Influence of Mission and Vision on Financial Sustainability of NGOs in Kenya
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Abstract

**Purpose:** The organization's vision and mission are the first step of any strategic planning process. They are used as a context for development and evaluation of planned and emergent strategies. Vision statements have been tremendously accepted as a crucial part of the strategic management process for organizations of all types for profit, a multinational or a small and medium scale enterprise. The purpose of this study is to evaluate the influence of mission and vision of financial sustainability of NGOs in Kenya.

**Methodology:** A desktop literature review was used for this purpose. Relevant seminal references and journal articles for the study were identified using Google Scholar. The inclusion criteria entailed papers that were not over 10 years old.

**Findings:** Mission statements are good in capturing corporate level strategy in terms of scope, boundaries and value creation. They are a broad overarching statements around which other strategic principles like vision, strategic capabilities, strategic intent, objectives and goals, core values, standards of behavior as well as business models evolve. A good vision facilitates growth in an organization will make sense to the organization’s citizens and expand their minds in terms of possibilities while at the same time remaining feasible. An effective organizational vision and mission statement translates directly into an organization’s success which can be measured by continued competitive advantage, improved sales, solid leadership, greater employee commitment, increased shareholder value.

**Unique Contribution to Theory, Policy and Practices:** The study recommended that NGOs should implement mission and vision as planning strategies. This is because vision and mission significantly influence organizational performance. Moreover, NGOs’ strategic leadership should ensure that the vision and mission of the organization are effectively communicated and adapted by all employees.

**Keywords:** Mission, Vision, Financial stability, NGOs
INTRODUCTION

Vision is one key tool available to executives to inspire the people in an organization. An organization’s vision describes what the organization hopes to become in the future. Well-constructed visions clearly articulate an organization’s aspirations (Edwards, 2012).

The organization's vision and mission are the first step of any strategic planning process. The organization’s vision sets out the reasons for its existence and the ideal state that the organization aims to achieve; the mission classifies major goals and objectives. Mission statement and the firm’s vision are well defined in the framework of the organization's philosophy. They are used as a context for development and evaluation of planned and emergent strategies (Lynch, 2020). Vision statements have been tremendously accepted as a crucial part of the strategic management process for organizations of all types for profit, a multinational or a small and medium scale enterprise. It is broadly believed that mission and vision statements influence on strategy and most features of organizational performance. Kopaneva, (2019) posited that mission statements had consistently been shown to be the top-rated management tool deployed by senior managers during each of the ten years prior to his study. Mihaella (2019) argued that mission and vision statements are useful for practical day-to-day operations, taking a contrary view to those who assert they are archaic documents that are typically exhibited as wall hangings. Greyser, (2019) outlined how vision statements can be used to build a common and shared sense of purpose and also serve to as conduit through which employees’ focus are shaped. Vision statements motivate, shape behaviors, cultivate high levels of commitment and ultimately influence positively on employee performance.

Vision statements are widely believed to be antecedents to any strategy formulation effort (Mullane, 2002). Mission statements are good in capturing corporate level strategy in terms of scope, boundaries and value creation. They are a broad overarching statements around which other strategic principles like vision, strategic capabilities, strategic intent, objectives and goals, core values, standards of behavior as well as business models evolve (Hag, 2021). Vision offers a strategic direction, which is the facilitator for the mission and related goals. Though this element of discourse exists, there is irresistible consensus about the future orientation of a vision statement as opposed to that of a mission statement. According to Kantabutra and Avery (2010), vision guides businesses, retell of history of the company, motivates and controls the business. Ungerer (2013), stated that a business vision is necessary to be shared and to ensure everyone’s commitment, be able to clarify the business’ anticipated future. The vision should not be unclear and should be a solution to the firms’ current problems. A vision is supposed to bring out a powerful and compelling mental picture of the desired future states or resemblance of their organizations.

