

Content Analysis of the Banks' Mission Statements: A Study of Bangladeshi Listed Banks

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ABSTRACT: The aim of this paper is to empirically investigate the quality of mission statements of all the listed banks operating in Bangladesh. To achieve the purpose, the components of the mission statements have been analyzed using a Nine Point Scale model given by Fred R. David. Moreover, number of words and sentences used in the statements was also counted. The findings indicate that most of the listed banks are making the average level of score and giving more emphasis on customers, product and services, philosophy compare to self-concept, markets and concern for employees. The average length of a mission statement is 58.10 (min. =9 and max. = 113) words and 3.60 (min. =1 and max. = 12) sentences.

Keywords: Mission Statement; Content Analysis; Listed Banks.

1. INTRODUCTION

In today's complex business environment, the definition of business is not limited to its name, statutes or articles of incorporation. As the stakeholders and shareholders continuously want to get update news of the movement of business, only a well-defined and clear mission statement can serve this purpose.

A mission statement is a unique, clear and well written statement that articulate the mission to different parties related to an organization (Hossain, 2004). It is the first stage of strategic planning which forms the foundation for all the other objectives and strategies of a company. It provides an idea of what does an organization wants to achieve and whom it will be benefitted. What is the business of the firm? Whom does the firm want to serve? What does the firm want to become? Answers to these questions are found in business' mission statement. But they are not simply mottoes or slogans. They articulate the goals, dreams, behavior, culture and strategies of companies (Jones and Kahaner, 1996 as cited in Moin, Ali and Khan, 2012).

Various medium such as annual reports, internal reports are used to express mission statements. Different organizations, large and small, profitable and non-profitable, use different styles, words and length regarding mission statement. It will be worth to mention that just articulating a mission statement does not directly lead to success. It must be realistic and part of organizational traditions.

A number of benefits of mission statement have been mentioned in the prior literature. According to Meraj et al. (2011) a formal mission statement conveys mission of the firm to the stakeholders. Desmidt and Prinzie, (2009) believes that a significant and unambiguous mission statement creates value of the firm. It serves as foundation for several management applications, provides proper direction to the management and ensures effectiveness of resource utilization. Mission statement

provides other benefits such as sets the boundary line in meeting the objectives (Moin, Ali and Khan, 2012), serves as standard for decision making (Moin, Ali and Khan, 2012), encourages and induces workers (Ahmed, 2010).

Mission statements by the banking industry are chosen as the area of interest for a number of reasons. Banking sector is one of the most important components of the financial system of any country. Banks mobilize resources for productive investments that ultimately contribute to financial development. In Bangladesh, financial sector is dominated by banks. Moreover, these Banking companies are more likely to attract the attention of the investors who are interested to make investment decisions. The mission statements of banks indicate banks' reason to exist and their differences from other banks and financial institutions. As the effectiveness of banks' strategic plans depends on the content of their mission statements, this study was conducted on mission statements of Bangladeshi listed banks to determine which variables (components) are preferred to differentiate themselves from other banks.

2. LITERATURE REVIEW

Hossain (2004) focused on the mission statements of Bangladeshi companies. Fifteen companies were selected through convenient sampling and the characteristics of their mission statements were evaluated according to the criteria given by Fred R. David. The author made a conclusion that the Bangladeshi companies were preparing their mission statements without knowing the basic characteristics that mission statements should possess.

Biswas, Chowdhury and Das (2007) tried to find out the quality of mission statements of the listed Public Limited Companies (PLCs) in Bangladesh. The nine criteria suggested by Fred R. David (2003) were taken as benchmark for this study. The annual reports of a sample of 167 PLCs have been surveyed to determine the nature and extent of disclosure by computing total score and a Mission Statement Disclosure Index (MSDI). The findings revealed that the companies were focusing more on customers and concern for survival, growth and profitability and little focus is placed on self-concept, technology and market. The researchers concluded that the companies were preparing and disclosing the mission statements without having proper knowledge of the characteristics of the mission statement from strategic management viewpoint.

Moin, Ali and Khan (2012) made a comparative analysis of the mission statement of all the scheduled banks operating in Pakistan using a Nine Point Scale model given by Fred R. David. 21 domestic private Pakistani banks were used as a sample to make analysis in this study. The findings revealed that the score card of mission statement of (scheduled) banking setups in Pakistan were above the average score card of mission statement. Banks were more focused on customers and concern for survival, growth and profitability rather market, technology, employees and self concept.

Ahmed, Shaukat and Islam (2013) made an effort to determine the readability of mission statements from 169 selected Islamic banks. The mission statements from 169 Islamic banks were taken from their respective web sites between March and April 2012. They used simple counting techniques and readability analyses. The findings revealed that the mission statements of Islamic banks were

difficult to read and comprehend and banks have a great deal of work to do on their mission statements in order to make them readable and understandable to a wide range of stakeholders.

