately decide the future course of action for the passenger car companies and pursue the teams to achieve their vision and objectives of the organisation in the rapid changing business environment.

RESEARCH TYPE: Empirical

PRACTICAL IMPLICATIONS: The management of the selected passenger car companies may start adopting efficient and effective strategies for Mission Formulation for their company in order to improve their overall efficiency to achieve Vision and objectives of the organisation which ultimately affects policy formulation, management practices, product management and controlling practices of the company.

RESEARCH LIMITATIONS: The formulation of Strategic Mission, more often than not is considered a routine matter. Hence for the managers it may be bit tough to exactly reveal the extent to which their company indulges in formulation of strategic Mission statement. Further, confidentiality may prevent the managers to elaborate on the said issue.

Keywords: Passenger Car, Strategic Mission, Business Environment, Vision, Objectives.

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I. INTRODUCTION

The mission, vision and values are more often established when the company or group is initially set up and the mission is incorporated into the organisation action plan or strategic plan. A vision and mission are critical and standard elements of a company's organizational strategy. Most established organisations develop organizational vision statements and mission statements, which acts as foundation in the establishment of organisation objectives. The organisation then develops tactical and strategic plans for objectives. The vision of the organisation provides a common sense of purpose and identity, provide long-term direction and communicate internally and externally what their organisation is about. Establishing the mission, vision and values are also continues process of review to ensure that they are still relevant for the current challenges and environment. Many companies find it useful to review these at the start of their process of strategic planning. The Management of the organisation must ensure that the organisation operates in a way that is consistent with its mission, vision and values or ethical principles. This should be the basis for planning and monitoring, expenditures, reviewing all activities, decision-making and policies. Companies use a variety of ways to communicate why they exist in society, how they work and what it is they hope to achieve. The core purpose of the company is mostly defined in the strategic plan and the organisation governing documents. Companies are not legally permitted to execute operations which are not within the premises of their core purpose, as defined in their organisation governing documents. Vision statements are sometimes confused or used similar with mission statements. Vision statement should include a perspective of corporate values and offer more of a direction. The

mission statement of the organisation does not include a single element rather it is a combination of the core values of the organisation on which organisation working on. Mission statements have been reported as a broad framework around which other strategic aspects like vision, strategic intent and capabilities, behavioral standards, goals, core values, objectives, business models etc evolve.

II. LITERATURE REVIEW

The literature is inundated with those scholars who believe that before writing a mission statement, leaders in the organization essentially have an idea of what is in store for the future and thus the vision is the foundation for the mission statement. The vision provides a strategic direction, which is the springboard for the mission and related goals. Mission statements are broadly believed to be base to any strategy formulation process (Wheelen and Hunger, 1998). The mission of an organization represents the reason for existence and for creating value for society. More fundamentally, mission statements are supposed to move on the path of success as a purpose of an organization in line with the values and perception of stakeholders and should give answer the questions: “what business are we in?” (Johnson *et al.*, 2008) “what is our business for?” Mission statements are said to do a good job in capturing corporate level strategy in terms of scope, boundaries and value creation (Johnson, 2008; David; 1993). Mission statements have been reported as a broad framework around which other strategic aspects like vision, strategic intent and capabilities, behavioral standards, goals, core values, objectives, business models etc evolve (Campbell and Tawadey, 1992).

Several studies (Campbell, 1997; Mullane, 2002; Rigby, 1994; Campbell and Yeung, 1991) have explained that how mission and vision statements can be used to build a common and shared sense of purpose and also serve as framework through which employees focus are created. Some schools of thought believe mission and vision statements tend to enhance motivation, shape attitude & behavior, cultivate high levels of commitment and ultimately impact positively on employee performance (Mullane, 2002; Collins and Poras, 1991; Ireland and Hitt, 1992, Drucker 1959, Klemm *et al.*, 1991).

OBJECTIVES

The major objectives of the study are as under:

- To know the extent to which the selected passenger car companies indulges in strategic mission formulation.
- To see which of the mission component influence the mission statement of the selected passenger car companies more.
- To assess the difference in the mission statement pursuit by selected passenger car companies.

HYPOTHESIS

Keeping in mind the objectives of the study following hypothesis has been tested:

- The selected passenger car companies do not differ significantly in their strategic mission formulation pursuit.

