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Importance of Corporate Vision

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Abstract

The business environment of today is characterized as both dynamic and complex. As a result of that, commercial organizations face fierce competition on all fronts. To deal with strategic planning in this businesses environment has become difficult and corporate vision has been discussed as a major concept which is needed for survival and growth. Formulating of a corporate vision is considered as the first step of the strategic management process. This research paper discusses theoretical and empirical research findings about the corporate vision and how researchers did identify its importance.

Key Words: Corporate Vision, Strategic Intent, Corporate Visioning, Strategic Management

Introduction

The corporate vision is not a modern business concept. It has been discussed and developed throughout centuries, from initial stage of the civilizations. However, many of those discussions were based on the relationship between vision and personal success rather than applications on the business. Charisma is an early concept of vision, which is discussed about the ability to perform miracles or predict future events. Both concepts were long introduced in religious and political leadership (Kantabutra, 2008). Jesus Christ, Mohammad Nabi and Gautama Buddha are some examples for religious leaders who had a powerful "Vision". All of them have a new and radical belief system to change the society with a positive direction.

Before the 1980s, vision was considered as a social concept and widely used with political and religious leadership. As a result of developments in the leadership theories, vision has also been recognized as a business concept during the last two decades of the 20th century. Modern business concepts such as "Visionary Leadership" and "Visionary Companies" were taken into the account and new paradigms have been practiced in the business field during that period (Bratianu and Balanescu, 2008). According to a research which was done by Collins and Porras (1994) emphasized that visionary company's display a powerful drive for progress that enables them to change without compromising their cherished core ideals.

Vision is the major concept of strategic planning process of an organization. As per the theoretical literature, it has been discussed as an identical, unique and future oriented concept. Collins and Porras (1994) suggested that two different aspects of vision: "core identity" and "envisioned future". If the organizational vision is specific and cleared, it enables interested parties to have clear objectives, sense of direction, priority, holistic consideration and co-ordinated actions (Su et al., 2004).

As the word "vision" suggests, it is an image of how the organization sees itself. It is a dream and aspiration of the organization holds for its future. It might therefore be difficult for the organization to actually achieve its vision even in the long term, but it provides the direction

to work towards it. When people talk about shared vision in organizations, it is expected that members of the organization share a common mental image of the future, which integrates their efforts towards that future state (Kantabutra, 2008).

Vision needs to be appropriate according to the environmental factors of the organization. On other hand it should reflect the future demand. If vision becomes obsolete, it could lead to disasters (Eriksson, 2008). Each and every organization should have a vision in order to survival and growth in the market. However development and implementation process of the vision might be differed, according to the level of investment, organizational structure and experiences of owner's and top management.

This research paper discusses theoretical and empirical findings of the corporate vision and its importance. It starts with a theoretical background on related concepts of corporate vision, strategic intent and corporate visioning, followed by relevant empirical evidences on implementation of corporate vision. Finally, a conclusion is made according to the overall knowledge and personal judgments of the researcher.

Corporate Vision and Its Importance
Effective strategic management begins with the organization clearly articulating its vision for the future. The vision of the organization refers to the broad category of long term intentions that the organization wishes to pursue. It is broad, all inclusive, and futuristic (Ireland et al., 2009).

However there is no proper, generally accepted definition over the corporate vision. According to Katabutra (2008), vision is still not defined in a generally agreed upon manner, because various researchers have defined it differently based on the nature of their studies. They also noted that vision is about the future, encourage people to act towards a common goal, provide a better direction and very useful for strategic planning.

Illesanmi (2011) emphasized that vision is a difficult thing to describe and no wonder most executives find it difficult to formulate a clear vision for their organizations. On other hand, Johnson *et al*. (2009) suggest that vision is the discretionary future state of the organization and it is similar to the concept of strategic intent. However some common characteristics can be identified among those definitions. Vision is always about a desirable future and it is important for formulating business strategies and strategic planning. It is considered as necessary for leadership, a process of inducing others to achieve a common goal.

Vision is a big picture about desired future status of the organization. If the vision is simple, then people can directly identify what they have to do in the organization to achieve its goals and objectives. It might therefore be difficult for the organization to actually achieve its vision even in the long term, but it provides the direction and energy to work towards it (Ireland *et. al.,* 2009). Kantabutra and Avery (2005) found that visions characterized by the attributes such as brevity, clarity, stability, abstractness, future orientation, challenge, desirability and ability to inspire, and containing customer and staff satisfaction imagery. A strong correlation can be identified between organizational performances and customer and staff satisfaction, when sharing vision among leader and followers. Shared visions directly create a positive impact on overall organizational performance through staff and customer satisfaction.

The vision should be external and market oriented and should express preferably in aspirational terms. Corporate vision of an organization will be operationalized through the vision statement and it must also be measurable. A quantified vision statement provides clear focus for the strategic management. However many organizations' vision are too vague (Kaplan *et al.,* 2008). In addition to that some of them are not forward-looking, too broad, uninspiring, not distinctive and too reliant on superlatives. An effective worded strategic vision might be graphic, directional, focused, flexible, feasible, desirable and easy to communicate (Thompson *et al.,* 2010).

It can be argued that since vision is not making any profit to an organization, why it is needed to take considerable attempts to develop it. However vision can be considered as the primary corporate motivator. Both profit and vision are needed to motivate employees effectively (David, 2011). According to Eriksson (2008) there are seven functions involving with the vision: (1) influence on performance (2) motivation (3) future thinking (4) long-term thinking (5) direction (6) identify (found common ground) (6) flexibility. However in practically these functions cannot be identified separately because they are interrelated with each other.

