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Content analysis of mission statement of mining companies in South Africa

Abstract

This is the first study that analyzed content of mission statements of mining companies in South Africa. Based on the literature, quality of mission statements, inclusion of specific components and other characteristics in mission statements for 58 mining companies listed at the Johannesburg stock exchange are analyzed. The results reveal that quality of mission statements of these companies as compared to the other parts of the world are similar to the extent that very few companies in the study include all stakeholders in their statements. Majority of mining companies in South Africa do not focus on the key stakeholders in their mission statement as provided in the literature. Mentioning of the word “stakeholder” is found to be prominent in South African mining companies’ statements, while BEE or Black Empowerment is found in only 2 companies’ statements. The mining companies in South Africa focus mainly on financial objectives and distinctive competencies; their focus is lower on employee and social benefits as compared to European, US and Japanese firms. This has implication for the current mining labor unrest in South Africa and mining companies are likely to see change in focus in their mission statements in the years to come.

Keywords: mission statement, mining companies, South Africa, black economic empowerment, stakeholders.

JEL Classification: M14.

Introduction and background

Despite several labor problems and other challenges such as recession etc., the South African mining sector remains a key pillar of the economy by contributing about 9% to the GDP. Prior to 1994, the ownership of mining resources did not have equitable access which did not provide fair share of minerals revenue. Mining companies were private companies and were operating under apartheid regime which was not open to the world. Several reforms have been introduced by South African Government after 1994 in the mineral sector, which included promotion of equitable access to the nation’s mineral resources, especially among historically disadvantaged South Africans; promotion of investment, growth and employment in the mineral industry thus contributing to the country’s economic welfare; provided for security of tenure in respect of existing prospecting and mining operations; and ensured that holders of mining rights contribute towards the socio-economic development of the areas in which they are operating. Further the Broad based Socio Economic Empowerment Charter for South African Industry (also called the Mining Charter) is a Government initiative to effect sustainable growth and meaningful transformation of the mining industry.

With the above background of mining sector in South Africa, this study is aimed at analyzing the mission statement of Mining companies operating in South Africa. The study also compares the mission statement with those in Japan, UK and the USA. The results of this study are vital to assess the economic transformation in South African mining sector and also to understand the business direction that mining companies are taking in South African context.

1. Literature review

There have been limited studies from Japan and Western countries that have done content analysis of mission and vision statement.

Kemp and Dawyer (2003) selected 50 mission statements from corporate website of international airline industry and analyzed their content based on the nine component model provided by Pearce and David (1987). These components are customers; product/services; location/markets; technology; concern for survival, growth and profitability; philosophy; self-concept; concern for public image and concern for employees. The three components that were most prevalent in the mission statement were self-concept, philosophy and customers, while the components that featured as least prevalent were technology, concern for employees and concern for public image.

Bakoglu and Askun (2005) did content analysis from 100 socially responsible firms from USA and the result indicated that no specific pattern emerged, while most of the items in the five dimensions (Customer, Employee, Shareholder, Community and Environment) occurred up to three times in each dimension. These five dimensions were obtained from a five stage content analysis process adopted in the study.

Bartkus, Glassman and McAfee (2004) compared the quality of top 30 European, Japanese and U.S. mission statements using content analysis. The study employed three measures of quality, namely, identification of specific stakeholder groups, inclusion of specific components and achievement of four objectives: communicates direction, assists in control, guides decision making, and motivates employees. The study found that few firms included all stakeholder groups

(from identification of specific stakeholder groups), most firms included about half of the recommended components, and most statements did not meet all the recommended objectives. Overall regional differences were observed and the results suggested that the statements fall short of meeting the quality criteria suggested in the academic literature.

Using David's (1989) nine component model, Williams (2008) did a comprehensive study of the mission statements of Fortune 1000 higher-performing and lower-performing firms to assess the current state of mission statement. Content analysis showed that higher-performing firms included eight of the nine recommended components more often than did the lower-performing firms, and the differences were significant for three of those components.

Bratianu and Balanescu (2008) analyzed the mission and vision statements of 50 best performing U.S. private companies using five parameters namely existential purpose, fundamental values, social responsibility, literary composition, and semantic impact. The first three parameters reflect the business essence of each company and its attitude with respect to social values, the fourth parameter reflects the literary expression of the formulated statement, and the last parameter reflects the perception of the reader about the vision, mission and core value statement as a result of the psychological semantic impact. The data showed that the fundamental value parameter was ranked the highest, followed by literary composition, semantic impact, existential purpose and social responsibility being the last. The study further grouped four companies and used radar charts to show how the five parameters were dimensioned by each company. The results demonstrated the capacity of each company to transform the vision, mission and core value statements into powerful integrators for developing its organizational intellectual capital.

