The Impact of the Organizational Mission Drift on its Employee Effort

D.I.J. Samaranayake[1] and S. Banuri[2]

[1]Department of Management Studies, Faculty of Management, University of Peradeniya, Sri Lanka

[2]School of Economics, University of East Anglia, United Kingdom

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Introduction

The mission statement of an organization highlights the uniqueness and difference from the other organizations in society. It appears as a way to clarify the role of an organization and equally as a method to attract employees (Chu and Luke, 2012). Although, one of the inherent challenges of operating as an organization in modern business is the maintenance of its original mission. Rapid changes in the external environment encourage organizations to drift from their original mission to a broader scope of activities. Mission drift can be identified as a noticeable movement of organizational main objectives and goals towards a new direction (Ebrahim et al., 2014; Mader and Sabro, 2019).

According to Minkoff and Powell (2006), this movement represents a deviation of an organization's resources and activities in two modes. They are the administrative and programmatic drifts. Such movements are noticeable in organizations such as social enterprises, non-profit organizations, healthcare, and educational bodies. For instance, the social enterprises such as microfinance institutions experienced mission drifts (Jaquette, 2013; Armendariz and Szafarz, 2009). Also, the literature encourages to observe whether such mission drifts cause less engagement and less effort by its key stakeholders. This can occur due to mismatches in the pro-sociality, meaningfulness, and the expectations of the mission they are engaged in (Carpenter and Gong, 2016; Smith, 2016; Banuri and Keefer, 2016). Therefore, the study designs to observe the impact of the mission drift of an organization on its employee's effort. For that, the study introduces a model to observe such impact through an experiment using the modified version of "dictator game" and "real effort tasks".

Objectives

This study aims to introduce an extension to the model developed by Carpenter nad Gong (2016) in order to accommodate the effect of mission drifts on effort and to perform an experiment to test the following hypotheses.

Hypothesis 1: Mission matched subjects exert more effort than mission mismatched subjects.

Hypothesis 2: Mission drifted subjects exert less effort than mission matched subjects.

Hypothesis 3: Mission drifted subjects exert more effort than mission mismatched subjects.

The initial hypothesis (H1) distinguishes the behaviour and performance of the mission matched and mismatched subjects. Then the following hypotheses (H2 and H3) consider the impact of mission drift on employee's effort compared to the effort made by mission matched and mismatched subjects. Therefore, these three hypotheses were used as the benchmark in recognizing treatments and the structure of the experiment. The experiment consisted of three experimental sessions considering mission matched (baseline), mismatched (treatment 2), and drifted (treatment 3) situations.

Methodology

This study follows the theoretical model developed by Carpenter & Gong (2016) to examine the effect of mission matching and incentives on employee's productivity. They used the standard principal-agent model, where the employer offers a wage contract and the employee decides the degree of effort to exercise. Accordingly, this study introduces an extension to the model as to examine the impact of mission drift on the employee's effort. Then an online experiment using a pool of undergraduates coordinated by the Laboratory for Economics and Decision Research (LEDR) of the University of East Anglia, the UK. It consists of three experimental sessions accompanied by 23 participants each.

As it demonstrated in the figure 1, the experiment focuses three sessions, a baseline and two treatments including a modified version of "dictator game[5]" and "real effort task[6]". All treatments include two modified dictator games and two rounds of real effort task. Then the two rounds of real effort task split each for a mission matched condition at the baseline and for mission mismatched condition at the second treatment. Finally, the two rounds of real effort task split each for a mission matched condition and a mission mismatched condition for the third treatment.

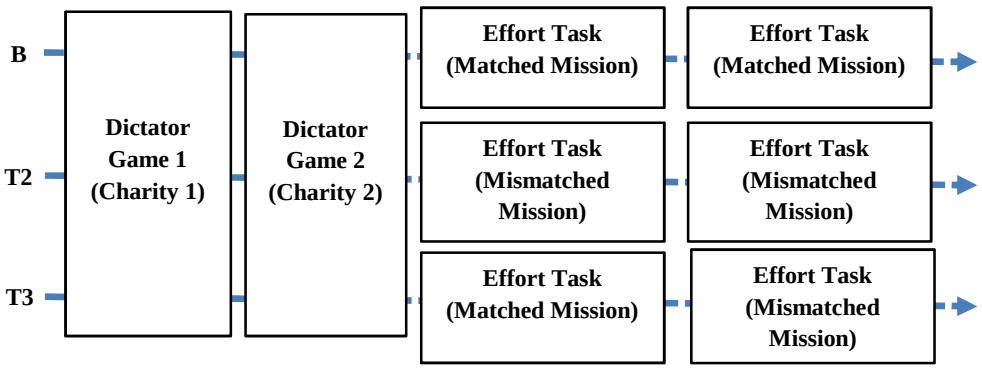

Figure 1**:** Structure of the Experimental Sessions

Further the flowchart of an experimental session (annexure 1) shows that, all three sessions include an exit survey to collects key demographic information and feedback from the subjects. The data obtained from the experimental sessions were utilized to test the three hypotheses via descriptive reviews and OLS regressions. The following regressions are developed separately for the three treatments of the experiment.

