Tying Employee Communications to Organizational Value: In Search of the "Missing Links"

Professional Project in partial fulfillment of the requirements for the degree of Master of Science in Communications Management

Submitted April 11, 2005

Independent Study Degree Program
S.I. Newhouse School of Public Communication
Syracuse University
215 University Place
Syracuse, New York 13244

© Laurel English
12 Rambling Woods Dr.
Morristown, NJ 07960
laurel@english-communications.com
973-539-5219 (home)
973-984-2525 (work)
973-539-7587 (fax)

Advisor: Dennis Kinsey, Ph.D.

Table Of Contents

Abstract

Although much has been written about the need to link public relations to the organization's bottom line, little has been written about how to do so. This study began the process of developing a methodology to measure how employee communications affects organizational value. It used a mixed-methods research design. Phase 1 consisted of 11 in-depth interviews with a purposive sample of employee communicators. Statements from those interviews, as well as from the literature review, were used to develop a survey. The sample frame consisted of self-described employee communicators who practice in the United States and Canada, and who are members of the International Association of Business Communicators. A random sample of more than 700 employee communications practitioners were contacted via e-mail and asked to complete an Internet-based survey; 206 participated in the survey. Findings from the depth interviews and survey found that employee communications adds value by providing clear, accurate information about the organization and its goals to employees; improving morale, productivity, safety, quality and employee job satisfaction; creating "employee ambassadors" who help promote better relationships with other stakeholders; preparing leaders and managers to be better communicators; facilitating change management; reducing turnover; and helping the organization achieve its financial goals. The project deliverable included a methodology communicators can start using to identify employee communications value in their own organizations.

Problem Statement/Study Purpose

The quest to find a useful means of linking public relations/communications efforts to an organization's bottom line has been likened to the legendary search for the Holy Grail (Williams, 2003). Although most communicators say they would find such a tool useful, and many articles exhort communicators to find ways to prove their worth to their organizations' business leaders, little has been written about how to go about doing so. The purpose of this study was to develop a methodology that starts the process of measuring how employee communications affects an organization's current and future value.

Rationale

When an organization's dominant coalition asks what different departments accomplished over the past year, the leadership team wants to know how the departments contribute to the organization's goals. Functions such as manufacturing and sales are fairly straightforward to measure because their contributions are tangible. Accounting typically deals with tangible assets, which are those assets that have physical form (such as real estate and machinery) and are capable of being appraised (Roberts, Bronn & Breunig, 2003).

However, in many organizations, the real value of the firm lies in its intangible assets—those assets that do not have physical form. These include intellectual property, brand equity, employee knowledge, customer loyalty, reputation and many other factors that are difficult to imitate and yet provide for the organization's competitive advantage (Roberts et al., 2003).

What makes the challenge of measuring intangible assets particularly difficult is that intangible assets often have little worth on their own. Their value depends on how the organization puts them to use. A company's culture in and of itself provides no value. However, when the culture enables employees to fully employ its other intangible and tangible assets, it can become extremely valuable.

Intangible assets create value when they are combined with other assets—for example, combining an innovative work culture (intangible asset) with state-of-the-art equipment (tangible asset) (Kaplan & Norton, 2004). Measuring to what degree intangible assets affect the company's current and future value is difficult because intangible assets "work indirectly through complex chains of cause and effect" (Kaplan & Norton, 2004, p. 54).

One communication model identifies a chain in which communication leads to good relationships, which leads to good corporate image, which leads to an improved likelihood that customers will do business with you (Roberts et al., 2003, p. 6). However, a myriad of factors contribute to relationship quality besides communication—the trust between parties, the degree of interest between the parties, the degree that others communicate with one or both parties (possibly diluting the influence or affecting the relationship), and so on. The same is true for corporate image; many factors affect corporate image besides relationships.

As one works through the causal chain (which seems to grow like kudzu), one starts to wonder if it is possible to isolate the communication factor in its role in corporate value building. Even if it is possible, will the answer come from the domain of communicators, or elsewhere, such as from the physicists and mathematicians who are using chaos theory to understand how seemingly small changes in a single variable can lead to extremely different outcomes? Meteorologist Edward Lorenz vividly illustrated the challenge when considering whether the flap of a butterfly's wings in Brazil could set off a tornado in Texas ("Chaos Theory," 2004). Lorenz concluded it is extraordinarily difficult to isolate precise cause and effects in complex systems. If the conditions were just right, it is theorized, a butterfly's wings genuinely could set in motion the chain of events that lead to a tornado.

Despite the overwhelming challenges of modeling complex systems, scientists continue to make the effort. Each iteration of study brings scientists closer to understanding at least the major factors that contribute to certain outcomes in complex systems. As Lorenz and other chaos theorists point out, very subtle changes in variables can lead to wildly different outcomes in some situations. However, in most cases, a butterfly flapping its wings will do little more than cause a flower petal to stir slightly. Thus, we focus on the larger influences, while recognizing that smaller influences can have a major effect.

Researchers studying how to measure intangible assets in organizations have focused on the major factors of potential influence (Roberts, Bronn, & Breunig, 2003; Kim, 2000; Kaplan & Norton, 2004). Various efforts include the European Foundation for Quality Management model in Europe and the Balanced Scorecard in the United States (Ritter, 2003). These models recognize that traditional accounting measures such as return on investment (ROI) are inadequate to determine the actual value of the firm. ROI looks at historical data--how a firm did last quarter or year. The theory behind the balanced scorecard is that it shows whether the organization has the pieces in place to create value next year and five years down the road (Kaplan & Norton, 1996).

The balanced scorecard approach has been used by some organizations to validate cause-and-effect relationships. One company, using the balanced scorecard, found that increases in employee morale led to increases in customer satisfaction, which decreased accounts receivable, which increased return on capital employed. Increases in employee morale also led to reduced rework, which reduced operating expenses, which increased return on capital employed. (Kaplan & Norton, 1996). Similarly Sears used its version of the balanced scorecard (called the Total Performance Indicators, or TCI, model) and found that employee attitudes led to improved

customer service, lower employee turnover, and the likelihood that employees would

recommend Sears and its merchandise to others. Additionally, two dimensions of employee

satisfaction—attitude toward the job and toward the company—had a greater effect on employee

loyalty and behavior toward customers than all the other dimensions put together (Rucci, Kirn, &

Quinn, 1998). While the balanced scorecard methodology is extremely useful, it requires an

organizational commitment to measuring intangible assets. Implementing the balanced scorecard

is not something that a single department can launch on its own.

I believe that employee communications provides a valuable contribution to

organizations, and ultimately contributes to an organization's success. However, the lack of

quantifiable measures for employee communications has hampered the ability of organizations to

fairly assess its value. The result has been that employee communications departments often

have a difficult time justifying their existence. The lack of measures affects the resources that

organizations are willing to commit, the respect and support the function receives within the

organization, the morale of those working within employee communication (because they do not

know the extent that their efforts contribute to the organization's goals), and the function's

future, since employee communications can be viewed as "nice to have" fluff, which is

expendable, rather than a strategic business function. This study will begin to identify how

employee communications can measurably demonstrate its value to the organization.

Research Questions

R1.   How do employee communications departments influence progress toward organizational goals?

The communications research literature does not provide a comprehensive list of the

possible ways that employee communications affects the organization. This is a first step in

developing such a list. Some researchers have identified possible links between employee

communications and employee satisfaction, improved quality, customer satisfaction and other

value-drivers in the organization. There are undoubtedly many more. Understanding the role and

potential role of employee communications could help organizations identify other possible

linkages.

R2. How should employee communications departments add value to organizations?

The study will ask employee communications practitioners to envision how an employee

communications department would function in a best-in-class company (not just a best-in-class

employee communications department). There may be perceptions that employee

communications is focusing on the wrong areas, or is putting the wrong type of effort on the

right areas. This will enable employee communications departments to see where they could best

contribute to the organization's goals.

R3. How can employee communications measure the value it provides to organizations?

This study seeks to identify the areas in which employee communications should focus.

The findings of this study could be used with other organizational studies, such as employee

satisfaction audits, to move closer toward putting numbers into the equation. It could also be

used on its own, to identify gaps in what is/what should be, and make improvements.

Deliverable

The deliverable for this project includes answers to the following:

- The key areas where internal communicators should focus their efforts;

- The degree that their efforts currently influence those key areas;

- The degree that their efforts should influence those key areas;

- How employee communicators can use the findings to develop more targeted programs;

    and

- How employee communicators can demonstrate their value to others in the organization.

Literature Review

This literature review seeks to present a foundation of what has been studied to date about measuring the value of employee communication and related fields. One goal of the review is to identify areas where research from other fields (such as marketing and human resources) may link with employee communication research. There have been few attempts in literature to make these linkages. Another purpose of this literature review is to identify where the gaps exist between links in order to develop this research study. It also identifies opportunities for future study.

This literature review focused on five key areas:

- Measurement of organizational intangibles.

- Attempts to measure communications' return on investment.

- Links connecting other intangibles to ROI.

- Effects of employee communications on organizations.

- How employee communications links to other intangibles.

Measurement of organizational intangibles

The Rationale section of this paper previously included a detailed explanation of tangible versus intangible assets, and why intangible assets are critical to the organization's value. A 1997 Ernst & Young study found that as much as 40% of the average company's market value is based on non-financial assets, including its reputation (Klein, 1999). By 2001, intangible assets accounted for two-thirds of the average company's total market value (Turchan & Mateus, 2001). Despite the recognition that intangible assets provide significant value to organizations, there is no standard method in the United States to account for intangible assets on an organization's balance sheet or in its financial statements (Turchan & Mateus).

Many organizations have looked for ways to measure their intangible assets. One well-known method is the Balanced Scorecard, developed by Kaplan and Norton (2004; 1999; 1996). Kaplan and Norton contend that traditional accounting measures such as return on investment and earnings per share measure historical performance, and can therefore be misleading. Traditional accounting methods cannot measure activities that lay the groundwork for future improvement, such as investments made in programs that are designed to foster innovation and growth. The Balanced Scorecard focuses on four areas that drive the organization's long-term value. These are the financial, customer, internal business process, and learning and growth perspectives. Together, they create operational measures that drive future performance (Kaplan & Norton, 2004).

To implement the Balanced Scorecard, an organization's leadership team translates how the company's vision drives each perspective. They then develop objectives, measures, targets and initiatives aimed at supporting the vision through the context of that perspective. For example, if a company's vision is to delight customers, the management team might identify processes for the internal business perspective that it believes have the greatest impact on customer satisfaction, such as cycle time, quality, employee skills and productivity. It then develops measures and targets for each. Kaplan and Norton (2004) note that improvements in those areas should translate into improved financial performance. If improvements do not result, it then indicates that managers selected the wrong processes to measure, and they need to identify different measures. The importance of selecting the right measures is relevant not only for the Balanced Scorecard, but also for measuring the effectiveness of communication (Langbaum & Langbaum, 1999).

Kaplan and Norton (1996) also postulate that the Balanced Scorecard should be at the center of a "strategic management system" to be most effective. The strategic management system links four critical management processes in a circle. Each process also links to the Balanced Scorecard at the center of the circle. The four processes are: translating the vision (expressing the vision in terms that everyone in the organization can understand), communicating and linking (communicating the vision and making it relevant to everyone), business planning (setting business targets and financial goals), and feedback and learning (to close the loop and continue the process). Employee communication is an integral part of this continuous process (Ritter, 2003).

Attempts to measure communications' return on investment

Efforts to identify how public relations/corporate communications efforts contribute to the bottom line have frustrated many in the industry. In an informal survey conducted at an IABC/Delahaye Research and Measurement Conference, almost 85% of the respondents agreed that "lack of internal and budgetary resources is the biggest obstacle when attempting to demonstrate communications ROI" (Weiner, 2003, p. 26).

The Swedish Public Relations Association (SPRA) attempted to make the connection using what it called "value links" (2003, p. 5), which connect the performance measurements of communication to nonmaterial (intangible) assets and company profit factors. The goal of its Return on Communications project was to develop a method and measurements to help make the connection between communication and organizational value. The SPRA identified five areas that drive company value, similar to the Balanced Scorecard's four areas. SPRA's five areas are the community, marketing, finance, employees, and at the very center, leadership. For each segment, it identified four to six essential performance measurements. Each performance measurement exists at three different levels. The first level is awareness, where communications

focuses on building awareness among various publics. The second level is support and

involvement. This is where communications starts to change people's behavior. The third level is

linked to profits or organizational results. It identifies how the first two levels impact market

share, relative price level, relative cost of capital, or value added per employee (p. 16).

For employees, an organization could identify value links such as endorsement of visions

(at the first level), motivation and empowerment (at the second level), which could then be

linked to value-added per employee (at the third level). This in turn could lead to greater investor

satisfaction, which would improve share price (SPRA, 1996, p. 40). It could also lead to greater

customer satisfaction, which could impact revenues and market share (p. 28).

Links connecting other intangibles to ROI

There has been extensive research conducted by management consulting firms, market

researchers, human resource consultants and others attempting to link various intangibles to

financial goals. J.P. Campbell defines 30 measures of organizational effectiveness, including

productivity, efficiency, profit, quality, control of the environment, adaptation and flexibility to

the environment, revenue growth, job satisfaction, stability, and information management and

communication (as cited by Kim, 2001, p. 6).

Rucci, Kirn, and Quinn (1998) used causal path analysis to find linkages and impacts

among various intangibles to identify how employee attitudes affected revenues at Sears. Causal

path analysis makes it possible to determine, to a certain extent, the degree that each variable

contributes to an outcome (Miller & Salkind, 2002, p. 398). Rucci et al. found that employee

attitudes drive customer service, employee turnover, and the likelihood that employees would

recommend Sears and its merchandise to others. They also found that an employee's ability to

see the connection between his or her work and the company's strategic objectives was a driver

of positive behavior. Additionally, two dimensions of employee satisfaction -- attitude toward

the job and attitude toward the company -- had a greater effect on employee loyalty and behavior toward customers than all the other dimensions combined. Rucci et al. used their model to determine how changes in each measure would affect Sears' revenues. Their model indicated that a five-point improvement in employee attitude (as measured by the company's employee survey) would drive a 1.3% improvement in customer satisfaction, which in turn would drive a 0.5% improvement in revenue growth.

Feuss, Harmon, Wirtenberg, and Wides (2004) studied how four different organizations developed models to represent how customer perceptions of value, employee satisfaction, customer satisfaction, and financial results were all linked. The Lucent model compared how customers and employees viewed the company to examine whether there was a relationship between customer satisfaction and employee satisfaction. Lucent identified a consistently positive relationship between the two. In addition, the Lucent data suggested that employee attitudes had both a direct and indirect effect on customer attitudes, and that employee satisfaction leads to employee commitment to customer service, which leads to customer satisfaction. At PSEG, Feuss et al. found that one driver of employee satisfaction was communication effectiveness, which was also a driver leading to both employee satisfaction and commitment, which in turn led to customer satisfaction.