Biloslavo and Lynn (2007) compared stakeholders identified in the mission statements of Slovenian companies with those identified in existing studies of North American mission statements and found that Slovenian firms tend to emphasize customers,

employees, shareholders, local community, society and environment, supplier/strategic partners as key stakeholders. The study further found that Slovenian mission statements tend to emphasize product/service, quality and company philosophy. The US statements often mention quality, public image and survival/growth/profit.

Er-ming and Yan-yan (2011) investigated the relationship between mission statement and corporate performance of top 100 state-owned corporate in China. The study found that corporate mission statements concerned with customers and suppliers, products and services as well as technology and growth factors are significantly associated with economically responsible performance, while the high focus on image which concerns the nation, employee, societies and environment included in the mission statement are not significantly associated with social and environmental responsible performance.

The literature indicates that there have been studies from Japan and the US that have used content analysis to examine the vision/mission and value statements of selected companies. The results of these studies suggest that most of such statements fall short of the criteria indicated for an ideal mission statement in academic literature. However there is no study that captures the African context and especially South Africa. The objective of this study was to analyze mission/vision statement etc. for mining companies in South Africa.

2. Methodology

A review of methodology used by previous researchers was done in order to analyze mission statement of mining companies in South Africa in this study.

David's (1989) nine component model has been used by most of the studies that analyzed mission and vision statements. Bartkus, Glassman and McAfee (2004) employed three measures of quality namely identification of specific stakeholder groups, inclusion of specific components and achievement of four objectives. However there were several overlaps in their study and these were removed, have been explained in Table 1.

Table1. Table showing the variables used in this study

| | | This study |
|--|---|--|
| Bartkus et. al. (2004) Method/dimension 1: <i>Five specific stakeholder groups</i> : Customers, employees, investors, suppliers and society | Operationalized using customers: clients or customers, Employees: employee, our people, work-force Investor: shareholders or investors Supplier: partners and suppliers Society: society. community, world, global, social goals, environment, national economies and quality of life | All the dimensions used by Bartkus et al. adequately cover all the stakeholders group as used by other studies. Hence this study adopted all these dimensions. |

Table1 (cont.). Table showing the variables used in this study

| | | This study |
|---|---|---|
| Method/dimension 2.: <i>Nine component characteristics used by Davies and Glaister (1997) as industry, target customer, geographic scope, values/philosophy, motivational message of excellence or benefit to society, distinctive competence, future orientation and a financial objective</i> | <p>Industry was operationalized by looking for standard industry names, such as finance, steel, etc.</p> <p>Target customer was operationalized using residential and business.</p> <p>Geographic scope was operationalized using as the identification of a region served by firm or a location of the customers for whom the product or service was intended (worldwide, Asia, Europe)</p> <p>Company philosophy or value by looking for specific words such as fair, integrity, well-being, harmony, honesty and responsibility.</p> <p>Words such as leading, best or outstanding that might inspire or motivate employees and want to be associated with a firm that strives for excellence or competitive superiority. The second was operationalized looking for words like society, community, nation and giving back that may motivate employees who want to be part of firm that strives to benefit society.</p> <p>Distinctive competencies were operationalized looking words like innovation, low cost, high quality, efficiency.</p> <p>For future orientation words like will be, future, create, dedicate, dedicated, anticipated or a specific future year were considered.</p> <p>The words create value, growth, profit, returns, financial strength and financial performance were searched to indicate financial objectives.</p> | <p>Since all dimensions from the Bartkus et al. were adopted, the target customer was repetition, hence it was dropped. Based on the previous studies, following were added to this study from the Davies and Glaister (1997) study:</p> <p>Concern for survival, product or services, technology, concern for public image.</p> <p>Worldwide and Africa was used for Geographic scope determination.</p> <p>Expectation, opportunity was used for future orientation.</p> <p>Table 2 further shows the dimensions taken from the study of Davies and Glaister (1997)</p> |
| The third method/dimension was based on the four objectives i.e. to communicate the firm's direction to stakeholders, to keep firm on track by providing a control mechanism, to guide non-routine decision-making, to motivate and inspire employees | | The earlier dimension covered the communication of sense of direction; Motivation of employees was also covered by other dimension. While the other two were not considered important for this study as they were thought to be too restrictive. |

All the parameters were operationalized using the previous research and adding operationalization factors where it was not available.