III. RESEARCH METHODOLOGY

This is an empirical study. Both primary and secondary data is used by the researcher to arrive at necessary conclusions. The primary data have been collected to assess the extent to which selected passenger car company taken into consideration the various factors while formulating the mission statement. For this the researchers have used a structured questionnaire addressed to the managerial cadre of the respective passenger car company. The questionnaire has been designed by the researchers keeping in mind prominent component of a strategic mission. In all 120 respondents (37 from Maruti Suzuki, 42 from Tata Motors and 41 from Hyundai Motors) have been included in the sample. The choice of the sample has been governed by judgment and convenience of the researchers. The secondary data incorporated in the research is the outcome of literature reviewed on the said theme. The data so collected have been analysed with the help of SPSS software using various statistical techniques like mean, standard deviation, ANOVA, post hoc analysis etc. and presented with the help of appropriate statistical tables.

SCOPE OF THE STUDY

The present study aims at assessing the extent to which the various component is scanned by the passenger car companies while formulation of strategic mission. Three prominent players of Indian passenger car industry viz. Maruti Suzuki India Ltd. (MSIL), Tata Motors Ltd. (TML) and Hyundai Motors India Ltd. (HMIL) have been included in the sample of the study. MSIL and Tata Motors are the largest companies of Indian origin and offering varieties of cars to serve its customer base, whereas Hyundai is the largest South Korean company operating in India and offering different variants of cars to its customers.

THRUST OF THE STUDY

The researchers, after reviewing literature on mission formulation by passenger car companies have devised their own dimensions concerning same to garner the views of the respondents. The thrust of this study is on the formulation of Mission Statement by the selected passenger car companies.

IV. ANALYSIS & INTERPRETATION

The mission statement of the organisation does not include a single element rather it is a combination of the core values of the organisation on which organisation working on. To keep a wider focus the organisations gives due consideration to various stakeholders either insider or outsider like customers, product and services, market, technology, concern for survival, growth and profitability, concern for social welfare, concern for employees and so on. The following section make an insight on the selected passenger car companies that how they taken into consideration the various mission essential while developing mission statement.

Table 1: Focus Areas of Selected Passenger Car Companies' Mission

Variable	Company	Mean	S.D.	F-Value	Significance	Post Hoc Analysis			
						Company	Mean Difference	Significance	
Customers	MSIL	4.56	0.554	0.385	0.681	MSIL	TML	-0.099	0.419
							HMIL	-0.017	0.885
	TML	MSIL	0.099			0.419			
		HMIL	0.081			0.496			
	HMIL	MSIL	0.017			0.885			
		TML	-0.081			0.496			
Product and Services.	MSIL	3.27	1.121	37.008	0.000*	MSIL	TML	-1.379	0.000*
							HMIL	0.343	0.117
	TML	MSIL	1.379			0.000*			
		HMIL	1.716			0.000*			
	HMIL	MSIL	-0.343			0.117			
		TML	-1.716			0.000*			
Market.	MSIL	2.62	0.758	72.499	0.000*	MSIL	TML	-2.092	0.000*
							HMIL	-0.232	0.236
	TML	MSIL	2.092			0.000*			
		HMIL	1.860			0.000*			
	HMIL	MSIL	0.232			0.236			
		TML	-1.860			0.000*			
Technology	MSIL	3.62	0.923	25.109	0.000*	MSIL	TML	-0.140	0.429
							HMIL	0.987	0.000*
	TML	MSIL	0.140			0.429			
		HMIL	1.127			0.000*			
	HMIL	MSIL	-0.987			0.000*			
		TML	-1.127			0.000*			
Concern for Survival Growth & Profitability.	MSIL	2.75	0.641	2.945	0.057	MSIL	TML	-0.362	0.026
							HMIL	-0.072	0.653
	TML	MSIL	0.362			0.026			
		HMIL	0.289			0.066			
	HMIL	MSIL	0.072			0.653			
		TML	-0.289			0.066			
Concern for Social Welfare.	MSIL	3.05	0.704	63.758	0.000*	MSIL	TML	-0.184	0.236
							HMIL	-1.580	0.000*
	TML	MSIL	0.184			0.236			
		HMIL	-1.396			0.000*			
	HMIL	MSIL	1.580			0.000*			
		TML	1.396			0.000*			
Concern for Employee	MSIL	2.83	0.866	8.702	0.000*	MSIL	TML	0.623	0.001*
							HMIL	-0.040	0.827
	TML	MSIL	-0.623			0.001*			
		HMIL	-0.663			0.000*			
	HMIL	MSIL	0.040			0.827			
		TML	0.663			0.000*			

Source: Managers' Survey.

