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Revisiting the link between mission statements and organizational performance in the non-profit sector: The mediating effect of organizational commitment

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ABSTRACT

Although mission statements are widely adopted as an important strategic tool, their effective influence on organizational performance are not firmly established due to a lack of consistent results in relevant literature. To shed light on this relationship, the present study proposes a model to examine the mediating role of organizational commitment in explaining and clarifying the mission-performance link. Another merit of this paper is to consider mission as a formative construct.

Adopting a quantitative methodological approach, this study reports findings obtained from a representative sample of 112 non-profit health care organizations operating in Portugal. Our findings clearly demonstrate that the relationship between mission statements and organizational performance is better understood if the influence of organizational commitment, as a mediating variable of the aforementioned relationship, is taken into account. This study concludes by discussing conceptual contributions, limitations and possible future research avenues.

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1. Introduction

As a result of major financial and economic constraints induced by the greatest economic crisis in decades, non-profit organizations are increasingly compelled to develop strategies to improve their effectiveness and sustainability, in order to accomplish financial and performance goals (McDonald, 2007; Unerman & O'Dwyer, 2010; Weerawardena, McDonald, & Sullivan-Mort, 2010). Mainstream literature in Marketing and Strategic Management holds that the organizational mission is a powerful tool to deliver superior value to customers and other stakeholders while enhancing organizational performance. Consequently, to improve performance, organizations effectively need to make sense of their mission since it may act as a route leading to the achievement of long-term strategic objectives (Mullane, 2002; Siciliano, 2008). According to prior studies, key beneficial effects of a suitable mission on performance include, among other aspects, its role in facilitating strategy formulation and providing a framework for decision-making (Pearce & Robinson, 1991), its positive influence

on staff and volunteer motivation, and its emphasis on reinforcing the organization's legitimacy to its stakeholders (Forbes & Seena, 2006; Kirk & Nolan, 2010). However, although these widely prevailing assertions have gained an ubiquitous character, research has not firmly established a positive relationship between mission statements and performance. This is because while a positive link between mission statements and performance has been a dominant assumption in the management literature (Hirota, Kubo, Miyajima, Hong, & Park, 2010; Pearce & David, 1987), some studies have shown an inconclusive or even negative link (Bart, 2007a; Bart & Baetz, 1998; Bartkus & Glassman, 2008).

Such inconsistencies call for further research, particularly in developing new conceptual frameworks and measurement models that better explain the mission statement–performance relationship. Some authors have questioned the approach used in previous studies which have examined the direct relationship between mission statements and performance (Desmidt, Prinzie, & Decramer, 2011; Williams, Morrell, & Mullane, 2014). Accordingly, these authors claim that this relationship may be indirectly affected by other variables, so any effort to clarify the link between mission statements and performance requires assessing the potential mediating role of other key intervening variables. Therefore, the present study proposes a model in which the various interactions

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among mission, performance and organizational commitment are empirically tested. Specifically, it examines the extent to which mission statements have a direct effect on organizational performance and whether organizational commitment mediates the previous relationship.

It is worth noting that relevant research on mission statements has mainly focused on for-profit organizations (e.g. Bart, Bontis, & Taggar, 2001; Bartkus, Glassman, & McAfee, 2006; Forehand, 2000; O’Gorman & Doran, 1999; Pearce & David, 1987; Sheaffer, Landau, & Drori, 2008; Sidhu, 2003; Williams et al., 2014) while the nonprofit sector has been less researched (e.g. Bart, 1999; Bart & Hupfer, 2004; Bart & Tabone, 1998; Forbes & Seena, 2006). Therefore, the need to empirically examine other organizational contexts justifies our focus on non-profit health care organizations. Within the nonprofit context, the definition and implementation of mission statements, viewed as a core strategic management tool (Forbes & Seena, 2006; McDonald; 2007) assume an even more prominent role than in for-profit firms (Oster, 1995). Furthermore, in a nonprofit setting, the ability to attract and secure financial resources is not only critical to the organization’s performance, but it is particularly important to assist an organization in becoming more resilient and achieving its purpose while accomplishing its mission (McDonald, 2007; Weerawardena et al., 2010).

The objectives of this paper are threefold. First, we intend to clarify and provide an up-to-date review on the link between mission statements and performance by focussing on the indirect effect produced by organizational commitment. Second, we propose a new measurement approach that represents mission statements as a formative construct. This measurement approach can only be possible by applying partial least squares (PLS) structural equation modelling (SEM) to the data. Third, we seek to provide insights based on reliable and accurate findings on a relevant topic within the marketing and management domain.

To achieve these objectives, the article is organized as follows. Initially, we present our theoretical framework, discussing the existing literature while presenting the hypotheses that guide the study. Next, the methodology section describes the sample, data-collection procedures and measurement of constructs. The subsequent section reports the analytical steps taken, and the results obtained. Finally, we discuss our research in terms of theoretical and practical contributions and offer suggestions for future research.

