

## **THEMATIC REPRESENTATION OF MISSION STATEMENTS- IS IT DIFFERENT FOR INDIAN AND GLOBAL PHARMACEUTICAL COMPANIES?**

**Ramkrishna Dikkatwar<sup>1</sup>, Tanmoy De<sup>2</sup>**

<sup>1</sup>Symbiosis Institute of Business Management, Hyderabad

<sup>2</sup>Symbiosis International (Deemed University), Pune, India

Email:<sup>1</sup> ramkrishna.dikkatwar@sibmhyd.edu.in

### **Abstract**

Indian pharmaceutical industry has been witnessing significant growth and changes over past few years. It is the largest exporter of generic drugs which stands around 17 billion dollars. 20% of worlds generic in terms of volume have a make in India label. Till date, not a single Indian pharma company appears in worlds top twenty-five companies on the basis of sales revenue. This study used Voyant Tool to perform a content analysis of mission statement (MS) across 63 Indian Pharma Companies listed in the Indian stock exchange and top 46 global pharma companies. The Data pertaining to MS was collected from the corporate websites of these 106 companies. The purpose of this study is to explore the content and themes pursued by MS. It has been found that Indian companies emphasize is on two themes i.e. 'product' and 'quality'. The often pursued themes through MS of global top companies are i) patients; ii) health; iii) innovation and iv) people. Based on Flesch-Kincaid Reading Ease scores (FRES) and t-test, it was found that FRES of Indian pharma (M= 25.33, SD= 21.88, n= 63) companies are statistically different than FRES of Global pharma companies (M= 42.19, SD= 26.86, n= 46) as  $t(85) = 1.98$ ,  $p = 0.00$  (2 tail), at  $\alpha = 0.001$ . It was found that MS of Indian companies are difficult to read as compare to global top pharmaceutical companies. With a perspective of MS as a communication tool, Indian companies needs to enhance readability of their MS. If Indian Pharmaceutical companies want to become global then they need to focus upon embracing business elements such as patients (customer's customer); innovation and people.

### **Introduction**

Indian pharmaceutical industry has been witnessing significant growth and changes over past few years. Indian pharma sector, today is governed by lots of rules and regulations not only in India but also outside of India like United State Food and Drug Administration (USFDA). According to Mckinsey report in 2012, the Indian pharmaceutical market has grown from market size of USD 30 billion in 2015, to USD 50 billion in 2018, with the potential to reach USD 70 billion in by 2020 (McKinsey & Company , 2012).

It is the largest exporter of generic drugs which stands around 17 billion dollars. 20% of worlds generic in terms of volume have a make in India label. As per volume, India is ranked 3 rd in the world. As per value it is ranked 10 th in the world. Globally overall market size stands at USD1.3 trillion with India having 4% market share. Most of the Indian companies are not in the patented part of the pharmaceutical business. Their R&D spend is only in the generic part of the business. Without patents the profitability of the business in future will have a significant impact on the financial result. The Compounded Annual Growth Rate (CAGR) is expected at 17.5% at USD 55billion by 2020.

“The indian pharmaceutical industry is typically involved in four types of businesses- marketing of generic medicines, marketing of branded generic medicines, marketing of innovator medicines, and manufacture and supply of active pharmaceutical ingredients which are used as ingredients in medicines as well as finished formulations” (Nishith Desai Associates , 2019). “However, the Indian pharmaceutical industry's primary focus was on manufacturing of generic medicine and export of bulk drugs. But of late, the focus on development of new drugs began with introduction of new Patent regime in 2005 which permitted patenting of pharmaceutical products. Many domestic companies are investing substantial amounts in drug research and development, India is still not an innovator's market” (Nishith Desai Associates , 2019).

Indian pharma companies are more dependent on generic drugs which is a cause of concern. They lack focus on R&D and patents and only emphasize on generic business. Indian pharma Industry is going through a tough time with challenges like FDA actions, Government control over pricing, fake products, lack of human resource and health insurance claim settlements. These challenges act as a hindrance on the growth of earnings of the pharma sector in India. Not a single Indian pharma company appears in world's top 25 companies as per revenue indicating that these companies have not given thrust on R&D and innovation. There are 20000 registered units comprising organized as well as unorganized player as well as MNCs. Of this 250 large scale units and 8000 small scale units control 70% of the market. India is also having the distinction of being the hub for low cost drugs. For decades now India has been the pharmacy for the world's poor because it is able to make generic drugs and sell them at very low prices but to get to the next stage of growth, India's pharma industry is going to have to innovate a lot more with collaboration and have more investments pumped into its R&D and manufacturing.