3. COMPONENTS OF MISSION STATEMENT

There are many studies on what components should a mission statement include especially in businesses. Indeed, there is no particular length or format of a mission statement. It differs from organization to organization. Several authors have identified several different numbers of components that should be present in a 'good mission statement' (Hossain, 2004). Pearce and David (1987), for example, identified eight key elements to be included in mission statements. Two years later, David (1989) identified nine key components: customers, products/services, location, technology, concern for survival, philosophy, self-concept, concern for public image, and concern for employees. Bart (1997) expands the list to 20 components by adding such items as specific financial objectives and concern for survival. Ackoff (1986) argues that a first criterion of an acceptable mission statement should be the capacity to be challenged.

According to Fred R. David (1999, 2003 as cited in Ahmed, 2010; Biswas et al., 2007; Hossain, 2004; Meraj et al., 2011) a valuable mission statement should have nine components:

- i. Customer: Who are the firm's customers?
- ii. Products or Services: What are the firm's major products or services?
- iii. Markets: Geographically, where does the firm operate?
- iv. Technology: Is the firm technologically current?
- v. Concern for survival, growth, and profitability: Is the organization committed in terms of financial success and future existence?
- vi. Philosophy: What are the primary views, beliefs, desires, and ethical priorities of the organization?
- vii. Self-concept: What are the organization's key competitive advantages?
- viii. Concern for public image: Is the firm committed to the well-being of society, community and environment?
- ix. Concern for employees: Are employees considered as valuable asset for the organization?

These nine basic components serve as a practical framework for evaluating and writing mission statements (David, 2003). The current study uses these components as a benchmark to evaluate the mission statements of Bangladeshi listed banks.

4. OBJECTIVES OF THE STUDY

The purpose of this study is to enrich the existing literature by providing up to date empirical evidence from Bangladesh in terms of mission statement components. It is expected that the finding would be of great use of interested parties (Such as managers, researchers etc.) to assess the quality of mission statements of Bangladeshi listed banks. The main objectives of this study are:

1. To identify whether the mission statements of Bangladeshi listed banks contain components suggested by Fred R. David.
2. To examine the extent of the mission statements of Bangladeshi listed banks in terms of number of words and sentences used.

5. METHODOLOGY

Out of banking institutions, the study concentrates only on the listed banking companies in Bangladesh. On December 31, 2012 there are 30 banking companies listed on Dhaka Stock Exchange (DSE). Twenty banking companies listed on the Dhaka Stock Exchange are randomly selected and considered to be included in the sample. Annual reports for the year 2011 have been used for the study. A content analysis was conducted on the mission statements included in the annual reports using a Nine Point Scale model given by Fred R. David. Moreover, number of words and sentences used in the statements was also counted using simple counting techniques.

6. FINDINGS

The results of this study are presented in Table I, II and III. It can be seen from Table I that maximum number of components (8) are incorporated in the mission statements by only one bank (Al-Arafah Islami Bank Limited) and minimum number of components (2) are included in the mission statements by three banks (AB Bank Limited, United Commercial Bank Limited and Dutch-Bangla Bank Limited).

Two banks have included 7 components (Bank Asia Limited and Premium Bank Limited); one bank has included 6 components (Pubali Bank Limited); six banks have included 5 components (BRAC Bank Limited, Dhaka Bank Limited, City Bank Limited, Jamuna Bank Limited, Shajalal Islami Bank Limited and National Bank Limited); four banks have included 4 components (One Bank limited, IFIC Bank limited, Eastern Bank limited and Islami Bank Bangladesh Limited); three banks have included 3 components (Prime Bank limited, Mutual Trust Bank limited and Standard Bank Limited).

Table I: Bank Wise Component Disclosure in Mission Statements

| SL. No. | Name of the Bank | Customers | Products and Services | Markets | Technology | Concern for survival, growth and profitability | Philosophy | Concern for public image | Self-concept | Concern for Employees |
|---------|------------------------|-----------|-----------------------|---------|------------|--|------------|--------------------------|--------------|-----------------------|
| 1 | AB Bank Ltd. | | | ✓ | | | ✓ | | | |
| 2 | AL-Arafah Islami Bank | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Bank Asia Ltd. | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ |
| 4 | BRAC Bank Ltd. | ✓ | | ✓ | | ✓ | ✓ | | ✓ | |
| 5 | City Bank | ✓ | ✓ | | ✓ | | | ✓ | | ✓ |
| 6 | Dhaka Bank | | ✓ | ✓ | ✓ | | ✓ | | ✓ | |
| 7 | Dutch-Bangla Bank | | | | | | ✓ | ✓ | | |
| 8 | Eastern Bank Ltd. | ✓ | ✓ | | | ✓ | | | | ✓ |
| 9 | IFIC Bank | ✓ | ✓ | | | ✓ | | | ✓ | |
| 10 | Islami Bank | | ✓ | ✓ | | | ✓ | ✓ | | |
| 11 | Jamuna Bank Ltd. | ✓ | ✓ | | ✓ | ✓ | | ✓ | | |
| 12 | Mutual Trust Bank Ltd. | | ✓ | ✓ | | | ✓ | | | |
| 13 | National Bank Ltd. | | ✓ | ✓ | ✓ | | ✓ | ✓ | | |
| 14 | One Bank Ltd. | ✓ | | | | | ✓ | ✓ | | ✓ |