2. Theoretical background and hypotheses

2.1. Defining mission statements

The power of meaningful mission statements to enhance an organization’s success derives mainly from its main premises. Defined as a formal written document intended to capture an organization’s unique and enduring purpose, practices, and core values (Bart & Hupfer, 2004), the mission statement gives a sense of purpose and direction to the organization, legitimizes its existence while providing the context for the development and implementation of a successful strategic plan (Bartkus et al., 2006; Gray & Smelzer, 1985; Pearce & David, 1987). Other authors define mission as an organization’s character, identity and reason for existence (Campbell & Yeung, 1991). Similarly, Bart and Tabone (1998: 54) emphasize that “mission statements have become recognized in modern management theory as one of the cornerstones of an organization”. The dominant belief is that a well-conceived mission statement provides a control mechanism over the behaviour of employees, assists the organization in creating a balance between the competing interests of various stakeholders and contributes to a more focused resource allocation (Bart, 1998; Bart & Baetz, 1998;

Hitt, Ireland, Hoskisson, Rowe, & Sheppard, 2002). While these core assumptions have become highly popular among academics and practitioners, the literature in marketing and strategic management has extensively addressed mission statements and other related topics over the years (Drucker, 1974; Hitt et al., 2002). Consequently, a large body of research has given rise to an intense debate reflecting various perspectives regarding defining issues, the role and key functions associated with the development of mission statements and its use in various organizational settings. Reviewing the literature in Table 1, we acknowledge the diversity of studies undertaken in the private for-profit, public and non-profit sectors covering diverse industries. Many definitions of mission statements are available. Yet, much of what has been written about mission statements, results in different views regarding their purpose and content. Recognizing the diversity of contributions surrounding the conceptualization of the mission statement, Bartkus et al. (2006) offer a three-perspective typology to measure the quality of a mission statement. Accordingly, the first perspective focuses on the stakeholders who are implicit in the mission statements, the second perspective relates to the studies that examine the content of mission statements and the last perspective focuses on the mission statement’s purpose or objectives.

Furthermore, the impact of mission statements on important managerial and strategic domains has been widely recognized in the literature. This recognition includes, but is not limited to, the influence that a mission statement has on corporate decision-making, innovation, as well as the impact of mission statements on performance.

2.2. The mission statement – performance link in the nonprofit context

Before addressing the mission statement–performance link, it is worth noting the idiosyncratic nature of the non-profit sector and how existing studies have (or have not) dealt with this issue. While there are many differences between non-profit and for-profit firms, the distinctive character attributed to the non-profit sector is mostly associated with the non-distribution constraint (Hansmann, 1987). This provision prevents a non-profit organization from distributing its surplus profits among its shareholders. In other words, non-profit organizations may accumulate profits, but contrary to what happens in for-profit firms, the profits must be reinvested into the basic mission of the organization, and not distributed as income to anyone with a beneficial interest in the organization such as staff, trustees and members (Anheier, 2005; Courtney, 2002). In this sense, non-profit organizations are often commonly considered to be mostly driven by a distinctive set of core values, norms and motivations which account for its predominantly societal orientation, closely linked to mission accomplishment (Liao, Foreman, & Sargeant, 2001; McDonald, 2007; Moore, 2000). This aspect differentiates non-profit organizations and private commercial firms, the latter existing primarily to generate profits. Consequently, ideas associated with the business world and the adoption of entrepreneurial practices are often viewed with suspicion in the social non-profit sector (Schlesinger, Mitchell, & Gray, 2004; Phills, 2005). According to this reasoning, key managerial issues such as those related with strategy implementation and management might be handled in a different way when comparing a non-profit organization with a for-profit business. This logic may well be applied to the development and implementation of mission statements.

An important stream of literature has emphasized the specific nature of the non-profit sector with its distinct features, in an effort to distinguish it from business firms. However, in the last decades, the lines dividing the sectors have become blurred (Kanter &

Table 1
Overview of the main studies on mission statements.

Focus	For-profit sector	Public sector	Non-profit sector
• Stakeholders focus	Bart and Bontis (2003) ^a Bartkus and Glassman (2008) ^a		Forbes and Seena (2006) ^b
• Mission statements content and characteristics	Baetz and Bart (1996) ^a Bart (2004) ^a Bolon (2005) ^b Bart and Hupfer (2004) ^b Verma (2010) ^c Sattari et al. (2011) ^a Baetz and Bart (1996) ^a Hirota et al. (2010) ^a Sufi and Lyons (2003) ^d	Richman and Wright (1994) ^b ; Bart and Hupfer (2004) ^b Williams et al. (2005) ^b Palmer and Short (2008) ^c Davis et al. (2007) ^c Desmidt, Prinzie, and Heene (2008) ^b Desmidt (2015) ^h	Bart and Hupfer (2004) ^b Bolon (2005) ^b Brown and Yoshioka (2003) ^g Desmidt and Prinzie (2008) ^b Forbes and Seena (2006) ^b Vandijck, Desmidt, and Buelens (2007) ^b Williams et al. (2005) ^b
• Mission statements' purpose or objectives			
• Mission statements— performance link	Pearce and David (1987) ^a O'Gorman and Doran (1999) ^a Forehand (2000) ^b Bart et al. (2001) ^a Analoui and Karami (2002) ^e Sidhu (2003) ^a Atrill, Omran, & Pointon (2005) ^a Bartkus et al. (2006) ^a Palmer and Short (2008) ^c Green and Medlin (2003) ^c Bart and Baetz (1998) ^a Bart and Bontis (2003) ^a Sheaffer et al. (2008) ^a Alavi and Karami (2009) ^a	Bart (2007) ^b ; Palmer and Short (2008) ^c ; Weiss and Piderit (1999) ^c	Bart and Tabone (1998) ^b Bart and Tabone (1999) ^b Bart and Tabone (2000) ^b Forehand (2000) ^b Bart (2007) ^b Kirk and Nolan (2010) ^f Vandijck et al. (2007) ^b

^a Business firms.

^b Health care sector.

^c Schools/universities.

^d Hospitality firms.

^e Electronic manufacturing industry.

^f Women's rights organizations.

^g Youth & recreation Services.

^h Social services.