This paper aims to analyze mission statements of 106 companies operating in pharmaceutical sector. Through textual analysis, the study will identify the main themes present in the mission statements and examines the vocabulary more closely, comparing it with the wording of global pharma giants.

### **Literature Review and Hypotheses Statements**

The mission statement describes the strategic priorities of a company (Azizi & Makizadeh, 2014). In a similar vein Lin, et al. (2019) highlighted its important as a vital instrument for strategic management for any enterprise. "A mission statement is a widely used strategic tool that emphasizes an organization's uniqueness and identity" (Alegre, Berbegal-Mirabent, Guerrero, & Mas-Machuca, 2018). A high quality MS is crucial for formulating, implementing and evaluating business strategy (Penco, Profumo, & Scarsi, 2017). The mission statement provides the organization with a clear and effective guide for making decisions. It is imperative for any organization to articulate, communicate the strategic vision, mission and values that acts as an essential ingredient of good strategy and are the foundation of a solid strategic plan (Beaver, 2000). Mission statements are tools for propagating management beliefs to stakeholders (Lin, Ryan, Wise, & Low, 2018). Even DeLone, G. J. (2007) highlighted Mission statements as instruments of organizational communication.

It is highly evident from literature that Mission statement fulfills multiple roles such as prioritization of strategies, offers organizational identity, framework for decision making, communication tool for stakeholders, internal communication tool and purpose of organization's existence. Despite of multiple roles played by mission statements, Rey, C., & Bastons, M. (2018) observed "a hole in the mission theory, which in practice explains the inconsistency in mission statements in many companies".

Past researches studying the association between mission statement and organizational performance are large in number and the findings in most studies are not conclusive (Bart & Baetz, 1998); (Peyrefitte & David, 2006). Stone (1996) concluded that companies with mission statements had an improved performance, but these findings are based on unreliable evidence. Contrarily, studies such as (Bart & Baetz, 1998); (David, 1989); (Klemm, Sanderson, & Luffman, 1991); Dermol (2012) discovered no difference in financial performance among companies with and without mission statements.

Despite the considerable attention awarded to Mission Statement, the role and quality of mission statements in the strategic management of pharmaceutical firms has not been sufficiently studied. We came across with two studies on MS focusing upon Pharmaceutical organization.

A) Study by Azizi and Hosseinabadi (2014) where they compare American, Turkish, Iranian and Indian pharmaceutical companies based on content analysis of MS. The study's aim was to map these markets on two dimensions.

B) Azizi, S., & Makizadeh, V. (2014) also studied MS of pharmaceutical organization along with organizations from oil and petrochemicals, bank and insurance, and industrial manufacturing from Iranian markets.

Some studies such as Bayrak, T. (2020) were undertaken to compare MS of organizations across different geographies and found similar terms and themes while studies such as (Bartkus, Glassman, & McAfee, 2002); (Biloslavo & Lynn, 2007); (Lin, Huang, Zhu, & Zhang, 2019) found differences.

Even readability as a quality measure for MS was also used in research studies studying MS such as (Sattari, Pitt, & Caruana, 2011); (Yadav & Sehgal, 2019); (Ahmed, Zeeshan Shaukat, & Islam, 2013).

Based on the past research we would like to test following hypotheses

- a) Key  
words emphasized by MS of Indian Companies are dissimilar to Keywords emphasized followed by MS of Global pharmaceutical companies
- b) The  
reading ease of MS of Indian Companies is different than the reading ease of MS of Global pharmaceutical companies

The study undertaken is novel as it focusses upon Indian organization vis a vis with global counterparts. Apart from this our research study would like to explore readability aspect of MS. Though readability measure is not new among MS studies but it was not studies in pharma industry till date.

### **Data & Methodology**

A total sample of 109 companies was chosen for the study, whose mission statement details were available on their official websites.

