

# Vision Statement Analysis: Study on Retail Companies Listed in Indonesia Stock Exchange

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Abstract: Industry progress requires an effective management strategy. The first step that must be taken in determining the management strategy is to create a vision statement. Vision statement is a company's strategy that explains the goals of a company in the long term. The purpose of this study is to analyze vision statements on retail companies listed in Indonesia Stock Exchange based on the five criteria of vision statement by using descriptive method. Total population on this study are 21 retail companies which have been divided into three categories (Food Retailers, General Merchandise Retailers and Non-Store Retailers). Saturated sampling technique have been used on this study, so the entire population was sampled. The results showed that from the 21 retail companies, there are only six companies which are meet with the ideal vision statement criteria. It means there are companies that its vision statement does not meet with the five ideal criteria. This study suggests to each company to create and consider a vision statement as a first step in formulating management strategies. This is important, because a vision statement will explain the company's long-term goals.

## 1 INTRODUCTION

The initial step in the process of organizational transformation is reflected in vision statement (Kantabutra et al. 2010). Vision statement is very important as a first step in determining the goals and the company as a company in the long-term orientation (Leithwood & Jantzi 1999). Generally, a vision statement has eleven to twenty-two words (Kantabutra 2011). A vision statement is formulated by a manager as an achievement in a few years (David & David 2017) and as the basis for the company to run its strategy (Joachim 2010). A vision statement should answer the fundamental question "what do we want to become?" It has to be written from an external and internal perspective (David & David 2017). A vision statement shows a direct statement of company's main purpose (Kantabutra et al. 2008) that should be more oriented towards company's competence to achieve competitive advantage (Candemir 2013). A vision statement should indicate the future of the company to lead the company in improvement and expansion (Tanković 2013), thus the vision statement should be constantly revised and modified in response to changes in the organization and its environment (Yozgat & Karata 2011).

A vision statement assists in achieving corporate goals and organizational performance (Akeem & Edwin 2016; Liao & Huang 2016), it has also has a positive effect on the company's effectiveness to survive in the business environment (Anthony 2012). A vision tells about the future and how the company should change, what would be obtained, and how the statement provide motivation to succeed in the future (Papulova 2014), even it can be the key factor for a company to create a brand that is different from another company (Altrok 2011). Beside that, a vision statement can be used to promote the competence of the organization (Spear 2017), develop the organization, and become a medium of communication for stakeholders (Khajindar & Patil 2016).

As a major attribute in a company, vision statement has been widely studied (Kantabutra 2011). Industry progress requires an effective management strategy. The first step that must be taken in determining the management strategy is to create a vision statement. A vision statement should consist of seven criteria (Kantabutra et al. 2010):

- Concise/Brief: A vision statement should be concise/brief.
- Clear: A vision statement should be clear and precise that can be understood and accepted.

- Future-Oriented: A vision statement should focus on the organization’s long-term goal and the environment in which the vision function.
- Stable: A vision statement should be general, do not be affected by the changes in market and technology.
- Challenging: A vision statement should motivate people to work toward the desired outcomes and challenges people to do their best.
- Abstract: A vision statement should be representative of the general picture as opposed to a particular achievement.
- Inspiring: A vision statement should describe an ideal, valuable, and can be followed by all employees. Employees will not be committed to a vision that they do not see as attractive.

Another study stated that a vision statement should contain five criteria (Khajindar & Patil 2016):

- Clear: A vision statement should be clear.
- Appealing: The vision statement should incorporate interesting words.
- Feasible: The vision statement should be tailored to the company's ability in terms of resources, energy, dedication and time.
- Meaningful: A vision statement should have actual sense.
- Measurable: A vision statement should contain a simple language that is measurable and accountable.

Previous study on retail companies in Thailand showed that vision statements with brief, clear, abstract, future-oriented, and stable attributes may affect leadership performance of the manager, vision statement can also indirectly predict an increase on employee satisfaction (Kantabutra 2011). The vision statement on retail companies in Turkey showed that managers who have entrepreneurial vision and motivation to learn the corporate competitions philosophy and aware of the strategic competitiveness will have creative decision-making; clear and conscious vision; duties and responsibilities; and also trained at strategic planning (Karakaya et al. 2016).

Based on the description above, this study purposes to analyse the retail companies’ vision statement listed in the Indonesia Stock Exchange which have been divided into three categories (Food Retailers, General Merchandise Retailers and Non-Store Retailers). Retailing is a series of business activities that provide value added to the products and services sold to consumers for personal, family (Levy & Weitz 2009), and or household use (Berman & Evans 2010). This study would address whether vision statement of the retail companies listed in

Indonesia Stock Exchange meet the five criteria of vision statement which were used by Khajindar and Patil (2016), namely: *Clear (C)*, *Appealing (A)*, *Feasible (F)*, *Meaningful (MF)*, and *Measurable (MB)*. The difference between this study and previous studies lies in the difference that exists between this study and previous studies. Most of previous studies just describe the criteria or attributes that should be contained in a vision statement, while this study tried to practice how to analyze a vision statement based on the ideal attributes or criteria of vision statement.

