



MISSION STATEMENT ANALYSIS OF SELECTED PUBLIC SECTOR AND PRIVATE SECTOR BANKS IN INDIA

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Abstract: *The need to win over competitors in business world brings the relevance of application of certain tactics and strategies and thus came the subject, Strategic Management. All the strategists design strategies for their concern based on business vision and mission. This shows the relevance of the topic. A well designed; correctly worded mission statement explains the reason and the unique purpose of a concern's existence. A mission statement shows "what is the business of a firm" and also gives the stakeholder's an idea that their claims will be taken care of. In the field of cut throat competition, every business has to set strategies and for the formulation of strategies, mission statements are to be evaluated and analysed. Constant evaluation and revisions are needed for mission statements and such an evaluation is a beginning to the process of assessing its overall effectiveness. The present study done on the mission statements of 5 public sector banks and 5 private sector banks is a component based analysis and it reveals that on a whole, all of them gave prime importance to their customers and least importance to the technology which actually they are making use of to meet the challenges of a rapidly changing environment.*

Key Terms: *Modern Banking, Strategy, Mission, Mission statement*

I. Introduction

Present is a competitive world for all forms of inhabitants on this mother earth. Things become much more competitive among those in the business world, never the matter which stream of business, one is involved in. Competitions lead to innovations, be it in relation to products manufactured or services rendered. The same is applicable to banking field as well. Banks have become part and parcel of our life. Banking in the modern sense does much more than what banks did a few decades ago. Banks have come much ahead of their activities of mere acceptance of deposits and lending of loans. According to the opinion of banking experts in developed countries, Banks are defined as profit-oriented financial institutions.

The earlier definitions of Banking have become obsolete. Every banker is running behind the customer with a wide range of innovative packages, be it with regard to product mix offered or with regard to the services rendered. All banks make use of most modern technologies to the maximum and try to be with the customers every moment. Cash at account holder's finger tips at the swipe of a card 24x7x365, knowing account balance at the same finger tip, fulfilling needs even with zero account balances, booking tickets taking comforts of home and not in queues, thanks to the modern banks who have very well made use of most of the technological advancements of the day.

Strategic Management is all about possessing and maintaining competitive advantages and setting strategies to win over competitors. When a firm has some competencies that the rivals do not possess, those can be converted into strategies. While doing strategic planning for a concern, strategists have to analyse on their vision and mission statements, evaluate if there are existing ones or set them. Vision of an organization tells what the business firm wants to become in the long run. Mission tells about how the firm can reach there, that is about the firm's operations and details on how one firm is different from the other. Mission statement, as explained by experts lays down the concept of the company and answers the question, "Why a firm exists?"

II. Significance of the study

¹Peter F Drucker, Father of Modern Management, has clearly shown the importance of business mission as "A business is not defined by its name, statutes, or articles of incorporation. Only a clear definition of the mission

¹ Fred R David, Strategic Management_ Concepts and Cases (A Competitive advantage approach), 14th edition, 2014, PHI Learning Pvt Ltd; Pg.no: 42

and purpose of the organization makes possible, clear and realistic business objectives.”² Dr. Bob Williams (Williams & Co) rightly identified the importance of mission statement analysis which goes like “Mission statement becomes the road map to the company’s success or failure. Therefore it must be done first, it must be constantly reviewed and updated and it must be kept current and alive. It is the company. It will be your mirror image, so it must be right.” The mission statement helps a concern to find out their path to move through from among that of their competitors. A neatly worded mission statement helps the employees and other stakeholders of a concern to know what the business of the concern is and to discover that each of them are given importance by the concern in their journey towards achieving the goals. There is no mission statement that can be called as a perfect one, says expert strategists. But there are certain characteristic features and components expected in these statements. Mission statements are to be evaluated at regular intervals based on these characteristics. The mission statement in addition to identifying products or services of a company, the technology applied for that, and about the markets, it embodies the values and beliefs of a company. Whether a firm is developing its line of business in pace with the speed of current competition, whether they are reformulating direction for an ongoing process, and changing their basic goals keeping their basic philosophies firm, and attaining a strategic posture, all these are to be embodied in the form of a legible statement and that is Mission statement. A fairly good mission statement, experts opine that, they should clearly narrate on the firm’s products/ services, their customers, their targeted market, the technology applied by them, their concern for growth, profitability and survival, their self concept and philosophies, their concern for employees and for creating a public image. Many studies reveal that business firms set nice mission statements but whether essential components are included, whether frequent evaluations are done on it, whether those statements reflect the claims of stakeholders and whether they are timely revised, all are matters less bothered about. That shows the relevance of the study.