Reserachers have selected content analysis to study patterns in the corpus of mission statements containing MS of 63 Indian pharma companies and MS of top 46 global pharmaceutical companies based on Sales. By performing the analysis of high-occurrence words extracted from the corpus by employing Voyant tool online application, reserachers have attempted to identify and compare themes discerning the mission statements of Indian and Global pharmaceutical organizations.

The results were drawn using its unique features of Voyant tool like word cloud (cirrus, terms, links), stop words, vocabulary density, distinctive words and summary tool, having linguistic corpus of mission statement as input data.

A content analysis had been performed by many researchers such as (Cady, Wheeler, DeWolf, & Brodke, 2011); (Ozdem, 2011); (Gurley, Peters, Collins, & Fifolt, 2015); (Barringer, Jones, & Neubaum, 2005); (Bratianu & Balanescu, 2008) while studying guiding statements i.e. vision, mission and core values.

Further, comparative analysis was also carried out to measure significant differences between Indian and global pharmaceutical organizations. Data were analyzed using frequency analysis, mean and t-statistics. *Flesch-Kincaid Reading Ease scores (FRES)* was also calculated to analyze readability of MS.

Higher FRES indicate text is easier to read; lower numbers indicate that content is more difficult to read. As per Kincaid, et al. (1975) formula for the Flesch reading-ease score (FRES) test is

“Flesch-Kincaid Reading Ease score =  $206.835 - (1.015 \times \text{ASL}) - (84.6 \times \text{ASW})$ ”

where:

ASL = average sentence length (the number of words divided by the number of sentences)

ASW = average number of syllables per word (the number of syllables divided by the number of words)

### **Results & Discussion**

As shown in figure 1, it is observed that Indian Pharmaceutical companies are focusing upon the themes of product, quality and global. Even connected words (refer Table 1) indicates that Indian Pharma organizations intends to chase the goals of affordable products, affordable quality, high quality, product development and product cost. This shows that Indian Pharma companies are product centric but aspires to become global as it was fifth most frequent word observed in the corpus created from MS of Indian Pharma companies.

Figure 1 – (Word Cloud) Prominent themes followed by Indian Pharmaceutical companies

