THE IMPORTANCE OF COMMUNICATION AND INTERNALIZATION OF ORGANIZATIONAL VALUES, COMPANY MISSION, AND VISION

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Abstract:
Statements on organizational values, and mission, as well as vision statements, are important management tools by which company management directs the behaviour of employees and company activities. Nevertheless, the written forms of the statements might be just useless documents when used without involving the employees in the processes of the development and internal communication of the statements. Without internalization of the organizational values, company mission, and vision there might be no positive impact of the statements on the individual and company performance, or there might even be some harmful consequences for the company at stake. In the study we present results of a research done in Slovenian companies by which we identify two major consequences of poor communication of organizational values, company mission, and vision: (2) danger of unprofessional behaviour in the contact with external stakeholders, (2) significant differences in the level of adoption of the values, mission and vision in regard to the distance from the centre of a company.

Keywords: management tool, organizational values, mission statement, company vision, internal communication.
1. INTRODUCTION

Organizational values, company mission, and vision seem to be such an important management tools that they appear in a form of particular companies' documents. In the western world, they are written down by up to 85% of firms (Desmidt and Heene, 2006; Klemm and Redfearn, 2004). Research in Slovenia finds written mission statements in 44% of yearly reports of the most successful Slovenian companies (Biloslavo and Lynn, 2007). Some authors (Atkinson, 2003; Bart et al., 2001; Bearden, 2005; Giblin and Amuso, 1997; Ireland and Hitt, 1992; Peters, 1993; Rosser, 2003; Urbany, 2005; Whitbred, 2003; Wickham, 1997) list numerous advantages of introducing such statements. For example, such statements put organizational processes into perspective, clear out priorities, contribute to saving time, and provide certain tradition and stability regarding managing the changes. They also eliminate doubts, friction, and ambiguities, help to prevent bad business processes, encourage internal and external organizational communication, right behaviour, enable evaluation of various practices, etc. Since such documents are meant to link corporate identity with desired future of a company, they are often used for integrating elements of corporate identity and company vision into companies' internal systems. (Bart et al., 2001; Ireland and Hitt, 1992). Meaning given to such documents is evident from the naming of such documents – our roots, our foundations, our pillars, our compass, etc. (Lewis, 1997; Lippitt, 1998; Musek Lešnik, 2003; Talbot, 2003).

Empirical data confirm the importance of internal discussions on identity, organizational values, company mission, and vision. They also establish a positive relationship between the existence of such discussions and company performance (e.g. Bart, 1997, 2001; Bart and Baetz, 1998; Bart et al., 2001; Kantabutra and Avery, 2002, 2005). For example, research finds out that after putting the organizational mission in a written form, efficiency of a company can rise to 50% (Smith et al., 2003). A study by Deloitte & Touche (2003, in Marzec, 2007) points out a 43% higher ratio between market and book value of a company that communicates their business strategies clearly compared to other companies that do not do that. Gallup's research (Watson Wyatt, 2004, in Marzec, 2007) notes that companies that include their employees in important processes reach a 4.8% higher market value on average. Extensive Japanese research (Hirota et al., 2010) confirms that mission statement enhances employment policy of a company, strengthens management structure and encourages performance as well as relates to the lower indebtedness of a company. Some studies report on links between internalization of values and sales growth, strengthening of a brand, knowledge sharing within a company, etc. (James and Lahti, 2011; Michailova and Minbaeva, 2012). Trapp (2010) points out that clear organizational values, identity, and reputation can be a source of motivation for ethical behaviour. In the field of non-profit organizations, Kirk and Nolan (2010) report on a weak connection between the contents of a mission statement and financial results, and McDonald (2007) presents a model in which innovativeness in a company stands out as a consequence of a clear company mission. Although research data confirm that organizational values, company mission, and vision really can influence the performance of individual employees and the company as a whole, it is evident that explicitly formulated (and written down) organizational values, company mission, and vision are simply not enough. Bart et al. (2001) point out that only when the employees feel the meaning of a mission, they can exercise it passionately and positively. It is therefore not only important for companies to clearly define organizational values, company mission, and vision; it is also of the utmost importance that company spread such ideas among the employees.