III. Objectives

To do a component wise analysis of mission statements of selected public sector and private sector banks.

IV. Methodology

The particular study analyses mission statements of randomly selected 5 public sector banks and 5 private sector banks, on the basis of a “9-component base” developed by strategists from their experience. The components are as under:

1	Customers
2	Products/ Services
3	Market
4	Technology
5	Concern for profitability, growth and survival
6	Philosophy
7	Self Concept
8	Concern for Public Image
9	Concern for employees

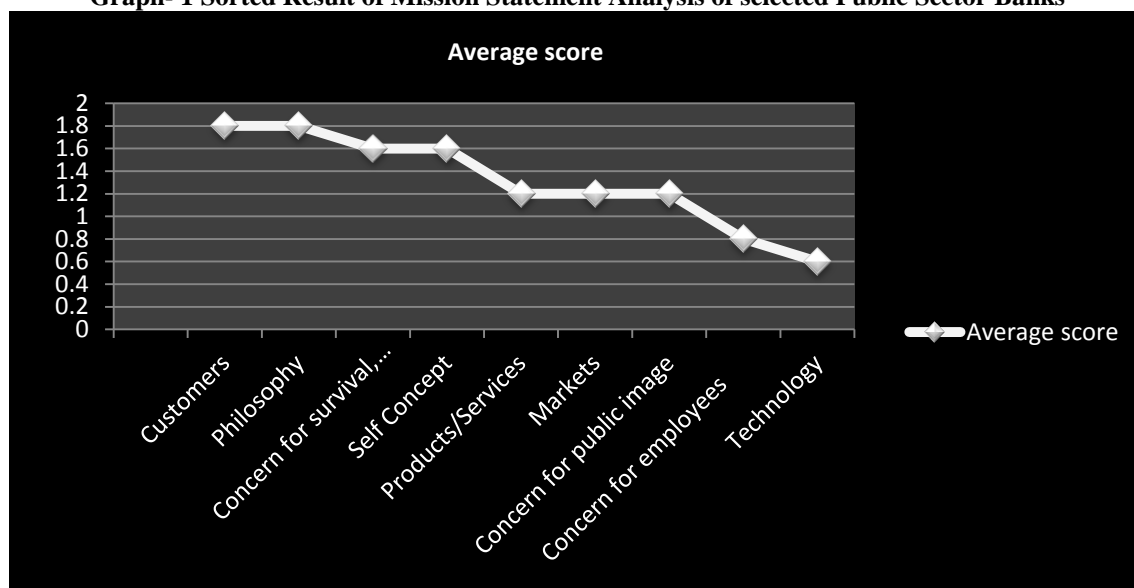
The banks were chosen on random sampling basis. The mission statements were collected from the bank’s websites. The component wise analysis was done with respect to all mission statements and the presence of components in the mission statements was analysed on an average-score basis and also individual bank’s basis to check on their adoption of these components to their statements in the form of percentages. A comparative analysis of the selected public sector and private sector banks is also done. The analysis results are presented in tables and graphs.

