

Examples of purpose statements

Bank of China (Hong Kong)

Our Vision, Mission and Values (VMV)

We believe that a strong corporate culture inspires passion among employees in what they do. In order to reach a higher level of business performance, new vibrancy has to be injected into our corporate culture. After careful formulation and thorough discussion, the Board approved the Group's Vision, Mission and Core Values (VMV), the bedrock of our corporate culture, in 2004. With this initiative, we have embarked on building a coherent and bank-wide corporate culture and spirit that will motivate us and move us forward in the twenty-first century.

Our Vision is: To be our customer's premier bank

Our Mission is to:

- B**uild customer satisfaction and provide quality and professional service
- O**ffer rewarding career opportunities and cultivate staff commitment
- C**reate values and deliver superior returns to shareholders

Our Core Values are:

- S**ocial responsibility – We care for and contribute to our communities
- P**erformance – We measure results and reward achievement
- I**ntegrity – We uphold trustworthiness and business ethics
- R**espect – We cherish every individual
- I**nnovation – We encourage creativity
- T**eamwork – We work together to succeed

The first letters of the initial words of mission, form 'BOC', and of vision, form 'SPIRIT', and taken as a whole, our Mission and Core Values form the acronym 'BOC SPIRIT' – a simple yet powerful message that all our employees can identify with and work together as a team towards corporate goals.²⁸

Bank Islam (Malaysia)

Our Vision: To be the global leader in Islamic banking

'Global leader' is defined as being the ultimate guidance and source of reference for innovative Shariah-based products and services

Our Core Values

- Leader* – Our Islamic products are the benchmark
Reputed as the pioneer in Islamic banking, we helped to build the Islamic banking industry
- Dynamic* – Progressive and innovative
We are constantly moving ahead as we offer new and technologically advanced products and services
- Professional* – Fast, efficient and responsive service
We are knowledgeable and equipped to handle global business challenges

(Continued)

Caring – Approachable and supportive partner
We help to fulfil every customer's financial needs
Trustworthy – Dependable and reliable
Fully Shariah-compliant products, services
and corporate values

Our Mission Statement

To continually develop and innovate universally accepted financial solutions in line with Shariah principles
To provide a reasonable and sustainable return to shareholders
To provide for a conducive working environment and to become an Employer of Choice for top talents in the market
To deliver comprehensive financial solutions of global standards using state-of-the-art technology
To be a responsible and prudent corporate citizen
In the performance of this corporate mission, Bank Islam shall be guided by its corporate brand values of being: A LEADER; DYNAMIC; PROFESSIONAL; CARING AND TRUSTWORTHY²⁹

Question: Compare these two sets of statements.
What are the organizations trying to achieve?

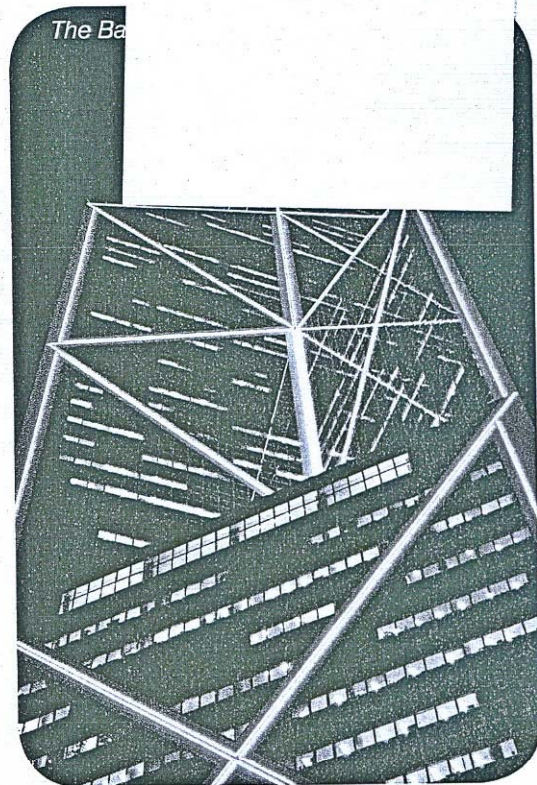
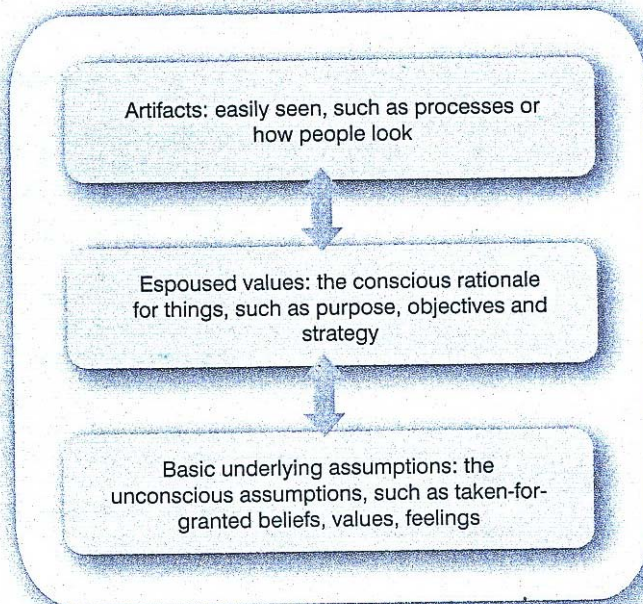


FIGURE 2.3 Three levels of culture



A mission not just for profit

A social business is a profit-making company driven by a larger mission. Like a conventional company it has to recover its full costs and make as much money as possible, subject to its mission, which is driven by a cause, rather than profit. The phrase, 'make as much money as possible' is the thing that differentiates the social business from a non-profit organization. Investors typically receive an annual dividend, but the social mission takes priority and most of the profits are returned to build the business.