The paper is based on a research described in Dermol et al. (2016).

2. ORGANIZATIONAL VALUES, COMPANY MISSION, AND VISION

2.1. Internalization of organizational values, company mission, and vision

Socialization in a company is a process through which the newly employed worker not only learns and adapts to new work positions and new roles but also gets acquainted with the company's organizational culture (Donavan et al., 2004a, b; Klein and Weaver, 2000). The latter contributes to internalization of collective identity and development of the sense of belonging. Cooper-Thomas and Anderson (2006) say that »social cohesion bridges the differences between individual and organizational« and, therefore, accelerates spreading of shared attitudes, behaviour, values, and norms that support peer-to-peer relations and encourage a shared understanding of company objectives.
An important agent in the socialization process of newly employed person are individuals who the new employee is in contact with during the introduction period; usually the immediate superiors. Sluss et al. (2012) realize that relational identification with immediate superior generalizes into organizational identification through affective, cognitive and behavioural mediation mechanisms. The key condition for organizational identification is the impression of prototypicality of the immediate superior. Even in the case, when the newly employed person perceives the immediate superior as a symbolic figure, a generalization of identification elements from interpersonal relation to relation towards the company happens.

In most cases the newly employed person and the company are well aware of the importance of learning; but this does not necessary apply to the understanding of the importance to learn about the organizational culture (Donavan et al., 2004). However, a company, in order not only to teach the employee about the organizational values, company mission, and vision but also to encourage him to start to live them and put them into practice, has to do more. Just putting posters on walls (or on websites) is insufficient. Learning that enables storing, processing, and recalling the information about the organizational values, company mission, and vision requires internalization of these ideas. Focus on teaching organizational values, company mission and vision has, therefore, a limited reach: without adequate and efficient development and support to more sophisticated employee’s programs, organizational values – regardless of the quality of the paper they are printed on – would only stay on paper (Hassan, 2007). The companies should therefore continuously communicate core elements of their culture and wanted future through various socialization channels and by doing so provide their employees different opportunities to identify with these elements. Such practice with emphasis on communication of organizational values, company mission, and vision, can make the employee sensible for central elements of corporate identity and contribute to the strengthening of the feeling of group identity (Katzenbach and Santamaria, 1999).

Although research confirms that clearly defined organizational values, company mission, and vision can influence company’s achievements and accomplishments of its employee, it is obvious that just a record in the form of a statement is not enough. Accordingly to Bart et al. (2001), only when employees feel the essence of a company mission, they become able to enforce and implement it with profound passion and determination. Whitbred (2004) points out that employees develop different interpretations of organizational values, company mission, and vision, and interpretations of those positioned higher in organizational hierarchy usually overlap with written company mission more. So it is not only important to put organizational values, company mission and vision on paper but also the way of handling it. The statements and records transferred and disseminated in a company might help to avoid not only different but also a conflicting understanding of organizational mission. One of the key issues here is that of internal communication processes in companies (Musek Lešnik and Arzenšek, 2008). Also, Desmidt and Prinzie (2009) emphasize the importance of written company mission statements as tools that stimulate communication processes within a company, especially the information transfer and converging of relevant information. Communicating strategy, objectives, and values of consolidation of the feeling of employees’ loyalty are, therefore, one of the principal tasks of internal corporate communication (Ruck and Welch, 2012; Welch, 2012).

### 2.2. Communication of organizational values, company mission, and vision

Balmer and Gray (2003) define organizational communication as a process through which company stakeholders detect the forming of identity, image and reputation of a company. They list three categories of corporate communication (i.e., primary, secondary and tertiary). The primary is the one oriented towards internal and external stakeholders.