Having a vision and aspirations about tomorrow is a defining tenet of entrepreneurial organizations and those organizations whose strategy formulation process could be described as entrepreneurial (Sarbin, 2021). Knikker (2021), alluded that vision statements must be challenging
and determined while remaining achievable enough to encourage employee’s creativity as far as its achievement is concerned. Core values are enduring principles, ideologies and worldviews that the founding fathers of organization hold in high esteem; these are sometimes referred to organizational vision. The enduring nature of these core values must provide the toast for a vision for that matter. Verma, (2021), posit that the vision statement should include core values that distinguish one organization from another. Ahmed, (2021), stated that the key role of a vision statement is to communicate the strategic direction of the organization to stakeholders in order to guide strategic planning. In study of USA, Japanese and European businesses motivation and inspiration of employees strongly featured as the second most important objective for mission statements (Bartkus et al. 2014).

Mission statements are believed relevant to the extent that they deliver high levels of motivation and inspiration to employees. Strategy formulation encompasses defining the mission, corporate vision, and the specification of objectives which are achievable, developing strategies and setting policy guidelines (Johnson and Scholes, 2021). Vision is a short, brief and inspiring statement of what the organization intends to become and to achieve at some point in the future. Godoy, (2017), argues that mission statements could positively influence employee performance which has a direct impact on firm financial performance and this could only happen when organization policies are derived from the vision statement. Alegre, (2018), posited that objectives are derived from vision, linked to the measurement of corporate progress, and cascaded down to personal performance. Ssegawa, (2013), advised that mission statements could induce desirable behaviors if it is first clearly communicated and reinforced through the reward system. According to Bafna, (2021), the one or two sentences vision statements most companies make available to the company provide only a glimpse of what executives are really thinking and the strategic course they have chartered. Company personnel really have much better understanding where the company is headed and why is revealed in the in the official vision. But the real purpose of strategic vision is to serve as management for giving the organization a sense of direction. Vision statements should to be ambitious and challenging yet attainable enough to evoke employee’s ingenuity and creativity as far as its realization is concerned. Core values are enduring principles, ideologies and worldviews that the founding fathers of organization hold in high esteem; these are sometimes referred to organizational vision (Sufi and Lyons, 2016)

Mission statements are viewed as the critical starting point for almost every major strategic initiative. They are intended to motivate the behaviors of organizational members toward common organizational goals. Mission statement provides a context for strategy and are the ultimate reference point in making critical resource allocation decisions (Bart, 2016). Gullati , (2016), stated that mission statement have an integral impact on the performance of employee's as well as organizational performance. An organization’s mission is its purpose, or the reason for its existence. It states what it is providing to society (Khalifa, 2011). Mission statement should state and define the fundamental, outstanding and unique purpose that sets an organization apart from
other firms of its types and purpose and should identify the scope of the company’s operation in terms of products and services offered and markets served.

Objectives are the end results of planned activity; they state what is to be accomplished by when and should be quantified if possible Sengumppta (2017). Darbi (2012), in their study found that 72% of the CEO’s examined believe on a formal and written mission statement. They believed that this positively impact on enhancing organizational performance. Gharleghi, Nikbakht & Bahar (2011) found a positive correlation between the characteristics and organizational performance and the firms mission statement. A study by Dermol (2012), on the relationship between mission statement and performance in 394 Slovenian organizations indicated that existence of mission statement by firms leads to an increase in firm performance.