• **Mission Essential 1: Customers**

In a fiercely competitive industry, customers are at the centre stage of organisation's broad mission. This is true in case of Indian passenger car industry as well with mean score ranging between 4.56 (MSIL) to 4.66 (TML) concerning focus on customers' in the mission statement of selected players.

MSIL managers' claimed that company's mission talk about driving extra miles. These extra miles are to be driven by customers only. Tata motors have its mission of providing best vehicle and subsequent best experience to its customers. Similarly HMIL talks about making its customers life time companion. The respondents by highlighting such mission statements conveyed to the researcher that customers are surely and truly focused in their mission statements. On account of extremely high scores that organisations have got on this front, these have not been detected as differing significantly.

- **Mission Essential 2: Product and Services**

Table 1 interestingly points out that products and services are not much focused in the mission statements of both MSIL and HMIL. On investigating further, the respondents of the two companies opined that products and services are not directly focused upon in their mission statements but their objectives do include these. TML, meanwhile has products and services included in its mission as judged by the mean rating the company has got. The managers' of the company pointed out the mission of the company indicates providing best products (vehicles) to the customer and the same has become guiding principle for the entire organisation. Thus, TML has differed to the other two organisations concerning focusing on products and services in mission. MSIL and HMIL, with mediocre scores have not differed significantly though.

- **Mission Essential 3: Market**

As evident from table 1, it is once again TML which is having decisive edge over its counterparts in bringing markets served in its core mission. The managers of the company indicated that serving global customers' is clearly mentioned in the mission statement of the company and the same is communicated to the employees also on continues basis. The managers of MSIL and HMIL again could not narrate any thing like that and ended up giving low scores to their organisation. Once again, the difference between MSIL and HMIL has not been detected to be significant.

- **Mission Essential 4: Technology**

Table 1 indicates MSIL and TML getting mediocre scores (3.62 to 3.76 respectively) on focusing on technology in their mission statement. The managers of these two companies opined that if not directly, indirectly technology is somewhere finding a place in their mission statement. Phrases/words such as 'driving extra miles', 'best vehicle' in the mission statements of SMIL and TML relatively were claimed to be pointing towards technology only. Amidst this confusion of direct and indirect, the two companies ended up getting scores which was neither high nor low. The managers of HMIL, meanwhile were more down to earth in accepting that technology is not found in the organisation's mission statement. ANOVA has indicates significant difference among organisations on this front.

- **Mission Essential 5: Concern for Survival, Growth and Profitability**

Table 1 indicates that managers' of none of the selected passenger car companies consider their mission as oriented towards survival, growth and profitability. With mean scores ranging between 2.7 (MSIL) to 3.1 (TML) the organisations have not been found differed significantly by ANOVA. The managers of all the selected passenger car majors mentioned that these issues are either addressed in vision or objectives but their broad mission is silent on these.

- **Mission Essential 6: Concern for Social Welfare**

Table 1 indicates that managers' of HMIL are quite sure that the mission of the company is extremely focused on social welfare. The company has managed a very good rating of 4.6 on this front. A mean rating of just over 3 in case of other two companies puts a question mark on their mission too much focused on social welfare. The managers of HMIL, to authenticate their scores claimed that company's mission duly recognises society and mankind. It has made an endeavour to work for their better future. The managers of MSIL and TML however could not reveal how their mission is directed at social welfare. Post-Hoc has revealed significant difference of HMIL with other two car makers on this front.

- **Mission Essential 7: Concern for Employees**

With a below 3 mean score the selected car majors have got, it is quite clear that their mission is not focused on their employees. The researcher was told that customers' always remained on the centre stage of mission and employees are perhaps always overlooked. This was the case with other surveyed industries too. Indian industry in general must not ignore employees while framing their mission statements as mission always guide organisation. It is the employees who by their contribution makes organisation grow. Lack of focus on them may spell doom for the organisation.

V. CONCLUSION

With MSIL's mission aiming at driving extra miles, that of TML's at providing best vehicle and experience to customers and of HMIL's at making customers life time companion, the mission of all the selected passenger car companies have claimed to be oriented towards customers. TML has found to be highly inclined towards including product and services and market served in its mission statement. MSIL and HMIL,

meanwhile have not been found inclined towards including these two elements in their mission. None of the selected passenger car company has shown great interest in inculcating technology, concern for survival and growth and concern for employees in their mission statements. HMIL, however has been found concentrating on social welfare in its mission statement.

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