3. Sample size

All the Johannesburg Stock exchange listed mining companies were the target group. Web site for each of these companies was accessed to find the vision, mission, or related statements. The reason for using all three was that many managers, scholars use the terms mission, vision, values, goals inter-changeably (Levin, 2000). Since strategy for a company is derived from the vision and mission statement, the strategy statement was also considered where available in addition to mission or vision or as stand alone in place of vision and mission statement. In addition, statement on "about us" or "our approach" was also considered

where there was no vision or mission statement listed, as these statements provided what a mission or vision statement would essentially contain. A total number of 58 mining companies were found and their web sites were searched. It also included those mining companies which had no mining operations in South Africa but were listed at the JSE. Some of the mining companies have explained their operations on their web site.

A query was run for each of the key words including its synonyms using NVIVO 10. All the outputs were checked manually for any error or misrepresentation of the word. The results are discussed in the next section. Table 2 shows the result of content analysis. Number against each parameter shows the frequency of occurrence for that parameter.

Table 2. Result of content analysis per dimension

| Dimension | Result/operational parameter |
|--------------------------------|---|
| Customers | 6 |
| Stakeholders | 14 |
| Employees | Employee 5, Our people 7, Work-force Nil |
| Investors | Shareholders 14, Investor 0 |
| Supplier | Partner 5 supplier 11 (to the market) |
| Society | Society. Community 11, world, global, social goals, environment, national economies and quality of life, worldwide 42 |
| Company philosophy/value | fair, integrity, well-being 11, harmony, honesty and responsibility |
| Motivation on excellence | Leading 9, best or outstanding 0 |
| Motivational (social benefits) | Society/community 8 |

Table 2 (cont.). Result of content analysis per dimension

| | |
|------------------------|--|
| Distinctive competency | Innovation 4, low cost 18, high quality 5, efficiency 11 |
| Future orientation | Future 5, create 0, dedicate 0, anticipated 0 |
| Financial objectives | Growth/profit/returns 33 |

4. Discussion of results

Table 3. Stakeholders mentioned in mission/vision statements

| Number of stakeholders | South Africa (58 mining sompanies) | | Total 56 firms (Europe, Japan and US)** | |
|-------------------------------------|------------------------------------|------|---|------|
| | Number | % | Number | % |
| 5 | 1 | 1.7 | 2 | 3.6 |
| 4 | 0 | 0 | 4 | 7.1 |
| 3 | 4 | 6.9 | 6 | 10.7 |
| 2 | 2 | 3.4 | 19 | 33.9 |
| 1 | 11 | 19.0 | 16 | 28.6 |
| 0 | 27 | 46.6 | 9 | 16.1 |
| Mention of "Stakeholder" | 13 | 22.4 | NA | |
| Mention of BEE or Black Empowerment | 2 | 3.4 | NA | |

Note: ** Bartkus, Glassman and McAfee, 2004.

Table 3 shows the number of stakeholders mentioned in the mission statement. This was done to identify the quality of these statements based on previous studies on five specific stakeholders group: customers, employees, investors, suppliers and community. From the mission statements of mining companies in South Africa it was observed that only one company had identified all the five stakeholders in their mission statement, while 19% identified one group, with 46.6% having no stakeholder identified in their mission statement.

Only 2 companies had used BEE or Black empowerment in their mission statements. Government initiatives to meaningfully expand opportunities to previously disadvantaged South Africans though minimum targets for ownership, procurement, beneficiation, employment equity etc., are being taken care of through mining charter but these issues are not reflected in the mission statements by most of the mining companies in South Africa.

It was observed that 13 companies have mentioned "Stakeholders" in their mission statement along with or without any additional stakeholder group. This seems to be a pattern whereby companies are packaging their mission statements with one word 'Stakeholder' which could ideally capture all

including customers, employees, investors, suppliers, community and any other stakeholder. The other trend that was observed is that the supplier stakeholder group was only identified by only 2 companies, while the world 'supply' is used by the companies to identify themselves 'as a supplier' of the minerals in the sector in their mission statement.