Herstein et al. (2007), among conventional sources of communicating corporate identity to employees, underline systems of human resources management (HRM) and system of management of public relations (PR). On the other hand, in many companies, communication of corporate identity is especially emphasized in the case of external stakeholders. Organizational values, company mission, and vision are common elements of messages in communication with the external world (e.g. in the frame of websites, yearly reports). Nevertheless, emphasis only on PR aspects of communicating corporate identity might have an unintended side effect: neglecting of communication to the internal public (Musek Lešnik and Arzenšek, 2008).
In the absence of clear and efficient communication, developing organizational values, company mission, and vision statement just does not have any influence or has even a negative impact on personal as well as company level. Also, Gotsi et al. (2008) point out that some researchers suggest the companies set clear organizational values and an attractive company vision and after that to use internal communication channels and HRM practices to encourage employees into »living accordingly to the brand.« Stuart and Kerr (1999) even stress: »if corporate identity is well managed, the resulting image of a company will precisely express its values, beliefs, and strategic directions. « A company has many more possibilities to influence its employees rather than the external stakeholders, and employees can of course strongly influence external stakeholders’ perceptions and standpoints.

However, it is not necessary that internal communication of corporate identity is successful by itself. People in charge of internal communication often incessantly »bomb« employees with notices and information; but, do not succeed in convincing them that corporate identity is unique and consequently also not into living the organizational values, company mission, and vision. Only efficient communication can lead to broader awareness and understanding of organizational values, company mission, and vision. Only efficient communication can lead to broader awareness and understanding of organizational values, company mission, and vision, and significantly influences the sense of belonging among employees and work satisfaction (Appelbaum et al., 2009; James and Lahti, 2011; Kohles, Bligh, and Carsten, 2012). For shaping and strengthening of identification with a company, dimensions of vertical communication between different hierarchical levels are more relevant than the dimensions of horizontal communication (on an individual level) which relates more to expert identification. Among the dimensions of vertical communication participation in decision making, adequacy of information, company support, and discussions among top management are of crucial importance.

Organizational communication can improve the insight of employees in business philosophy and company strategic directions and ensure the understanding of company objectives as well. They can positively impact employee’s motivation, commitment, and identification with a company (Asif and Sergeant, 2000; Schuler, 2004; Stuart and Kerr, 1999). Garnett, Marlowe and Pandey (2008) point out that organizational communication functions as a meta-mechanism for shaping and spreading organizational culture and influencing results in mission-oriented companies. It is important for companies to help their employees to embed shared understanding of organizational values into their »mind and hearts« because the employees who are tuned to the organizational values represent a significant competitive advantage by transferring their value-connected experience to outside stakeholders. Communication of organizational values, company mission and vision is an important aspect of strengthening internal awareness of corporate identity and its external dissemination (Chong, 2007; Musek Lešnik and Arzenšek, 2008).

Internal communication can thus be a critical factor in the process of creating employees’ identification with objectives, values, and mission of a company (James and Lakti, 2011; Smidts et al., 2001). It has a significant influence on employees deciding on staying with a company or leaving it (Appelbaum et al., 2009). By enabling insight into company philosophy, it provides necessary conditions for the unification of employees on common and shared vision and future objectives (Slissarenko, 1999; in Dolphin, 2005). Knowledgeable employees more readily distinct their company from others. Exposure to organizational values, company mission and objectives can also lead to greater detected attraction and give employees certain feeling and assurance that they work in a company worth being a part of (Smidts, Pruyn, and Riel, 2001).

Slovene research (Musek Lešnik and Arzenšek, 2008) that included 200 biggest Slovene companies pointed out that employees in many cases do not »adopt« key identity elements of their company. The findings drew attention to the possibility that in many Slovene companies’ organizational values, mission and vision are fuzzy concepts, mostly used for PR purposes and apparent embellishment but, in fact, they do not touch the broader community of the company and employees. The data proved that many companies and their employees do not understand the meaning and the content of organizational values, company mission, and vision and have, consequently, problems implementing them.

3. EMPIRICAL STUDY

The key objective of the study is to analyse how well employees in a company who represent the first contact point for the external stakeholders know, understand and are capable of recalling organizational values, company mission, and vision. This way we aim to investigate the possibilities
and possible obstacles for the achievement of a better fit between the written statements of organizational values, company mission, and vision on one side and behaviour and company activities on the other. At the same time, we wanted to investigate how the employees’ behaviour changes with the distance from the centre of the company.

