

# The importance of vision statements for human resource management – functions of human resource management in creating and leveraging vision statements

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Jan Laser

## Abstract

**Purpose** – *The purpose of this paper is to examine the connections between vision statements, leadership and human resource management (HRM) to clarify what contribution HRM has to make in translating an organizational goal into a vision statement.*

**Design/methodology/approach** – *The importance of vision statements is explained. Empirical data are used to illustrate the failure of many companies to exploit the potential of a vision statement. Finally, the role of HRM in formulating a vision statement is discussed.*

**Findings** – *“Vision statement” is another term for primary organizational goal. Setting this primary goal is an indispensable task of leadership. If the vision statement is missing, HRM should remedy the situation.*

**Originality/value** – *The added value of this paper lies in explaining why vision statements are relevant for both leadership and HRM and the functions and leading role of HRM in actualizing the vision statement.*

**Keywords** *Change management, Human resource management, Management by objectives, MBO, Top goals, Vision statements*

**Paper type** *Conceptual paper*

Jan Laser is a Researcher based in Hamburg, Germany.

## What are vision statements, and why are they important for HRM?

A vision statement is the top organizational goal, i.e. what the organization would like to achieve in the distant future (about 10 to 30 years). It goes hand in hand with major internal and/or external change and significant challenges for people within the organization.

A contemporary example is Amazon founder Jeff Bezos’s vision statement:

Our vision is to use this platform to build Earth’s most customer-centric company, a place where customers can come to find and discover anything and everything they might want to buy online (Bezos and Isaacson, 2021, p. 47).

When vision statements are defined as top goals, as with Amazon, their functionality is revealed. For example:

- to provide a general direction for all members of the organization;
- goals are only set because, when achieved, they mean an improvement on the status quo – at least from the point of view of the goal setter – and should also be motivational, providing employees with a sense of purpose; and

- goals enable “management by objectives”, through which performance can be demanded from employees. If the top goal is made measurable via sub-goals which are time-contingent, a successful control of goal achievement can be realized.

These functions are classic leadership and management functions and so fall within the scope of human resource management (HRM).

Visionary leadership of course entails much more than setting up a vision statement, having the right people and an appropriate corporate culture are also necessary, among other things. However, vision and a vision statement are cornerstones of visionary leadership.

### **Awareness of company vision statements among employees**

A study by [Stepstone and Kienbaum \(2017\)](#) showed that one in four professionals in Germany are unaware of company goals, and even that every fifth manager with personnel responsibility is ignorant of overarching company goals. A survey in the UK showed that less than half (48%) of employees were able to recall their organization’s vision statement ([Chakraverty, 2018](#)). According to a Gallup survey, only 22% of American employees strongly agree that a clear overall direction is provided by their organization’s leadership ([Ratanjee, 2018](#)). These data show that top goals are often not adequately communicated to employees or not set at all. HRM can and should provide support to change this. Given HRM’s remit to motivate and guide, it is the particular responsibility of HRM to address this issue, as leadership and management are activities that presuppose goals and cannot function without them.

### **Tasks of human resource management in relation to vision statement**

HRM should help set up an effective vision statement or optimize an existing one, which according to [Kotter \(2012\)](#) should have the following characteristics:

- imaginable: A vision statement should produce a visual image of the desired future in the mind’s eye;
- desirable: it should appeal to the people who are striving to reach it and the customers they are serving;
- feasible: comprises attainable goals;
- focused: is clear enough to provide guidance in decision-making;
- flexible: is general enough to allow individual initiative and alternative responses considering changing conditions; and
- communicable: the vision statement should be easy to articulate to others.

Before matching a vision statement to these criteria, executives at the highest hierarchical level must be convinced that a vision statement is indispensable. Furthermore, a vision must exist or be developed that can be implemented. This vision statement must align with the thinking of the top executives, otherwise they may not take ownership of it, and the vision statement will become a mere paper exercise without any functional impact. HRM can perform an advisory, coaching and explanatory function (e.g. to explain why vision statements are important) for the organization. HRM can also address any fears top executives may have concerning vision statements; decision-makers might balk at projecting a vision of the future, which implies bold and risky decisions, cutting off future possibilities and options, for example. Hoped-for outcomes may not materialize, which can lead to losses, missed opportunities and damaged reputations. In addition, individual visions are often dismissed by others as fantastical, such as Kennedy’s vision of the moon landing ([Hyatt, 2020](#)). HRM can address these fears (e.g. reassuring [other] top executives that a vision statement can be adapted to changing circumstances) and accompany those involved in the process, from drawing up a vision statement through to implementation.

## Conclusions

The fact that vision statements are relevant for leadership is nothing new. There is however something outstanding to note, namely, that despite the well-known relevance of vision statements and the ostensibly simple formulation and communication of these, it is apparent that top executives often fail to complete these tasks.

Where this is the case, when there is no vision statement or if an existing vision statement has not been adequately communicated, HRM's primary function is to help top executives to remedy this. HRM has a central role in this because the leadership that is inherent to HRM cannot be carried out from the top hierarchy level without such a statement of vision. This lacuna should be addressed first before dealing with other (contemporary) topics which support the achievement of the vision statement, such as artificial intelligence, blockchain or the use of chatbots in recruiting. To fulfill this task, it is helpful if HRM is represented in the top hierarchical level (for example, the chief human resources officer as part of the top management team) rather than being in a subordinate organizational position.

Not every vision ultimately becomes the top goal of the organization, of course. But if a vision is formulated into a vision statement, then by definition it becomes the top goal. It may also be known as a mission or dream, but the terminology is secondary. If everyone involved knows what the top goal is, the functions of this goal can be realized. Further steps such as aligning the strategies with the vision statement and a communication concept must follow.

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## Corresponding author

Jan Laser can be contacted at: [jan.laser@coplam.de](mailto:jan.laser@coplam.de)

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