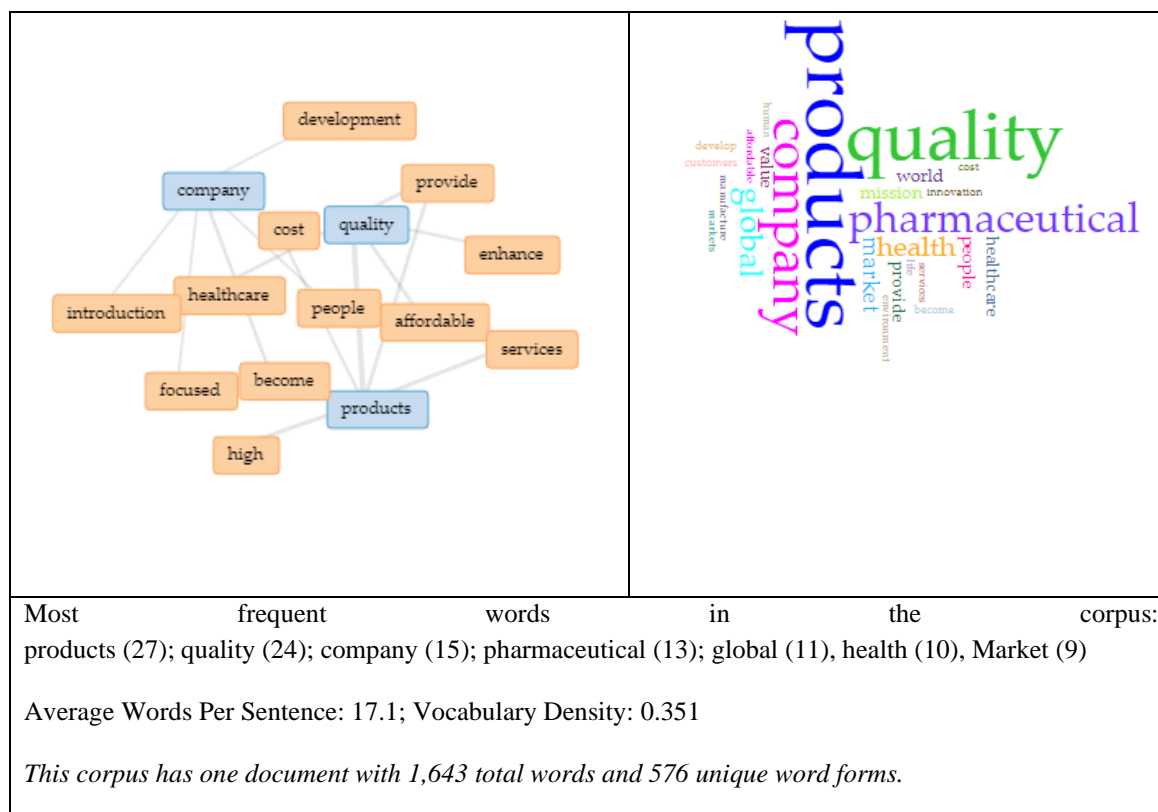


Table 1 – Link words with top three most recurring words in the Corpus among Indian Pharma companies

Most Frequent words	Linked words
Products	Cost, Provide, High, Services
Quality	Provide, Healthcare, Enhance, Affordable
Company	Development, Introduction, Focused, People

If Indian company's global aspiration needs to fulfill, then it will be mighty useful to understand what themes global pharma companies pursuing. As shown in Figure 2, global companies are consumer (patient) centric. Even this finding is in line with hospitals where MS of Canadian hospitals revealed was patient care Williams, J., et al. (2005). But one can understand the fact that hospitals being B2C organizations are focusing upon patients. Pharma being business to business (B2B) business, doctors & hospital constitutes pharmaceutical company's immediate customers. The global pharma company's focus on customer's customer indicates their far sightedness in terms business focus. Two more themes found were 'innovation' & 'people'. One more surprisingly contrast we observed that Indian companies define themselves as 'pharmaceutical organizations'

while global companies often use term ‘healthcare’. As evident in Table 2, global pharmaceutical organizations contemplate beyond the rudimentary and strive for ‘changing patient’s world’

The content analysis has thrown a contrasting results. If Indian companies want to pursue global dreams, then they should try to look across and think about patient; broaden horizon from pharmaceutical to healthcare and look beyond quality & try to innovate.

We do find much differences between MS of Indian pharma companies as against their global counterparts in terms of average length per sentence and vocabulary density (VD). “VD is a proportion of the number of words in the document to the number of unique words in the document. A lower vocabulary density indicates complex text with lots of unique words, and a higher ratio indicates simpler text with words reused” (Voyant Tools, 2020).

Figure 2 – (Word Cloud) Prominent themes followed by Global Pharmaceutical companies