The benchmarking organization CATCSE (Competitive Advantage through Customer Satisfaction and Excellence) found a strong (r=.80) correlation between employee satisfaction and customer satisfaction, and together those two factors strongly influenced stock price (E. Schreiber presentation before Syracuse University ISDP Communications Management students, January 8, 2004). McDougall and Levesque (2000) found a direct link between customer satisfaction and a customer's future intention to purchase. Customer loyalty is a prime

determinant of the long-term financial performance of firms (p. 392). Eggert and Ulaga (2002) tested whether customer satisfaction or customer perception of value was responsible for customer repurchase behavior. They discovered that customer perceived value led to customer satisfaction, which led to a high correlation of repurchase intention and positive word-of-mouth, and reduced the likelihood of customers searching for alternatives (p. 113).

It costs five to 10 times more to attract a new customer than to keep an old one (Turchan & Mateus, 2001; Sprague & Del Brocco, 2002). Customer relationship management expert Frederick Reichheld said that a 5% increase in customer retention generates a corresponding 25% to 100% rise in profits (as cited by Turchan & Mateus, 2001, p. 38).

Studies show that improving customer satisfaction boosts customer retention (Best, 2004, p. 9). MBNA America boosted its customer retention rate from 90% to 95% by training employees to focus on customer satisfaction. The result was a 16-fold increase in profits. Improving customer retention also means the business will not have to spend as much on marketing to attract new customers. Also, retained customers produce higher annual revenue and higher margins per customer (Best).

In a typical business, 40% to 60% of customers who purchase once will purchase again (Schultz & Walters, 1997). Many companies calculate the lifetime customer value, which is the net present value of all future revenues minus the attributable costs associated with an average customer (Schultz & Walters, 1997, p. 145). General Motors estimates that its average Cadillac customer will spend $350,000 over the course of its relationship with the automaker (Best, 2004, p. 16-17).

Reichheld, in his book *The Loyalty Effect,* found that employee loyalty could be linked to better corporate performance across a number of industries. Reichheld identified seven economic

effects of employee loyalty: hiring (it eliminates the expense related with hiring replacement

employees); training (it eliminates the expense of training new employees); efficiency; customer

selection; customer retention; customer referral; and employee referral (as cited by Schultz &

Walters, 1997, p. 58).

Effects of employee communication on organizations

Various researchers have investigated the role of employee (or internal) communication

on the organization. Employee communication comprises two important areas. From a narrow

perspective, employee communication is the practice of organizational public relations dedicated

to fostering relationships between the organization and its employees. The broader perspective of

employee communications is the practice of fostering relationships among the numerous

"publics" within the organization—among departments, between supervisors and employees, and

between co-workers, for example. Some employee communications departments identify their

domain narrowly, while others take broader perspectives. This literature review looks at

employee communication from the broad perspective.

Patrick Jackson (as cited by L. Grunig, J. Grunig, & Dozier, 2002) identified nine public

relations strategies that add value to the organization. These include: awareness and information;

organizational motivations (such as building morale, teamwork, productivity and corporate

culture); issues anticipation; opportunity identification (such as discovering new markets,

products or services); crisis management; overcoming executive isolation (to help the dominant

coalition make more enlightened decisions based on two-way communication); change agentry

(to ease resistance to change); social responsibility; and public policy activities (p. 100-101).

Roberts, Bronn, and Breunig (2003) note that although the organization sends out

planned messages, the way that each person interprets the message can be different than

intended. The problem becomes compounded when the organization sends uncoordinated or

inconsistent messages. They contend that when messages are inconsistent, do not connect with the organization's stated mission and goals, or are not made relevant to employees, the organization's profitability suffers. They contend that boundary spanning is a way to break down barriers and improve communication among the organization's departments. Boundary spanners are individuals who enable two-way communication to take place between the organization and its strategic constituencies, and among the strategic constituencies. The authors note that boundary spanning is "what creates the capital in the [organization's] relationships" (p. 13). They created tools to help the organization determine whether "enabling conditions" (p. 23) for boundary spanning exist in the organization.

Other areas where employee communication is believed to contribute to the organization are in the areas of relationships (Kim, 2000, 2001; Bruning & Ledingham, 1999), morale, productivity, cost control, teamwork, safety, change management (Sprague & Del Brocco, 2002), reduced turnover (Brown, Duncan & MacDonald, 2003; Sprague & Del Bracco, 2002; Turchan & Mateus, 2001); and improved market value (Watson Wyatt Worldwide, 2004a). Others note that employee communication has been linked to increased innovation, participation, employee involvement, and increased creativity ("Communication Competence," 2001).

How employee communications links to other intangibles and ROI

Identifying the value of communications has become increasingly important. Hon (1998) notes, "As pressures for accountability mount, practitioners increasingly must demonstrate that public relations activities help achieve meaningful goals for their organization or clients" (p. 103). However, some researchers believe that seeking a direct bottom-line connection is too narrow and simplistic (L. Grunig, J. Grunig, & Dozier, 2002, p. 97).

There are two ways that any organizational activity can make a difference in profitability: by boosting revenue or reducing costs (Sprague & Del Brocco, 2002). Thus, employee

communications may be able to help boost revenue by increasing sales and productivity, or reduce costs by helping to reduce turnover and improve quality.

There has been little academic research in the area of how employee communications links to return on investment. It is difficult to identify causality because so many factors—including unanticipated factors--can influence an outcome, such as economic issues, a crisis, competition or downsizing (Schultz & Walters, 1997; L. Grunig, J. Grunig, & Dozier, 2002; Hon, 1998; Sprague & Del Brocco, 2002; Freitag, 1998; SPRA, 1996). There is not a direct cause-and-effect relationship between a communication activity and bottom-line results. There are a multitude of intervening variables that must be considered. In addition, there is often a time lag between communication and action, which makes measuring direct effects difficult (Schultz & Walters). Some investments in communication may yield results that can never be accurately determined, such as preventing a crisis (SPRA, p. 55).

Some organizations have decided not to attempt to measure the value of communication, but to let the "market" determine the value of the service. When Shell, the multinational oil giant, reorganized, its public relations department became a profit center (Hutchins, 2001). Each business unit was free to either use the public relations department or go to external agencies. Shell's public relations department is profitable. The reorganization still does not answer the question of how the work public relations does adds value to the overall organization. Presumably, the businesses find Shell's in-house public relations counsel valuable. Otherwise, they would choose not to use it. However, it is unclear whether this approach benefits Shell's bottom line and its shareholder value.

Pincus (1986) conducted groundbreaking research attempting to make the link between employee communication and organizational value. He studied the relationship between

employees' perceived satisfaction with organizational communication, and their job satisfaction and job performance. Pincus identified positive relationships between communication satisfaction and job satisfaction, and communication satisfaction and job performance. Also significantly, he identified the types of communication that had the greatest impact on these relationships.

Pincus (1986) identified three communication dimensions: informational (employee satisfaction with the content and flow of information), relational (including subordinate communication from supervisors to supervisors, horizontal communication, and communication with top management) and informational/relational (supervisor communication, personal feedback, and the organization's communication climate). The informational/relational dimension of communication accounted for nearly half of the relationship between communication satisfaction and job satisfaction.

Pincus (1986) also found that the communication factors that were most strongly associated with job satisfaction were supervisor communication, communication climate and personal feedback. These results mirrored the findings of seven previous studies analyzed by Pincus. Pincus found that communication satisfaction contributed nearly 20% toward employee job satisfaction. Satisfaction with supervisor communication was a major contributor to communication satisfaction.

In a later study, Pincus, Knipp, and Rayfield (1990) looked at how the organization's communication climate contributes to employee job satisfaction. They found five factors contributing to the organization's communication climate: superior-subordinate communication, organizational trust and influence, supervisor empathy with subordinates, information satisfaction, and information reliability. Of those, organizational trust and influence provided the

strongest correlation between job satisfaction and communication climate. Pincus et al. said this suggested that an employee's ability to participate in meaningful two-way communication with top management might be as important, or even more important, than immediate supervisor communication as a predictor of job satisfaction (p. 182). They also found strong associations with superior-subordinate communication and information satisfaction as predictors of job satisfaction. About 40% of the variance in job satisfaction could be attributed to the five factors comprising the communication climate (p. 183). This seems to indicate that communication plays an important role in job satisfaction.

Similarly, Brown, Duncan, and MacDonald (2003) found the more positively that employees felt about communications issues, the higher the organization's retention rates. When communications scores improved, retention rates also increased. Watson Wyatt Worldwide (2004c) found that companies with highly effective communications had lower turnover rates than their competitors.

Mercer Human Resource Consulting (2003) identified the key drivers of employee retention. Employees want the chance to do challenging work, access to information needed to do jobs well, the ability to reach career goals, and access to needed training. The second factor, access to information needed to do jobs well, can be viewed as an employee communication issue. One company that instituted an employee orientation program, which was aimed at educating new employees about the firm's values and cultures, reduced "quick quits" by 50% (Mercer, 2003). Employee commitment levels within business units also had an impact on sales performance (Mercer).

Turnover costs include severance pay, expenses related to recruiting new employees, new employee orientation programs and reduced productivity while the replacement undergoes

training. The United States Department of Labor estimates that the cost of replacing employees averages one-third of their annual salary (Sprague & Del Brocco, 2002). Using these figures, an organization could calculate how to determine what current turnover costs are, and what a decrease in turnover would mean to the bottom line. If organizations could identify how communications and turnover are correlated, they could develop more effective programs to reduce turnover (Sprague & Del Brocco). The William M. Mercer consulting firm found that in businesses with low turnover, 40% of respondents cited workplace satisfaction and healthy interpersonal relationships with their managers as the primary reasons for staying on their current job (Chief Learning Officer Magazine online, 2004). Similarly, the Families and Work Institute, which surveyed 3,400 employees across the United States about the factors that influenced them to take their current job, found that the most frequently cited reason was open communications (as cited by Sprague & Del Brocco, 2002).

Brown, Duncan, and MacDonald (2003) used causal path analysis to identify five factors that drove employee absence rates. One factor was whether employees received enough information to perform well in their jobs. In organizations where employees felt fully informed, sickness and absence rates were below average. In one study, communication issues accounted for 18% of the variance in sickness and absence rates across a company (Brown et al., p. 32).

In the area of productivity and quality, Sprague and Del Brocco (2002) note that Six Sigma quality programs used by many companies in the United States depend heavily on communication skills, such as interpersonal skills, team building, consulting and negotiation. They note that General Electric saved $2 billion in 1999 as a result of Six Sigma. Even if employee communication is only partially responsible for quality improvements, "the savings— and the potential ROI—are dramatic" (p. 40).

Another study found that a significant improvement in communication effectiveness is associated with a 29.5% increase in market value for the organization (Watson Wyatt Worldwide, 2004a). Organizations with higher levels of communication effectiveness experience higher shareholder return—26% from 1998-2002, compared to a –15% return for firms that communicated less effectively. Watson Wyatt defined communication effectiveness as successfully: helping employees understand the business; providing employees with financial information related to objectives; strong leadership and management during organizational change; aligning employee actions with customer needs; educating employees about organizational culture values; explaining and promoting new programs and policies; integrating new employees into the organization; and providing employees with information on the value of their total rewards program (p. 2).

Watson Wyatt found a correlation between high-performing organizations and strong communication practices (2004b). Other surveys found that in organizations where employees are more engaged, there is less turnover, higher customer satisfaction and greater productivity (Mercer Human Resource Consulting, 2003; Watson Wyatt, 2004c). Another study found that different communications dimensions had different effects on the change in market value (Watson Wyatt, 2004a). For example, improvements in communication programs that drive supervisor or manager behavior increased the market value of the firm an average of 7.3%. Communication programs that improved the organization's ability to facilitate change increased the organization's market value by 4.3%. Communication programs that improved the organization's ability to connect to the business strategy increased the organization's market value 2.1% (p. 6).

Another study looked at the effectiveness of three common employee communications vehicles: electronic mail, ongoing publications, and group meetings (Watson Wyatt, 2004b). Electronic mail was the most frequently used media, but had a relatively low effectiveness rating of 55%. Ongoing publications had the highest effectiveness, at 70%. The study's conclusion was that it requires a thoughtful mix of communication methods to create an excellent communication program.

Literature Review Summary

The literature review identifies a number of possible linkages where employee communications may make an impact. Business measures such as the Balanced Scorecard view employee communications as a critical link, necessary to communicate the organization's vision and make it relevant to employees.

Various attempts have been made to measure communication's return on investment. The Swedish Public Relations Association developed a methodology similar to the Balanced Scorecard to identify and track communication performance measures. Its "value links" model identifies pathways where communications may deliver organizational value. The model has not been tested, however.

Research to measure relationships among intangible assets identified numerous linkages. Employee attitudes have a direct effect on customer service, employee turnover and employee word of mouth. A Lucent study found that employee satisfaction increased employee commitment to customer service, which increased employee satisfaction. A PSEG study found that communication effectiveness affected both employee satisfaction and employee commitment, and both those factors affected customer satisfaction. Another study, by CATCSE, found that both employee satisfaction and customer satisfaction influenced stock price. An increase in customer satisfaction correlates to increased customer retention, which correlates

with an increase in annual revenue/margin per customer. Increased employee loyalty correlates with increased employee retention, which correlates with reduced hiring costs, reduced training costs, increased efficiency, increased customer retention, and increased customer referral.

Various researchers have identified areas where communication adds value to the organization. Areas relevant to employee communication include increasing awareness and information; helping to build morale, teamwork, productivity and corporate culture; identifying new markets, products or services; creating a more enlightened dominant coalition through two-way communications; facilitating change management; facilitating relationships; improving employee retention; improving market value; increasing innovation; increasing employee participation; increasing employee involvement; and increasing creativity.

Researchers have identified some links between employee communications and organizational value. One study linked employee satisfaction with organizational communication satisfaction, which links to job performance. Communication factors most strongly related to job satisfaction are supervisor communication, communication climate and personal feedback. Another study identified five factors of the communication climate, and found that the communication climate accounted for 40% of the variance in job satisfaction. Other studies found that the better that employees felt about communication in the organization, the higher the organization's retention rates. One key driver of employee retention is that employees have the information they need to do their jobs well. Another study linked this same driver to reduced absenteeism.

Effective employee communication has been identified as an important factor in achieving Six Sigma and higher shareholder return. Finally, some studies have begun to look at

the effectiveness of employee communications vehicles and communications strategies, and what delivers the best value to the organization.

The literature review illustrates that there seem to be numerous areas where employee communication can affect the organization. However, there have been few studies that have attempted to put the various pieces of influence together. In addition, there has been little research into the degree of influence exercised by employee communications in each area. This research study will attempt to start filling these gaps to more clearly determine how employee communications can add value to the organization.