The absence of any stakeholder identification by 46.6% of the companies indicates about the quality of mission statement based on the criteria applied. An inspection of such mission statement suggests that these are inclined towards more on mining operations and/or to make financial returns.

A comparison of results between South African mining companies and those from the sample of 56 companies from Europe, Japan and USA does not provide any major difference in most of the categories except that the zero stakeholder category constitute the major group in case of South African companies. This shows that majority of companies in South Africa do not focus on the key stakeholders in their mission statement as provided in the literature. It would have been ideal to compare results of this study with mining companies around the world. However minerals being a strategic sector for any country, most of the mining companies in those countries operate either as public sector, or state owned or under high Government control. As a result their mission statements are aligned to specific objectives which are mainly social in nature or other priorities of the Government. Examples could be given from countries like India, Russia, China, Canada, Botswana, Namibia etc. While in South Africa, until now the mining companies operate as a private business entity with no state intervention or control over the companies. Hence a comparison with business companies around other parts of the world could be the closest comparison at this point in time. This could also be limitation of this study. The anticipated changes in mining code in South Africa is likely to bring these mining companies at par with other countries in future.

Table 4 below provides the stakeholders cited in the mission statements.

Table 4. Stakeholders cited in the mission/vision statements

| Stakeholders | South Africa (58 mining companies) | | Total 56 firms (Europe, Japan and US)** | | Europe** % | Japan** % | US** % |
|---|------------------------------------|------|---|------|------------|-----------|--------|
| | Number | % | Number | % | | | |
| Customers (including suppliers to the market) | 17 | 29.3 | 38 | 67.9 | 68.2 | 53.3 | 78.9 |
| Employees | 12 | 20.7 | 21 | 37.5 | 50 | 6.7 | 47.4 |

Table 4 (cont.). Stakeholders cited in the mission/vision statements

| Stakeholders | South Africa (58 mining companies) | | Total 56 firms (Europe, Japan and US)** | | Europe** % | Japan** % | US** % |
|------------------------|---------------------------------------|------|--|------|---------------|--------------|-----------|
| | Number | % | Number | % | | | |
| Investors/shareholders | 14 | 24.1 | 17 | 30.4 | 40.9 | 0 | 42.1 |
| Suppliers | 05 | 8.6 | 4 | 7.1 | 4.5 | 13.3 | 5.3 |
| Society/communities | 11 | 19 | 21 | 37.5 | 27.3 | 60 | 31.6 |

Note: ** Bartkus, Glassman and McAfee, 2004.

The analysis from Table 4 shows a different pattern from firms in the US, Europe and Japan. The pattern shows much lower percentage of various stakeholders citation in South African mining companies as compared to Europe, Japan and US. Only 17 out of 58 mentioned customers (29.3%) compared to 68% firms mentioned customers in case of other region (Europe, USA and Japan) was found. This suggests that focus on customer in South African companies is lower compared to rest of the world. These findings are different from the findings of Bartkus et al. (2004). One of the reasons for such variation could be the nature of product which is mainly minerals (Platinum, Gold, Coal and other minerals) and aggregate demand of such products is important than individual customers demand, hence the focus on customer could be lower for these companies. The focus on employee (20.7%), Investors (241%), Society (19%) was much lower compared to the studies done for US, Europe and Japanese firms. However suppliers not being mentioned by majority of companies in mining sector resembles other studies.

Other terms used in mission statement which analyzed the characteristics of the mission statements are shown in Table 5. The repeating terms like customer etc. were removed from this part of the analysis. Most of the mining companies in South Africa included financial objectives (56.9%), and showed high (65.5%) distinctive competence. This seems justifiable based on the high investment in mining sector coupled with the required unique competence of each mining company posses in exploitation of minerals.

Surprisingly, the future orientation was found to be low as only 5 companies found to be reflecting it in their mission statements. The apartheid regime in South Africa ended in 1994. However the new Government did not made drastic intervention in mining operations and tenure of mining companies in the past 20 years. Royalties were imposed in 2010

and compulsory ownership of certain mining companies called Black Economic empowerment is under process. Mining being the strategic sector in the economy and revenue earner, is set for reforms. Political parties have voiced for nationalization of mining companies but Government is still under considering of various options. Recently Government has introduced mining bill of 2013, which sets agenda for reforms in the mining sector in South Africa. Further South African platinum sector has observed worst ever strike during 2014, while strikes are common feature of mining industry in South Africa. In conclusion, this could mean that mining companies are concerned about the security of their tenure in a developing economy which is also going through various transitions. Labor strikes and other Government initiatives to tax the mineral sector with controversial law on free equity, compulsory black economic empowerment etc. could be cited for these reasons.