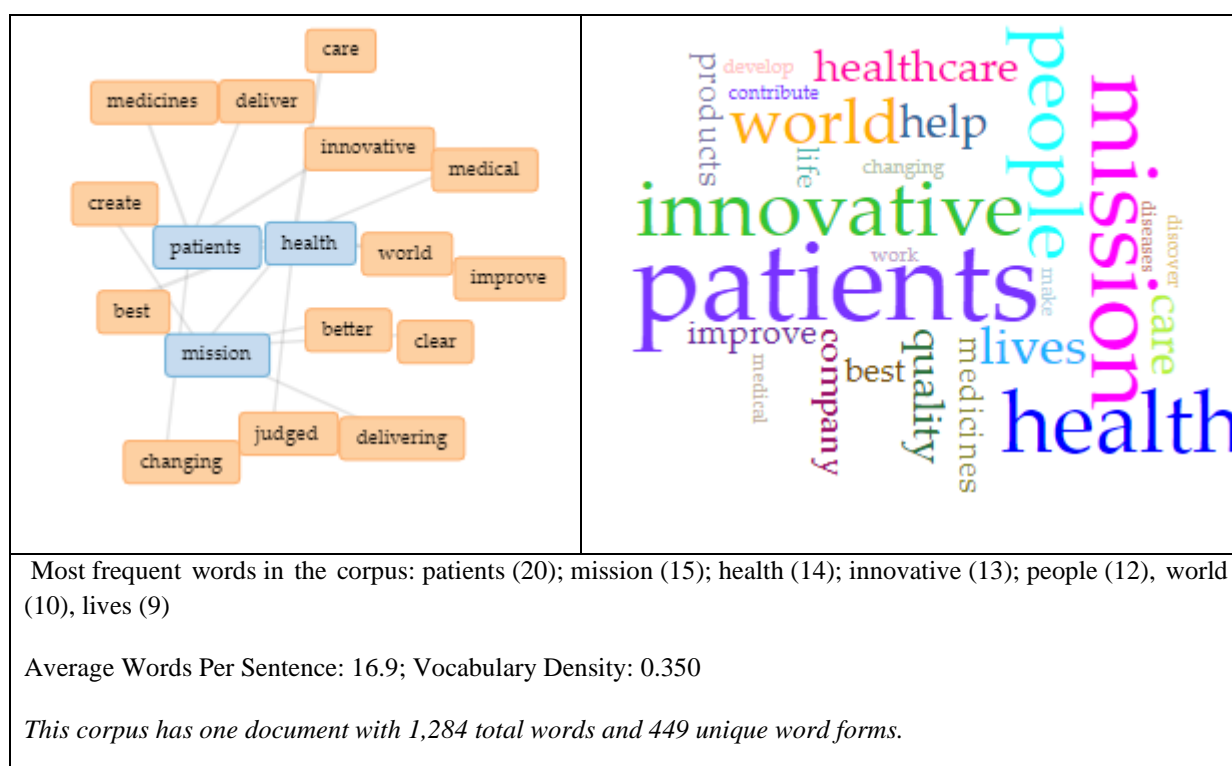


Table 2 - Link words with top three most recurring words in the Corpus of MS of Global Pharma companies

Most Frequent words	Linked words-Global
Patients	Medicine, Deliver, Innovative, World, Changing
Mission	Create, Better, Clear, Delivering
Health	Care, Medical, Improve, Best, Judged

As VD is only focused upon unique words and does not consider readability aspect. To explore readability of MS of Indian as well as global companies, researchers measured Flesch-Kincaid Reading Ease of each organization’s mission statement. The Table 3 offers descriptive statics of both cohorts i.e. Indian as well as global companies.

Table 3 - FLESCH READING EASE- Indian Vs Global

Indian Organizations		Global Organizations	
Mean	25.33333333	Mean	42.18913
Standard Error	2.757714126	Standard Error	3.960833
Median	21.9	Median	45.05
Mode	0	Mode	0
Standard Deviation	21.88867729	Standard Deviation	26.86367
Sample Variance	479.1141935	Sample Variance	721.657
Kurtosis	-1.0233344	Kurtosis	-0.87427
Skewness	0.401309579	Skewness	-0.03414
Range	73.8	Range	97
Minimum	0	Minimum	0
Maximum	73.8	Maximum	97
Sum	1596	Sum	1940.7
Count	63	Count	46

As evident in Table 3, one can easily observe that mean Flesch-Kincaid Reading Ease of global companies is much higher than global companies. But to understand whether this difference is statically significant, researchers employed two sample t test.

Table 4 - t-Test: Two-Sample Assuming Unequal Variances		
	<i>FLESCH READING EASE- Indian Companies</i>	<i>FLESCH READING EASE Top Global Companies</i>
Mean	25.33333333	42.18913043
Variance	479.1141935	721.6569903
Observations	63	46
Hypothesized Mean Difference	0	
Df	85	
t Stat	-3.492487649	
P(T<=t) one-tail	0.000380946	
t Critical one-tail	1.6629785	
P(T<=t) two-tail	0.000761893	
t Critical two-tail	1.988267907	

As shown in Table 4, The Flesch reading index of Domestic Cos. (M= 25.33, SD= 21.88, n= 63) was hypothesized to be different than Flesch reading index of Global Cos. (M= 42.19, SD= 26.86, n= 46). The difference was significant at 0.001 level,  $t(85) = 1.98$ ,  $p = 0.00$  (2 tail)

Thus we can deduce that The reading ease of MS of Indian Companies is different than the reading ease of MS of Global pharmaceutical companies. We can safely conclude that readability of Indian pharma companies MS is significantly lower than global companies.

This finding is crucial as often MS are used as communication tool. A rephrasing and refining of MS of Indian pharma companies is needed to increase communicability of the same.