Methodology

This study used a mixed-methods approach, which employs both qualitative and quantitative research in a single study (Creswell, 2003). This was a two-phase, sequential study, in which the second phase (a survey of employee communications professionals) elaborated on the first (depth interviews with employee communications professionals).

One reason for using this two-phase, sequential approach is that it enabled the researcher to explore an idea in-depth, while validating the findings quantitatively (Creswell, 2003). The survey phase of the study helped determine whether the issues raised during the depth interviews were applicable to a larger population. The depth interviews were used to identify themes and develop a grounded theory related to identifying the value of employee communications. Grounded theory is the "process of abstracting theory inductively from relationships discovered through direct, intensive observation of phenomena" (Broom & Dozier, 1990, p. 398). The researcher obtained specific statements from participants during a qualitative data collection, and then used statements to help create the survey. The second phase involved sending the survey to a large sample representative of the population (Creswell, p. 216).

A disadvantage of two-phase sequential projects is that they require extensive data collection. The researcher must analyze both depth interviews and surveys, and the researcher must be familiar with both qualitative and quantitative research. Also, because the second phase of research built on the first phase, it was difficult to provide much detail about the second phase in the proposal (Creswell, 2003, p. 114). For this reason, the implementation of this project required an additional step. The researcher submitted the final survey to her advisor for review following analysis of the depth interviews and before beginning the quantitative data collection stage.

In mixed-methods research, the researcher usually must determine which research method takes precedence. In this research project, the qualitative data took precedence, and were therefore collected first. "When qualitative data are collected first, the intent is to explore the topic with participants at sites. Then the researcher, in the second phase, expands the understanding through a second phase in which data are collected from a large number of people (typically representative)" (Creswell, 2003, p. 212). The purpose of the survey was to determine if the findings from the depth interviews could be expanded to a larger population, and were therefore relevant when developing tools to measure employee communications value.

Data analysis may take place at various stages in mixed methods research. This research followed the recommendation by Creswell (2003) to conduct qualitative data analysis before the quantitative data collection begins.

Qualitative Data

A qualitative research design was used to examine, in detail, a small sample of participants' observations on employee communications and its relationship to organizational value. "A depth interview is an open-ended interview in which an individual is encouraged to discuss an issue, problem or question in his or her own terms" (Broom & Dozier, 1990, p. 145). Depth interviews

are appropriate for research that is exploratory and descriptive in nature (Yin, 1994). Results from the depth interviews were used to develop the survey instrument.

Purposive sampling (which is "drawn in a manner that meets the special needs of the research effort," Broom & Dozier, 1990, p. 123) was used to identify employee communications practitioners. Telephone calls and e-mails were sent to selected students and graduates of Syracuse University's Newhouse School of Public Communications' ISDP Communications Management master's degree program, as well as other practitioners, to solicit their participation.

Eleven in-depth interviews were conducted to gain a relatively thorough grounding of the subject. Questions for the depth interviews were pre-tested with several public relations practitioners. In grounded theory research, researchers typically conduct 20-30 interviews (Miller & Salkind, 2002). However, the in-depth interviews were only one part of this study. The survey, which was developed using the findings of the depth interviews, tested the theories developed from the depth interviews. While fewer depth interviews might result in overlooking some important points that could be relevant to theory development, the researcher believes that this study was most benefited from the qualitative-quantitative combination. The resulting theories may be more limited than if additional depth interviews were conducted, but the study gained from the opportunity to test and possibly validate the theories.

The depth interviews were analyzed using the qualitative data analysis procedures described by Creswell (2003, p. 191-194). Step 1 involved organizing and preparing data for analysis, which in this case meant transcribing interviews. Step 2 involved reading through the data to obtain an overall impression of the findings. Step 3 involved the coding process, or organizing material into meaningful chunks, or categories. Step 4 involved using coding to generate five to seven categories, or themes. Appendix D shows how themes evolved.

Qualitative research has the same rigor as other research methods when the investigator uses four standard tests to establish research quality. These tests are construct validity, internal validity, external validity, and reliability. Construct validity means that the investigator has adequately identified what is going to be studied, and can demonstrate that the types of measures selected do, indeed, measure what the researcher intended them to measure. Internal validity means that the researcher can show, through various data analysis techniques, the causal relationships between conditions. This allows investigators to infer how one event, even though not directly observed, led to another. External validity is when the researcher establishes "the domain to which a study's findings can be generalized" (Yin, 1994, p. 33). Reliability is when the researcher can demonstrate that the operations of the study can be repeated with the same results (Yin, p. 33). This means that if another researcher analyzed the research using the same procedures and sources of evidence, the results would be the same.

Researchers should also be aware of several disadvantages to qualitative research methods. The researcher cannot generalize qualitative research to broader populations (Yin, 1994, p. 38). Another potential problem is investigator bias, since it can negate all the work done in the study. Yin suggests that researchers ask several colleagues to critically review the findings to offer alternative explanations. "If the quest for contrary findings can produce documentable rebuttals, the likelihood of bias will have been reduced" (Yin, p. 59).

Quantitative Research

Quantitative research methods allow researchers to draw statistical inferences about a population. Researchers may conclude, within a certain confidence level (how certain they are that the results are correct), that the findings hold true not only for those surveyed, but also for the entire population within that sample frame (Broom & Dozier, 1990).

One frequently used quantitative public relations research method is the survey. Surveys provide "a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. From sample results, the researcher generalizes or makes claims about the population" (Creswell, 2003, p. 153). The survey sample frame defines the particular population under study (for example, all non-management employees at XYZ Company who have worked there for less than five years). In order for a survey to have external validity, researchers must draw a probability sample. Probability samples are drawn in such a way that the researcher knows the probability of selecting any particular sampling element (Broom & Dozier, 1990). In random sampling, this means that every person who falls within the population defined by the sample frame has an equal possibility of being surveyed. The size of the sample depends on budget, and the margin of error and degree of uncertainty with which the researcher can tolerate. A larger sample increases both accuracy and costs (Williams, 2003). There are several free online sites to help calculate sample size based on desired confidence level and confidence interval (margin of error), including Survey Research System's Sample Calculator at http://www.surveysystem.com/sscalc.htm.

Survey questions must be carefully constructed. Unlike qualitative studies, quantitative research puts limits on respondents' choices. A quantitative survey usually provides response choices. Questions should be tested to ensure items not are not ambiguous, irrelevant, confusing, or biased (Gronstedt, 1997). Care must also be taken with the wording of questions, since the questionnaire must attempt to operationalize difficult concepts, such as employee satisfaction, or community satisfaction with the organization. Operationalizing "is the process of connecting an abstract concept to observable phenomena in the real world" (Broom & Dozier, 1990, p. 163). The questions must be appropriately designed to measure those concepts.

This research study used a cross-sectional Internet-based survey. Internet surveys are gaining in popularity because they can reach large numbers of respondents without increasing costs. Once the data collection system is developed, costs are similar whether the sample is 100 or 10,000. Internet surveys "provide survey capabilities far beyond those available for any other type of self-administered questionnaire" (Dillman, 2000, p. 354).

However, there are several drawbacks to Internet surveys. Web-based surveys may not be compatible with all browsers, which means some people who want to respond to the survey may not be able to do so. Also, although use of the Internet is growing steadily, many people do not have access to the Internet. Many, also, are not familiar enough with the Internet to navigate through a Web-based survey. Web-based surveys often do not provide researchers with control over their sample. Researchers may know about who is responding to the survey, but not about those who are not. Web surveys, however, may be good for populations with high rates of computer use, such as employees in a high-tech firm (Dillman, 2000).

The population of employee communications practitioners is one population with a high degree of computer use, which made a Web-based survey appropriate. The survey drew a random sample from the 1,529 self-described employee communications practitioners who practice in the United States and Canada, and who are members of the International Association of Business Communicators (IABC). It used a single-stage sampling procedure. There was no attempt to stratify the population.

Stacks (2002) notes that sampling error is typically set at 5%, or a 95% confidence interval. The confidence interval is also called the margin of error (Broom & Dozier, 1990). "The 95% confidence interval is that range which we are 95% sure includes the parameter" (Broom &

Dozier, p. 396). This means that 95% of those selected in the sample are correctly part of the identified population.

The Z score used to determine sample size (Stacks, 2002 p. 163). The Z score for a 95% confidence interval is 1.96. In addition, measurement error is also set at 95% (Stacks, p. 164). Measurement error is the amount of random error in any measure, and may be due to failure to complete a measure, poorly asked questions, failure to understand directions, etc.

Using this information, Stacks (2002) provides the following formula to determine sample size (p. 163):

> Sample Size = $(Q)(p)(1-p)/(Q-1)(E/C^2) + (p)(1-p)$, where:
>
> Q= population size
>
> C=sampling confidence required
>
> E=measurement error allowed
>
> P=expected outcome, or most conservative outcome (50%)
>
> Sample size = $1,529*.5*(1-.5)/1529(.05/1.96)^2 + .5(.5)$, Or: 382.25/1.244377, or 307 is the recommended sample size.

To achieve 307 completed surveys, however, a researcher would need to reach out to a larger sample size since not everyone will respond. Dillman (2000, p. 5) noted that one e-mail survey to university faculty using individually addressed e-mails and a pre-notice with three replacement questionnaires (four contacts in all), achieved a 58% response rate. To reach the recommended sample size, the researcher sent requests to a random sample of 782 communicators within the sample frame; 206 surveys were completed. As a result, the confidence interval was 93.65% (a 6.35% margin of error) instead of the recommended 95%.

The survey instrument was developed after analyzing the results of the depth interviews; it also incorporated factors where employee communications had been previously theorized to add value to organizations (building morale, productivity, corporate culture, innovation, more

enlightened decision-making, change management, relationships, cost control, teamwork, reduced turnover, improved market value and safety), existing measures of organizational effectiveness (productivity, efficiency, profit, quality, revenue growth, job satisfaction, stability, information management and communication), known and theorized value links (such as how employee satisfaction with organizational communication leads to job satisfaction and how job satisfaction leads to customer satisfaction, which influences stock price, sales and market share), factors of communication satisfaction (Pincus, Knipp, & Rayfield, 1990), and communication effectiveness (Watson Wyatt Worldwide, 2004a). The survey instrument was pretested with several public relations professionals to ensure the questions were clear and the test was understandable.

The plan called for sending a personalized e-mail to participants prior to receiving the survey link to inform them about the survey and ask for their participation. This was followed up a few days later with another e-mail that included the link to the survey. A third e-mail was sent a week later to thank those who participated, and included a link for those who might not have completed the survey. This followed the plan recommended by Dillman (2003) to improve responses to e-mail surveys. The researcher used SurveyMonkey, a company that helps administer online surveys. The survey questions asked participants to identify the importance of factors such as productivity, quality, and employee satisfaction to the organization, and assess the communications environment and communication satisfaction in the organization. The survey also asked for demographic information, including the size of the organization (number of employees), number of people in employee communications, the participant's title, company, location, and type of organization.

Creswell (2003) outlined a process for analyzing quantitative data. It includes reporting about the number in the sample who did, and did not, complete surveys. The survey had a 26.3% rate of return. There were no incomplete surveys. The next step includes a discussion about the methods used to determine whether response bias affects the survey results. One method of minimizing potential sample bias involved contacting potential participants several times in an effort to capture responses from those who were delaying doing the survey. Under the analysis plan, survey statements, questions, scales and data were analyzed using Statistical Package for the Social Sciences, version 12.0.

Findings from Depth Interviews

The researcher interviewed 11 communicators from 11 different organizations throughout the United States. All had responsibilities for employee communications. Their titles included Associate, Corporate Communications; Manager, Corporate Communications (2); Manager, Marketing and Communications; Communication Manager, Healthcare Services and Initiatives; Senior Manager, Communications; Senior Manager, Corporate Communications; Senior Manager, Business Unit Communication; Director, Internal Communications; and Director, Corporate Communications (2). Their industries included manufacturing, pharmaceutical, insurance, health care, consumer electronics, specialty chemical, and forest products/consumer products. Organization size ranged from 1,000 employees to more than 200,000. Participants had between six and 30 years of experience in public relations, and between five and 30 years of experience in employee communications. Eight interviews were conducted by telephone, three conducted face to face. Interviews lasted between 45 minutes and two hours.

R1: How do employee communications departments influence progress toward organizational goals?

We often think of organizations as very bottom-line oriented. Publicly held companies have a fiduciary responsibility to deliver shareholder value. Accordingly, one might conclude that the goals of most organizations would tie directly to tangible financial measures. However, participants more often identified intangible factors as critical to their organizations' success. This seems to indicate that organizational leaders recognize what was found in the literature review: that certain intangible factors are strongly linked to organizational value.

Intangible critical success factors mentioned by participants included: audacity and courage (taking risks); creativity/ingenuity/innovation; respect for people; collaboration; candor/openness/trust; developing people; attracting and retaining leaders; living the mission/living by the core values; and acting as "one company." Tangible critical success factors included: performance; profitability; becoming best in class; low cost provider/managing costs; superior value in products; and sales and revenue.

Despite organizations' emphasis on intangible goals, they most often use tangible financial indicators to measure progress toward goals. These included weekly and monthly financial measures, sales and profit statistics, return on investment, return on net assets, cash flow, earnings before interest and taxes, productivity, sales margins and costs. Less frequently, participants said their organizations measure customer retention, employee engagement, quality and safety. It appears that while most companies identify intangible assets as their most critical success factors, they continue to measure tangible factors.

Culture

Participants were asked about their organizations' culture. According to the Excellence study (Grunig, Grunig, & Dozier, 2002), a participative culture is one factor contributing to

excellent communication. Most participants felt that their organization's communication culture was moving toward a more participative, two-way climate. "We used to be very authoritarian, with top-down, one-way communication," said a participant at a Midwest manufacturing company. "We are now beginning the journey to build an open, honest two-way communication culture."

Some participants who worked at organizations with multiple sites said that each location had a different communication culture, which presented challenges for employee communicators trying to present cohesive messages. In some cases, employee communicators depended on managers and supervisors to convey the organizations' messages directly to employees. This can be an excellent communications strategy when managers are trained and willing to communicate openly. However, even in organizations that offer communication training for managers, some managers continue to resist communicating. One director of corporate communication at a consumer electronics firm said that her organization used to practice two-way symmetrical communication, but recent layoffs made it more difficult. Employees were more skeptical of what managers had to say, which made managers less willing to communicate regularly.

Not all organizations embraced participative, two-way communications, however. One communicator at a financially squeezed insurance company noted that her department was "too overworked to do anything more" than one-way communication. Another communicator, whose pharmaceutical company was being taken over by another, said that communications, which used to be two-way, had become very top-down during the takeover.