Summers, 1987; Osborne, 1996; Weerawardena et al., 2010), with both sectors tending to adopt some of each other's characteristics. To the extent that non-profit organizations are increasingly required to become more effective (Wellens & Jegers, 2014), they often need to combine a societal orientation (Liao et al., 2001) with a market orientation (Gainer & Padanyi, 2002; Macedo & Pinho, 2006). Similarly, other authors emphasize that as competition in the nonprofit sector has intensified, non-profit managers are challenged to devise strategies that balance mission imperatives with public interest (Dolnicar, Irvine, & Lazarevski, 2007; Mendel & Brudney, 2014). Furthermore, current challenges facing nonprofit organizations include being subjected to more demanding clients, limited resources and increased accountability requirements (Verschuere, Beddeleem, & Verlet, 2014). Within this context, management becomes "the creative, enabling arm of nonprofit organizations" (Anheier, 2005: 253). As Andreasen and Kotler (2003) contend, referring to the non-profit sector, an organization should strive for a mission that is feasible, motivating and distinctive. Similarly, other authors maintain that, in the non-profit setting, the power of mission statements relies on its strategic value either as a management tool or as a performance driver (Drucker, 1990; Kaplan, 2001; Pearce & David, 1987; Sawhill & Williamson, 2001).

Since mission statements are considered critical to the organization's output, numerous researchers have endeavoured to identify the key elements of mission statements that have the most impact on the organization's performance. Yet, the complexity of such effort is evident, as there is still a general lack of consensus regarding the identification of mission statements that effectively contribute to the organization's successful output. In fact, while previous research accounts for inconsistent relationships between financial performance measures and the existence of a formal

mission statement (Bart & Baetz, 1998), other studies report conflicting evidence linking mission statements to financial performance (Bart, 1997a; Bart & Baetz, 1998; Bart & Hupfer, 2004; Bart & Tabone, 1998; Coats, Davis, Longden, Stacey, & Emmanuel, 1991; Pearce & David, 1987). One possible justification for the inconsistency of previous results is that the mission's impact on an organization's success/failure appears to be indirectly determined by other variables (Desmidt et al., 2011; Williams et al., 2014). Desmidt et al. (2011), recognizing the importance of clarifying the mission statement–performance relationship, carried out a systematic literature review covering a two-decade period of relevant research. Their findings evidenced a positive, although small relationship between mission statements and performance. In terms of managerial practice, the aforementioned discrepancies jeopardize the effective use of mission statements by managers who may become sceptical about the widely proclaimed virtues of mission statements as a way to improve organizational performance (Sidhu, 2003). In Table 2, we present a review of relevant empirical studies undertaken in the public and non-profit sectors that test the link between mission statements and performance.

As can be observed, the mixed results reported in extant research addressing this relationship show that the process through which mission statements influence performance is still unclear and deserves to be empirically examined. This study seeks to examine both the direct link between mission statements and performance, and the mediating effect of organizational commitment. Since we adopted the Baron and Kenny (1986) procedure to test the hypotheses, the first stage is to test the direct relationship between mission statements and performance. Therefore, the following hypothesis is proposed:

Hypothesis 1. There is a significant and positive association between mission statements and performance.

Table 2
Review of relevant empirical studies on the mission statement – performance link (public and non-profit sectors).

Study	Data collection	Resp. rate (%)	Sample size	Operationalizing mission statements (MS)	MS perf link	Location
Bart and Tabone (1998)	Survey	20.8	103 Non-profit hospitals	10 MS rationales	+	Canada
Bart and Tabone (1999)	Survey	20.8	103 Non-profit hospitals	23 MS Components	+	Canada
Bart and Tabone (2000)	Survey	20.8	103 Non-profit Hospitals	MS Dimensions: 1) Impact of stakeholder involvement on performance; 2) Dissemination process	+	Canada
Bart (2007)	Survey	25.25	130 Secular hospitals	23 MS Components	//	Canada
Vandijck, Desmidt & Buelens (2007)	Survey	82.2	73 non-profit healthcare managers	MS content, mission statement performance measures	+	Flanders
Kirk and Nolan (2010)	Collected from two recent IRS and organization website	NA	138 women's rights organizations	Dimension on MS: 1) Number of target audiences; 2) Geographic scope 3) Number of areas and financial performance (OHR-Over-head ratios)	//	USA

Legend: (+) – Positive correlations between MS and performance; (–) – Negative correlations between MS and performance; (//) – Inconclusive; (NA) – Not Applicable.

2.3. Mission statements, organizational commitment, and performance

A review of extant literature shows that assessing the mission's impact on the organization's success appears to be a challenging task (Bart et al., 2001; Sheaffer et al., 2008; Sufi & Lyons, 2003). This is because the relationship between mission statements and organizational performance is more complex than the results evidenced by previous studies. Consistent with this view, other authors claim that to fully understand the relationship between mission statements and performance, the potential effect of mediating variables needs to be conceptually considered (Desmidt & Prinzie, 2008; Sheaffer et al., 2008; William et al., 2014).

Organizational commitment has been a frequently studied construct attracting scholars from various theoretical perspectives. While some authors have examined the effects of organizational commitment on job performance and turnover (Farrell & Rusbult, 1981; Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989), others have focused their analysis on the antecedents and outcomes of organizational commitment (Kacmar, Carlson & Brymer, 1999; Steers, 1977). The relevance of organizational commitment as a mediator construct is also supported by research suggesting that organizational commitment has a significant impact on individual and organizational performance (Yang & Pandey, 2009).

Insofar as organizational commitment involves a) a strong belief in and acceptance of the organization's goals and values; b) a willingness to exert considerable effort on behalf of the organization and c) a desire to attain membership in the organization (Porter, Steers, Mowday, & Boulian, 1974: 604), it is then understandable that an individual would be considered as committed to the organization by being emotionally attached and identified with the organization's goals and values (Kacmar et al., 1999). In a similar vein, such behaviour implies, to some extent a sense of loyalty and commitment in relation to the organization's mission. This is in line with extant research in which the link between mission and organizational member behaviour has been generally supported (Bart et al., 2001; Bart, 2004). In this regard, previous studies have examined the way in which various mission-related constructs were actually related with employee behaviour (Bart, 1998; Bart & Baetz, 1998) and their commitment to the mission (Bart et al., 2001). Their studies not only demonstrated the association between mission commitment and employee behaviour but also corroborated the positive effect of employee behaviour on performance.