## 2 METHODS

The purpose of this study is to analyse vision statements on retail companies listed in Indonesia Stock Exchange which have been divided into three categories (Food Retailers, General Merchandise Retailers, and Non-Store Retailers). Descriptive method is used to gain description related to research question, whether the vision statements on retail companies listed in Indonesia Stock Exchange meet the five criteria of vision statement which were used on the previous study. Total population on this study are 21 retail companies. Saturated sampling technique have been used on this study, so the entire population was sampled. Secondary data are used on this study. This vision statement analysis is done subjectively.

## 3 RESULTS AND DISCUSSION

The list of retail companies listed in the Indonesia Stock Exchange 2015 (Anon 2016) can be seen in Table 1. In addition, Table 1 also described the vision statements of each company which had been taken from its official website.

Table 1: Vision statement of retail companies.

| Companies’ Name                        | Vision Statement   |
|--|--|
| Matahari<br>Departement Store<br>Tbk.  | To be Indonesia's most preferred retailer.   |
| Sona Topas<br>Tourism Industry<br>Tbk. | To become the leading duty-free shop operator in Indonesia while continually achieving the best growth prospects to all shareholder. |
| Mitra Adiperkasa<br>Tbk.               | To be the leading omni-channel retailer in Indonesia.  |

| Companies' Name                | Vision Statement  |
|--------------------------------|---|
| Trikonsel Oke Tbk.             | Deliver satisfaction win trust  |
| Matahari Putra Prima Tbk.      | To be Consumers' Most Preferred Retailer.   |
| Hero Supermarket Tbk.          | Pioneers in Indonesia Retail.   |
| Electronic City Indonesia Tbk. | Develop modern electronic retail store with exhibition concept to provide the best service, endorsed by competent human resources and professional business partners to extend consumer satisfaction. |
| Ace Hardware Indonesia Tbk.    | To be the leading retailer of home and lifestyle equipment in Indonesia.  |
| Midi Utama Indonesia Tbk.      | To be a retail distribution networks that is integrated with community, able to fulfil consumer needs and expectations, as well as providing best quality services.                                   |
| Tiphone Mobile Indonesia Tbk.  | To become the leading and prime service, product, content and cellular telecommunication multimedia Provider in Indonesia.  |
| Ramayana Lestari Sentosa Tbk.  | As a retail chain company committed to serving daily needs of the low-to-middle income segment, we vow to offer a wide range of value-for-money products, with friendly, attentive customer service.  |
| Sumber Alfaria Trijaya Tbk.    | Being a leading retail distribution network owned by the public, oriented to empowering small entrepreneurs, fulfilling the needs and expectations of consumers, and able to compete globally.        |
| Erajaya Swasembada Tbk.        | To provide mobile products and solutions to improve the quality of life and lifestyle.  |
| Global Teleshop Tbk.           | To provide valuable and quality products and services as well as excellent after-sales services.  |
| Skybee Tbk.                    | To become a well-known services provider for technology products and creative and innovative integrated telecommunications to increase  |

| Companies' Name                          | Vision Statement  |
|--|---|
|  | the quality of the community lifestyle.   |
| Catur Sentosa Adiprana Tbk.              | To be the leading Indonesian company in distribution, logistic, and retail in Indonesia and South-East Asia.  |
| Supra Boga Lestari Tbk.                  | To become the most respected, loved and trusted in Indonesia's supermarket industry.  |
| Golden Retailindo Tbk.                   | -   |
| Kokoh Inti Arebama Tbk.                  | To be the one of the leading companies in Indonesia with sustainable growth for distributing excellent quality building materials products from both SCG and non SCG products to serve costumer's needs and satisfactions with highest efforts and contributions from highly competent staff. |
| Rimo International Lestari Tbk.          | Being one of the leading department stores in Indonesia in the middle segment.  |
| Centratama Telekomunikasi Indonesia Tbk. | To become a leading infrastructure provider in the Indonesian wireless industry.  |

Source: IDX, processed data

Result of processed data shows that there are 21 retail companies listed in Indonesia Stock Exchange, that its vision statements would be analysed based on the five criteria which were used by Khajindar and Patil on previous study, namely: *Clear (C)*, *Appealing (A)*, *Feasible (F)*, *Meaningful (MF)*, and *Measurable (MB)*. Here are the results of the vision statement analysis on 21 retail companies in Indonesia presented in tables 2, 3, and 4.