Informing employees

Participants universally agreed that one important function for employee communications is informing employees about the organization's goals. "I can't imagine that you could move

forward without employees understanding that because that's what everyone works toward," said a senior manager at a pharmaceutical company. Participants said that employees learn about their organization's goals through the Internet/intranet; publications; senior leadership e-mails and voice mails; town hall meetings/management presentations; broadcast/satellite addresses; bulletin boards; posters; kiosks; videos; special events; roundtables; face-to-face communication with leaders and supervisors; skip-level meetings; performance reviews (where incentives are linked to achieving organizational goals); and coworkers/rumors.

Employee communications is usually involved with all except for face-to-face communication from leaders and supervisors, skip-level meetings, performance reviews and coworker communication. In some organizations, employee communications is involved in these areas, as well.

Communicators identified a range of areas where they felt they influence progress toward their organizations' goals. They include helping employees understand the organization's goals and providing context; facilitating communication between people and groups within the organization; creating a single, cohesive, consistent message that resonated with everyone; creating employee ambassadors to communicate the organization's messages to other stakeholders; counseling leaders and managers in how to be better communicators; and change management.

Facilitating communication

Most participants felt they help their organizations achieve goals by facilitating communication between people and groups within the organization. One senior communications manager at a specialty chemicals company in the eastern United States said one of his roles is to break down silos between different areas of the business and make it easier to communicate

across the organization. "We see our role as facilitating communication between people within the company, cross-functional, top-down and down-up," he said. This represents a major change in the company's culture from five years ago, when the organization operated as a federation of independent businesses. Another communication manager at a Midwest manufacturing company says employee communications creates tools that enable the company's manufacturing facilities to share best practices with one another.

Creating consistent messages

One senior communications manager at a consumer products company in the southern United States said he helps the organization achieve its goals by "making sure the [company's] actions are in sync with its words." A senior communications manager at a pharmaceutical company in the Northeast described what she calls the "say-do" issue. She frequently counsels the organization's leaders that their actions speak louder than words. If the message is that employees need to cut costs, leaders must show that they are cutting costs, too, if they want the message to be credible.

Other communicators spoke of the need to keep messages consistent to ensure that employees are not confused by conflicting messages. Some communicators serve as clearinghouses for all msss-communicated messages for employees. Some organizations produce "meetings in a box," with key messages, PowerPoint slides, and Q&As. Managers have key messages framed for them to promote consistency.

Helping employees understand strategies

As previously mentioned, participants said a key function of employee communications is to help employees understand the goals of the organization. Most participants identified the importance not only of creating awareness of the company's goals, but also making the goals relevant and meaningful to each employee. "My ultimate goal is to create a clear line of sight, so

employees wherever they are in the organization understand they make a difference and how they make a difference," said one communications director. A communications manager at a hospital in the Northeast even more directly links employee understanding of strategies to organizational value: "The most important role we can play right now is communicating to employees about patient satisfaction and how employees can affect that, because we're living and dying by these [patient satisfaction survey] scores. As those scores improve, you see our market share go up, you can see how that contributes to our bottom line. The only way employees know what they're doing or what they can do to affect that needle is if we communicate with them."

Creating employee ambassadors

Employee ambassadors could be effective messengers of the organization's messages, said some participants. Employees may talk to friends and neighbors, hold influential positions in community groups, and vote. Employees may be part of other stakeholder groups, and in positions of influencing the attitudes and behavior of other stakeholders. "Somehow we need to make sure they are active messengers and they have the right messages," said one participant.

Counseling leaders and managers

Employee communications provides value by helping to make the organization's leaders and managers better communicators. Some employee communications departments provide guidelines, talking points and other tools so managers know how to engage in two-way communication. Several participants counsel senior leaders on the importance of ongoing communication, and provide opportunities for leaders to interact with employees.

Change management

Employee communications also provides value by helping employees and the organization respond better to change. "The company has gone through several reorganizations and layoffs, and employee communication has created a mechanism for two-way communication

during these difficult times," said one director of corporate communications. "I think there have

been lots of benefits [for two-way communication]. Employees see that senior management is

engaged and listening, and cares what they think. And there's also the cathartic; employees get to

vent. I think the benefit is also that they raise issues. When you go through such change, you

can't possibly think about all these other places where that decision has an effect. It's enabled

management to see all these other issues that have been raised so they can address them or

acknowledge them."

Goal setting

There seem to be several different ways that employee communications departments set

their goals. Most participants described goal setting as a formal process, in which department

goals cascade from the company's overall goals. In some organizations, other factors are also

part of the goal-setting process. One consumer products organization develops its annual goals

based on results from the annual employee survey. "It drives the big picture of what needs to be

done and where to make improvements." One hospital marketing and communications manager

said department goals are set at an annual meeting with an outside facilitator. Goals are based on

the hospital's strategic goals, upcoming special events already on the hospital's calendar, and

budget.

One communication director said the goals identified in the department's formal goal-

setting sessions often became obsolete shortly after being set. "This isn't a perfect process. The

team's goals are broad and subjected to changing business needs and environmental factors. So

what goes in the plan in January is subject to change completely by March or April. More often

than I'd like we're often in reaction mode."

Goal setting is not a universally formal process. In some cases, the department's budget

drives goals, which can be point of frustration. One communication manager said, "First our

budgets are set, then we figure out what we can do and why. It's bass ackwards." Another

participant described goal setting as an informal process, based on what was going on within the

company at that time and the messages the president wanted to communicate. Another

participant said, "I don't think we've had a goal-setting meeting in the entire eight years I've

been here."

Measurement

When communications practitioners were asked how effective their employee

communications department was in helping the organization achieve its goals, responses tended

to vary according to whether or not the participant's organization conducted employee

communications research. Four participants work for companies that regularly conduct employee

communications research. Those participants pointed to research results to support their

opinions. "This company has all kinds of business metrics to indicate how internal

communication has contributed to various initiatives. We know we are effective because we have

the metrics," said one participant.

Four participants said their organizations do not conduct research to measure

communication effectiveness. They appeared less certain of the effectiveness of their efforts.

"We don't measure it, so I'm not really sure," said one communications manager. Several

participants said they recently started using research to measure the effectiveness of employee

communications programs. More comments on research are in section "R3: How can employee

communications measure the value it provides to organization?"

Perception of employee communications within the organization

There was a wide range of responses to questions about how employee communications

is perceived by the company's leadership, managers and employees. Most participants felt that

their organization's leaders respect employee communications, but various factors prevent

employee communications from having as much influence as functions with more direct impact on the bottom line.

"We probably have the same respect as HR but not the same as marketing or finance," said a senior communications manager at a pharmaceutical company that conducts extensive employee communications research. "It's a challenge in most companies for communications to really be considered up there as a critical function, although probably internal communications more so than the external."

"Senior leadership respects the function, but then when you compare it to those other functions, those other functions all have full-time people working on them. So there has not been the commitment to the level of giving the headcount for it," said a communications director at a consumer electronic firm that lacks a full-time professional responsible for employee communications.

"Employee communications is respected, has credibility, and senior leaders come to me when they have an issue to communicate. That said, when you look at the function on par with other areas of the company like marketing or sales, we certainly fall behind on that. It's not where the company's priorities are. We're seen as an important part of the organization, but the company has a chief marketing officer. We don't have a chief communications officer," said the director of employee communications at a Midwest manufacturing company.

There were responses at both ends of the spectrum. A few participants said senior leadership viewed employee communications as an expendable employee benefit. "The company's leaders understand the importance of communication at face value, but don't want to spend any time on it. It's considered overhead, a nice to have," said a communicator at an insurance company. A few others said the company's leadership rated employee communications

above many other functions in importance. "Our CEO is convinced of the value of employee communications. Interestingly, this has resulted in more resources for this area," said a communicator at a consumer products firm.

Managers do not always understand the function, role or benefits of employee communications, said some participants. Some said that when managers think of employee communications, it is as the provider of tactics such as the employee newsletter. "Managers look to internal communication when they want internal PR or publicity, but they tend to pull away from communicating entirely if they are facing bad news," said one communicator. "What I've seen is managers being reluctant to openly communicate because they might have some kind of bad news or it might reflect badly on them or on their area, and that's when they clam up and say you can't communicate this yet because it's not fully final. In general I think that management and leadership are often uneasy with and reluctant to communicate bad news."

Some participants felt that managers in their organization do not think of employee communications as a function at all, but as an activity that takes place between supervisor and employee. They said many managers are not aware of the role that employee communications plays in communicating messages within the organization. However, managers are very supportive of employee communications in some organizations, particularly where employee communications practitioners have developed programs to help managers become better communicators. One manufacturing company put employee communicators in each plant five years ago when survey results showed that employee communications was a weak spot for the company. "Initially there was a huge resistance to adding headcount," recalls the participant. "Now plant managers don't want to give them [employee communicators] up."

Most participants said employees are only vaguely aware of the function of the employee communications department—and that was appropriate. "As long as employees get the information they need, they really don't care where it comes from," said one participant. "I think it's transparent to many employees, and it should be. We're not the focus of the communication, we're just the means that employees get company information."

R2: How should employee communications departments add value to organizations?

Participants were first asked how their organization could be more effective in achieving its goals. Responses varied considerably. They included: becoming less risk averse in order to take advantage of more business opportunities; simplifying business processes and eliminating those that fail to add value; creating methods of "unlocking" information in pockets of the organization so it is accessible to those who can benefit from it; and maintaining elements of the company's history and culture during times of change. The variety of responses indicates this is a question every communicator should ask himself or herself, as well as the organization's employees. The responses could form the basis for a campaign or program with measurable goals and benefits.

Factors related to increasing employee communications effectiveness

Participants were asked how the employee communications department could be more effective in helping the organization achieve its goals. Again, responses varied. Two participants said they could be more effective by facilitating two-way communication so employees feel part of the decision-making process. Two-way communication generates greater trust and employee buy-in, said one communicator.

Several participants described research a way of becoming more effective. Two participants work in organizations that discourage research. One participant is trying to "sneak in

little opportunities, such as in-depth interviews with the leadership team—research that doesn't look like research." Another participant said that her organization is resistant to research "because management thinks they know what employees think. I don't think they know, but they think they know. I watch my boss do it all the time, 'Oh, all employees don't want that.' I say, 'How do you know?' She has no idea." One participant recently started using research. "We're going to measure the effectiveness of our message and the tools that we're using to communicate, so that we know whether or not the time and energy and effort spent on a particular channel, vehicle, strategy, project is really paying off."

Several participants mentioned the need to educate others in the organization about how to get the most value out of limited employee communications resources. Three participants raised the need for better planning and prioritizing of projects. External factors sometimes cause employee communications departments to be less effective than they could be. One participant said company leaders and managers too often called on employee communications to respond to a situation, rather than bringing the function in at the planning stage.

Several participants discussed the challenge of saying no to projects that fail to deliver strategic value to the organization. "A lot of times we're influenced by outside forces to do things one-off, and therefore don't have the ability to track the effectiveness of those one-off campaigns," said one participant. Another said, "We need to make sure we're spending time on the stuff that adds the most value, and allow ourselves to drop balls that have no value. I think that's the delicate balancing act because if the balls are presented to you from someone with a certain amount of power, you've got to carefully explain why it's not your ball. You have to say no when it's in the company's best interest to say no, and the more you know you should be saying no, and instead you say yes, you're damaging the company."

One participant said employee communications could be more effective by collaborating with other departments in the organization to leverage scarce resources. The participant recently developed a global communicators network. Network members work in different areas of the company, including finance, human resources, marketing and corporate communications. The purpose of the network is to share information and start breaking down organizational silos. One participant said her department could be more effective if it had access to better technology. Employees who want to read the monthly newsletter must print a PDF file; she believes employees would be better served with an interactive electronic newsletter on the intranet.

Barriers to full communications effectiveness

Limited resources was the most frequently mentioned barrier facing employee communications departments. This was mentioned by companies both small and large, those with bare-bones programs and those with larger budgets, those with little management support and those with high degrees of management support. "We've gotten our organization in some pockets so lean that it's not for lack of ideas but a lack of hands to actually implement," said one communicator. This same communicator said that her CEO considers employee communications one of the company's highest priorities.

Another frequently mentioned barrier was a lack of understanding by management of the employee communications function. Many managers equate corporate communications with external media relations, and rarely consider the need to communicate with employees. In some organizations, management expects employee communications to shoulder all responsibility for employee communications. "If in surveys employees say there's a communication problem, people point to the communication department, rather than looking at communication

holistically. Communication is everyone's responsibility, with the department creating

mechanisms to facilitate it."

Organizational culture is another barrier. One communicator at a company with more

than 400 locations said each site has its own culture. "It's difficult to maintain a consistent

message across the organization. Management believes that the key lies with the managers at

each site, but managers communicate the global strategy with different levels of commitment,

and that can influence how employees feel about it."

Another communicator spoke of the challenge of communicating in an organization with

a changing culture, when people are not quite sure what the culture is at the moment. "We're

trying to transform the company from a traditional management organization where the

executive team makes the decisions and controls information, and help them cede some control

to employees."

Another barrier mentioned by one communicator was the physical distance of the

employee communications department from the rest of the workforce. This communicator works

for a hospital undergoing extensive renovation. During renovation, the communications function

was moved to a separate campus several miles away from the hospital. "The physical distance

has caused some relationships to disappear, just because we don't see each other much, or at all."

The recent growth of the communications department created a barrier at one

organization. The department grew from three people to eight people in the past two years. The

team is just learning how to work together as a team.

The range of participant responses suggests that there is no "one size fits all" approach to

developing an effective employee communications program. Every organization has a different

strategy and culture, plus different messages, priorities, resources, and needs. This seems to

indicate that developing an employee communications program that delivers the best value to the organization is highly dependent on the organization itself.

R3: How can employee communications measure the value it provides to organizations?

The issue of measurement is one that appears to conflict many employee communications practitioners. Almost everyone interviewed spoke of the need to conduct communications research and measurement. However, fewer than half regularly conduct research and measurement activities that delivered what they felt was meaningful information. Several organizations conduct no employee communications measurement activities. "We don't do any measurement," said one practitioner. "I take some responsibility, but I also don't think the culture would support research. I don't think this company would view something like that as important. I think seriously, there's some fear, or fear disguised as, 'All employees are disgruntled, anyway' kind of thing."

One practitioner at a Fortune 500 specialty chemicals company said the company last conducted an employee attitude survey four years ago, when the new CEO took over. The company has undergone significant organizational and cultural changes since then, with employee communications involved in many initiatives to help drive the changes. He measures the success of those initiatives using informal research, such as talking to employees when visiting sites. The company is making plans to conduct another employee attitude survey this year. Although he would like to conduct more frequent research, he says it is unlikely because of the budget and the organization's attitude toward research. "This is a real 'go with your gut' sort of place. We don't spend a ton of money on research, including market research."

Some practitioners question whether they conduct enough research, or the right type of research. In one organization, the corporate employee communications function consists of

repackaging communications produced by various divisions and disseminating the communications throughout the organization. Program effectiveness is measured primarily by content analysis: how many stories are run in division publications, and whether the stories included key messages. "We ship the information out. But do we know if they got it? We don't know." A practitioner at a manufacturing company with 5,000 employees worldwide measures hits on the intranet site, plus sends a twice-annual survey to a random sample of employees about the intranet. "I can't say I'm inspired by how well we measure, and I'm not sure I know how well we're doing. We use these methods because they're easy. And cheap."