Corporate is the highest level with a span of five to ten years and clearly defines the area of organizational operation and the overall strategic direction. Business is the mid-level with a three to five years span involving entry exit guidelines. These strategies not only involve creating of effective and efficient practices and procedures but also suitability and cost effectiveness of this program. The lowest level is the functional level which is short term ranging a year or less and involves entry, exit, and procedures. This stage involves day to day implementation of the program (Berbagal, 2021). Palmer and Short (2018) conducted a study on mission statement of Association to Advance Collegiate School of Business (AACSB) schools located in USA. The study found that business school missions lacked extensiveness. They posited that the variances in performance in business schools were because of mission components. Agyapong, (2019) established the presence of mission statements is directly related to an increase in firm performance. Penco, (2019), in their study the firms that embraced mission statements and had a firm philosophy performed much better than firms that do not have any mission. In the conclusion the study established that mission statement has a positive effect on employee motivation and the achievement of competitive advantage. Alison (2017), established a positive relationship between the values of mission statements in connection with the financial performance. The study concluded that mission statement has an important effect in increasing financial performance. However, a study conducted by Bartkus et al. (2016), found out that there is no positive relationship amongst most components of mission statements and firm performance. Nevertheless, the only factor among others that were found to have a positive relationship with firm performance were the firm’s values and the philosophy component.

Stallworth (2008), studied the correlation between mission statements and financial performance of Fortune: 1000 firm on the 2006 list by examining the main components of mission statement of higher-performing firms and lower performing firms. The findings found out that in as much as mission statements of the higher performing firms considered much more components (eight of nine) in their mission statement relating to lower performing firms, the alterations were only important for three (survival, public image and employees) of nine components. Bart et al. (2021),
posited that a positive relationship existed between the mission statement and non-financial measures of performance demonstrated by behavior, commitment. Satisfaction, mission statements and organizational performance.

A study by Sufi and Lyons (2003) established an important positive link between mission statement and annual turnover only amid other performance measures (return on equity and net profit margin). Sidhu (2013), they established a fairly weak positive connection between performance and mission statements. Corporate is the highest level with a span of five to ten years and clearly defines the area of organizational operation and the overall strategic direction. Business is the mid-level with a three to five years span involving entry exit guidelines. These strategies not only involve creating of effective and efficient practices and procedures but also suitability and cost effectiveness of this program. The lowest level is the functional level which is short term ranging a year or less and involves entry, exit, and procedures. This stage involves day to day implementation of the program (Karami, 2021).

Vision & Mission is conceptualized as something that offers direction to an organization and that helps increase organizational success. Vision is like a road map which shows the route a company aims to take in developing and enhancing its business. It portrays a picture of company’s destination for the future & provides a rationale for going there. The literature presents many variations on the meaning of vision: vision identifies the worth of work, allowing the individual to identify their contribution towards accomplishing an ideal (Tvorik and McGivern, 1997). Vision is energy; the inspiration and supervision of the flow of energy and meaning that people use to control change (Smith, 1996a, 1996b; Snyder and Graves, 1994). Vision is an over-reaching concept that enlightens the organization’s values, guiding philosophies, and tangible image (Collins and Porras, 1991). Vision is a concept that is personally mastered and used to support the personal and professional conditions of an individual (Senge, 1990). Visioning provides the organization with a clear sense of direction, a powerful selection of power, and it gives an individual with the sense of being empowered in something essential (Goodstein et al., 1993).

A company’s mission is a long-term view of what the organization is determined to become in future signifying the basic strength of the firm including its products, business and markets. The identification of a mission is the basis of awareness of a sense of purpose, the complex environment, and the extent to which the firm’s mission fit its capabilities and the opportunities which the environment offers. The mission of a company is the fundamental unique purpose that differentiates one firm from another of its type. It indicates the nature and scope of business operations in terms of product, market and technology. Vision portrays the future business scope of the company and involves a choice about the strategic path to take; Mission is concerned with the company’s present business scope, present capabilities, its products and services, customers and business makeup. However, if a compelling vision is not articulated and shared, vision, including purpose and values, is the first element all organizations need to undertake to become high performing. An effective organizational vision and mission statement translates directly into
an organization’s success which can be measured by continued competitive advantage, improved sales, solid leadership, greater employee commitment, increased shareholder value (Wilson, 1992). When employees are made a part of the vision process it is easier to get them together to decide on important matters, reconcile differences and coordinate implementation activities.