[5]Provide a modified version of the standard dictator game by matching subjects with a pro-social organization to assure the two players in the game (Banuri & Keefer, 2016). The modified version of the dictator provides an opportunity to obtain a direct measure of pro-social motivation. The subjects will be given an endowment with sole authority to split it between themselves and a pro-social organization.

[6]This study is supposed to use one of the recent and convenient real effort tasks applicable in an online setup. Therefore, this study is able to use one of the most recent methods which also convenient to implement and requires a low level of skills and ability from participants having good control for the experimenter. It is the task of "Counting Zeroes of Matrices". This method was first used by Abeler et al. (2011) and participants are allowed to count the number of zeroes appear in a sequence of matrixes that appeared within a limited time on a computer interface.

Baseline (Treatment 1)

$$TFG\_B_i = \alpha + \beta MOTIV\_1_i + \delta MOTIV\_2_i + \rho EFF\_B\_1_i + \theta EFF\_B\_2_i + \gamma CONT_i + \varepsilon_i \quad (1)$$

The dependent component of the OLS regression represents the Total Funds Generated (TFG) by the respondent at the experimental session by adding both donations to the charity organizations, amount of Experimental Currency Units (ECU) raised at the effort task for measuring the ability of the respondents, and effort made at both effort tasks for fundraising. Then $\beta MOTIV\_1_i, \delta MOTIV\_2_i$ are for the measures from the dictator games from the charity 1 and charity 2 for the baseline. $\rho EFF\_B\_1_i$ represents the records from the initial effort task for fundraising and $\theta EFF\_B\_2_i$ for the data obtained from the second session of the effort task with the mission match condition. The demographic characteristics ($CONT_i$) will be collected through the debriefing questionnaire provides to the subjects at the end of the experiment. Similarly, the regressions for treatment 2 and 3 also can be developed as follows for mission mismatched and drifted conditions.

Baseline (Treatments 2 and 3)

$$TFG\_T2_i = \alpha + \beta MOTIV\_1_i + \delta MOTIV\_2_i + \rho EFF\_T2\_1_i + \theta EFF\_T2\_2_i + \gamma CONT_i + \varepsilon_i \quad (2)$$

$$TFG\_T3_i = \alpha + \beta MOTIV\_1_i + \delta MOTIV\_2_i + \rho EFF\_T3\_1_i + \theta EFF\_T3\_2_i + \gamma CONT_i + \varepsilon_i \quad (3)$$

Results and Discussion

Theoretical Extension

This study introduced an extension to the model developed by Carpenter & Gong (2016) based on the effect of mission drifts considered that the mission motivation [θ] is a dynamic parameter and depends on the magnitudes of the employee's personal mission and the mission of the organization. The extension introduced three new parameters in order to derive the impact of mission drift. "α" represent the mission preference of the organization and the "β" for the mission preference of the employee. The magnitude of the mission drift is represented by "η" and it generates an impact on the static parameter [($\theta = 1$)/γ>0]. Therefore, difference in the magnitudes of α and β tend to decrease the value of "θ" as [($\theta < 1$)/γ>0] and it appears to be a dynamic parameter $\{\theta = 1 - [\eta(\alpha - \beta)]\}$. Therefore, the standard utility

function[7] described in Carpenter & Gong (2016) requires an extension as U(e) = [w+pe] + $\{\theta = 1 - [\eta(\alpha - \beta)]\} M(e,\gamma)$ – C(e) with the consideration on the impact of mission drift on effort. Therefore, the new model predicts that the employee's mission utility $[\theta M(e,\gamma)]$ decreases when the degree of mission match $[\theta]$ decreases as a result of the variations in the magnitude of mission drift $[\{\theta = 1 - [\eta(\alpha - \beta)]\} M(e,\gamma)]$.

Empirical Outcomes: Descriptive Analysis

The analysis of the three effort tasks shows that the efforts made at the baseline are slightly higher than the other two treatments. The group of respondents at the baseline are the less prosocial group but exerted higher effort due to the matched mission. Further, the ability and efforts on fundraising are very similar in the mission matched condition compared to the other two treatments. It is visible that the magnitude of effort at treatment 2 is slightly below treatment 3 with a drifted mission. Also, a comparison of total efforts in each fundraising task (annexure 2) demonstrates a significant difference between the effort levels across three treatments. The baseline shows an increasing trend in the total effort made. In contrast, treatment 2 with the mission mismatch demonstrated a significant decline in the total effort made at the effort tasks. The treatment 3 represented a significant improvement of the total effort made at the beginning of the task but declined later due to the mission drift.

Experimental Outcomes: Regression Analysis

The regressions are arranged to test three hypotheses following baseline and two treatments of the experiment. The comparison on the statistical outputs from the OLS models (annexure 3) indicates that all three models are statistically significant to describe the impact of causal variables on TFG. The estimated coefficients of both the donations to charity organizations and effort tasks demonstrated significant impacts on the funds accumulated for the charity organizations. The models on the baseline and treatment 2 predict that the donations to both charities made a positive significant impact on the TFG. A mission drift demonstrated only a positive significant impact from the donations made to KSF on the TFG. Also, the positive and significant

[7] Standard utility function considered the mission motivation $[\theta]$ as a static parameter.

coefficients of the effort tasks related to the fundraising demonstrate a high impact in accumulating funds to the charity organizations. The respondents are appeared to be less efficient in terms of the effort once the mission mismatched compared to the mission matched respondents.

