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Web-based mission statements in Slovenian enterprises*

Roberto Biloslavo**

In this article, the author analyses the mission statements of 50 top Slovene enterprises which are published on the companies’ web sites. The purpose of this research is 1) to establish the degree to which the Slovene enterprises make use of their web sites to convey their mission to various stakeholders, 2) to identify the stakeholder groups that are mentioned in mission statements, and 3) to analyse the contents of these statements. My research has shown that there are some significant differences between these mission and those of other European or American companies. The reason for these differences is culturally, institutionally and historically embedded. This research indicates that, despite the processes of globalisation and regionalisation, convergence of various contents or roles of the mission statement is questionable. Instead, a kind of borrowing of individual elements among different cultural and economic systems, in quest of their own ways, could be considered.

In diesem Artikel analysiert der Autor die Bilanzen der 50 größten slowenischen Unternehmen, die auf deren Webseiten veröffentlicht werden. Der Zweck dieser Untersuchung ist 1) die Wirksamkeit der Internetpräsenz der Unternehmen festzustellen, 2) die Identifizierung der Anteilseigner, die in der Bilanz erwähnt werden und 3) die Analyse dieser Bilanzen. Meine Untersuchung zeigte, dass sie die Bilanzen von denen amerikanischer oder europäischer Firmen unterscheiden. Die Gründe dafür sind kulturell, institutionell und historisch bedingt. Diese Recherche zeigt, dass trotz Globalisierung und Regionalisierung, die Konvergenz der Inhalte oder der Rolle der Bilanz fraglich ist. Stattdessen werden individuelle Elemente aus verschiedenen kulturellen und ökonomischen Systemen, auf der Suche nach dem eigenen Weg, entliehen.

Keywords: Mission statement / Slovenia / Web sites / Strategic management
1. Introduction

Drucker (1993) claims that a firm cannot be defined by its name or the statutes – a mission statement is needed. In his opinion, a clear mission is necessary for the formation of comprehensible and realistic strategic goals, which are a prerequisite for the successful functioning of the firm. Leuthesser and Kohli (1997) believe that the mission statement is one of the crucial instruments that serve to communicate the firm’s fundamental values to its stakeholders. Despite certain negative theoretical opinions on the role of mission statements such as Piercy (1997), who argues that the mission statement is just a way out for incapable management who do not know how to deal with the real problems in their companies, in a highly competitive environment an explicit mission statement is crucial for the formation of successful business strategies. It can be found in different research papers (Baetz/Bart 1998; Bart et al. 2001; Campbell/Yeung 1991; Ireland/Hitt 1992; Klemm et al. 1991; Krohe 1995) that a well-formulated mission statement can provide the company with a certain (sense of) direction, and in this way considerably simplify and, more importantly, accelerate decision-making by reducing the total number of potentially useful alternatives.

As with many other words and notions in strategic management, no true unitary definition of ‘mission’ can be found in the business literature (Klemm et al. 1991; Baetz/Bart 1998). In relation to the mission statement, Campbell and Yeung (1991) identify two major schools of thought:

Mission as business strategy or strategic tool that, first and foremost, provides an answer to the question what is and what ought to be the framework of programmes within the company (Hax/Majluf 1984).

Mission as company’s philosophy and ethics (Klemm et al. 1991) or mission as cultural glue, which enables the company to function as a unit by influencing the behaviour of employees and their way of achieving the goals via norms and values.

It is therefore believed that the primary objective of the company (or its final cause) and the central motive of employees’ work, as well as the main group of stakeholders that are to benefit from this work, might be estimated on the mere basis of mission analysis. Regarding their principal aims, companies fall into one of three categories, according to Campbell and Yeung (1991):

Those that aim primarily at meeting the needs of shareholders or owners.

Those that aim at satisfying the needs of all influential stakeholders.

Those that aim at accomplishment of an ulterior goal – an ideal that stretches beyond the benefits of individual stakeholders. (The employees of these companies are the easiest to work together as a team and to motivate.)
In the contemporary information society is not just technology, which is of great importance for the success of firms, but also the relationships that firms build with their stakeholders. Increasing “computer literacy” and availability of information technology has made the Internet one of the crucial communication tools between the company and its stakeholders. Companies’ websites are maturing into an essential medium – not only for establishing communication links between the company and its customers, but also for providing support to the dialogue between the company and other stakeholder groups, such as employees, shareholders, suppliers, local community etc. Today the Internet is, besides other things, a channel for the promulgation of a firm's identity, best encapsulated in a mission statement.