Several organizations regularly measure employee communications effectiveness. One communicator who works at the U.S. headquarters of a European company says the company conducts a global employee motivation survey. She adds to that by conducting local surveys about communication vehicles (such as newsletters and town hall meetings) at the U.S. sites.

A communications director at a Midwest manufacturing company incorporated discussion groups and surveys into the communications plan. "Traditionally there's been a reluctance to survey employees for fear of over surveying them. I'm gradually overcoming that barrier by targeting certain segments of the population." She uses online tools such as SurveyMonkey "because they're inexpensive yet effective, and that helps me overcome barriers related to budget and logistics." She mentions one downside of online tools is that many employees do not have access to email. This communicator likes using both quantitative and qualitative research tools to build and measure her program. "We're an extremely data-driven organization, so quantitative measures give me the tools for making the business case for communicating, and to speak in the terms of other managers. Qualitative data is invaluable

because it really helps us understand where people are coming from. It also provides in a fairly real-time fashion the ability to anticipate an issue and address it."

Participants at two organizations said employee communications measurement was a major part of their strategy. One organization, with 55,000 employees, hires an outside firm to conduct a comprehensive annual telephone survey of 2,000 employees. Survey results are used to track progress and develop new programs. Another organization, with more than 200,000 employees, introduced a tool in which each manufacturing facility measures employees quarterly on message awareness, penetration and behavior change. She noted that one challenge with measurement is selecting the right things to measure. Early surveys asked about the number of times groups held meetings, rather than about the degree of message penetration. "But, in the beginning that was okay, because it was difficult to persuade management to stop the assembly line to allow the meeting. It needed to become part of the culture before we could move to the next level."

There appears to be a relationship between organizations where employee communications measurement is important to communications strategy and the degree that an organization's leadership perceives the usefulness of measurement methods. In the organization that conducts the comprehensive annual survey, the company's leaders hold employee communications accountable for improving the numbers year to year. "The leadership makes us do things based on the survey. If they don't like a number, they say, 'You better go fix it.' They believe pretty strongly in the numbers that we get from these surveys."

In the Midwest manufacturing company, where the practitioner recently started conducting communications research, the company's leadership is starting to recognize the value of research. She recently launched a short survey about the effect of a major office move on

employees. She received positive comments from the CEO and CFO, who were pleased that the research measured information that could be used by the organization.

One participant, at a pharmaceutical company in the midst of being acquired by another, said that although employee communications conducted extensive research, the results had not been presented to management because of the merger. Even pre-merger, she felt that the research could not be translated easily into information that company leaders could understand. "They want to know, do I need to continue spending x hundred thousand dollars on my communication function, or can I cut and save money?" She felt that the research did not adequately answer that question.

Participants who were less enthusiastic about the effectiveness of their employee communications measurement programs tended to say that their company's leadership also perceived measurement to be less useful. Several echoed the comments voiced by a communicator at one manufacturing company: "They don't care."

When asked what kind of information would be useful to measure that they do not currently measure, participants typically responded with answers that took measurement one level above where they currently measure. Organizations that do not currently conduct measurement wanted to measure employee awareness of key messages. Organizations that currently measure awareness wanted measure attitude changes. Those that measured message penetration want to measure behavior changes and the impact of those behavior changes.

A communicator who works for an insurance company that does not conduct employee communications research would like to do a full-fledged communications audit "to find out what employees feel they get, if anything, out of the things we do. The focus isn't so much on whether it's changing the organization or behaviors, but whether the messages are getting through."

The communicator at the organization that conducts the annual employee audit by telephone says the current measurement methods focus on the relevance of various tactics (such as bulletin board and e-mail), and people's perceptions of the quality and relevance of the information. He would like to see measurement expanded to see whether it leads to behavior changes. He noted that there is a disconnect between what employees say in the surveys and their behavior in the marketplace. According to the employee survey, employees have a very high degree of pride in the company's brands. However, separate market research found that a significant number of employees do not actively seek out the company's brands when purchasing products. The brand has little or no influence on their decision to buy. He wants the employee survey to address this, so he can develop programs and start measuring how communication programs influence behaviors.

When asked about the kind of information they think the organization's leadership would like to know about the value of employee communication, responses fell into three categories. The first group said leaders wanted hard numbers, a cost-benefit analysis of the value of communications. In these organizations, leaders wanted quantifiable proof of a financial return on investment. "Anything that contributes directly to the bottom line always gets the attention first," said one participant. "Any staff function is going to be viewed by the numbers people, as many executives are, as a drain on the organization. We have to have HR, we have to have communication, we have to have legal, but they're sucking us dry. I think that's how it's always been, and how it always will be. Just look at it when there are job cuts. Whenever there are job cuts, people look to cut staff functions first because, like I said, you're a drain."

The second group said their leaders were more interested in how employee communications affected areas that may link to the bottom line. In these organizations, leaders

felt that employee communications affected areas such as productivity, morale, employee perception of the company, and understanding of the company's strategies. They attributed positive results in those areas in part to employee communications.

The third group said their leaders did not think about the value of employee communications. "So long as the stuff that they want people to know is well crafted and getting out there, their immediate need is satisfied," said one communicator. This communicator works for an organization that is in the midst of a major cultural change. She said that the organization's leaders "care deeply about the behavioral change. I'm just not certain that they would give communications credit for it." She wonders herself how much credit employee communications can take.

Participants were also asked how better measures of employee communications value would affect the practice of employee communication and its status within the organization. All participants said better measures would improve the practice of employee communications. Four themes emerged: more resources would be allocated to employee communications; employee communications programs would become more effective; employee communications would gain greater respect within the organization; and more employee communications research would take place to identify issues and measure results. A few communicators wondered if better measurement tools were possible to develop. One communicator at a manufacturing company said, "I've yet to see in my however many years of professional experience anything that really showed a yardstick measuring the value of communication. It's kind of like we all know the arts are valuable, they're good for our culture, they make life worth living. How do you prove that?"

Depth interview themes

From the depth interviews, several themes emerged, which became the basis for developing survey questions. The themes are:

1. Employee communicators understand their organizational goals.

2. Employee communicators develop their programs based on the goals of their organizations.

3. Employee communications focuses on raising employee awareness of organizational goals.

4. Employee communicators believe that the employee communications departments in best-in-class companies add value according to the identified value links.

5. Employee communicators do not believe that their organizations are up to best-in-class standards.

6. Employee communicators do not routinely measure employee communications efforts.

The survey instrument was developed after analyzing the depth interviews. It also incorporated factors where employee communications had been previously theorized to add value to organizations. See Appendix D for the Theme/Survey Question/Value Link graph, which details how the survey was developed, and how survey statements connect to theories linking employee communication to organizational value.

Survey Results

Employee communicators understand their organizational goals.

The depth interviews indicated that a critical objective of employee communications is educating employees about the organization's goals. To test this point, the survey asked participants to respond on a 7-point Likert scale (from strongly disagree to strongly agree) to two statements.

Most participants (51%) strongly agreed with the statement "I know my organization's business goals. Combining scores 5, 6 and 7 on the Likert scale (indicting "agree" to "strongly

agree"), 89% of participants positively indicated that they know their organization's business goals. Most participants (81%) also responded positively (5, 6 or 7) to the second statement, "I can clearly explain my organization's top three business goals." The findings support the theory that most employee communicators understand their organizational goals.

Employee communicators develop their programs based on the goals of their organizations.

The depth interviews suggested that employee communications goals usually cascade from the organization's goals. To test this point, the survey asked participants to respond to two statements. The first statement used an ordinal scale, asking participants to identify how often employee communications strategies are developed in their organization. The second statement asked participants to respond to the statement "Our internal communications goals cascade from the company's overall goals," using a 7-point Likert scale (from strongly disagree to strongly agree). Most participants (86%) develop employee communications strategies at least annually, indicating that communication planning is a regular part of most employee communications functions. However, 14% develop employee communications strategies every few years, if at all. In most cases, communications goals tie into the organization's overall goals (81% said 5, 6 or 7, from agree to strongly agree). More than 1 out of 10 (12%) indicated that employee communications goals are not linked to the organization's goals. The results support the statement that employee communicators develop their programs based on organizational goals.

Employee communications focuses on raising employee awareness of their organization's goals.

Depth interview participants universally agreed that an important function of employee communications is informing employees about the company's goals. The survey included five statements related to this theme. Participants rated each response using a 7-point Likert scale.

Most participants (84%) agreed with the statement, "Employee communications focuses people's attention on the right messages." Similarly, 83% of participants agreed with the statement, "Employee communications provides context so employees can see where they fit into the 'big picture' of the organization." Most participants also agreed with the statements "Our employee communications efforts focus on keeping employees informed about our organization's goals " (79%) and "Employee communications keeps employees informed about how the organization is progressing toward its goals (79%). Slightly fewer participants (76%) agreed with the statement, "Employees understand the goals of the organization."

There was a high degree of correlation among the five statements, using the Pearson's product-moment correlation, two-tailed. According to Broom and Dozier, "a positive or negative correlation 0.50 is considered a large effect size, a strong relationship" (1990, p. 249). The relationships among these five statements varied between r=0.500 and r=0.691 (p<.01), which indicates a strong relationship, i.e., people tended to answer similarly for each question.

However, the results change somewhat when an additional statement was added to the mixture: "We measure the degree of employee awareness as part of our employee communications program." This statement correlated between r=0.355 and r=0.426 (p<.01) to these statements. This indicates only a moderate correlation. Additionally, only a little more than half the participants (54%) responded that they agree to strongly agree with the statement. This suggests that although the vast majority of communicators believe that employee communications is responsible for raising employee awareness, a much smaller percentage actually measure employee awareness levels.

Employee communicators believe that the employee communications departments in best-in-class companies add value according to the identified value links.

The survey asked participants to imagine a best-in-class employee communications department in a best-in class company. Participants rated, using a Likert scale (1= not at all important, 7= very important) how important employee communications was to seven variables, which were identified through the literature review and depth interviews. The variables included facilitating change, employee morale, productivity, achieving the financial goals of the organization, getting employees to engage in safe behaviors in the workplace, influencing product quality and service quality, and making employees feel satisfied with their jobs. Previous research linked these variables either directly or indirectly to organizational value.

Table A: Importance of employee communications to the following in best-in-class companies:								
Variable	1 Not at all important	2	3	4 Neutral	5	6	7 Very Important	Combined 5-7
Facilitating change	1%	0%	0%	0.5%	6.8%	18.9%	72.8%	98.5%
Employee morale	1%	0%	0%	1.5%	5.8%	23.8%	68%	97.6%
Productivity	1%	0%	0%	4.4%	16.5%	30.1%	48.1%	94.7%
Achieving the financial goals of the organization	1%	0.5%	0%	2.4%	12.6%	29.6%	53.9%	96.1%
Getting employees to engage in safe behaviors in the workplace	1.5%	0.5%	1.5%	9.7%	15%	20.4%	51.5%	86.9%
Influencing product quality and service quality	1%	0%	1.9%	2.4%	18.4%	30.6%	45.6%	94.6%
Making employees feel satisfied with their jobs	1%	0%	0.5%	3.4%	9.2%	27.2%	58.7%	95.1%

The communicators surveyed overwhelmingly indicated that employee communications was important to all these variables. Table A indicates their responses. (Note: Because of rounding, totals do not always come out to exactly 100%.)

The survey did not ask communicators about other factors that might contribute to these variables. However, these findings indicate that most communicators believe that these seven variables are appropriate areas in which to measure the value of employee communications. A communicator in his or her organization could survey managers and employees to ask what other departments/areas of the company influence each of these variables, and to what degree. The communicator could use these findings to start developing metrics for how the employee communications department delivers value.

Employee communicators do not believe that their organizations are up to best-in-class standards.

Communicators participating in the depth interviews all saw ways to improve their employee communications programs. The survey sought to find out how communicators rated their programs compared to their best-in-class ratings. It asked participants to what extent did they disagree or agree with a series of statements as they related to their company or organization. The statements were scored using a 7-point Likert scale, from 1 (strongly disagree) to 7 (strongly agree). Eight of the statements correlated to the seven statements asked about best-in-class organizations. The statements participants responded to about their own organizations included: "Employee communications helps employees respond better to change" (Best in class: "Facilitating change"); "Employee communications contributes to employee morale" (Best in class: "Employee morale"); "Employee communications contributes to productivity improvements" (Best in class: "Productivity"), "Employee communications contributes directly to the organization's financial value" and "Employee communications contributes indirectly to

our organization's financial value" (Best in class: "Achieving the financial goals of the organization"); "Employee communications influences safety performance" (Best in class: "Getting employees to engage in safe behaviors in the workplace"); "Employee communications contributes positively to the quality of our products or services" (Best in class: "Influencing product quality and service quality"); and "Employee communications contributes to employee job satisfaction" (Best in class: "Making employees feel satisfied with their jobs").

As one would expect, the scores for actual practice are lower than the scores communicators assigned for best-in-class organizations. However, most communicators also believe employee communications in their organizations does make a positive contribution in these areas. The results suggest that communicators recognize there is room for improvement in their employee communications programs. Table B shows that half of those who believe facilitating change is very important to employee communications feel that their program is not achieving to this level. Of the 99% of participants who said that facilitating change is an important function of employee communications, 18% said that their departments are not facilitating change in their organizations. Similarly, of the 98% said that employee communications contributes to employee morale in best-in-class organizations, 14% said that employee communications did not contribute to morale in their organizations. Of the 95% of communicators who said employee communications contributed to productivity, 28% said employee communications did not contribute in their organizations. Of the 96% who said employee communications helps the organization achieve its financial goals, 41% said it does not have a direct impact in their organizations, and 21% said it does not have an indirect impact. Of the 87% who said employee communications contributes toward getting employees to engage in safe behaviors in the workplace, 37% said their department did not contribute toward this. Of

the 95% who said employee communications influences product quality and service quality, 27% said it has no impact on quality in their organization. Of the 95% who said employee communications makes employees feel satisfied with their jobs in best-in-class organizations, 18% said their department has no impact in this area. The chart indicates there are large differences between what communicators perceive as best-in-class and their actual practice. To determine whether the differences between the means of best in class and actual practice were significant, a paired samples t-test was conducted. According to Broom and Dozier (1990), "The larger the t-value, the greater the difference in means and the more likely the difference is due to actual differences in the population, not sampling error" (p. 244). The t-values ranged from -10.0 to -15.4, at the $p<.0001$ level. The high t-values indicate a large difference in means between best-in-class and actual practice ratings.