Conclusion

This study introduced an attempt to extend the model developed by Carpenter and Gong (2016) considering the impact of organizational mission drift on effort. The outcomes of the model extension support to recommend the inclusion of the parameters which describe the magnitude of the mission drift when observing the impact of the organization's mission on its employee's effort. Then a comparison of data obtained from three treatments of the online experiment provided evidence to support the predictions made at the theoretical extension. The respondents who experienced a mission drift tend to exert effort in between the effort levels of mission matched and mismatched individuals. Further, the study found that the respondents with a similar degree of pro-sociality demonstrate clear improvement in the effort made on duties in both mission match and drift compared to a mission mismatch. This supports Smith (2016) as mission matched individuals show more effort and were mediated by the meaningfulness of work. However, a respondent with a high degree of pro-sociality demonstrates a high explicit impact on the effort on their duties even in a drifted mission compared to a less pro-social individual in a matched mission.

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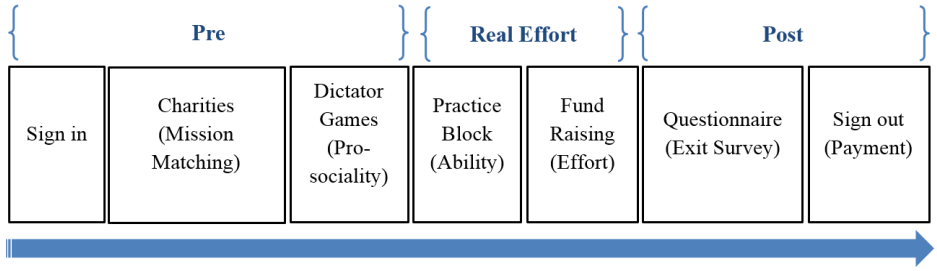
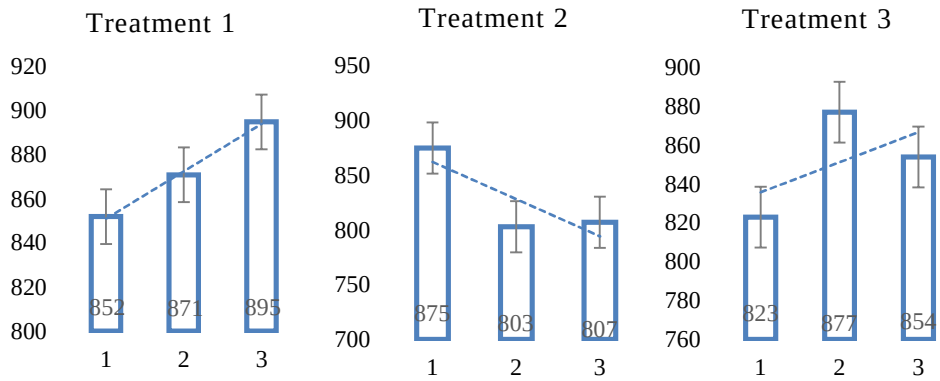
Appendices

Annexure 1: Flowchart of an experimental session



Annexure 2: Comparison of total efforts across the treatments



Annexure 3: Regression Outputs

Test for the Model Fitness	***Fitness Index (Treatment 1)***	***Fitness Index (Treatment 2)***	***Fitness Index (Treatment 3)***
F-Statistic	*341.84****	*96.14****	*36.68****
R-Squared	*0.9923*	*0.9730*	*0.9322*
Adjusted R-Squared	*0.9894*	*0.9629*	*0.9068*

Dependent Variable: total funds generated at the experiment

Subject	**Treatment 1**	**Treatment 2**	**Treatment 3**
Donations to the MCS	*0.9087*** (0.1632)*	*1.4767*** (0.3267)*	*0.5879 (0.3439)*
Donations to the KSF	*0.7382*** (0.1718)*	*1.0675*** (0.2815)*	*0.8140** (0.3575)*
Effort Task 2 (fundraising)	*1.0440*** (0.1011)*	*0.6577*** (0.1286)*	*0.7765*** (0.2029)*
Effort Task 3 (fundraising)	*0.5540*** (0.1045)*	*0.3722*** (0.1140)*	*0.7535*** (0.2281)*
Age	*0.0116 (0.0718)*	*-0.2663 (0.3723)*	*-0.0270 (0.1505)*
Gender (male=1)	*-0.9352 (0.9377)*	*1.0047 (0.4779)*	*0.8790 (1.9210)*
Constant	*-3.0972 (0.9377)*	*20.5148** (8.6660)*	*1.0480 (6.9748)*

Note: Standard errors are in parentheses, and *, ** and *** represent variables are statistically significant at 10%, 5% and 1% level of significance respectively.