## **Conclusion**

Based on the results, it seems that Indian companies has taken the route of offering affordable, quality products in global markets. At the same time global pharma giants look for innovation and brought changes in the current healthcare offerings. In this interesting backdrop, global companies have taken route of sustaining innovation while Indian pharma companies may disrupt them from low end by offering 'just good enough products' at an affordable price. At this juncture, it is difficult to predict which theme will win this battle.

The long term fortunes of both Global and Indian pharmaceutical companies depended on two contrasting strategic directions, based on how you visualize the market for affordable quality drugs vis a vis with breakthrough innovative (but costly) drugs. If the market would continue to demand even more affordable pharma products, then Indian companies are right in terms their current strategic stand. If Global companies are right, then the innovative products will replace affordable drugs. Which group has a better chance of succeeding? The answer lies in how they are going to recalibrate their purpose of businesses in coming days. Even there is greater possibility that both set of companies will coexist as both caters to different market needs.

At the same time both the groups can learn from each other and start embracing some of the elements into their strategic plan. For example, Indian companies can embrace innovation while global pharma companies may start focusing upon 'affordability' aspect in the business.

Mission statements being an important communication tool for stakeholders, there is a palpable need to rewrite mission statements of Indian pharma companies as readability scores of their current statements are considerably lower as against global counterparts. Future studies can look into comparing Indian pharmaceutical companies with companies operating in various countries such as japan, USA and Europe. This kind of cross country comparison and mapping the countries, may better describe 'national ecosystem of pharmaceutical businesses within those countries.

## **References**

1. Ahmed, I., Zeeshan Shaukat, M., & Islam, T. (2013). Mission statements readability: An insight into islamic banks. *Journal of Islamic Accounting and Business Research*, 4(2), 132-150. doi:10.1108/JIABR-04-2012-0019
2. Alegre, I., Berbegal-Mirabent, J., Guerrero, A., & Mas-Machuca, M. (2018). The real mission of the mission statement: A systematic review of the literature. *Journal of Management and Organization*, 24(4), 456-473. doi:10.1017/jmo.2017.82
3. Azizi, S., & Hosseinabadi, V. (2014). A Content Analysis of the Mission Statements of Iran, Turkey, India And United States Pharmaceutical Companies. *Management & Marketing Journal*, 12(1), --.
4. Azizi, S., & Makizadeh, V. (2014). Strategic priorities of iranian companies: An application of mission statement content analysis. *Management and Marketing*, 9(4), 471- 482.
5. Azizi, S., & Makizadeh, V. (2014). Strategic priorities of iranian companies: An application of mission statement content analysis. . *Management and Marketing*, 9(4), 471-482.
6. Barringer, B. R., Jones, F. F., & Neubaum, D. O. (2005). A quantitative content analysis of the characteristics of rapid-growth firms and their founders. *Journal of business venturing*, 20(5), 663-687.
7. Bart, C., & Baetz, M. (1998). The Relationship between Mission Statements and Firm Performance: an exploratory study. *Journal of Management Studies*, 36(6), 823-853.