Building on the assumption that mission statements define the firm's purpose and set the 'behaviour standards' for organizational members (Campbell & Yeung, 1991), an additional role may be attributed to mission statements, that is, their potential to foster the organization members' commitment to the organizations' values and goals. By adhering to the values pertaining to the organizational mission, the organization's members would be likely to conform to the established organizational objectives. In this respect, previous studies have suggested that a significant effect of organizational commitment is to drive individuals to adhere to the organization's norms (Salancik, 1977). Such behaviour would then contribute to employee performance (Benkhoff, 1997) which in turn would also have an impact on organizational performance. In a nutshell, the essential virtue of any mission statement is its capacity to motivate individual and organizational behaviour (Verma, 2010; Williams, Smythe, Hadjistavropoulos, Malloy, & Martin, 2005). This is in line with authors who claim that an organization's success will be jeopardized if its members fail to accept the firm's missions, goals and objectives (Unzicker, Clow, & Babakus, 2000). Several studies have generally supported the relationship between an organization's mission and the behaviour of its members (Bart, 1996a, 1997a; Bart & Baetz, 1998). Similarly, mission statements have an important influence on goal congruence between the organization and its employees (Collins & Porras, 1996). However, despite the generally recognized importance of mission statements to organizations' success, the relationship between mission statements and member behaviour remains largely unexplored (Bart, 2004). Furthermore, previous studies have examined this relationship by assessing the extent to which an employee is committed to the mission, which is different to considering the degree of employee commitment to the organization. Yet, previous studies have not clearly examined the link between mission statements and the organizational commitment of its members. In light of the above arguments the following hypotheses are proposed:

Hypothesis 2. There is a significant and positive relationship between mission statements and organizational commitment.

Hypothesis 3. There is a significant and positive relationship between organizational commitment and performance.

Hypothesis 4. Organizational commitment mediates the relationship between mission statements and performance.

The model, presented in Fig. 1, depicts the relationships between

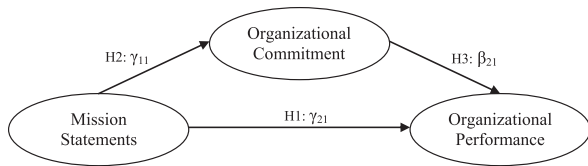


Fig. 1. Conceptual model.

mission statements, organizational commitment and performance. The hypotheses underlining these relationships integrate the research model.

3. Methodology

3.1. Data collection procedures and sample profile

The present study adopted a quantitative methodological approach as it seems to fit the research objectives more adequately. This study mainly employs existing scales from relevant literature. Following established recommendations from DeVellis (1991), a self-completion questionnaire was developed comprising the following issues: organization profile, mission statements, performance and organizational commitment. Face validity was addressed with a panel of experts (four managers and three marketing academics) in order to assess clarity of questions, determine the length of time required for completion, and examine the appropriateness of the questions asked. Based on this feedback the questionnaire was modified, and some items were eliminated, others changed and some added (Hunt, Sparkman, & Wilcox, 1982). CEOs of non-profit healthcare organizations were deemed to be suitable respondents because they are likely to be heavily involved in the strategic decisions of the organization.

The data-gathering involved a cross-sectional survey which was conducted with a national sample of non-profit health organizations. These organizations were identified from official databases obtained from both the health and the social security state departments. Particular caution was taken to cross-check the sample to avoid double mailing. An introductory letter, a questionnaire and a pre-paid reply envelope were posted to the top manager (i.e., CEO/president/administrator) of a population of 250 non-profit health care organizations operating in Portugal. The research team offered the respondents a summary of the research findings, as an incentive to participate in the study. The questionnaire was sent out twice to improve the response rate and yielded a total of 143 usable questionnaires. However, 31 questionnaires were discarded from analysis as they did not meet the requirements to be included in the sample. The final sample therefore comprises 112 organizations corresponding to a 44% response rate, which compares quite favourably with other studies in the field (see Table 2). Non-response bias was assessed by comparing the responses of early respondents with those of late respondents (Armstrong & Overton, 1977). No significant differences were found for the key constructs of the study.

Several procedures were followed to minimize the risk of common method bias (CMB): First, we used multiple items to measure each construct as it helps to dissipate short-term memory effects related to previous scales. Second, respondents were reassured that their responses would be kept confidential and only aggregate results would be presented. Third, we ensured that respondents were not aware of the conceptual model, and statements related to the dependent variable (organizational performance) and independent variables were not located close to each other. Fourth, several reverse-scored items were included in the principal

constructs to reduce acquiescence problems (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Fifth, in a post-hoc analysis, we assessed possible Common Method Variance (CMV) using Harman's single-factor test (Harman, 1976). The test generated a six-factor solution (with eigenvalues > 1.0) that accounts for approximately 67% of the total variance with the first factor accounting for 17.6% of the total variance. Since a single factor solution did not arise and the first factor did not account for the majority of the variance, systematic variance in the study measures was not found to be an issue (Podsakoff et al., 2003).

Finally, the sample used in the present study consists of organizations providing different types of services, covering diverse areas such as internment care, day health centres, external medical care/counselling services and home assistance care. In terms of location, the sampled organizations cover the national territory and are mainly located in the north and center of Portugal. The most representative regions are Lisbon (37 percent), followed by Porto and Braga (22 percent), Coimbra (10 percent), Faro (9 percent) and the Islands (5 percent).