Table 2: Food retailer's category.

| Companies' Name             | Vision Statement Criteria |   |   |    |    |
|-----------------------------|---------------------------|---|---|----|----|
|                             | C                         | A | F | MF | MB |
| Midi Utama Indonesia Tbk.   | √                         |   | √ |    |    |
| Sumber Alfaria Trijaya Tbk. | √                         |   | √ | √  |    |
| Supra Boga Lestari Tbk.     | √                         | √ |   | √  | √  |
| Matahari Putra Prima Tbk.   | √                         |   | √ | √  | √  |
| Hero Supermarket Tbk.       | √                         | √ | √ | √  | √  |

Food Retailers category consists of five companies. We can see at Table 2 there is only Hero Supermarket's vision statement which is meet with the five ideal vision statement criteria. Midi Utama Indonesia does not meet *Appealing*, *Meaningful*, and *Measurable* criteria. Sumber Alfaria Trijaya does not meet *Appealing* and *Measurable* criteria. Supra Boga Lestari does not meet *Feasible* criteria. While Matahari Putra Prima does not meet *Appealing* criteria.

Table 3: General merchandise retailer's category.

| Companies' Name                | Vision Statement Criteria |   |   |    |    |
|--------------------------------|---------------------------|---|---|----|----|
|                                | C                         | A | F | MF | MB |
| Matahari Department Store Tbk. | √                         |   | √ | √  | √  |
| Ramayana Lestari Sentosa Tbk.  | √                         | √ | √ | √  |    |
| Electronic City Indonesia Tbk. | √                         |   | √ | √  |    |
| Catur Sentosa Adiprana Tbk.    | √                         | √ | √ | √  | √  |
| Ace Hardware Indonesia Tbk.    | √                         | √ | √ | √  | √  |
| Mitra Adiperkasa Tbk.          | √                         | √ | √ | √  |    |
| Golden Retailindo Tbk.         |                           |   |   |    |    |
| Kokoh Inti Arebama Tbk.        | √                         |   | √ |    |    |
| Trikomsel Oke Tbk.             |                           | √ |   | √  | √  |
| Erajaya Swasembada Tbk.        | √                         |   | √ | √  |    |
| Rimo International Tbk.        | √                         | √ | √ | √  | √  |

General Merchandise Retailers consists of 11 companies. We can see at Table 3, there are only three companies' vision statement which are meet ideal vision statement criteria, namely: Catur Sentosa Adiprana, Ace Hardware Indonesia, and Rimo International Lestari. Matahari Departement Store does not meet *Appealing* criteria. Ramayana Lestari Sentosa and Mitra Adiperkasa do not meet *Measurable* criteria. Electronic City Indonesia and Erajaya Swasembada do not meet *Appealing* and *Measurable* criteria. Kokoh Inti Arebama does not meet *Appealing*, *Meaningful*, and *Measurable* criteria. Trikomsel Oke does not meet *Clear* and *Feasible* criteria. While Golden Retailindo did not publish their vision statement on its official website.

Table 4: Non-Store retailer's category.

| Companies' Name                          | Vision Statement Criteria |   |   |    |    |
|--|---------------------------|---|---|----|----|
|  | C                         | A | F | MF | MB |
| Skybee Tbk.                              | √                         |   | √ | √  |    |
| Sona Topas Tourism Industry Tbk.         | √                         |   | √ | √  | √  |
| Global Teleshop Tbk.                     | √                         | √ | √ | √  | √  |
| Centratama Telekomunikasi Indonesia Tbk. | √                         |   | √ | √  | √  |
| Tiphone Mobile Indonesia Tbk.            | √                         | √ | √ | √  | √  |

Non-Store Retailers category consists of five companies. We can see at Table 4 there are only two companies' vision statement which are meet ideal vision statement criteria, namely: Global Teleshop and Tiphone Mobile Indonesia. Skybee does not meet *Appealing* and *Measurable* criteria. While Sona Topas Tourism Industry and Centratama Telekomunikasi Indonesia do not meet *Appealing* criteria.

Result of this study shows that from 21 retail companies listed in Indonesia Stock Exchange, there are only six companies that have vision statement which are meet ideal vision statement criteria (*Clear, Appealing, Feasible, Meaningful, Measurable*). From food retailers category is Hero Supermarket. From general merchandise retailers category are Catur Sentosa Adiprana, Ace Hardware Indonesia, and Rimo International Lestari. From non-store retailers category are Global Teleshop, and Tiphone Mobile Indonesia.

#### 4 CONCLUSIONS

Vision statement analysis on this study shows that from 21 retail companies listed in Indonesia Stock Exchange, there are only six companies that have vision statement which are meet ideal vision statement criteria, namely: Hero Supermarket, Catur Sentosa Adiprana, Ace Hardware Indonesia, Rimo International Lestari, Global Teleshop, and Tiphone Mobile Indonesia. It means there are companies that its vision statement do not meet with the five ideal criteria (*Clear, Appealing, Feasible, Meaningful, Measurable*). This study suggests to each company to create and consider a vision statement as a first step in formulating management strategies. This is important, because a vision statement will explain the

company's long-term goals. If the company has an ideal vision statement, then investors will not hesitate to invest in the company.

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