Table B: Comparing Best in Class to Actual Practice													
Variable		1 Not at all Impt. /strongly disagree	2	3	4 Neutral	5	6	7 Very Impt./ /strongly agree	Comb. 5-7	Mean	t p< .0001	Median	Mode
Facilitating change	Best in class	1%	0%	0%	0.5%	6.8%	18.9%	72.8%	98.5%	6.6	-12.04	7.00	7
	Actual practice	2.4%	4.4%	4.9%	7.3%	26.2%	32%	22.8%	81%	5.38		6.00	6
	Difference	**(1.4%)**	**(4.4%)**	**(4.9%)**	**(6.8%)**	**(19.4%)**	**(13.1%)**	**50%**	**17.5%**				
Employee morale	Best in class	1%	0%	0%	1.5%	5.8%	23.8%	68%	97.6%	6.54	-9.98	7.00	7
	Actual practice	2.4%	3.4%	3.9%	6.8%	24.8%	27.7%	31.1%	83.6%	5.5		6.00	7
	Difference	**(1.4%)**	**(3.4%)**	**(3.9%)**	**(5.3%)**	**19%**	**(3.9%)**	**36.9%**	**14%**				
Productivity	Best in class	1%	0%	0%	4.4%	16.5%	30.1%	48.1%	94.7%	6.18	-11.49	6.00	7
	Actual practice	3.4%	3.4%	7.3%	18.9%	24.3%	29.6%	13.1%	67%	4.99		5.00	6
	Difference	**(2.4%)**	**(3.4%)**	**(7.3%)**	**(14.5%)**	**(7.8%)**	**0.5%**	**35%**	**27.7%**				
Achieving the financial goals of the organization (directly)	Best in class	1%	0.5%	0%	2.4%	12.6%	29.6%	53.9%	96.1%	6.30	-15.38	7.00	7
	Actual practice	4.9%	3.9%	11.7%	24.3%	25.7%	18%	11.7%	55.4%	4.63		5.00	5
	Difference	**(3.9%)**	**(3.4%)**	**(11.7%)**	**(21.9%)**	**(13.1%)**	**11.6%**	**42.2%**	**40.7%**				
Achieving the financial goals of the organization (indirectly)	Best in class	1%	0.5%	0%	2.4%	12.6%	29.6%	53.9%	96.1%	6.30	-10.62	7.00	7
	Actual practice	2.9%	4.4%	3.9%	14.1%	29.1%	26.2%	19.4%	74.7%	5.18		5.00	5
	Difference	**(1.9%)**	**(3.9%)**	**(3.9%)**	**(11.7%)**	**(16.5%)**	**3.4%**	**34.5%**	**21.4%**				
Getting employees to engage in safe behaviors in the workplace	Best in class	1.5%	0.5%	1.5%	9.7%	15%	20.4%	51.5%	86.9%	6.03	-13.96	7.00	7
	Actual practice	4.4%	9.2%	4.9%	32.0%	22.3%	19.4%	7.8%	49.5%	4.48		4.00	4
	Difference	**(2.9%)**	**(8.7%)**	**(3.4%)**	**(22.3%)**	**(7.3%)**	**1.0%**	**43.7%**	**37.4%**				
Influencing product quality and service quality	Best in class	1%	0%	1.9%	2.4%	18.4%	30.6%	45.6%	94.6%	6.12	-12.12	6.00	7
	Actual practice	1.9%	4.9%	8.3%	17.5%	34.0%	20.9%	12.6%	67.5%	4.9		5.0	5.0
	Difference	**(0.9%)**	**(4.9%)**	**(6.4%)**	**(15.1%)**	**(15.6%)**	**9.7%**	**33%**	**27.1%**				
Making employees feel satisfied with their jobs	Best in class	1%	0%	0.5%	3.4%	9.2%	27.2%	58.7%	95.1%	6.36	-10.73	7.00	7
	Actual practice	3.4%	1.9%	4.4%	13.6%	24.8%	33%	18.9%	76.7%	5.29		6.00	6
	Difference	**(2.4%)**	**(1.9%)**	**(3.9%)**	**(10.2%)**	**(15.6%)**	**(5.8%)**	**39.8%**	**18.4%**				

The survey asked participants to rate their employee communications program on a
Likert scale of 1 (significantly lower than average) to 5 (significantly better than average), as
indicated in Table C. Most participants (62%) rated their employee communications program
either somewhat or significantly better than average.

Table C: Self-rating of participants' employee communications program								
I would rate our employee communications program:	Significantly lower than average (1)	Somewhat lower than average (2)	Average (3)	Somewhat better than average (4)	Significantly better than average (5)	Mean	Median	Mode
	3.9%	10.7%	23.3%	46.1%	16%	3.6	4.00	4.00

Participants' self-rating of their employee communications program had moderate to strong correlations to how they rated their department on the seven variables (facilitating change, employee morale, productivity, achieving the financial goals of the organization directly, achieving the financial goals of the organization indirectly, getting employees to engage in safe behaviors in the workplace, influencing product quality and service quality; and making employees feel satisfied with their jobs). Using the Pearson correlation coefficient r, the following correlations to self-ratings of the employee communications program are identified in Table D:

Table D: Self-rating of employee communications program	r= *(p<.01)*
Employee communications helps employees respond better to change	.398
Employee communications contributes to employee job satisfaction	.510
Employee communications contributes to productivity improvements	.441
Employee communications contributes to the quality of our products or services	.393
Employee communications contributes directly to the organization's financial value	.360
Employee communications contributes to employee morale	.497
Employee communications contributes indirectly to our organization's financial value	.402
Employee communications influences safety performance	.243

Table D indicates only one area of strong (greater than r=0.50, p<.01) relationship—their self-rating of their employee communications program to how they responded to "Employee communications contributes to employee job satisfaction. A correlation of r=0.30 is considered a

moderate relationship (Broom & Dozier, 1990, p. 249). The results could suggest that these variables bear some relevance to the communicators' perception of excellent employee communications programs, but that other variables not identified in this survey also come into play.

The survey also asked participants about employee turnover at their organizations, since turnover is another area where employee communications has been theorized to add value. Participants rated turnover on a Likert scale of 1 (significantly lower than average) to 5 (significantly higher than average), as shown in Table E. The relationship between employee turnover and the self-ratings of employee communications, using the Pearson product-moment correlation coefficient r, was r=.298 (p<.01), a moderate correlation. Employee turnover did not have a strong correlation with any variable, which suggests that other considerations besides employee communication, such as a recent downsizing, may be strong contributors to turnover.

Table E: Turnover								
Employee turnover at my organization is	Significantly lower than average (1)	Somewhat lower than average (2)	Average (3)	Somewhat higher than average (4)	Significantly higher than average (5)	Mean	Median	Mode
	21.4%	29.1%	35%	12.6%	1.9%	2.45	2	3

This research also wanted to discover whether significant relationships exist between certain variables. Tables F through L show the survey statements that correlate strongly (r=0.50 or higher, p<.01) with certain "value" variables (change management, employee job satisfaction, productivity, quality, financial value, morale and safety). These statements can be used by communicators to survey employees about their communication department's effectiveness in each category. It is important to note, however, that a relationship does not indicate causality.

Also, only the statement, "Employee communications influences safety performance," had no other statements with a strong r>.500 relationship.

Table F: Employee communications helps employees respond better to change	
	r= *(p<.01)*
Employee communications focuses people's attention on the right messages	.633
The employee communications department facilitates communication among all levels and functions	.563
Employee communications provides context so employees can see where they fit into the "big picture."	.622
I can clearly explain my organization's top three business goals.	.510
Our employee communications goals cascade from the company's overall goals	.571
Employee communications keeps employees informed about how the organization is progressing toward its goals	.667
Employee communications contributes to employee job satisfaction.	.655
Employee communications contributes to productivity improvements.	.634
Employee communications contributes positively to the quality of our products or services.	.508
Employee communications contributes to employee morale.	.618
Employee communications efforts focus on keeping employees informed about our organization's goals.	.574

Table F shows correlations that suggest that employees may respond better to change if their attention is focused on the right messages, they are kept informed about the organization's goals and progress toward its goals, and if employees understand where they fit into the big picture of the organization. The other value drivers of employee job satisfaction, productivity, quality and employee morale also correlate strongly with an employee's ability to respond positively to organizational change. The communicator's understanding of the organization's goals, and linking employee communications goals to the company's goals also have strong correlations to an employee's response to change. Additionally, employees respond better to change when the employee communications department facilitates communication throughout the organization, breaking down silos between departments and barriers between levels.

Table G: Employee communications contributes to employee job satisfaction	r= *(p<.01)*
Employee communications helps employees respond better to change.	.655
The employee communications department helps leaders and managers become better communicators.	.517
Employees understand the goals of the organization.	.510
Employee communications focuses people's attention on the right messages.	.524
Employee communications provides context so employees can see where they fit into the "big picture."	.540
Employee communications keeps employees informed about how the organization is progressing toward its goals.	.555
Two-way communications is part of the organization's culture.	.544
Employee communications contributes to productivity improvements.	.715
Employee communications contributes positively to the quality of our products or services.	.604
Employee communications contributes to employee morale.	.662
Employee communications contributes indirectly to our organization's financial value.	.570
Employee communication efforts focus on keeping employees informed about our organization's goals.	.598

Table G correlations suggest that employees have greater job satisfaction when they understand the goals of the organization, their attention is focused on the right messages, they can see where they fit into the "big picture," and they know how the organization is progressing toward its goals. Employees also have greater satisfaction when two-way communication is part of the organization's culture, and when the employee communications department helps leaders and managers become better communicators. The value drivers of employees responding to change, productivity, quality, employee morale and indirect financial value are also linked to employee job satisfaction.

Table H: Employee communication contributes to productivity improvements	r= *(p<.01)*
Employee communications helps employees respond better to change.	.634
The employee communications department helps leaders and managers become better communicators.	.512
Employee communications focuses people's attention on the right messages.	.518
Employee communications provides context so employees can see the "big picture."	.527
Employee communications keeps employees informed about how the organization is progressing toward its goals.	.509
Two-way communication is part of the organization's culture.	.534
Employee communications contributes to employee job satisfaction.	.715
Employee communications contributes positively to the quality of our products or services.	.553
Employee communications contributes directly to the organization's financial value.	.538
Employee communications contributes to employee morale.	.639
Employee communications contributes indirectly to our organization's financial value.	.537
Employee communication efforts focus on keeping employees informed about our organization's goals.	.539

Table H correlations suggest that employees are more productive when employee morale and job satisfaction are high, they are kept informed about the organization's progress toward its goals, two-way communications is part of the organization's culture, employees see where they fit into the big picture of the organization, and employees are focused on the right messages. Productivity improvements are also linked to employees being better able to respond to change, and the communications department helping leaders and managers become better

Table I: Employee communications contributes positively to the quality of our products or services	
	r= *(p<.01)*
Employee communications contributes to employee job satisfaction	.604
Employee communications contributes to productivity improvements	.553
Employee communications contributes directly to the organization's financial value.	.556
Employee communications contributes to employee morale.	.613
Employee communications contributes indirectly to our organization's financial value.	.552
Employee communication efforts focus on keeping employees informed about our organization's goals	.541

communicators. Productivity improvements also contribute directly and indirectly to the

organization's financial value, and contribute positively to quality.

Table I correlations suggest that keeping employees informed about the organization's

goals contributes to organizational quality. Quality also correlates with the other identified value

drivers of productivity, direct and indirect financial value, and employee morale.

Table J: Employee communications contributes directly to the organization's financial value	
	r= *(p<.01)*
Employee communications contributes to productivity improvements.	.538
Employee communications contributes positively to the quality of our products or services.	.556
Employee communications contributes to employee morale.	.536
Employee communications contributes indirectly to our organization's financial value.	.592
Employee communication efforts focus on keeping employees informed about our organization's goals.	.502

Table J correlations suggest that keeping employees informed about the organization's

goals has a direct impact on the organization's financial value. In addition, direct financial value

correlates with productivity, quality, employee morale, and indirect financial value.

Table K: Employee communications contributes to employee morale.	
	r= (p<.01)
Employee communications helps employees respond better to change.	.618
Employee communications provides context so employees can see where they fit into the "big picture."	.541
Our employee communications goals cascade from the company's overall goals.	.535
Employee communications keeps employees informed about how the organization is progressing toward its goals.	.547
Two-way communication is part of the organization's culture.	.513
Employee communications contributes to employee job satisfaction.	.662
Employee communications contributes to productivity improvements.	.639
Employee communications contributes positively to the quality of our products or services.	.613
Employee communications contributes directly to the organization's financial	.536

value.	
Employee communications contributes indirectly to our organization's financial value.	.654
Employee communication efforts focus on keeping employees informed about our organization's goals.	.631

Table K correlations suggest that employees have higher levels of morale when employees know about the organization's goals, employee communications goals cascade from the company's overall goals, employees see where they fit into the "big picture" of the organization, and two-way communication is part of the organization's culture. Also, employee morale is linked to the other value drivers, including facilitating change, job satisfaction, productivity improvements, quality, and direct and indirect financial value of the organization.

Table L: Employee communications contributes indirectly to our organization's financial value	
	r= (p<.01)
Employee communications provides context so employees can see where they fit into the "big picture."	.558
Employee communications keeps employees informed about how the organization is progressing toward its goals.	.506
Employee communications contributes to employee job satisfaction.	.570
Employee communications contributes to productivity improvements.	.537
Employee communications contributes positively to the quality of our products or services.	.552
Employee communications contributes directly to the organization's financial value.	.592
Employee communications contributes to employee morale.	.654
Employee communication efforts focus on keeping employees informed about our organization's goals.	.569

Table L correlations suggest that employee communications contributes indirectly to financial value when employees can see where they fit into the "big picture" and employees are informed about how the organization is progressing toward its goals. Indirect financial value is also linked to other value drivers including job satisfaction, productivity, quality, direct financial value, and employee morale.

Employee communicators do not routinely measure employee communications efforts

The depth interviews found measurement is not a routine part of the employee

communications function. The survey asked participants about their employee communications

measurement efforts to see if the findings were consistent with a large population. Participants

responded, using a 7-point Likert scale, to five statements related to employee communications:

"Employee communications programs are designed to achieve measurable results"; "We

measure the degree of employee awareness as part of our employee communications program";

"We measure how employee attitudes change as the result of employee communications efforts";

"We measure how employee behavior changes as the result of employee communications

efforts"; and "We measure how our employee communications programs affect business

metrics." Results are in Table M.