Since Slovenia has signed the accession to the European Union (EU), this last period referred to as “the decade of transition” can be deemed over. The “post-transition” period is creating new economic challenges that will have to be taken into account upon entering the EU. Among other issues, the challenges raise the necessity to draw up appropriate business strategies for effective regional and global competition. Since the majority of successful Slovene companies were diversified in this past period of transition, a solid mission statement is of utmost importance to make them remember why they were founded.

On these grounds, the first goal of this research is to undertake evaluation on the use of web sites in Slovene firms for communicating the mission to their stakeholders. The results will then be compared to those of the research that was conducted by Bartkus et al. (2002) in global European, Japanese and US companies on the importance of web sites as the means for communicating information on business strategy (the mission) to the firm's stakeholders.

The second goal is to determine which groups of stakeholders are mentioned in mission statements of Slovene firms, and then compare the findings to the results of the studies conducted in the USA by Leuthesser and Kohli (1997), and Bart (1997).

The third goal is to analyse the content of mission statements in the 50 most successful Slovene enterprises and to compare the results with the studies carried out respectively by Pearce and David (1987) among the firms from the Fortune 500 list in the USA, and by O'Gorman and Doran (1999) among small and medium-sized enterprises from Business and Finance 1995, Top 500 list in Ireland. At that particular point, the researcher will try to answer two questions: “Which elements appear in mission statements of Slovene enterprises?”, and “Are these statements in fact exhaustive as recommended by Pearce and David (1987)?”
In spite of the fact that some researchers are primarily oriented to exploring the congruence or incongruence of stakeholders and shareholders interests in mission statements, it is not my intention to study this issue.

2. Methodology

Sample
The sample of 50 top Slovene companies is drawn from the survey of the Agency of the Republic of Slovenia for Payments (2001). For the purpose of this study two criteria were taken in account: first, the company’s net profit and, second, majority Slovene holding. The companies that did not meet the second criterion were excluded and replaced by others, which were positioned lower on the list of highest earning companies, in order to maintain the initially planned size of the sample. The criteria sample, it consists of 12 finance and insurance firms, 24 manufacturing firms, 3 mining, oil and refining firms, 4 retail and wholesale firms, 4 telecom and utility firms, and 3 travel and transport firms. The average net profit of these companies amounts to €6.3 million, the revenue ranging from €3.5 million to €1150 million. Of the 50 firms that were selected for the research, 34 rank among the country’s top 50 firms in terms of income in 2001. Such sampling ensured a certain degree of confidence that the companies from the sample possessed sufficient resources and knowledge for creating a website and drafting a mission statement as part of their business strategy. Later, the research showed that 90 per cent of all firms in the sample actually have their own website.

Procedure
As various companies convey the elements of mission statement under different titles, such as vision, company philosophy, goal, purpose, creed etc., I widened my browsing by taking these expressions into consideration. The companies’ web sites were accessed through the search engine najdi.si.

Findings
Table 1 summarizes the results of the research on the use of web pages for communicating the mission statement. The results of another research, conducted by Bartkus et al. (2002) among global European companies, are mentioned in the Table for the purpose of comparison.

As is evident in Table 1, only 48 per cent of Slovene firms in the sample promote their mission via websites. When compared to the 66.7 per cent of European firms, the Slovene share is considerably lower. One reason for this result could be a lack of knowledge about the usefulness of web sites for communication with stakeholders. In spite of this, the main reason could be that Slovene companies do not have an explicit mission statement, which may be
due to the grave difficulties the Slovene companies were facing during the
period of transition; since all effort was put into restructuring companies and
improving their work efficiency, little energy was left for the development of
mission statements. The second reason possibly lies in the former self-
government economy where the question of a company’s mission had been
virtually non-existent. In accordance with the notion of public ownership, the
main aim of each firm was identical to the best interest of the society. In reality
this interest was translated as the interest of the former political elite, which
used its coercive power to induce “strategic” direction of Slovene companies.