Strategic Intent

Strategic Intent is another aspect which was greatly influenced to the area of vision. It also discussed about the desired future status of an organization. Therefore many authors have used this word instead of the corporate vision. It was developed by Hamel and Prahaled in 1989, based on the success of Japanese companies over the big, old western companies. The idea of strategic intent is related to all three concepts of vision, purpose and mission. However the concept of strategic intent is slightly differ from the concept of vision, as vision is a broader concept. Strategic intent is a phenomenon diffused at multiple organizational levels while the vision is more clearly a top management leadership tool (Mantere and Sillince, 2007).

According to Hamel and Prahaled (1989), strategic intent captures the essence of winning, it is stable over time, and it sets a target that deserves personal effort and commitment. Strategic intent goes beyond simply copying what competitors are doing. In other hand, they suggest that having a broader strategic intent might drive organizations and people to deploy additional resources to achieve the stated intent, which would have been otherwise dismissed as beyond the capabilities of the organization (Mantere and Sillince, 2007).

In some instances, the difference between strategic intent and vision has been ignored and identified as one concept. Johnson *et al.* (2009) have defined strategic intent as the desired future state of the organization and it was the same definition given to the vision also. Pearce II *et al.* (2008) have defined vision statement as a statement that presents a firm's strategic intent designed to focus the strengths and resources of the organization on achieving a desirable future.

Corporate Visioning

The concept of visioning varies from the concept of the vision because it refers to an activity instead of a thing. A vision is considered as end product of the visioning process.

Illesanmi (2011) divided strategic visioning process into six steps namely, 1) Identifying the opportunity, 2) Creating the solution, 3) Planning the business, 4) Selecting the management team 5) Implementation and 6). Evaluation and monitoring

First three steps of this process are involving realization, creativity and reasoning. The second three steps are action-oriented and basically relate with producing, communicating, persuading and negotiating.

Wilson (1992) argued that formulating a common approach for strategy development is a very difficult task because different values and perspectives have to be integrated and accommodated according to the nature and structure of the organization. However he suggested following 'strategy development approach' which considers both internal and external factors in the vision development.

1. Analyze the organization's future environment 2. Analyze the organization's resources and capabilities 3. Clarify management values 4. Develop a mission statement 5. Identify strategic objectives and goals 6. Generate and select strategic options 7. Develop the vision statement and 8. Conduct sanity checks (Wilson, 1992)

David (2011) suggested another process that can apply to the development of vision.
1. Select several articles about these statements and ask all managers to read these as background information 2. Ask managers themselves to prepare a vision and mission statement for the organization 3. A facilitator or committee of top managers should then merge these statements into a single document and distribute the draft statement 4. Revise document by modifications, additions & deletions.

As per the survey which was conducted by O'Brien and Meadows (2000), corporate visioning process was handled by small team of top level managers even in the large companies. They have selected 400 big companies in the UK, to investigate responsible parties for the corporate visioning process. As per the final results, which were based on 91 respondents, clearly denoted that visioning process of around 67% companies handled by small team of top managers.

Table 1: Who develops the corporate vision?

Approach	Single Person	Small Team	Wider Involvement	Total Responses
No formal method	4	10	-	14
Integrated into strategic planning process	1	7	-	8
Discussion	3	20	-	23
Workshop	-	5	1	6
'Process' briefly described	4	6	15	25
Other	2	6	-	8
No response given	-	7	-	7
Total responses	14	61	16	91

Source: O'Brien F., Meadows M. 2000

Implementation of Corporate Vision
After developing the corporate vision, it has to be implemented through the strategy executing process of the organization. Different authors and researchers used different words

to explain this process, however many common characteristics can be identified over them. When comparing with the development process, implementation is somewhat difficult and complex. According Thompson *et al.,* (2010), five steps have to be followed when implementing corporate vision.

In accordance with this process, it can be clearly identified a relationship between vision, objectives and corporate strategies. Organizational objectives can be defined as specific results that an organization seeks to achieve based on its vision and mission. Objectives are very essential for the success of any organization because they are given proper direction, focus and control to the business activities. On other hand the ways of achieving long term objectives are discussed through organizational strategies. They may include geographic expansion, diversification, acquisition, product development, market penetration, liquidation and joint ventures (David, 2011).

Exhibit 1- Strategy Executing Process

Phase 1 • Developing a strategic vision

Phase 2 • Setting objectives

Phase 3 • Crafting a strategy to achive the objective and vision

Phase 4 • Implementing and executing the strategy

Phase 5 • Monitoring developments,evaluating performance, and making corrective adjustments

David (2011) divided this strategy implementation process into three major steps called as strategy formulation, strategy implementation and strategy evaluation. According to him, internal and external audits should be performed as controlling mechanisms in order to identify deviations and make corrective actions.

According to Jones *et al.* (2009), organizations have to be developed and implemented two types of strategies. Intended strategies are expressions of desired strategic direction properly planned by managers in accordance with corporate vision of the organization. On other hand, emergent strategies come about through everyday routines and ad hoc situations in organizations. Each and every organization should mostly concern about intended strategies which have systematized, step-by-step, chronological procedures.

Conclusion
The literature review suggests that vision has been critical to growth and survival of organizations in this competitive business environment. Its role is very significant in improving and sustaining organizational performances. However, vision has not been properly defined and researched. Different authors and researchers have differently defined

this, but there is no globally accepted definition. Corporate vision reflects the future status of the organization and it provides a direction and energy to survival and growth in the market.

Development of the corporate vision is the first step of the strategic management process. All the other strategic management tools such as mission, goals, objectives and strategies follow the corporate vision. Therefore organizations should highly concern about their vision when formulating strategies. Effective vision of an organization should be brief, clear, stable, challenging and future-oriented. However development and implementation of the corporate vision is not an easy task because it is highly affected by internal as well as external environmental factors.

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