Table 1.1: Sorted Result of Mission Statement Analysis of selected Public Sector Banks

Component No:	Components	Bank of Baroda	SBI	IDBI Bank	Canara Bank	Syndicate Bank	Average score
1	Customers	1	2	3	2	1	1.8
6	Philosophy	1	1	4	2	1	1.8
5	Concern for survival, growth and profitability	1	1	3	1	2	1.6
7	Self Concept	2	2	1	1	2	1.6
2	Products/Services	0	1	3	1	1	1.2
3	Markets	1	2	2	0	1	1.2
8	Concern for public image	1	0	2	2	1	1.2
9	Concern for employees	1	0	1	1	1	0.8
4	Technology	0	1	1	0	1	0.6

Source: Table 1 in Appendix

² www.mlmia.com- Article: The Mission Statement- Why, How and its importance,

Graph- 1 Sorted Result of Mission Statement Analysis of selected Public Sector Banks

Source: Table 1.1

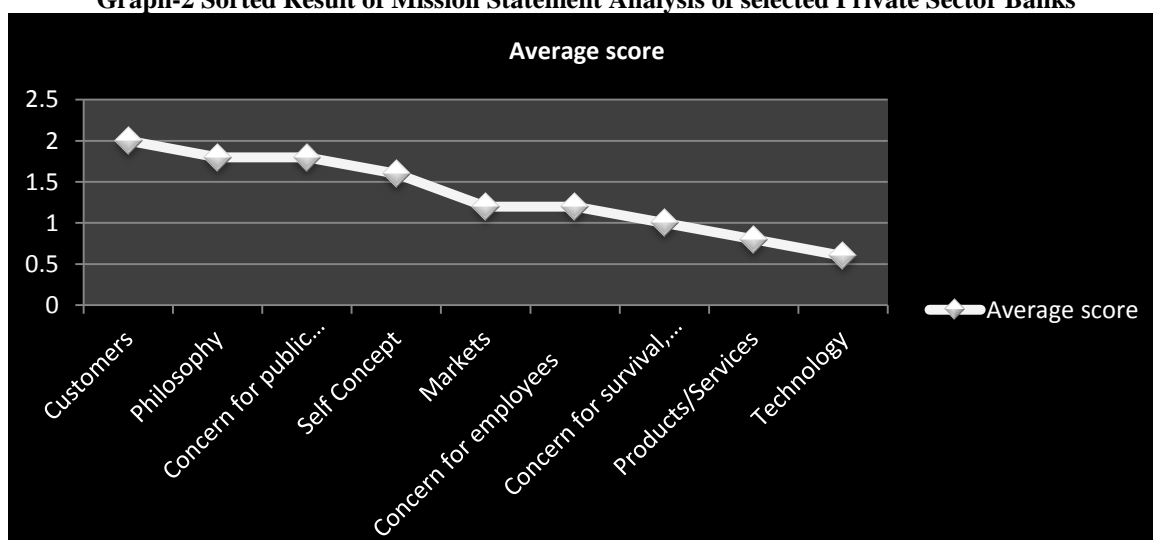
Interpretation

The component wise analysis of selected public sector banks reveals that the components- Customer and Philosophy are given most importance while drafting their mission statements and they have given least importance to the component- Technology.

Table 2.2: Sorted Result of Mission Statement Analysis of selected Private Sector Banks

Component No:	Components	South Indian Bank	Dhanlaxmi Bank	Federal Bank	ICICI Bank	HDFC Bank	Average score
1	Customers	3	1	1	3	2	2
6	Philosophy	2	0	1	4	2	1.8
8	Concern for public image	1	2	1	4	1	1.8
7	Self Concept	2	1	2	2	1	1.6
3	Markets	0	0	0	4	2	1.2
9	Concern for employees	1	1	1	2	1	1.2
5	Concern for survival, growth and profitability	0	1	1	2	1	1
2	Products/Services	0	0	1	1	2	0.8
4	Technology	1	0	0	1	1	0.6

Source: Table 2.1 in Appendix

Graph-2 Sorted Result of Mission Statement Analysis of selected Private Sector Banks