The literature review identifies the components that forecast financial performance, are indicative of a firm’s success or failure (Altman, 1968; Altman and Mc Gough, 1974; Beaver, 1966; Chakravarthy, 1982, 1986; Poston et al., 1994). Research was conducted in a comparison study of 36 corporations with 18 visionary companies over 60-year period on the habits of successful companies. The results proved the occurrence of an effective vision ensuring the ability of corporations to continue over long periods of time (Collins and Porras, 1994). Jones and Kahaner (1995) advocate that vision strategies are the most powerful tool used when a company has to implement change. They advocate vision statements as the most satisfactory planning tool identified by CEOs as identifies in a 1994 survey by Bain and Company and The Planning Forum. Organizations need a shared powerful vision and mission that provides the enabling direction to become proactive and maintain the transformation process for the future (Garfield, 1992; Kotter, 1995, 1996; Miles and Snow, 1978; Naisbitt and Aburdene, 1985). A shared organizational vision provides affirmative action of organization. Vision is like a road map which shows the route a company aims to take in developing and enhancing its business. It portrays a picture of company’s destination for the future & provides a rationale for going there. A company’s mission is a long-term view of what the organization is determined to become in future signifying the basic strength of the firm including its products, business and markets. The identification of a mission is the basis of awareness of a sense of purpose, the complex environment, and the extent to which the firm’s mission fit its capabilities and the opportunities which the environment offers (Alison, 2017).

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Achua and Lussier, (2016) defines organization mission statement as an enduring statement of purpose that distinguishes one organization from the other similar enterprises. It describes the business the organization pursues, and it is well explained and designed to provide many benefits to an organization, including providing direction and focus, forming the basis for objectives and strategies, inspiring positive emotions about the organization, ensuring unanimity of purpose, and
helping resolve divergent views among managers (Yazhou, & Jian, 2011). There are two components in the mission statement that is, the core values and the core purpose. It should be noted that mission and vision set the stage for an organizational foundation.

Ireland et al., (2016) asserts that a good mission statement should focus on the needs that the organization’s products/services are meeting. It specifies the business in which the organization intends to compete and the customers it intends to serve (customer segment). The mission statement should be broad but distinguishes the organization from the others. It should be specific but not to the extent of being rigid and difficult to operationalize. Palmer and Short (2008) noted that business schools use mission statements to present their values, motivate faculty, recruit students, and promote their accreditation aspirations. Crafting a compelling mission statement is expensive consuming relatively large quantities of institutional resources. The chances of crafting an effective mission increases when employees possess a strong focus of ethical standards that guide their behaviors as they strive to help the firm achieve its vision.

Kantabutra and Avery (2010) argues that vision on the other hand is an ambitious view of the future that everyone within the organization can believe in and that is not readily attainable yet offers a better future than what now exists. That a good vision facilitates growth in an organization will make sense to the organization’s citizens and expand their minds in terms of possibilities while at the same time remaining feasible.

Stid and Bradach, (2019) concludes that a clear vision determines very critical functions such as; enhancing decision making which facilitates people to determine what is important or trivial, appealing to followers on the fundamental needs, linking and rationalizing ways of doing things, proving meaning to work and establishing a standard of excellence. As Cassar (2010) affirms that it is critical to note that a firm’s vision statement reflect the values and aspirations that are intended to capture employees’ heart and mind and hopefully the stakeholders’ as well. This therefore denotes that the strategic leadership’s job is to ensure that the vision and mission of the organization are effectively communicated and adapted by all employees. Ireland, et al., (2015) affirms that strategic leaders are people located in different areas and levels of the firm using strategic management process to select strategic actions that help the firm to achieve its vision and fulfill its mission.