Table 1 Mission-type statements by industry

<table>
<thead>
<tr>
<th>Industry sector</th>
<th>Mission statements found/total number of firms in industry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Slovène firms</td>
</tr>
<tr>
<td>Electronic and Computer</td>
<td>0/0</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>2/12</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13/24</td>
</tr>
<tr>
<td>Mining, Oil and Refining</td>
<td>3/3</td>
</tr>
<tr>
<td>Retail and Wholesale sector</td>
<td>2/4</td>
</tr>
<tr>
<td>Telecom and Utility</td>
<td>3/4</td>
</tr>
<tr>
<td>Travel and Transport</td>
<td>1/3</td>
</tr>
<tr>
<td>Total</td>
<td>24/50</td>
</tr>
</tbody>
</table>

The analysis of the research shows that mission statements are most widely
communicated via the Internet by the group that consists of mining, oil and
refining firms (100 per cent), followed by Telecom and Utility (75 per cent),
Manufacturing (54 per cent) and Retail and Wholesale sector (50 per cent).
Bearing in mind that mining, oil and refining firms have frequently encountered
public criticism related to their presupposed environment pollution and
anticompetitive market behaviour (the last point which also applies to telecom
companies), it does not come as a surprise that they make some effort to
establish better relations with stakeholders and to raise the level of trust.
Different reasons relate to manufacturing companies. In the period of transition,
it was this sector that confronted the worst unemployment rates, which
dramatically weakened employees’ loyalty to their firm, and their dedication to
its goals. It seems that, these companies use their mission statement to
encourage their workers to pursue common goals.

The comparison shows that only 16 per cent of finance and insurance firms in
Slovenia have published any kind of mission statement on their website,
compared to 76.9 per cent of European firms in this sector. This piece of
information is particularly interesting in relation to the fact that a great majority
of finance and insurance firms from my sample boast attractive and well-
designed websites, offering a wide range of information to their customer.
Although this research does not enable generalisation of findings, due to the size of the sample and limited selection criteria, some assumptions can still be made. Firstly, it seems that the finance and insurance firms in Slovenia aim at a ‘360-degree offer’, i.e. the widest possible service for a great variety of customers, and therefore consciously avoid profiling. Secondly, these companies seem to believe their mission is well reflected in the services described on web pages, and feel no need for a separate mission statement which would add little or nothing to their reputation. Thirdly, it is highly viable that these firms are interested in nothing but profit that subsequently directs all of the company’s activities. It seems that the employees and other stakeholders, are aware of this fact, and therefore it might be assumed that such companies feel no need to state or communicate their mission explicitly.

In comparison with the results of the Bartkus et al. (2002) research, there is only one further percentage that is considerably different from Slovene firms: that of retail and wholesale firms. This is probably due to the fact that currently successful Slovene trade companies took over several large and medium-seized sales companies in the period of transition. The workers had to adapt to the new milieu, and a good mission statement could actually have played a constructive role in this respect. The second reason could lie in the strategy chosen for fighting foreign competition by emphasizing the Slovene origin of the goods and the firm’s loyalty to the local community, e.g. the Mercator store-chain is advertised as 'Your best neighbour'. To do so, Mercator reaches for every available means of communication.

According to Stoney and Winstanley (2001) the stakeholders’ interest is separate from the shareholders’ interest, and it is therefore necessary for the company to include them both in the main objective, policies and practice of the firm. The most significant stakeholder groups, as cited in mission statements, are customers, employees, shareholders and suppliers (Baetz/Bart 1998; Campbell/Yeung 1991; Ireland/Hitt 1992; Leuthesser/Kohli 1997; Pearce 1982). In addition, my findings show that many Slovene firms, in their mission statements, also tend to emphasise society and local community as stakeholders. The results of my study are presented in Table 2, together with the research findings gathered in the USA by Leuthesser and Kohli (1997), and Bart (1997).