### 3.1. Research sample

In the study, we analyse and interpret information gathered in Slovene companies in 2008. In the sample, we only include companies with at least 200 employees. Non-profit organizations are not included in the sample. The data was gathered from Slovenian business directory PIRS and Slovenian Telekom’s yellow pages. For each of the company we chose two telephone numbers: (1) generic phone number (number of the telephone central or the first number in the phonebook) and (2) the phone number of the CEO’s secretariat.

The final number of the companies in the sample reached 190. Among them, 185 successful first calls were made on the first (generic) telephone number. 49.9% of these calls were taken by the employees from the telephone central or the reception, 17.3% by the CEO’s secretary and the rest by other persons. Among of the second call (to the CEO’s secretariat), 129 successful contacts were made. 69.8% of these calls were received by the secretaries and the rest by other persons.

### 3.2. The interviews

Telephone calls were performed in a form of a structured interview. We asked three initial questions: (1) what is the mission of your company, (2) which are central values in your company, (3) what is the vision for your company?

First we dialled company's first published phone number. After introducing ourselves, we asked the person on the other side of the line to answer the three questions. In case a person did not understand any of them, we gave a short explanation. The responses were recorded together with personal remarks (e.g., distrust, willingness to cooperate). We also asked interviewees to explain their position in the company. In the next step, we repeated the procedure, but this time by calling the number of the CEO's secretariat.

The willingness for cooperation in the first and the second call was significantly different. In the first call, 37.8% of persons correctly answered the questions or, at least, made an effort to do so. Over 62.2% of them refused to cooperate for various reasons (e.g., not authorized to give information, not having time for such questions, not knowing the answer, cannot tell this over the telephone). In some cases persons were confused when answering the call; some were embarrassed and even frightened (e.g. why are you asking me that, I do not want to answer). Some persons immediately transferred the telephone call and in some cases, the response was sharp or even rough and unfriendly.

In the event of the second call, 51.9% of the persons responded. Among the reasons given by those that did not answer or did not want to answer were the following: not having time, cannot help you - send an e-mail, it is on our website, not authorized for that, the law does not allow me to transfer such information, it is a business secret, etc. Similarly to the previous case, some persons answered the call were reserved and mistrustful (e.g. »I do not understand those questions. «, »Why do you need this information? «). Some persons immediately transferred the telephone call and in some cases, the response was sharp or even rough and unfriendly.

The difference in readiness to answer the first and the second call (measured by the χ2 test) was statistically important. By that, it is hard to avoid a conclusion that any percentage of kind and helpful employees who are ready to help stakeholders by answering important questions about the company that is lesser than 100% can be a sort of a threat to a company. As showed, the readiness to answer questions about organizational values, company mission and vision statement was relatively small during the first as well as the second call. Even though the percentage was significantly raised along with the level of closeness to the centre of the company and relatedly supposed the higher level of responsibility, it is still moving from 37.8% in the first call and up to 51.9% in the second call. Although willingness to answers rises from a good third to a good half from one call to another, the share is still smaller than expected.
3.3. Analysis of the results

Quantitative aspects

During the first call, 18.3% to 21.1% of persons answered to one out of the three questions (Table 1). During the second call, the percentage of the responses by persons closer to the centre of a company was considerably higher, from 34.9% to 38.0% (Table 2). The χ² tests showed that the differences are statistically significant.

The share of answers to the questions on organizational values, company mission and vision are relatively small, between 18.3% and 21.1% in the first call and between 34.9% and 38.0% in the second call. The results can point towards differences in the communication of organizational values, company mission and vision among employees on various levels of distance from centres of companies – from people closer to the centre we obtained almost twice as many answers as from people more distant from the centre.