This kind of vision creates cohesion among members of the organization (Ireland, et.al. 2016). This makes organizations to meet their set objectives. Once the vision has been set, the organizational members can take up the banner by designing and executing strategies to accomplish that vision. As feedback goes back to the top management, they gain the insight necessary to review the organization’s vision and revise it for legitimacy and authenticity. In private universities, the top management will be focused on leveraging their human and financial capital while achieving stellar academic outcomes and excelling in co-curricular activities for the success of the institution (Kantabutra & Avery, 2010). Samsung incorporated has been able to use
a strong vision and purpose to surprise industry analysts by creating demand where there was none. Even though the industry at the time was saturated. A bold vision was the way to leverage this strategy but of key importance is the great group taking on the challenge set by the top management and as they identify their strengths and weaknesses work together like a well-oiled machine with the focus in the penultimate objective (Ireland & Hitt, 2015).

Leornard and Huang (2014) advances that mission statements have since become nearly universal paraphernalia in internal and external communications in both for and non-profit organizations, including colleges and universities. They are assumed to publicly affirm the organization’s purpose and goals to its internal and external stakeholders. Therefore, a university’s mission statement should communicate its own unique purpose and goals to both internal and external stakeholders. The efficacy of a mission statement guides performance established by strategic planning and subsequent tactical initiatives purportedly designed to fulfill its goals.

Leornard and Huang, (2014) asserts that a well-defined mission statement can unify and energize internal stakeholders while enhancing external stakeholders’ perceptions, expectations, and possible actions. Tangible evidence of a mission statement’s efficacy should be reflected in organizational performance data relevant to its stated goals. Unless a validated linkage can be demonstrated between the institution’s implemented programs and activities, little is revealed of the mission statement’s efficacy.

Strategic direction involves developing long-term vision of the firm’s intent. A long-term vision typically looks at least five to ten years in future. Leonard and Huang, (2014) asserts that the purpose and vision of an organization aligns the actions of people across the whole organization. A genuine vision is very active and all the people in the organization understand the vision and operate with it. It is also filled with drive and energy and people are proud to talk about their organization’s purpose and vision consequently positive outcomes is the result.

LITERATURE REVIEW

Jonyo, (2018) conducted a study to examine the effect of mission and vision on organizational performance in private universities in Kenya. The specific research question is how do mission and vision affect organization performance in private universities in Kenya? This was a correlational study which adopted a positivist philosophy. The study population comprised of all the 17 private universities in Kenya accredited by Commission of University Education. The unit of analysis was the board of directors, vice chancellors, and heads of departments (finance, sports, human resource, research, quality assurance) and academic deans (business school) which was 136. A census technique was used in the study with frequency distributions, percentages and means for descriptive statistical analysis while correlations and regression analyses were used for inferential statistics. The study found that, mission and vision explained a significant proportion of variance in organizational performance, R 2 = .633. The significance value in testing the reliability of the model for the relationship between mission and vision on organizational
performance was \( F(1, 122) = 208.929, p = 0.00 \). Therefore, the model was found to be statistically significant in predicting the relationship between the study variables. The study found that for every unit change in mission and vision, organizational performance increases by 0.867 hence implying a positive impact of mission and vision on organizational performance. Based on the findings, the study concluded that there was a significant relationship between all the independent variables and organizational performance the dependent variable. The study also concluded that policy and regulation positively moderated the relationship between mission and vision and organizational performance.

Al-Amin (2018) conducted a study to explore school culture and its influence on the students’ performance in KCSE. It was conducted in Public Secondary schools in Mombasa County. In this regard, the following objectives guided the study: to assess the forms of school culture practiced in selected public secondary schools across the county; to determine the extent to which school motto, vision and mission influence students’ performance in KCSE. The study adopted descriptive survey design and was guided by Schein (1996) and Trompenar’s (1998) theories on school organizational culture. Target population of schools was 25 Public secondary schools but only 8, thus 8 Principals and 8 Form 4 Class teachers were sampled using purposive sampling techniques. Stratified random sampling technique was employed to sample 200 Form Four Students. Therefore, a total of 216 respondents were involved in the study. In regard to data collection, questionnaire was employed in data collection. The findings revealed that the schools’ Motto, Vision and Mission statements affected KCSE outcomes in majority of the schools under this study. This is because the results of data analysis indicated that KCSE outcomes of the students reflect the expected academic outcomes of the schools’ motto, Vision and Mission statements.