Table 2 Analysis of the stakeholders included in the Mission Statements

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Percentage of Firms which Included</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Slovene firms</td>
</tr>
<tr>
<td>Customers</td>
<td>70</td>
</tr>
<tr>
<td>Employees</td>
<td>50</td>
</tr>
<tr>
<td>Shareholders</td>
<td>20</td>
</tr>
<tr>
<td>Suppliers</td>
<td>0</td>
</tr>
<tr>
<td>Local community</td>
<td>12</td>
</tr>
<tr>
<td>Society</td>
<td>8</td>
</tr>
</tbody>
</table>
The analysis shows that, according to mission statements, customers are the most important stakeholder group in Slovenia as well as in the United States. In a way, this also proves that Slovene companies are market-oriented, even though the percentage in question is smaller for Slovenia (7 companies out of ten) than for the USA. However, this difference might be attributed to the fact that my research only considered those firms that explicitly named a certain group of stakeholders in their statement. Leuthesser and Kohli, on the other hand, added the statements where customers are mentioned indirectly through products, markets, geographical areas etc.

It can also be observed that, in the case of all three studies, the employees rank second in terms of their ‘occurrence’ in mission statements (50 per cent). This was to be expected, considering that, in the first phase of privatisation in Slovenia, the ownership of many companies devolved upon the employees: they were granted a 50 per cent concession and were entitled to 60 per cent ownership of their firm. Collectively speaking, these worker-owners had (and in some rare cases still do) considerable power to promote their own interests. In reality, this influence was significantly reduced by the dispersal of their shares. Nevertheless, the solution proved to be a good safety mechanism that, for a while, prevented the companies from subjecting the workers’ interest to that of other stakeholder groups. Once the re-structuring had been completed, the firms themselves became more acutely aware of workers’ role in general success, which is now being accordingly reflected in mission statements.

The third group, again in all three studies, are the shareholders (20 per cent). At first, this figure seems surprisingly low, especially because market economy and private ownership were the main goals of the process of privatisation, aiming at increasing company’s efficiency, flexibility and success (and private ownership in particular). However, the potential investors will not risk their capital for a venture that is unlikely to repay the risk. So we can suppose that a company would try to reinforce shareholders’ trust via the mission statement – but this was not the case in Slovenia. The most probable reason for this ‘flaw’ lies in the fact that certain social values simply cannot be changed overnight. In the Slovene society, private capital still has a negative connotation, and the notion of ‘mission’ as an expression of capitalist values is hence not exempt from rejection.

In comparison to the American studies, the absence of suppliers in Slovene mission statements is challenging – not even one company mentioned this stakeholders’ group. It seems that strategic or other non-ownership relations that support long-term trust do not exist in Slovenia, except for the attempt to form the automotive and the logistic clusters. In the Slovene ‘B2B,’ there is no such thing as a ‘win-win’ attitude that is beneficial for both the supplier and its customer. Instead, each buyer company tries to take full advantage of its
existing negotiating status and tends to exercise pressure upon the short-term price levels of supply.

In contrast to the American research, Table 2 shows that 12 per cent of Slovene companies mention their local community and 8 per cent the society in their mission statements. These data clearly demonstrate the importance of local community and public institutions for companies in emerging economies such as Slovenia. In Slovenia some of the most successful firms operate in geographically isolated valleys where the majority of inhabitants depend on the company for employment. These companies know that for at least some period of time their success depends on the quality of cohabitation. For that reason, Slovene companies tend to take on a certain degree of responsibility for the development of the local community. To emphasise this intention, they express and communicate it in their mission statement. In return, the environment ‘rewards’ the company’s work, irrespective of actual success of the firm. In a highly competitive environment by contrast (e.g. in the USA), this kind of mutual support is far less feasible and probably the companies are unlikely to expect much benefit from paying special attention to this particular group of stakeholders.