3.2. Measures

The scales used to measure the constructs of this study were gathered from the literature and suitably adapted, wherever needed, to fit the non-profit organizational context.

The present study uses a combination of reflective and formative measures. Reflective items are determined by the construct and, as a result, co-vary at the level of that construct. In turn, formative measures are expressed as a function of the items; that is, the observed items form or constitute the construct (Hulland, 1999).

3.2.1. Mission statement rationale/achievement

Mission statements are considered as the set of core elements associated with the main rationales or drivers for developing a mission (Bart, 1996b; 1997a, 1998). In the present study, mission statement is a formative construct as it is a composite of the following items: 1) to provide common direction/purpose; 2) to define the scope of the organization's activities and operations; 3) to allow the CEO to exert control over the organization; 4) to create standards of performance for the organization; 5) to help individuals identify with their organization its aims and its purpose (and to encourage those who do not to leave); 6) to promote shared values among organizational members; 7) to promote the interests of external stakeholders; 8) to motivate and/or inspire organizational members; 9) to help refocus organizational members during a crisis; 10) to provide a sound basis for the allocation of organizational resources. To assess the degree of mission statement achievement, managers were asked to rate (using a 5-point scale 1 = not at all; 5 = to the greatest possible extent) the degree to which they felt their organizations were actually achieving the various mission statement rationales.

The rationale for operationalizing mission statements as a formative construct is twofold. First, in the formative model, the construct is formed by its indicators, considered as defining characteristics of the construct (Edwards & Bagozzi, 2000). Second, the latent variable is viewed as an effect rather than a cause and the items are not expected to be correlated with each other. Therefore, we assume that the different statements that define the construct of mission statement do not necessarily co-vary (Coltman, Devinney, Midgley, & Venaik, 2008). Put simply, while reflective items are determined by the construct and, hence, co-vary at the level of the construct, the formative items are expressed as a function of the items (Haenlein & Kaplan, 2004; Hulland, 1999). Therefore, the mission statement construct was modelled as a

(typically linear) combination of its items plus a disturbance error. In line with Henseler, Ringle, and Sinkovics (2009) this variable is defined as a weighted score across all representative indicator variables, with each variable embodying an independent dimension in its own right.

The remaining constructs will be modelled as reflective, meaning that the items all share a common theme and are interchangeable (Coltman et al., 2008).

3.2.2. Organizational commitment

We adopted the Jaworski and Kholi (1993) measure of organizational commitment. The items that tap into this construct are the following: 1) Employees feel as though their future is intimately linked to that of this organization; 2) Employees would be happy to make personal sacrifices if it were important for the business unit's well-being; 3) The bonds between this organization and its employees are weak; 4) In general, employees are proud to work for this business unit; 5) Employees often go above and beyond the call of duty to ensure this organization's wellbeing; 6) Our people have little or no commitment to this organization; 7) It is clear that employees are fond of this organization. The proposed items were measured in a 5-point Likert scale in which 1 = strongly disagree, and 5 = strongly agree.

3.2.3. Organizational performance

Deriving from both relevant literature and exploratory research, several measures of performance were used in the present study. A first concern was to adopt the performance measures that best apply to the specificity of non-profit organizations (Palmer & Randall, 2002). This implies that in the non-profit setting, performance cannot be defined solely in financial terms (Phills, 2005) and therefore financial and non-financial measures were used in this study. Financial measures include volume of gross income, growth in income, size of profit/surplus and financial equilibrium. In addition, non-financial measures comprise the following items: quality of working environment; donations; increased rate of beneficiaries/funders; increased rate of volunteers; increased rate of members, level of competence of collaborators, and degree of perceived social image. These items were measured on a five point Likert scale in which 1 = very poor performance and 5 = excellent performance.

3.3. Analysis and results

To test the empirical model and hypotheses, we used SmartPLS, version 3.2.1 (Ringle, Wende, & Becker, 2015), which is a SEM tool that combines principal component analysis, path analysis and regression to simultaneously evaluate theory and data (Pedhazur, 1982). This is an appropriate technique for the following reasons: 1) PLS makes minimal demands on sample size (in the present study the sample is small); 2) the focus of this study is the prediction of the dependent variables; 3) this study uses formative constructs; 4) the nature of two theoretical constructs relies on a composite measurement model with reflective design approximation (Roldán & Sánchez-Franco, 2012).

Although the measurement and structural parameters are estimated together, a PLS path modelling approach is computed in two stages: 1) the assessment of the reliability and validity of the measurement model, and 2) the assessment of the structural model. The first step taken was to examine the reliability and validity of measurement scales. This order warrants that the constructs' measures are valid and reliable before attempting to draw any conclusions regarding relationships among constructs (Barclay, Higgins, & Thompson, 1995).

3.3.1. Measurement model

In this study we have used both formative and reflective constructs. The mission statements variable was conceptualized as a formative construct whereas both organizational commitment and performance were conceptualized as reflective.

It should be noted that the treatment of formative and reflective indicators differ quite significantly. The assessment of formative measurement models at the item level is based on testing the potential multicollinearity among items, as well as the analysis of its weights (Jarvis, Mackenzie, & Podsakoff, 2003; Roberts & Tatcher, 2009; Roldán & Sánchez-Franco, 2012). A high collinearity among items produces unstable estimates and makes it difficult to separate the distinct effect of the individual manifest items of the construct (Petter, Starub, & Rai, 2007). Therefore, a collinearity test was computed using the software IBM SPSS (version 20). In line with several authors, the variance inflation factor (VIF) statistic, being greater than 3.3 signals a high multicollinearity (Petter et al., 2007; Roldán & Sánchez-Franco, 2012). In the case of this study the maximum VIF value for the formative indicators reach 2.04 which is below the recommended threshold (see Table 3).