Table M: Use of Measurement											
Variable	1 (Strongly disagree)	2	3	4 (Neutral)	5	6	7 (Strongly Agree)	Combined 5-7	Mean	Median	Mode
Employee communications programs are designed to achieve measurable results.	3.9%	7.8%	12.1%	20.4%	25.7%	20.9%	9.2%	55.8%	4.56	5.00	5
We measure the degree of employee awareness as part of our employee communications program.	9.2%	11.7%	13.1%	11.7%	18.9%	19.4%	16.0%	54.3%	4.43	5.00	6
We measure how employee attitudes change as the result of employee communications efforts.	10.7%	14.1%	12.1%	14.6%	21.4%	16.0%	11.2%	48.6%	4.15	4.00	5
We measure how employee behavior changes as the result of employee communications efforts.	12.1%	14.1%	8.7%	18.0%	21.8%	18.9%	6.3%	47.0%	4.05	4.00	5

We measure how our employee communications programs affect business metrics.	16.5%	17.5%	14.1%	21.8%	18.4%	8.3%	3.4%	30.1%	3.47	4.00	4

The results indicate slightly more than half (56%) of the communicators surveyed design their programs to achieve measurable results. However, only three out of 10 communicators measure how employee communications programs affect business metrics. Despite efforts by professional organizations such as IABC and PRSA to encourage communicators to build measurement into their communications programs, very few employee communicators actually do so. It is also important to note that participants' rating of their employee communications program had a moderate to high correlation to the various measurement variables, as seen in Table N. The survey did not ask participants to rate the appropriate degree of measurement for a best-in-class communications department in a best-in-class company.

Table N: I would rate our employee communication program	
Statement	r= *(p<.01)*
Employee communications programs are designed to achieve measurable results.	.404
We measure the degree of employee awareness as part of our employee communications program.	.497
We measure how employee attitudes change as the result of employee communications efforts.	.446
We measure how employee behavior changes as the result of employee communications efforts.	.487
We measure how our employee communications programs affect business metrics.	.465

Also, the survey found that there is no relationship between the lengths of time a communicator has worked in employee communications or with the organization, and whether employee communications uses measurement tools.

Other Survey Findings

Several survey statements did not correlate strongly (with less than r=0.50) with any other survey statements. These included "Employees receive information and tools to be 'employee ambassadors' in their communities," "Employee communications influences safety performance," and "Employee turnover at my organization is…" This may indicate that employee communications does not affect these issues as strongly as other variables. Also, two statements correlated strongly together, but did not correlate with anything else: "Managers are trained in communication skills" and "Managers are evaluated on communication skills for compensation purposes." This seems to indicate that in organizations where communication is part of a manager's written objectives, communication training is conducted. Only about one-third (31%) of the organizations train managers in communication skills. In about half the organizations (53%), the employee communications department helps leaders and managers become better communicators. In only slightly more than one out of five organizations (21%) are managers evaluated on communication skills for compensation purposes. Interestingly, there is only a moderately strong relationship (r=.357, p<.01) between whether managers are trained in communications skills and the participants' rating of their employee communications programs. The correlation is even lower (r=.272, p<.01) between the rating of the employee communications program and whether managers are evaluated on communication skills for compensation purposes. It would be interesting to see whether employee perceptions of employee communications and manager communications are higher. Employees may be less likely to differentiate between programs initiated by the employee communications department and the more global "employee communications."

Demographics

Participants in the survey worked for for-profit (72%), not-for-profit or non-profit (7%), government (7%), schools (1%), and other organizations (13%). Other organizations included aerospace organizations, defense contractors, fraternal organizations, health-care organizations, manufacturing organizations, mutual companies, utilities, service firms, hotel and casino corporations, financial service providers, retail organizations, and oil and gas companies.

Figure 1
How long have you worked for your present organization?

Their titles include consultant (8%), coordinator (2%), specialist (22%), manager (39%), director (17%), vice president (3%), and other (9%). Other titles included communications representative, assistant vice president,

Figure 2
How long have you worked in employee communications?

editor, employee engagement and communications leader, group manager, officer, principal, senior advisor, senior manager, senior staff consultant, supervisor, and writer.
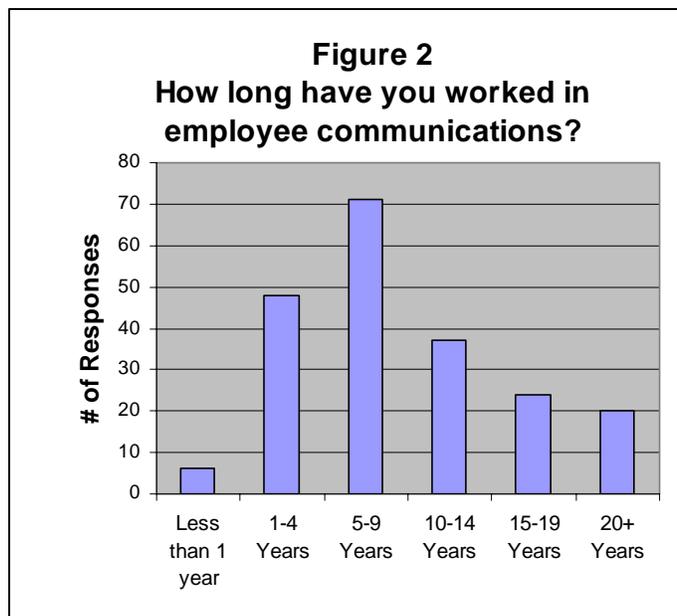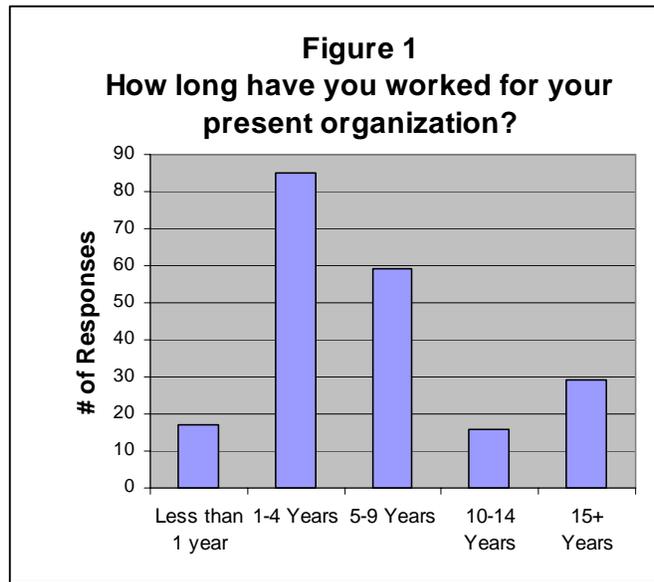
Figure 3
How many employees are in your organization?
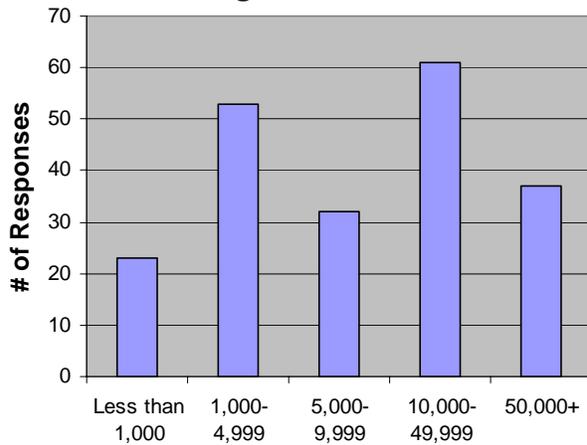
Participants have been employed at their present organization for a range of time (see Figure 1): less than one year, 8%; one to four years, 41%; five to nine years, 29%, 10-14 years, 8%; and 15 or more years, 14%. They also have a range of experience in employee communications (see Figure 2): less than 1 year, 3%; 1-4 years, 23%; 5-9 years, 35%; 10-14 years, 18%; 15-19 years, 12%; and 20+ years, 10%.

They work in organizations from 1,000 employees to more than 50,000 employees (see Figure 3). The size of the organization had little correlation with any of the statements. The strongest relationship was a low-moderate correlation (r=.256, p<.01) between number of employees and the statement "We measure how employee attitudes change as the result of employee communications efforts." The size of the organization has some relationship with the likelihood of the organization to measure employee communications, but it is not a strong effect.

Their organizations employed anywhere from less than one full-time-equivalent to more than 10 FTEs in employee communications (see Figure 4). As one might expect, the number of full-time equivalents responsible for employee communications correlated significantly (r=.673, p<.01) with the number of employees in the organization. However, the number of full-time equivalents responsible for employee communications did not correlate to a high degree (r<.50) with any other variable, including how participants rated their employee communications program. The highest areas of correlation were with the statements "We measure how our employee communications programs affect business metrics" (r=.298, p<.01) and "We measure

how employee behavior changes as the result of employee communications" (r=.252, p<.01).

This seems to indicate that larger organizations with larger communications staffs are somewhat

more likely to use measurement as part of
their employee communications program.

The survey also asked where
participants were located: the United States
or Canada (see Figure 5). The original plan
called for comparing whether
communicators from Canada responded
differently from communicators in the
United States. The proportion of

**Figure 4
How many FTEs are responsible for
employee communications?**
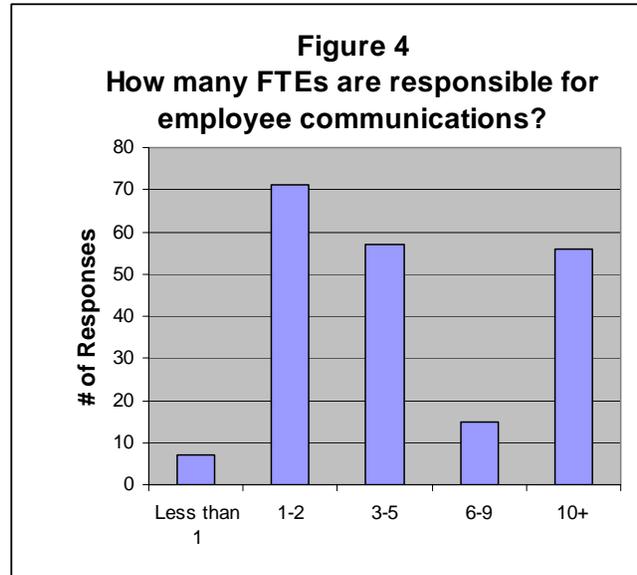
communicators surveyed was intended to be 75% U.S., 25% Canada, about the same proportion

of communicators within IABC who self-identified themselves with responsibilities for

employee communications. However, because of some difficulties with the database, the

proportion of U.S.-based participants was larger.

Using the t-test for equality of means, it was found

that responses from participants in Canada did not

differ significantly from responses from participants

in the United States in most categories. The

differences that seemingly do exist could be the

result of the relatively low number of participants

from Canada (33) compared to those from the

United States (173). For the purposes of this study,

**Figure 5
Where are you located?**

Canada
16%

United
States
84%
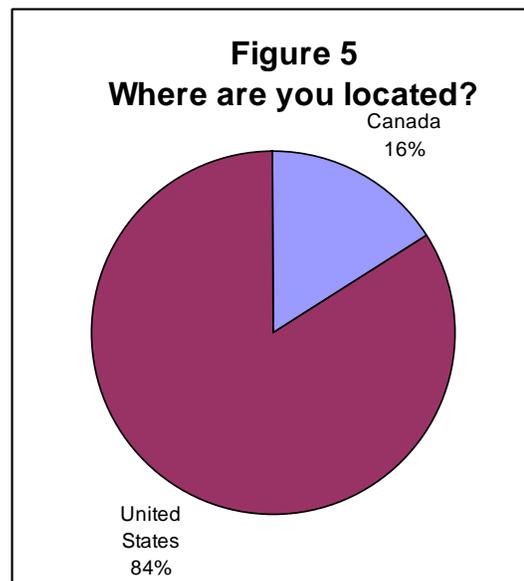
the researcher did not use location as a variable for evaluating results.

Conclusions and Limitations

This study included depth interviews and surveys to identify and quantify the ways that employee communicators add value to their organizations. The depth interview participants said that while organizations often identify intangible factors (such as creativity, respect, candor) as critical to their success, organizations still tend to measure success using tangible means, such as return on investment.

Depth interview participants were mixed as far as whether their organizations practiced two-way communications. Several noted that a participative, two-way culture was difficult to maintain during difficult times; in two cases, the two-way communications disappeared during difficulties. The survey found that although two-way communication did not correlate highly (r<.50) with the participants' self-rating of the employee communications program, it did correlate highly to the perception that employee communications contributes to productivity improvements and employee morale.

Participants in the depth interviews universally agreed that an important function for employee communications was informing employees about the organization's goals. They identified a range of areas where they felt employee communication influences progress toward organizational goals including: helping employees understand the organization's goals; creating a single, cohesive, consistent message that resonated with everyone; creating employee ambassadors to communicate the organization's message to other stakeholders; counseling leaders and managers in how to become better communicators; and change management. The survey confirmed most of these findings. For example, most participants (79%) agreed with the statement "Our employee communications efforts focus on keeping employees informed about

our organization's goals; 76% agreed with the statement "Employees understand the goals of the organization"; 83% agreed with the statement "Employee communications provides context so employees can see where they fit into the 'big picture' of the organization"; and 81% agreed with the statement, "Employee communications helps employees respond better to change." Two areas where there was less agreement were in the area of creating employee ambassadors (only 51% agreed with the statement, "Employees receive information and tools to be 'employee ambassadors' in their communities") and in consulting leaders on communication (only 53% agreed with the statement, "The employee communications department helps leaders and managers become better communicators").

There was little consistency in the depth interviews regarding the frequency or practice of the goal-setting process. Some employee communications departments regularly engaged in formal processes, while others do not engage in any official goal-setting process. When goal-setting does take place, the department's goals usually cascade from the organization's overall goals. The survey found that 86% develop employee communications strategies at least annually, and 81% said communications goals tie into the organization's goals. However, more than one in 10 indicated that employee communications goals are not linked to their organization's goals.

When depth-interview participants were asked about how effective their employee communications department was in helping the organization achieve its goals, responses seemed to vary somewhat based on whether the organization conducted formal research. About half the participants conducted regular research and measurement programs. This was consistent with the survey findings. Slightly more than half the survey participants measure employee communications programs; less than one-third measure how the employee communications program affects business metrics. Participants' rating of their employee communications

program had a moderate to high correlation to the various measurement variables (r=.404 to r=.497, p<.01).

Opinions varied widely in the depth interviews concerning the level of respect employee communications had within the organization. In some organizations, employee communications is highly respected by the organization's leadership, while it has significantly less respect in other organizations. Depth-interview participants said managers and employees often misunderstand the role that employee communications plays in organizations, and often view the function as press agents for positive information about the organization. There was no attempt to quantify this in the survey.

With regard to how employee communications departments could be more effective in helping the organization achieve its goals, depth interview responses included: facilitating more two-way communication; adding research to the employee communications program; educating managers and others how to get the most value out of limited employee communications resources; employee communications becoming actively involved in tearing down barriers between departments; and having access to more up-to-date technology in order to make some messages easier for employees to access. The survey did not address these factors. The survey instead asked participants to rate the importance of seven variables (identified through the depth interviews and literature review) to best-in-class employee communications programs and their own programs. Most participants (87% to 99%) agreed that employee communications is important to facilitating change, employee morale, productivity, achieving the financial goals of the organization, workplace safety, quality, and employee job satisfaction. Self-scores in these areas trended lower, which indicates communicators recognize there is room for improvement, and opportunity for delivering increased organizational value, by raising these scores.