The Grameen Bank was founded in Bangladesh by Muhammad Yunus in 1976. Ten years later Yunus received the Nobel Peace Prize for his bank's work in helping to alleviate poverty. This was achieved through the provision of very small (micro) loans to community entrepreneurs, and work involving joint ventures with large western companies, such as the Norwegian telecoms business, Telenor, and Groupe Danone, the French yogurt maker.

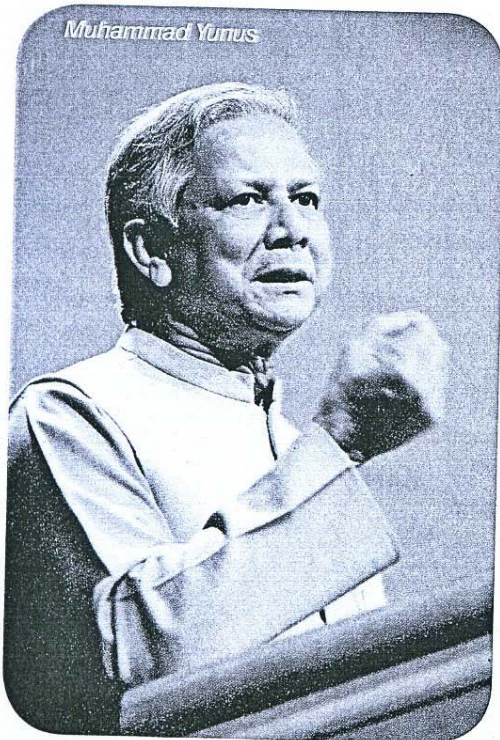
The banking industry had believed it impossible to make money through the provision of micro-loans to the poor. In 2006, when Yunus received his Nobel Prize, Grameen reported \$725 million in disbursed loans, and \$20 million profits. The bank's example has been followed in other countries, notably in Mexico, where the Compartamos Banco has reported returns on investment as high as 40 per cent.

The idea for the yogurt began in 2005, when Franck Riboud, the chief executive of Groupe Danone, told Yunus the company wished to find ways to help the poor. The result was Grameen Danone Foods;

its mission is to bring affordable food nutrition to malnourished children in Bangladesh with a fortified yogurt. The brand name is Shokti Doi, which in Bengali means 'yogurt for power'.

The idea of a hybrid enterprise with longer-term aims, rather than a purely shorter-term profit-driven company, has been attracting wider attention, notably from Bill Gates, the former chief executive of Microsoft, who has been advocating a new form of creative capitalism.

However, there are already good examples of hybrid profit-making organizations, notably the co-operative. These are of many kinds, including community co-operatives in Ireland, which involve rural communities in the management of small local enterprises, to household brands, such as United Kingdom's Co-operative Bank, which managed to avoid the worst excesses associated with the global financial crisis. A co-operative is owned and controlled by the members they serve; these may be customers, producers, employees, or another group of stakeholders.³⁰

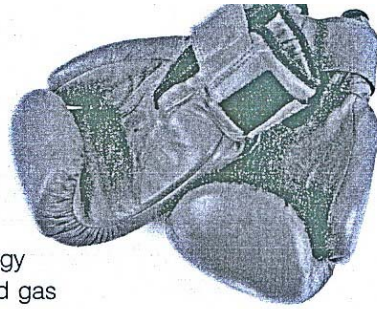


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Question: Consider how a social business might differentiate its vision, mission and values.

Was Enron a bad case of disconnected values?

Organizations do not always use purpose statements accurately. Perhaps the most notorious instance is Enron, a company that failed amid scandal in 2002, which led to suicide and jail sentences for some of its executives.



At the turn of the century Enron was the world's largest energy company and it aspired to become the blue-chip electricity and gas company of the twenty-first century. The company won praise and was used as an illustrative example of a 'uniquely entrepreneurial culture' by Gary Hamel,³¹ and in a leading strategic management textbook it was given as 'a good example of how a company's values, beliefs and philosophy connect closely to its strategy'.

According to Enron's website and its annual report (1998), the company believed (among other good things) in 'integrity: We work with customers and prospects openly, honestly, and sincerely. When we say we will do something, we will do it; when we say we cannot do something, then we won't do it'.

In his book about leadership, Jack Welch, suggests Enron's problems came about because its organizational culture became disconnected from its original core values.

'In its prior life, Enron was a simple, rather mundane pipeline and energy company. Everyone was focused on getting gas from point A to point B cheaply and quickly, a mission they accomplished very well by hiring expertise in energy sourcing and distribution. Then ... the company changed missions. Someone got the idea to turn Enron into a trading company. ... the goal was faster growth ... figuratively speaking – the guys in overalls were suddenly riding the elevator with MBAs in suspenders. Enron's new mission meant it focused first on trading energy and then on trading anything and everything. That change was probably pretty exciting at the time, but obviously no one stopped to figure out and explicitly broadcast what values corresponding behaviours would support such a heady goal. The trading desk was the place to be, and the pipeline and energy generation businesses got shoved to the background. Unfortunately, there were no processes to provide checks and balances for the suspenders crowd. And it was in that context – of no context – that Enron's collapse occurred.'³²

Question: What really disconnected at Enron?