The next step requires the assessment of the weights of the formative items. Specifically, weights measure the contribution of each formative item to the variance of the latent construct (Roldán & Sánchez-Franco, 2012). As with canonical correlation analysis, the weights provide information about how each formative item contributes to the respective composite construct (Chin, 1998). Hence, we have examined the significance of the weights by performing a resampling procedure (bootstrapping with 5000 resamples). Following one reviewer suggestion, only significant formative items were included in the analyses (see Table 3).

The organizational commitment and performance constructs are measured as reflective constructs. The measurement model for reflective constructs was assessed in terms of individual item reliability, construct reliability, convergent validity and discriminant validity. Although the proposed model is parsimonious, we are confident that the latent variables are interrelated. Therefore, the consistent PLS is used to estimate the reflective constructs as this procedure provides a correction for estimates (Dijkstra & Henseler, 2015).

Construct reliability is assessed using a measure of internal consistency, such as composite reliability (ρ_c). According to Nunnally (1978) 0.70 is the benchmark for an acceptable reliability, particularly when applicable to early stages of research. In the present study, the values of composite reliability reached 0.83 and 0.82 for organizational commitment and performance respectively exceeding the cut-off point of 0.70. Convergent validity is assessed by the large and significant standardized loadings ($t > 1.96$) and the average variance extracted (AVE) should be greater than 0.50. As Table 3 depicts the AVE for both reflective constructs can be considered above the recommended threshold (Bagozzi & Yi, 1988). Discriminant validity indicates the extent to which a given construct differs from other constructs. Since we are using the SmartPLS (version 3.2.1), discriminant validity was assessed by using two approaches: the Fornell-Larker criterion and the HTMT₉₀ criterion. Concerning the first criterion, the square root of the AVE for each construct was computed. For adequate discriminant validity, the diagonal elements should be significantly greater than the off-diagonal elements in the corresponding rows and columns (Roldán & Sánchez-Franco, 2012). As depicted in Table 4, the two reflective constructs satisfy this condition. With regard to the second criterion, the use of HTMT, no evidence of discriminant validity was found in the present study. First, we compared the value of HTMT to a predefined threshold. Although this threshold is debatable as it may vary between 0.85 (the most conservative) and 0.90, our HTMT value is 0.55, much lower than the most

Table 3
Measurement model.

Construct/dimension/item	VIF	Weight	t-statistic	Loading	ρ_c	AVE
Mission (formative dimension)						
To provide a common purpose and orientation	1.22	0.38**	2.34		n.a	n.a
to allow the CEO to exert control over the organization	1.57	0.21 [†]	1.67			
to create standards of performance for the organization	1.55	0.40**	2.59			
to promote shared values among organizational members	1.60	0.45**	2.61			
to promote the interests of external stakeholders	1.54	0.22 [†]	1.64			
to provide a sound basis for the allocation of organizational resources	2.04	0.56**	3.13			
Organizational commitment (reflective dimension)						
Employees would be happy to make personal sacrifices if it were important for the organization well-being			15.6	0.64	0.83	0.51
In general, employees are proud to work for this organization			26.3	0.84		
Employees often go above and beyond the call of duty to ensure this organization's well-being			27.3	0.80		
Our people have little or no commitment to this organization (R)			7.3	0.59		
It is clear that employees are fond of this organization			21.0	0.76		
Performance (reflective dimension)						
Financial equilibrium			15.0	0.72	0.82	0.54
Level of competence of collaborators			19.9	0.65		
Increase rate of beneficiaries			23.0	0.86		
Increase rate of volunteers			18.1	0.71		

n.a. = not applicable; based on t(4999), two-tailed test; [†]p < 0.10 (0.10; 4999) = 1.645; *p < 0.05; t(0.05; 4999) = 1.960; **p < 0.01; t(0.01; 4999) = 2.577; ***p < 0.001; t(0.001; 4999) = 3.292.

conservative criterion (Henseler, Ringle and Sarstedt, 2015). Second, the HTMT can serve as the basis of a statistical discriminant validity test (referred to as HTMT_{inference}). According to Henseler et al. (2015) after performing a bootstrapping analysis with 5000 resamples we rejected the null hypothesis that maintains that H₀: HTMT ≥ 1. (Table 4). Therefore, considering the previous analyses, we concluded that the reflective measurement scales shows uni-dimensionality and conceptual consistency.

3.3.2. Structural model

Relying on a satisfactory assessment of the measurement model, the proposed hypotheses were estimated. Table 5 includes the main parameters of the two models under study. While Model 1 describes the significant total effect of mission statements on performance without any other variable influence, Model 2 depicts the

direct effect of mission on performance as the sum of direct (c') and indirect effects. Specifically, c' is the effect of mission on performance controlling for the organizational commitment.

Relying on Model 1, H1 which maintains that there is a significant and positive relationship between Mission statements and Performance is supported ($\gamma = 0.420$; p < 0.001). Concerning the direct effects (MS → OC and OC → PE), results support H2 and H3 meaning there is a significant and positive relationship between mission statements and organizational commitment ($\gamma = 0.621$; p < 0.001), and there is a significant and positive relationship between organizational commitment and performance ($\beta = 0.373$; p < 0.001).

In order to test the mediating effect of organizational commitment on the relationship between mission and organizational performance, we adopted the procedure proposed by Baron and

Table 4
Discriminant validity.