Table 1: Answers to questions about organizational values, company mission, and vision, 1st call.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>%</th>
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<tbody>
<tr>
<td>Answered questions about the mission statement</td>
<td>38</td>
<td>20.5</td>
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<tr>
<td>Answered questions about organizational values</td>
<td>39</td>
<td>21.1</td>
</tr>
<tr>
<td>Answered questions about the vision statement</td>
<td>34</td>
<td>18.3</td>
</tr>
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Table 2: Answers to questions about organizational values, company mission, and vision, 2nd call

<table>
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<tr>
<th></th>
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<tbody>
<tr>
<td>Answered questions about the mission statement</td>
<td>49</td>
<td>38.0</td>
</tr>
<tr>
<td>Answered questions about organizational values</td>
<td>48</td>
<td>37.2</td>
</tr>
<tr>
<td>Answered questions about the vision statement</td>
<td>45</td>
<td>34.9</td>
</tr>
</tbody>
</table>

Qualitative aspects

Answers acquired were divided into three categories: (1) adequate answers (Answers seemed to be relevant from the content point of view. Nevertheless, they were not compared to actual documents of the company, e.g. written statements, yearly reports, etc.), (2) partially adequate answers (The adequacy of responses was limited either because of confusing of organizational values, company mission, and vision or because persons were not able to answer in full), (3) no answer or answer too short.

Results related to the first and the second call are presented in Table 19 and Table 20. Percentage of adequate and partially adequate answers is slightly higher with the second call. The difference between adequacy of answers on questions about values, mission and vision of the first and second call (measured by the χ² test) was statistically important.

The share of adequate or at least partially adequate answers to questions about organizational values, company mission and vision statement, are relatively small and vary from 15.2% in the first call and 36.4% in the second call (Table 3 and 4). Significantly higher percentage of adequate or at least partially adequate answers can again draw attention to differences in dissemination and communication of organizational values, company mission, and vision among employees positioned in a various distance from centres of the companies. For example, from the people closer to the company centre we obtained more than twice as many adequate or partially adequate answers as from persons more distant. Such finding can lead to a conclusion of different internalization levels of organizational identity in a company.

Table 3: Adequacy of answers on organizational values, company mission, and vision, 1st call

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<th></th>
<th>N</th>
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<tr>
<td>Adequate answer</td>
<td>9</td>
<td>4.9</td>
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Table 4: Adequacy of answers on organizational values, company mission, and vision, 2nd call

<table>
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<th>N</th>
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<tbody>
<tr>
<td>Adequate answer</td>
<td>19</td>
<td>14.7</td>
</tr>
<tr>
<td>Partially adequate answer</td>
<td>28</td>
<td>21.7</td>
</tr>
<tr>
<td>No answer or answer too short</td>
<td>82</td>
<td>63.6</td>
</tr>
<tr>
<td>Adequate answer</td>
<td>19</td>
<td>14.7</td>
</tr>
</tbody>
</table>

4. CONCLUSIONS

Although we don’t know if loss of knowledge on organizational values, company mission, and vision is a consequence of a communication noise, the absence of communication, or inefficiency of a company in efforts to inform employees who are most distant from the decision-making centres in a company, we believe that it is less about the absence of communication but rather about the question of communication performance and efficiency in spreading awareness and internalization of organizational values, company mission, and vision. Lose of the knowledge can be related to cultural patterns and traditionalistic conceptions of organizational hierarchy that suppose that persons in the centre of a company are the most important and employees on periphery less essential and dispensable. However, very often these people are the ones that external stakeholders contact first, and thus, they represent an important source of stakeholders’ perceptions of a company.

It seems that in the field of efficient internal communication of organizational values, company mission, and vision, in Slovene companies there is still quite some room for improvements. Research (Dermol et al., 2016) confirms that the presence of explicit records of organizational values, company mission, and vision, and their communication and integration into organizational processes is positively correlated with various indicators of financial and non-financial company performance. Besides, if Slovene companies are not successful in communicating their organizational values, company mission and vision to the internal public, the same goes for their integration into organizational processes. The integration level of organizational values, company mission, and vision, and organizational processes is, in general, related to clarity and higher explicitness of the records of organizational values, company mission, and vision. However, it is mostly dependent on the level of their internalization among employees who are performing these processes, and the level is dependent on their prior awareness. The performance of a company in spreading knowledge about organizational values, company mission, and vision among employees has a significant role in this.

REFERENCE LIST