Shilpa, (2016) conducted a study to explore the impact of vision & mission on organizational performance in the Indian Context. Data is collected from 200 respondents and use of graphical representation for descriptive analysis, ANOVA and regression for inferential analysis on the basis of responses collected through questionnaire. The results indicate that vision and mission significantly influence organizational performance. It is further seen that it’s not just the formation of vision & mission statement but its content, communication, implementation and contribution all are equally important.

Ndumia, (2014) conducted a study to investigate the effect of strategic management practices and scorecards on performance and specifically the effect of strategic management practices in Kangaita tea factory. The factory had 7 managers and the production department had 174 employees. All the managers were interviewed and were selected purposefully for they were in charge of departmental performance. An interview guide was used to interview the 7 managers and a secondary data guide was used to collect data on performance. A questionnaire was sent to employees in each department to fill. Out of the population of 174 employees a random sample of 82 employees was used for this study. The study established that Kangaita tea factory had a clearly stated vision and mission which were developed by top management together with the board and
KTDA headquarters and the adopted by all the tea factories managed by KTDA. Kangaita tea factory adopted the vision and the mission in the financial year 2006/2007 when it embarked on ISO 9001:2000 quality management system implementation. The vision and mission were broken down into outcomes to be achieved hence the objectives. This was done by top management with the help of ISO implementation consultants. The introduction of strategic management practices of performance measurement and use of key performance indicators had improved performance. The managers felt that there was improvement in the system losses, better motivation of staff and the factory had acquired new markets. Conversion factor of green leaf into manufactured tea had improved and the top-grade percent had also improved. It was also established that energy use efficiency had also improved.

Mwaura, (2011) conducted a study to establish the strategies employed by secondary school principals to meet their academic performance improvement goals in Embu West District. Three research questions were formulated to guide the study. Research question one aimed at examining the strategies employed by secondary school principals in Embu West District to meet their schools' academic performance improvement goals, research question two focused on establishing the differences between the academic performance improvement strategies employed by principals from well performing and poorly performing schools while research question three sought to identify academic performance improvement lessons that can be learnt from schools that consistently perform well at the KCSE level. The review of literature covered literature on factors affecting academic performance, including student-related factors, home environment factors, and school-related factors. The study adopted a descriptive survey design. The sample was composed of 20 head teachers and 40 teachers. Data were collected by use of structured questionnaires. The findings revealed that majority of the schools always employed strategies on instructional leadership always. It was also revealed that majority of schools employed strategies for clarification of vision and mission. Data further revealed that majority of schools always employed strategies for expectations for success, they also employed strategies for monitoring students’ progress always and also employed strategies aimed at ensuring opportunity to learn/time on task always. It was revealed that there was no difference in the strategies used by the head teachers in well performing and poorly performing schools.

CONCLUSION

Mission statements are good in capturing corporate level strategy in terms of scope, boundaries and value creation. They are a broad overarching statements around which other strategic principles like vision, strategic capabilities, strategic intent, objectives and goals, core values, standards of behavior as well as business models evolve. A good vision facilitates growth in an organization will make sense to the organization’s citizens and expand their minds in terms of possibilities while at the same time remaining feasible. An effective organizational vision and mission statement translates directly into an organization’s success which can be measured by continued competitive advantage, improved sales, solid leadership, greater employee commitment,
increased shareholder value. The study concluded that vision and mission significantly influence organizational performance and it’s not just the formation of vision & mission statement but its content, communication, implementation and contribution all are equally important.

RECOMMENDATIONS

The study recommended that NGOs should implement mission and vision as planning strategies. This is because vision and mission significantly influence organizational performance. Moreover, NGOs’ strategic leadership should ensure that the vision and mission of the organization are effectively communicated and adapted by all employees.

REFERENCES


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