Source: Table 2.2

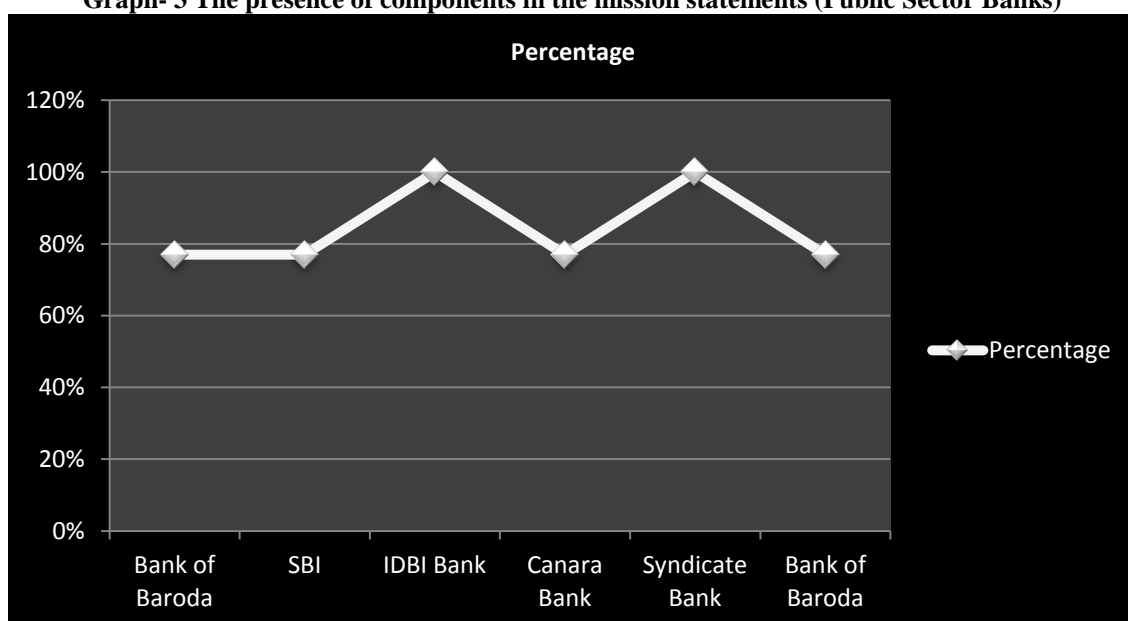
Interpretation

The component wise analysis of selected private sector banks reveals that the component- Customer is given most importance while drafting their mission statements and they also have given least importance to the component- Technology.

Table 3.2: The presence of components in the mission statements (Public Sector Banks)

Bank	Presence of Component (Score out of 9)	Percentage
Bank of Baroda	7	77 %
SBI	7	77 %
IDBI Bank	9	100 %
Canara Bank	7	77 %
Syndicate Bank	9	100 %
Bank of Baroda	7	77 %

Source: Table 3.1 in Appendix

Graph- 3 The presence of components in the mission statements (Public Sector Banks)