	Fornell–Larcker criterion		
	1-MS	2-OC	3-PE
1. Mission statement	n.a.		
2. Organizational commitment	0.67***	(0.72)	
3. Performance	0.43***	0.56***	(0.74)
		HTMT = 0.55 [0.092; 0.368]	

Notes: MS: Mission statement; OC: Organizational Commitment; PE: Performance; the diagonal (in bold) shows the square root of the AVE; ***p < 0.001; n.a: not applicable.

Table 5
Effects on endogenous variables (direct effects).

Relationships	Model 1	Model 2	Explained variance of model 2
	Total effect	Direct effect (c')	
	SRMR cfm = 0.052	SRMR cfm = 0.048	
	R ² _{PE} = 0.210/Q ² _{PE} = 0.085	R ² _{PE} = 0.321/Q ² _{PE} = 0.146	
H1: MS → PE	(c) 0.420*** (5.136) [0.436; 0.663]	(c') 0.166 [†] (1.65) [0.068; 0.462]	
H2: MS → OC (a ₁)		0.621***(11.58) [0.573; 0.770]	41%
H3: OC → PE(b ₁)		0.373***(3.708) [0.130; 0.519]	20%

Notes: MS: Mission statement; OC: Organizational Commitment; PE: Performance; based on t(4999), two-tailed test; [†]p < 0.10; t(0.10; 4999) = 1.645; *p < 0.05; t(0.05; 4999) = 1.960; **p < 0.01; t(0.01; 4999) = 2.577; ***p < 0.001; t(0.001; 4999) = 3.292.

Kenny (1986) and tested the following three conditions: First, we determined if mission statements, considered the predictor variable, have a significant influence on the mediator (organizational commitment); Second, we tested whether the mediator variable (organizational commitment) has a significant influence on the criterion variable (Performance); Finally, we examined if the predictor variable (mission) has a significant influence on the criterion variable in the absence of the mediator. In order to compute the mediating effect, the indirect effect of a_1*b_1 has to be significant (Hayes, 2009). In line with Henseler et al. (2009), we have used non-parametric bootstrapping to evaluate the significance of the mediating effect. This approach is more appropriate than the Sobel test because it does not make any distributional assumptions (Preacher & Hayes, 2008). Consequently, we have multiplied the path coefficients for 5000 bootstrapping samples and a bias corrected confidence interval of 95% was established for the mediator.

As previously mentioned, Table 6 shows that mission has a significant total effect on performance ($c = 0.420^{***}$). The key condition to determine the mediating effect of organizational commitment is to test the significance of a_1*b_1 which, in the case of this study, is significant ($a_1*b_1 = 0.232^{***}$). However, results indicate that there is partial mediation of organizational commitment in the mission statements–performance relationship since both the direct effect (c') and the indirect effect (a_1*b_1) are significant. In addition, we have computed the VAF, which determines the size of the indirect effect in relation to the total effect (i.e., direct effect + indirect effect): $a_1*b_1/a_1*b_1 + c'$. When the VAF has an outcome between 20% and 80%, a partial mediation can be expected (Hair, Hult, Ringle and Sarstedt, 2014). The value obtained in this study occurs in this interval, that is, the VAF for the indirect effect is 58%. This test reinforces the argument that organizational commitment mediates the relationship between mission and performance leading us to support H4.

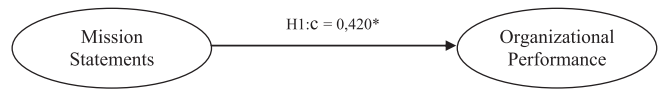
Fig. 2(A) shows the total effect of (c) mission statements on organizational performance whereas Fig. 2(B) depicts the direct effect of mission statements on organizational performance as the sum of the direct (c') and indirect effects (a_1*b_1).

In order to assess the model, the standardized root mean square residual (SRMR), which denotes the root mean square discrepancy between the observed correlations and the model-implied observations (Hu and Bentler, 1999) for the composite factor model was computed. Assuming the usual cut-off of 0.08 (Hu and Bentler, 1999) it can be observed that there is an improvement of fit from Model 1 (Total effect: SRMR = 0.052) to Model 2 (Direct effect: SRMR = 0.048) which provides additional support for the mediating effect. Values of Q^2 for Performance either in Model 1 or Model 2, are above the critical threshold of zero, which ensures the predictive relevance of the model (Table 5). Additionally, the explained variance of each endogenous variable for Model 2 is 20% for Performance and 41% for organizational commitment.

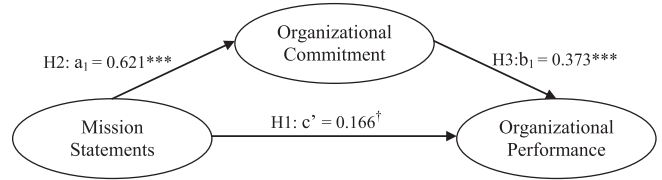
4. Discussion and conclusion

The results demonstrate a significant indirect effect of

A – Model with a direct effect



B – Model with direct and indirect effects



Based on: †p < 0.10; t(0.10;4999) = 1.645; ***p < 0.001; t(0.001;4999) = 3.292

Fig. 2. Main hypotheses (A & B).

organizational commitment on the mission statements – performance link. This finding is consistent with the argument that meaningful mission statements can be considered as effective strategic tools as long as employees are aligned with the organizations' values. In other words, the mediated effect of organizational commitment on the mission–performance relationship may be seen as the result of a complex influence of other organizational dynamics, such as the sense of mission (Campbell & Yeung, 1991). Moreover, mission statements are not only crucial to provide direction and focus but also to promote the sharing of organizational values among employees (Campbell & Yeung, 1991; Collins & Porras, 1996). Further, mission statements are supposed to promote employee awareness of the significance of organizational outcomes (Paarlberg & Lavigna, 2010). Likewise, this is in line with the idea that mission statements also promote a sense of shared expectations among employees (Alavi & Karami, 2009; Analoui & Karami, 2002) while influencing the behavior of organizational participants (Davis, Ruhe, Lee, & Rajadhyaksha, 2007).