Table 3. Analysis of the components of the mission statements

<table>
<thead>
<tr>
<th>Mission component</th>
<th>Percentage of firms which included</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Slovene firms</td>
</tr>
<tr>
<td>Product and/or service</td>
<td>87</td>
</tr>
<tr>
<td>Concern for customer</td>
<td>79</td>
</tr>
<tr>
<td>Concern for quality</td>
<td>70</td>
</tr>
<tr>
<td>Geographic domain</td>
<td>50</td>
</tr>
<tr>
<td>Customer/market</td>
<td>45</td>
</tr>
<tr>
<td>Public image</td>
<td>33</td>
</tr>
<tr>
<td>Concern for survival</td>
<td>25</td>
</tr>
<tr>
<td>Concern for environment</td>
<td>20</td>
</tr>
<tr>
<td>Company philosophy</td>
<td>16</td>
</tr>
<tr>
<td>Self-concept</td>
<td>16</td>
</tr>
<tr>
<td>Core technology</td>
<td>4</td>
</tr>
<tr>
<td>Concern for suppliers</td>
<td>0</td>
</tr>
</tbody>
</table>

As shown in Table 3, the mission statements of Slovene companies emphasise products and/or services (87 per cent), care for customers (79 per cent) and concern for quality (70 per cent). These components are followed by geographical position (50 per cent), target markets (45 per cent), desired public image (33 per cent), concern for survival, growth and profitability (25 per cent), care for the environment (20 per cent), company philosophy (16 per cent), self-concept (16 per cent), and core technology (4 per cent). Even
so, there is not a single company in my sample that would express concern for suppliers. In addition, some other major differences between this study and the one conducted by O’Gorman and Doran (1999) can be easily identified.

Firstly, only 25 per cent of the mission statements in the Slovene sample have expressed some concern for survival, growth, and profitability, while these factors are mentioned by 77 per cent of Irish enterprises (which makes it the most important element by frequency). This low level of expressed commitment is probably due to the extended period of volatile business environment. The number of uncontrolled variables made it too precarious for the Slovene firms to publicly announce their aspired economic growth and productivity. With regard to survival, these firms probably take it for granted and have not yet felt the need to bring it up in their mission statements. Moreover, emphasising survival and omitting growth and profitability could create an image of a firm being preoccupied with existence, and fairly uninterested in seizing development opportunities. Hence, some stakeholder groups (such as investors) could believe that the firm has not yet managed to consolidate its business.

Secondly, Slovene companies tend to disregard the concern for suppliers in their mission statements, as discussed earlier in this article. In contrast, 11 per cent of Irish companies explicitly cited their concern for suppliers.

The third prominent difference is concern for quality. Only 39 per cent of Irish companies expressed it in comparison with 70 per cent of Slovene companies. One possible explanation is that in the period of transition, Slovene companies were forced to find and enter new, much more demanding European markets. Because only a small number of Slovenian firms had a recognised brand name at that time, it was very important for them to build trust in their relationships with new European customers. For this reason, a significant number of Slovene firms acquired quality certificates (complying with ISO standards) in the late 1990’s and wanted to publicise the achievement. The second explanation could be related to TQM. This concept gained exceptionally solid ground in manufacturing companies that had adopted it to compensate for the cuts in technically skilled middle management and to engage the rest of the workers for co-operation in problem solving. However, the most important explanation from an institutional theory point of view is probably based on another result: 65 per cent of Slovene companies have exactly the same mission components. An explanation for this we can find in Suchman (1995) who claims that many of the procedures that are part of an organization are adopted because of “public opinion”, the expectations of influential customers or because they are statutory. If we looked back what happened into Slovene industry we can find that from the early nineties, quality was so strongly emphasized by the government institutions that this achieved a huge popularity, not just inside the business community but also within society at large, that Slovene companies felt they had to incorporate it in their mission statements. The first phase of coercive
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isomorphism was succeeded by a mimetic variety (Guler et al. 2002), when companies tried to model themselves on those that were perceived to be more “successful”. It could be argued that public concern for customer and for quality represents for Slovenian companies a mean to achieve legitimacy within the environment, which is a prerequisite for their survival. This also supports my prior conclusions about the social values of private capital and concern for local community on the part of the companies.

Fourthly, outspoken concern for environment is not present in the Irish and the American mission statements. We can nevertheless infer where this element is included, e.g. in a company’s philosophy or public image description. We can find support for this in McKinsey & Co. survey where 92 per cent of 400 U.S. CEOs and top executives agreed that the environmental challenge is one of the central issues of the twenty-first century (Rojšek, 2001). Meanwhile, the results of my research suggest a gradual increase in the awareness of Slovene firms about the significance of continuous development for our future. If we consider that top management is the most important internal stakeholder group for mission statement development, then this result is in line with research conducted in Slovenia by Rojšek (2001), where 56.7 per cent of the respondents selected the top management as the most important interest group in relation to the company's environmental strategy. We can then assume that management put emphasis on the environmentally friendly behaviour of the companies, which is then reflected in the company mission statement.