Source: Table 3.2

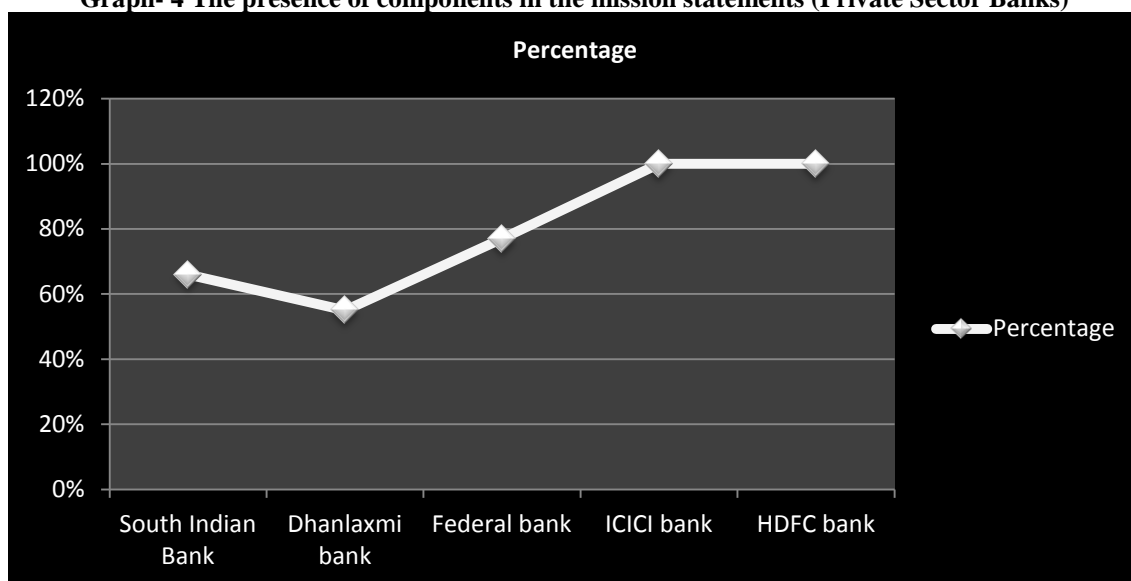
Interpretation:

On a whole, one can find that, it is IDBI bank and Syndicate bank who have used all the components while drafting the mission statement while others have excluded 2 components each, which leaves a scope for their further revising the mission statements including these left out components.

Table 4.2- The presence of components in the mission statements (Private Sector Banks)

Bank	Presence of Component (Score out of 9)	Percentage
South Indian Bank	6	66 %
Dhanlaxmi bank	5	55 %
Federal bank	7	77 %
ICICI bank	9	100%
HDFC bank	9	100%

Source: Table 4.1 in Appendix

Graph- 4 The presence of components in the mission statements (Private Sector Banks)

Source: Table 4.2

Interpretation

On a whole, one can find that, ICICI Bank and HDFC bank have used all the components while drafting the mission statement while others have not, which leaves a scope for their further revising the mission statements including these left out components.

Table- 5 Comparison based on Average Score

Component No:	Components	Average score of public sector banks	Average score of private sector banks
1	Customers	1.8	2
2	Products/Services	1.2	0.8
3	Markets	1.2	1.2
4	Technology	0.6	0.6
5	Concern for survival, growth and profitability	1.6	1
6	Philosophy	1.8	1.8
7	Self Concept	1.6	1.6
8	Concern for public image	1.2	1.8
9	Concern for employees	0.8	1.2

Source: Tables 1.2 and 2.2

Interpretation:

The comparison of Average Scores of Component Wise Analysis reveals that both Private as well as Public Sector Banks has given maximum importance to the component- Customers and they have given least importance to the component- Technology.

Table- 6 Comparison based on the presence of Components in Mission Statements

Public Sector Banks	Percentage	Private Sector Banks	Percentage
Bank of Baroda	77 %	South Indian Bank	66 %
SBI	77 %	Dhanlaxmi Bank	55 %
IDBI Bank	100 %	Federal Bank	77 %
Canara Bank	77 %	ICICI Bank	100%
Syndicate Bank	100 %	HDFC Bank	100%

Source: Tables- 3.2 and 4.2

Interpretation:

The table reveals that 2 banks in both sectors have included all the components. A general analysis shows that the public sector banks have included the maximum components and private sector banks have not bothered that much to include maximum components.

V. Suggestions

Banks now a day make maximum use of computer technology. Most of the innovations that they have made are purely depended on Technology. Banks are increasingly taking advantage of most modern technologies. So, including that component in the mission statement also demands much attention. Most of the banks are coming up with innovative products every now and then. Even that component was not given importance. That has to be corrected and the presence of products and services must be made in the mission statements. On a whole, it can be advised that the left out components, mainly Technology and Products/ Services must be taken into consideration and the mission statements are to be revised and stated. The mission statements, as they are supposed to reflect true picture on the business of a firm, it would be appreciable if these suggestions be considered and followed up.