8. Bartkus, B., Glassman, M., & McAfee, B. (2002). Do large european, US and japanese firms use their web sites to communicate their mission? *European Management Journal*, 20(4), 423-429. doi:10.1016/S0263-2373(02)00065-8
9. Bayrak, T. (2020). A content analysis of top-ranked universities' mission statements from five global regions. *International Journal of Educational Development*, 72, --. doi:10.1016/j.ijedudev.2019.102130
10. Beaver, G. (2000). The significance of strategic vision, mission and values. *Strategic Change*, 205–207.
11. Biloslavo, R., & Lynn, M. (2007). Mission statements in slovene enterprises: Institutional pressures and contextual adaptation. *Management Decision*, 45(4), 773-788. doi:10.1108/00251740710746024
12. Bratianu, C., & Balanescu. (2008). Vision, mission and corporate values. A comparative analysis of the top 50 US companies. *Management & Marketing*, 3(3), 19-38.
13. Cady, S. H., Wheeler, J. V., DeWolf, J., & Brodke, M. (2011). Mission, vision, and values: what do they say? . *Organization Development Journal*, 29(1). Retrieved from <https://www.ceicdata.com/en/indicator/india/gross-savings-rate>
14. David, F. (1989). How companies define their mission. *Long Range Planning*, 22(1), 90–97.
15. DeLone, G. J. (2007). Law enforcement mission statements post-September 11. *Police Quarterly*, 10(2), 218-235. doi:10.1177/1098611107300945
16. Dermol, V. (2012). Relationship between mission statement and company performance. *Annals of "Alexandru Ioan Cuza"*, 59(1), 325-341.
17. Gurley, D. K., Peters, G. B., Collins, L., & Fifolt, M. (2015). Mission, vision, values, and goals: An exploration of key organizational statements and daily practice in schools. *Journal of Educational Change*, 16(2), 217-242.
18. Kincaid, J. P., Fishburne, R. P., Rogers, R. L., & Chissom, B. S. (1975). Derivation Of New Readability Formulas (Automated Readability Index, Fog Count And Flesch Reading Ease Formula) For Navy Enlisted Personnel. Millington: Institute for Simulation and Training, University of Central Florida. Retrieved from University of Central Florida: <https://stars.library.ucf.edu/istlibrary/56/>
19. Klemm, M., Sanderson, S., & Luffman, G. (1991). Mission statements: Selling corporate values to employees. *Long Range Planning*, 24(3), 73-78.
20. Lin, Q., Huang, Y., Zhu, R., & Zhang, Y. (2019). Comparative analysis of mission statements of chinese and american fortune 500 companies: A study from the perspective of linguistics. *Sustainability (Switzerland)*, 11(18), --. doi:10.3390/su11184905
21. Lin, Y. H., Ryan, C., Wise, N., & Low, L. W. (2018). A content analysis of airline mission statements: Changing trends and contemporary components. *Tourism Management Perspectives*, 28, 156-165. doi:10.1016/j.tmp.2018.08.005
22. McKinsey & Company . (2012). Unlocking the pharma growth: Navigating the intricacies of emreing markets . New York : McKinsey & Company . Retrieved from [https://www.mckinsey.com/~media/mckinsey/dotcom/client\\_service/pharma%20and%20medical%20products/pmp%20new/pdfs/emerging\\_markets\\_compendium\\_2012.pdf](https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/pharma%20and%20medical%20products/pmp%20new/pdfs/emerging_markets_compendium_2012.pdf)
23. Nishith Desai Associates . (2019). The Indian Pharmaceutical Industry – Business, Legal and Tax perspective. Mumbai: Nishith Desai Associates. Retrieved from



[http://www.nishithdesai.com/fileadmin/user\\_upload/pdfs/Research\\_Papers/The-Indian-Pharmaceutical-Industry.pdf](http://www.nishithdesai.com/fileadmin/user_upload/pdfs/Research_Papers/The-Indian-Pharmaceutical-Industry.pdf)

24. Ozdem, G. (2011). An analysis of the mission and vision statements on the strategic plans of higher education institutions. *Educational Sciences: Theory and Practice*, 11(4), 1887-1894.
25. Penco, L., Profumo, G., & Scarsi, R. (2017). The quality of cruise companies' mission statements: A content analysis. *International Journal of Transport Economics*, 44(2), 295-314.
26. Peyrefitte, J., & David, F. R. (2006). A content analysis of the mission statements of United States firms in four industries. *International Journal of Management*, 23(2), 296-301.
27. Rey, C., & Bastons, M. (2018). Three dimensions of effective mission implementation. *Long Range Planning*, 51(4), 580-585. doi:10.1016/j.lrp.2017.07.002
28. Sattari, S., Pitt, L. F., & Caruana, A. (2011). How readable are mission statements? an exploratory study. *Corporate Communications: An International Journal*, 16(4), 282-292. doi:10.1108/13563281111186931
29. Stone, R. (1996). Mission statements revisited. *SAM Advanced Management Journal*, 61(2), 31–37.
30. Voyant Tools. (2020, August 15). Summary. Retrieved from <https://voyant-tools.org/>: <https://voyant-tools.org/docs/#!/guide/summary>
31. Williams, J., Smythe, W., Hadjistavropoulos, T., Malloy, D. C., & Martin, R. (2005). A study of thematic content in hospital mission statements: A question of values. *Health Care Management Review*, 30(4), 304-314. doi:10.1097/00004010-200510000-00004
32. Yadav, N., & Sehgal, V. (2019). India's super 50 companies and their mission statement: A multifold perspective. *Journal of Strategy and Management*, 12(2), 208-226. doi:10.1108/JSMA-08-2018-0082