| | | | | | | | | | | |
|----|-----------------------------|---|---|---|---|---|---|---|--|---|
| 15 | Premier Bank Ltd. | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| 16 | Prime Bank | ✓ | | | ✓ | ✓ | | | | |
| 17 | Pubali Bank | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ |
| 18 | Shajalal Islami Bank Ltd. | ✓ | ✓ | | ✓ | ✓ | | | | ✓ |
| 19 | Standard Bank Ltd. | | | ✓ | | ✓ | ✓ | | | |
| 20 | United Commercial Bank Ltd. | ✓ | | | | | | ✓ | | |

✓ indicates that the banks have mentioned this component in their mission statements.

[Blank columns/rows] indicates that the banks have not mentioned this component in their mission statements.

As the average of 9 points scale is 4.5, it can be concluded that out of total 20 banks, 10 banks scored above than average and 10 banks scored below than average.

It is evident from Table-2 that majority of the listed banks are keen to incorporate their concern for customers, products and services and philosophy concern for followed by technology and public image in their mission statements. They give less focus on self-concept, concern for employees, markets and concern for survival, growth and profitability.

II: Distribution of Components Employed in the Mission Statements of Listed Banks

| Mission Statement Components | Number of Banks | Percentage | Rating |
|--|-----------------|------------|--------|
| Customer | 13 | 65 | 1 |
| Product and Services | 13 | 65 | 1 |
| Markets | 9 | 45 | 3 |
| Technology | 10 | 50 | 2 |
| Concern for survival, growth and profitability | 9 | 45 | |
| Philosophy | 13 | 65 | 1 |
| Concern for public image | 10 | 50 | 2 |
| Self-concept | 4 | 20 | 5 |
| Concern for Employees | 8 | 40 | 4 |

The extent of mission statements is presented in Tables 3. Table 3 reveals that the BRAC Bank Limited had the longest mission statement containing 113 words, while the shortest mission statement was from the AB Bank Limited and it contained only nine words. The average length of a mission statement was 58.10 (SD= 30.449) words. An analysis of the number of sentences revealed that the longest mission statement (Al-Arafah Islami Bank Limited) contained 12 sentences, while the shortest contained only one (AB Bank limited, Dhaka Bank Limited, Dutch-Bangla Bank Limited, Jamuna Bank Limited, Mutual Trust Bank Limited, National Bank Limited, Standard Bank Limited and United Commercial Bank Limited). The average length of a mission statement was 3.60 (SD= 3.152) sentences.

Table III: Contents of Mission Statements

| Measures | Results | Bank |
|--|---------|--|
| Longest mission statement (words) | 113 | BRAC Bank Limited |
| Shortest mission statement (words) | 9 | AB Bank Limited |
| Mean length of mission statement (words) | 58.10 | - |
| SD (words) | 30.449 | - |
| Most sentences | 12 | Al-Arafah Islami bank Limited |
| Fewest sentences | 1 | AB Bank limited, Dhaka Bank Limited, Dutch-Bangla Bank Limited, Jamuna Bank Limited, Mutual Trust Bank Limited, National Bank Limited, Standard Bank Limited and United Commercial Bank Limited. |
| Mean number of sentences | 3.60 | - |
| SD (sentences) | 3.152 | - |

7. CONCLUSION

It is necessary for banks to have a formal mission statement explaining motives to exist and meaning for shareholders and other stakeholders. The aim of the current study was to examine mission statements of Bangladeshi listed banks in order to gather valuable insights on their current status. From the findings it can be concluded that mission statement scores of Bangladeshi listed banks (on the basis of components suggested by Fred R. David) is just the average score card of mission statements and the focus is on an average on the same components. For example, more than half of the mission statements (about 65%) include the customers, products and services and philosophy. The emphasis on these components in the mission statements can be seen as an effort by the banks to differentiate themselves from other banks.

One of the limitations of the present study is that it covers only a single country and one specific sector. The scope of the study can be expanded by including unlisted banks, non-bank financial institutions, etc. A comparison could also be made between state-owned and privately-owned banks and also on a country-by country basis.

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