Geographic scope was well captured (44.8%) as compared to other regions. The company philosophy (value) was mentioned by 10 companies in South African situation. Motivational message of excellence or benefit to society was also not very high. Less than 10 companies reflected this attribute.

Analysis form Table 5 also suggests that approximately 50% of the mining companies in South Africa communicated financial objectives, distinctive competency and geographic scope, while communication on company philosophy, motivational message of excellence or benefits was low, future orientation was communicated by least number of companies.

A comparison with others (sample of 56) provides significant difference in future orientation and motivational excellence. Other characteristics were mostly similar for South African mining companies with rest of the sample from Europe, Japan and the USA.

Table 5. Other characteristics included in the mission statements

| Stakeholders | South Africa (58 mining companies) | | Total 56 firms (Europe, Japan and US)** | | Europe** 22 firms % | Japan** 15 firms % | US** 19 firms % |
|------------------|---------------------------------------|------|--|------|---------------------------|--------------------------|-----------------------|
| | Number | % | Number | % | | | |
| Geographic scope | 26 | 44.8 | 24 | 42.9 | 54.5 | 40 | 31.6 |
| Values | 10 | 17.2 | 15 | 26.8 | 27.3 | 6.7 | 42.1 |

Table 5 (cont.). Other characteristics included in the mission statements

| Stakeholders | South Africa (58 mining companies) | | Total 56 firms (Europe, Japan and US)** | | Europe** 22 firms % | Japan** 15 firms % | US** 19 firms % |
|---------------------------------|---------------------------------------|------|--|------|---------------------------|--------------------------|-----------------------|
| | Number | % | Number | % | | | |
| Motivational (excellence) | 09 | 15.5 | 34 | 60.7 | 68.2 | 20 | 84.2 |
| Motivational (societal benefit) | 08 | 13.8 | 16 | 28.6 | 22.7 | 40 | 26.3 |
| Distinctive competency | 38 | 65.5 | 32 | 57.1 | 59.1 | 53.3 | 57.9 |
| Future orientation | 5 | 8.6 | 48 | 85.7 | 81.8 | 93.3 | 84.2 |
| Financial objective | 33 | 56.9 | 31 | 55.4 | 63.6 | 40 | 57.9 |

Note: ** Bartkus, Glassman and McAfee, 2004.

Conclusions

This study explored mission statement of South African mining companies and compared it with other similar studies.

On quality of mission statement which was based on five specific stakeholder groups, the results from South African mining companies were similar to those from a sample from Europe, Japan and USA. However there were about a large number of companies (46.6%) in South African mining sector that had identified no stakeholders in their mission statements. Interestingly 22.4% of the companies included the term "stakeholders" in their mission statements. This seems to be a different trend compared to studies elsewhere.

Slovene mission statements tend to emphasize product/service, quality and company philosophy while US statements often mention quality, public image and survival/growth/profit (Biloslavo & Lynn, 2006). In contrast South African mining companies focussed more on investors/shareholders, considered themselves as a supplier to the minerals market, while very few companies focused on customers, which could be due to the nature of the mining product. The focus in employee and society was much lower compared to the sample of 56 companies from Europe, Japan and USA. This could possibly explain the current mining labor unrest in South Africa.

It was evident on the characteristics of the mining companies' mission statements, that these were highly focussed on financial objectives and in communicating their distinctive competencies, while they were significantly low in future orientation and motivational message of excellence or societal

benefits to the society. This suggests that mining companies in South Africa having a distinctive direction for financial objectives and benefits to the society were low on agenda.

South Africa being a developing economy was facing uncertainty due to various measures taken by the Government in the mining sector (free equity, royalties charges etc.) and unrealistic demands of labor unions. It is obvious that the mining companies were mainly focused on financial returns and less importance was given to employees and society. There is evidence of meeting several targets on black empowerment in mining sector but it is obvious that mining companies in South Africa have not reflected this in their mission statements.

Direction for future studies

It would be worth comparing the contents of mission statements of the companies operating in other sectors of economy in South Africa for example manufacturing, finance, winery etc., and compare it with the mining companies. This will help to understand the business orientation of companies operating in South Africa in current times.

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