Second, our results support a positive and direct link between mission statements and performance. This finding assumes particular relevance insofar as it overcomes previous doubts in relation to the real value of mission statements vis a vis the organization's output. Moreover, the non-profit sector is currently facing critical challenges and more than ever, it is important to reinforce the relevance of having a meaningful and purposive mission statement. This is in line with other authors (Verma, 2010) who maintain that mission statements are no longer “decorative motherhood statements with very little implications”. In fact, our results corroborate previous studies suggesting that managers who develop a mission statement with the aim of inspiring organizational members, promoting shared values, and providing a common direction, are most likely to increase their organization's performance (Bart, 1997b, 1998; Bart et al., 2001; Davis et al., 2007; Desmidt et al., 2011).

Table 6 Summary of the mediating effect of Organizational Commitment.

Total effect on PE (model 1)		Direct effect on PE (model 2)		Indirect effects on PE				Sig	
Coefficient	t-value	Coefficient	t-value	Point estimate		BCCI			
					t	Lower	Upper		
0.420***	5.136	H1: c' = 0.166 [†]	1.65	H4 = a ₁ b ₁	0.232***	3.268	0.096	0.375	Yes

[†]p < 0.10; t(0.10; 4999) = 1.645; *p < 0.05; t(0.05; 4999) = 1.960; **p < 0.01; t(0.01; 4999) = 2.577; ***p < 0.001; t(0.001; 4999) = 3.292; Two-tailed test.

4.1. Implications for theory and practice

The results of the present study have relevance for both non-profit management theory and practice. From a theoretical perspective, our findings make several contributions to existing knowledge. First, we provide empirical support to clarify the link between mission statements and performance by demonstrating the significant indirect effect of organizational commitment. At the same time, our study highlights some of the reasons which explain the ambiguous results in previous studies. Justification for this ambiguity might be due to: (a) a diversity of empirical settings from which conclusions have been drawn; (b) lack of precision and focus in the use of terminology which is often used interchangeably i.e. the concepts of mission and mission statements; and (c) weakness of statistical methods either used to construct validity or to statistically confirm previously assumed links between mission and performance. By attempting to overcome these weaknesses, particular caution was taken concerning the statistical methods used to test our empirical data.

Second, our study suggests a measurement approach that operationalizes mission statements as a formative construct. This methodological option contrasts with most studies addressing the mission statements–performance relationship, in which the mission statements are viewed as reflective. Besides, a large percentage of constructs with multiple items in marketing and strategy assume the predominance of the reflective model without considering other alternative measurements, such as the formative model (Coltman et al., 2008).

Finally, our study provides insight based on reliable and accurate findings on a relevant topic within the marketing and management domain. While most studies have often assessed this complex relationship with simple (bivariate) statistical procedures, this study went further by using second generation techniques, such as SmartPLS (Ringle et al., 2015).

In addition to the previous relevant implications, this study generates several recommendations to those who are responsible for making decisions in the strategy and management area. In sum, managers are expected to encourage an organizational environment that reinforces the sharing of core values among their employees while promoting their commitment towards the organizational objectives. Furthermore, while mission statements have long been viewed as the bottom line in non-profit organizations, this discussion benefits from taking into consideration the sector within which this study was undertaken. In the non-profit sector, mission statements are embedded in a set of values that stand for its unique and distinctive nature. In reviewing the literature on the unique attributes of non-profit organizations [Gidron \(2010\)](#) contends that there is a relationship between the unique societal roles of the different sectors and their organizational attributes and characteristics. As far as the nonprofit sector is concerned, it seems important to note that non-profit organizations have been urged to adopt an organizational sustainability focus in both strategic and operational levels of management ([Weerawardena et al., 2010](#)). This is consistent with recent recommendations from the European Commission, who have emphasised that social economy organizations need to develop competitive advantages and relevant managerial skills in order to face the challenges and threats of an increasingly globalised environment ([European Commission, 2012](#)). In the light of the deep economic and financial drawback, mission statements have gained a renewed visibility. Thus, considering our results, we suggest that organizations who wish to improve their performance need to devote time and effort to craft their appropriate mission statement. It is important to note that in order to fulfil its role, mission statements need to be adequately communicated ([Desmidt, 2015](#)),

readable and clearly understood ([Sattari, Pitt, & Caruana, 2011](#)), widely disseminated and shared by all in the organization.

4.2. Limitations and future research

The findings and implications of this study should be considered in the light of its limitations, which also open several avenues for further research. First, in this study mission statements were assessed using what has been considered in the literature as their core components. Therefore, future research should consider other mission-related constructs, including but not restricted to assessing the extent to which employees are satisfied with and committed to the organizational mission. Second, organizational commitment was revealed to be an important mediating variable in the mission–performance relationship. However, future studies should assess the mediating role of other relevant constructs, such as employee mission engagement ([Desmidt, 2015](#)) and perceived empowerment ([Park & Rainey, 2007](#)). Third, from a methodological viewpoint, future research needs to consider multiple informants to ensure inter-rater validity while improving internal validity. Fourth, the study should also be extended to non-managers in order to take into account the perspective of other organizational levels. Moreover, further validation of the findings with other geographical and contextual settings also merits attention. Finally, this study was a cross-sectional study, which limits the ability of the researcher to discover how the degree of organizational performance and commitment has evolved over time. Future research adopting a longitudinal design is required to accomplish this objective. To conclude, we hope that this study will set the stage for further empirical research into a topic that has been continuously renewed and debated in the literature.

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