VI. Conclusion

“Innovation in Banking for future growth” is a statement that states about one of the strategies that banks adopt in the present competitive world to win over competitors, that is product strategies. When discussions are conducted about these strategies, this study provides an add on to it by giving a bird’s eye view on some specific matters that need attention, i.e, the drafting, evaluation and revision of Mission statements, which are mostly overlooked by most organizations. A mission statement reflects what the organization is? ; And therefore much attention is to be given for it so that the contented stakeholders would lead the concern to success indirectly.

A good mission statement is a declaration of attitude and outlook of a business firm. It needs to indicate the relative attention that an organization will devote to meeting the claims of various stakeholders. In that connection, these banks that were studied gave maximum importance to their main stakeholders, the CUSTOMERS. It is a positive sign. The customer is the foundation of any organization and keeps it existence. It is the customer whose willingness to pay for goods and services converts a firm’s economic resources into wealth. In that sense, these mission statements very well succeed. But the element TECHNOLOGY (which if present shows whether the business is technologically current) must definitely be given its place in the mission statements of modern banks and also much importance must be given to the component PRODUCTS/SERVICES (which gives an idea on firm’s products and services) which present bankers have in abundance, with them. Mission statements are to be carefully prepared and are to be tested and subjected to revisions. Organizations (doing all forms of businesses) have to re examine their Vision and Mission annually and only effective mission statements stand the test of time.

Appendix**Table 1.1: Component wise Mission statements' analysis of selected Public Sector Banks**

Component No:	Components	Bank of Baroda	SBI	IDBI bank	Canara Bank	Syndicate Bank	Average score
1	Customers	1	2	3	2	1	1.8
2	Products/Services	0	1	3	1	1	1.2
3	Markets	1	2	2	0	1	1.2
4	Technology	0	1	1	0	1	0.6
5	Concern for survival, growth and profitability	1	1	3	1	2	1.6
6	Philosophy	1	1	4	2	1	1.8
7	Self Concept	2	2	1	1	2	1.6
8	Concern for public image	1	0	2	2	1	1.2
9	Concern for employees	1	0	1	1	1	0.8

Source: Mission statements in websites of banks

Table 2.2: Component wise Mission statements' analysis of selected Private Sector Banks

Component No:	Private Sector Banks	South Indian Bank	Dhanlaxmi bank	Federal bank	ICICI bank	HDFC bank	Average score
	Components						
1	Customers	3	1	1	3	2	2
2	Products/Services	0	0	1	1	2	0.8
3	Markets	0	0	0	4	2	1.2
4	Technology	1	0	0	1	1	0.6

5	Concern for survival, growth and profitability	0	1	1	2	1	1
6	Philosophy	2	0	1	4	2	1.8
7	Self Concept	2	1	2	2	1	1.6
8	Concern for public image	1	2	1	4	1	1.8
9	Concern for employees	1	1	1	2	1	1.2

Source: Mission statements in websites of banks

Table 3.1: Checking the presence of components in Mission Statements in case of Public Sector Banks

Sl. No:	Component No: Banks	1	2	3	4	5	6	7	8	9	Total	%
1	South Indian Bank	<input type="checkbox"/>	X	X	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	66
2	Dhanlaxmi bank	<input type="checkbox"/>	X	X	X	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	55
3	Federal bank	<input type="checkbox"/>	<input type="checkbox"/>	X	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	77
4	ICICI bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	100
5	HDFC bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	100

Source: Mission statements in websites of banks

Table 4.1: Checking the presence of components in Mission Statements in case of Private Sector Banks

Component No: Banks	1	2	3	4	5	6	7	8	9	Total	%
Bank of Baroda	<input type="checkbox"/>	X	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	77
SBI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	X	7	77
IDBI Bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	100
Canara Bank	<input type="checkbox"/>	<input type="checkbox"/>	X	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	77
Syndicate Bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	100

Source: Mission statements in websites of banks

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