Fifthly, the portrait of public image shows similar results to that of Slovene and Irish firms. However, they differ significantly from the findings of the US research. This distinction can probably be ascribed to cultural differences among different countries. Certain elements, such as public declarations of company’s commitment to its country’s ideals, are to be expected in the USA but risk sounding somewhat cynical in Europe.

At this point, is also interesting to compare my research with the research conducted by Rojšek (2001), which analysed the hierarchy of business goals in Slovenian companies. Between both studies we can find some important similarities. For example, in Rojšek’s research the most important business goal for Slovenian companies is a high quality of products and the least important goal is good relationships with channel members. The same hierarchy can be found in my research where more than 70 per cent of companies included products and quality in their mission statements while none included supplier relationships. It is not just the hierarchy of goals, but also the components of the mission statements that are similar to the strategic goals that are mentioned in Rojšek’s research. We can then conclude that for Slovenian companies, a mission statement presents a base for strategic goals development. At least we can claim this for companies that declare their missions on their websites.
3. Conclusions

Despite ample theoretical discussion on the benefits of communicating the mission statement to a firm’s stakeholders, my research as well as the Bartkus et al. (2002) survey show that a relatively small number of companies use the Internet as an effective tool to promote a mission statement. The lack of resources and/or knowledge cannot be reasons for such results since 90 per cent of the firms in the sample have their own websites. Moreover, the significance of the mission statement for improving relationships with the stakeholders is today relatively well-known and should not have influenced the outcomes. One discussion point is, in my opinion, provided by Leuthesser and Kohl (1997). They understand mission statement as a message primarily aimed at the internal and not so much the external stakeholders. However, if we accept this assumption, we deny the idea of a mission statement as a ‘signpost’ (Campbell 1997) that conveys a message about a firm’s identity and social role to different stakeholders. In doing so, we devalue the mission statement.

In the case of Slovene companies, my research prompts us to consider other, more feasible assumptions. Firstly, Slovene companies hesitate to reveal strategy-related content, including their mission. Managers could find their positions increasingly ‘jeopardized’ by active involvement of finance companies in their firms, and for this reason they strive to preserve their position by not disclosing information about their companies. Secondly, the managers of the ‘old brigade’ are still running numerous companies in Slovenia. We can find support for this claim in the research conducted by Prasnikar and Gregoric (2002). They found that 75 percent of managers at the end of 1996 had been in the same positions for the preceding five years. These managers were in the first line during the transition period and were successfully managing their firms throughout it. It is probably this past success and a need to be fully flexible in exploitation of every possible market opportunity at that time that makes the ‘old brigadiers’ believe there is little need for explicit mission statements. From their point of view, the mission of their companies is clear – and this is what really matters for them. Last but not least, the domain of many Slovene companies is geographically rather limited, making other communication tools just as effective as the Internet or even better.

In summary, my research has shown that the mission statements of Slovene companies pay most attention to customers and employees. This result was expected, because after Slovenia had lost much of its market place in the former Yugoslavia, the market-driven policy was the only realistic way for Slovene companies to survive – hence the emphasis was put on the customers as the most important stakeholders’ group. Furthermore, the Slovene government tends to provide sufficient time and adequate encouragement for employees to adapt to new economic conditions, with its own version of ‘social market economy’. For that reason, the companies tend to use their mission statements
to give their workers suitable guarantees about the security of an employment. Not surprisingly, the shareholders ranked only third, after customers and employees. Moreover the frequency of mentioning of local community and the society in mission statements supports those studies that advocated an active presence of governmental and public institutions in management of the organisation during the transition period.

Finally, is a mission statement necessary for the success of Slovene companies? According to the results of my study, this is hardly the case. Only 48 per cent of the most successful companies include their missions on their web-sites. Although it could be presumed that other firms also have a written mission statement, the author of this research found very little evidence that would support this assumption. Therefore, it may be concluded that it is still possible for Slovene companies to succeed with no written mission statement – at least at this point in time.

References