Depth-interview participants identified barriers that prevented employee communications departments from helping organizations achieve their goals. These included a lack of resources, a lack of understanding by people in the organization about what employee communications can accomplish, organizational culture (especially during times of change, or when the organization operates in many sites), physical distance from the employee population, and, in one organization, the newness of the communications team, which was just starting to learn to work together. Barriers were not addressed in the survey.

The issue of measurement seemed to conflict many practitioners in the depth interviews. Fewer than half those interviewed regularly conduct research and measurement activities, although all felt that research and measurement were important. Issues preventing organizations from conducting communications research included an organizational culture adverse to research, lack of budget, fear by those in charge about what the results might yield, confusion about what to measure and how to measure it, fear of over-surveying employees, and logistics (such as employees lacking e-mail access to participate in online surveys). There appears to be a relationship between organizations where employee communications measurement is important to communications strategy and the degree than an organization's leadership perceives the usefulness of measurement methods. Also, depth-interview participants who were less enthusiastic about the effectiveness of their employee communications measurement programs tended to say that their company's leadership also perceived measurement to be less useful. These issues were not addressed in the survey.

When asked about the kind of information that they thought their organization's leaders wanted to know about the value of employee communication, depth interview participants responded in one of three ways. Leaders wanted: (1) a cost-benefit analysis of the value of

communications; (2) to know how employee communication affected areas such as productivity, morale, employee perception of the company and understanding of the company's strategies; or (3) nothing, because they didn't care. This issue was not addressed in the survey.

All depth interview participants thought better measures of employee communications value would elevate the status of employee communications. Perceived results of better measures include having more resources allocated to employee communications, better communications programs, greater respect for employee communications within the organization, and funding for additional research to continue identifying issues and measuring results. The survey did not address these factors.

A limitation of this study is that it was confined to those in employee communications. Organizational leaders, managers and employees who might have different opinions about where, how and the degree that employee communications adds value, were not included. The study has a disproportionate number of participants from the United States, which could potentially skew results. The defined "universe" of employee communicators consisted only of IABC members who identified themselves as responsible for employee communications. Many employee communicators do not belong to IABC. This study did not address whether the IABC universe is representative of the entire universe of employee communicators in the United States and Canada. Additionally, the response rate achieved a 93.65% confidence interval (or 6.35% margin of error), which is slightly less than the recommended 95% confidence interval. Another limitation of this study has to do with the response rate. The study did not address why certain people did not complete the study. It is unknown if non-participants would have responded differently from those who did participate, and if the results would have been significantly different.

This study originally set out to develop a standard means for employee communicators to measure the value that they deliver to their organizations. From the depth interviews and surveys, the research found that organizations differ so much from one another that it would be very difficult to create a one-size-fits-all approach to measure employee communications value. The variables contributing to employee morale, for instance, would differ from organization to organization, as would the degree that employee communications does and should contribute to it. Instead, the research was used to develop a methodology that employee communicators can use to start identifying the value that they contribute to the organization.

Deliverable

The deliverable for this project includes answers to five questions:

- **What are the key areas where employee communicators should focus their efforts?**

- **What degree do their efforts currently influence those key areas?**

- **What degree should their efforts influence those key areas?**

- **How can employee communicators use the findings to develop more targeted programs?**

- **How can employee communicators demonstrate their value to others in the organization?**

The research identified areas where employee communicators perceived that employee communications potentially contributes and actually contributes to organizational value. It was apparent, through the depth interviews and surveys, that every organization is different. Certain value-driving variables (such as employee morale or job satisfaction) may have different levels of importance to different organizations. Employee communications' potential and actual

contribution to each variable may also differ organization to organization. In addition, some unidentified value-driving variables may be exclusive to certain organizations.

This research identified and validated some areas where employee communications can add value to the organization. These provide a good starting point for programs to measure the value of employee communications. These include:

- Providing clear, accurate information about the organization and its goals to employees.

- Improving employee morale.

- Improving employee productivity.

- Improving employee safety.

- Improving product and service quality.

- Boosting employee job satisfaction.

- Creating employee ambassadors.

- Preparing leaders and managers to be better communicators.

- Facilitating change management.

- Reducing turnover.

Employee communicators overwhelmingly felt that in best-in-class organizations, employee communications is very important to facilitating change, employee morale, achieving the financial goals of the organization, getting employees to engage in safe behaviors in the workplace, and employee satisfaction. In addition, they also felt that employee communications in best-in-class organizations played a strong role in productivity and quality. In actual practice, however, there is much room for improvement.

Employee communicators should recognize, however, that: a) there may be other areas where employee communications contributes to value in their organization, and b) the degree that their employee communications efforts contribute will vary based on their organization.

To identify where to focus efforts, employee communicators should develop a method to identify:

- Key value drivers for their organization.

- The degree that employee communications currently contributes to those value drivers.

- The potential for employee communicators to contribute to those value drivers.

One possible methodology would begin with conducting in-depth interviews and/or focus groups of organizational leaders, managers, and employees to identify: a) potential value drivers in the organization, and b) the departments or functions that contribute to each value driver.

Next, the communicator could construct a survey, using both the previously identified value driver variables and those identified through the in-depth interviews and focus groups. For each variable, the survey would include a list of potential contributors (including employee communications). Participants would assign a percentage that they thought each potential area currently contributed to the variable, and the percentage that each contributor should contribute to the variable. The combined scores for potential contribute must total 100.

In addition, the survey should ask questions about the effectiveness of employee communications for each variable.

For example, suppose one of the value-driver variables is employee morale, and that the qualitative research identified employee communications, supervisors, human resources, senior management, and coworkers as the key areas contributing to that variable. The survey could include the following questions:

Please rate the relative degree that each currently contributes toward shaping employee morale at X Organization. (The total score must add up to 100.)

	Employee's supervisors
	Human Resources department
	Senior management
	Employee Communications
	Employee coworkers
	Other (please name)_____
	Other (please name) _____
100	Total contribution to employee morale

Please rate the relative degree that each should ideally contribute toward shaping employee morale at X Organization. (The total score must add up to 100.)

	Employee's supervisors
	Human Resources department
	Senior management
	Employee Communications
	Employee coworkers
	Other (please name)_____
	Other (please name) _____
100	Total contribution to employee morale

On a scale of 1 to 7 (with 1 being "significantly worse than average" to 7 being "significantly better than average"), please rate the effectiveness of X Organization's employee communications program in the following areas:

Category	1	2	3	4	5	6	7
Employee morale							

By following this methodology, employee communicators can identify the key areas where they should focus their efforts in their organizations and the degree that their efforts should influence those key areas. It will also enable communicators to use the findings to develop and benchmark more targeted programs. Communicators would be able to see where they should focus their efforts to deliver the most value to the organization, and will be able to demonstrate their value to others in the organization. If employee morale is identified as one of the key value drivers, and internal research finds that employee communications contributes 35% toward the morale of the organization, then the connection between communication and

organizational value becomes much more apparent to everyone in the organization.

Communicators can use the chart in Appendix D as a starting point for identifying possible value

drivers for their organization, developing their survey questions, and identifying how certain

value drivers link to organizational value.

Appendix A: Research Instrument: For Depth Interviews

The questions listed under each research question were asked in private interviews with 11 employee communications professionals. Eight interviews were by phone; three were in person.

Introduction:

My name is Laurel English. I am a graduate student at the Newhouse School of Public Communications at Syracuse University. This interview is part of a research project designed to study the role that employee communications contributes to the organization's total value. I anticipate this interview will take approximately one hour. With your permission, I would like to record our session. Your comments will only be reported in summary fashion. Your identity will remain strictly confidential.

R1: How do employee communications departments influence progress toward organizational goals?

1. What are the primary business goals of your company or organization?

2. What does your company or organization highlight as critical factors to your organization's success?

3. How does your company measure progress toward its goals?

4. How would you characterize the organization's communications culture?

5. How important is it to your company to ensure that employees know about and understand your organization's goals? Why?

6. How do employees learn about the organization's goals?

7. What is the role of your department in helping the organization achieve its goals? Examples?

8. How does your department set its goals?

9. How effective is your department in helping the organization achieve its goals, and why?

10. How is employee communications perceived by the company's leadership (dominant coalition) in relation to other functions within the company, such as marketing, sales, finance, and human resources? Why?

11. How is employee communications perceived by the company's managers in relation to other functions within the company, such as marketing, sales, finance, and human resources? Why?

12. How is employee communications perceived by employees in relation to other functions within the company, such as marketing, sales, finance, and human resources? Why?

13. What areas do you feel internal communication contributes most to the value of the organization, and why? Examples?

14. What would the company's leadership say? Managers? Employees?

15. What types of activities are part of the employee communications function?

R2: How should employee communications departments add value to organizations?

16. How could your company or organization be more effective in achieving its goals?

17. What would the organization's leaders (dominant coalition) say? Other managers? Employees?

18. How could your department be more effective in helping your organization achieve its goals?

19. What are the barriers preventing your department from being as effective as it could be? Are there plans to overcome these barriers?

R3. How can employee communications measure the value it provides to organizations?

20. How do you currently measure the effectiveness of employee communication programs?

21. Why do you use these methods?

22. How does the organization's leadership (dominant coalition) perceive the usefulness of your current measurement methods?

23. What kinds of information would be useful to measure that you do not currently measure? Why?

24. What kind of information do you think the organization's leadership (dominant coalition) would like to know about the value of employee communication? Why?

25. If you were able to provide the organization's leadership (dominant coalition) with more useful information about the value of employee communications, how would that affect the organization?

26. How would that affect the practice of employee communications?

27. How would that affect the status of employee communications within the company?

Title

Type of industry

Years with company

Years in public relations

Years in employee communications

Number of employees in your organization

Appendix B: Correspondence to participants regarding surveys

Pre survey e-mail:

Dear [Person's name]:

In the next few days, you will receive the link to an online survey as part of a research project being conducted on employee communications.

The purpose of the survey is to better understand how employee communications contributes to organizational value.

The findings of this research will be used to identify:
- Key areas where employee communicators should focus their efforts.
- How employee communicators can use the findings to develop more targeted programs.
- How employee communicators can demonstrate their value to others in the organization.

This research is being conducted as part of my graduate communications studies at the S.I. Newhouse School of Public Communication at Syracuse University.

Thank you for your time and consideration. By sharing your thoughts and experiences, you can help our profession can gain a better understanding of how employee communications contributes to our organizations' success.

Sincerely,

Laurel English, ABC
12 Rambling Woods Dr.
Morristown, NJ 07960
973-984-2525
laurel@english-communications.com

2. Second contact; includes survey link

Dear [Person's name]:

I am contacting you to ask your help in a study on employee communications. This study is part of a research project to better understand how employee communications contributes to organizational value.

I am contacting a random sample of employee communication professionals throughout the United States and Canada to find out how they select their goals, decide on what areas to focus, and measure their results. The survey should take about five minutes.

Results from this research will be used to identify:

- Key areas where employee communicators should focus their efforts.
- How employee communicators can use the findings to develop more targeted programs.
- How employee communicators can demonstrate their value to others in the organization.

Your answers are completely confidential and will be released only as summaries in which no individual's answers can be identified. I will never see your e-mail address, as your answers go directly into a statistical database. No tracking numbers are attached, so you can be candid in your responses.

If you have any questions or comments about this study, please call me at (973) 984-2525, or send me an e-mail.

Thank you for participating!

Here is the web address launching you to the survey:

(WEB ADDRESS TK)

Sincerely,

Laurel English, ABC
12 Rambling Woods Dr.
Morristown, NJ 07960
973-984-2525
laurel@english-communications.com

P.S. I will be happy to share the results of the study once it is complete. To receive the results, please send me an e-mail at laurel@english-communications.com.

3. Final contact, with survey link

Dear [Person's Name]:

Last week you received a link to an online survey asking your opinions about how employee communications contributes to organizational value. If you already completed the survey, please accept my heartfelt thanks. Your participation will help further the body of knowledge of what we know about the value of employee communications.

If you haven't completed the survey, there is still time. Please go to [WEB ADDRESS TK].

Thank you!

Sincerely,

Laurel English, ABC

12 Rambling Woods Dr.
Morristown, NJ 07960
973-984-2525
laurel@english-communications.com

P.S. I will be happy to share the results of the study once it is complete. To receive the results, please send me an e-mail at laurel@english-communications.com.

Appendix C: Survey Instrument

Employee Communications and Organizational Value

December 2004 Survey

1. **Employee communications strategies in my company or organization are developed:**
_____ Several times a year
_____Annually
_____Every few years
_____Rarely or never

2. **To what extent do you disagree or agree with each of these statements as they relate to your company or organization?**

	Strongly Disagree			Neutral			Strongly Agree
	1	2	3	4	5	6	7
I know my organization's business goals							
Employees understand the goals of the organization.							
Employee communications focuses people's attention on the right messages.							
Employee communications provides context so employees can see where they fit into the "big picture" of the organization.							
The employee communications department facilitates communication among all levels and functions.							
Employee communications helps employees respond better to change.							
Managers are trained in communication skills.							
I can clearly explain my organization's top three business goals.							
Our employee communications goals cascade from the company's overall goals.							
Employee communications keeps employees informed about how the organization is progressing toward its goals.							
Employee communications programs are designed to achieve measurable results.							
Employees receive information and tools to be "employee ambassadors" in their							

	Strongly Disagree			Neutral			Strongly Agree
	1	2	3	4	5	6	7
communities.							
The employee communications department helps leaders and managers become better communicators.							
We measure the degree of employee awareness as part of our employee communications program.							
Two-way communication is part of the organization's culture.							
Employee communications contributes to employee job satisfaction.							
Employee communications contributes to productivity improvements.							
Managers are trained in communication skills.							
Employee communications contributes positively to the quality of our products or services.							
We measure how employee attitudes change as the result of employee communications efforts.							
Employee communications contributes directly to the organization's financial value.							
Managers are evaluated on communication skills for compensation purposes.							
Employee communications contributes to employee morale.							
Employee communications contributes indirectly to our organization's financial value.							
We measure how employee behavior changes as the result of employee communications efforts.							
We measure how our employee communications programs affect business metrics.							
Employee communications influences safety performance.							

3. **Imagine a best-in-class employee communications department in a best-in-class company. How important is employee communications to each of the following?**

	Not at all important			Neutral			Very important
Facilitating change							
Employee morale							
Productivity							
Achieving the financial goals of the organization							
Getting employees to engage in safe behaviors in the workplace							
Influencing product quality and service quality							
Making employees feel satisfied with their jobs							

4. Employee turnover at my organization is:
_____Significantly lower than average
_____Somewhat lower than average
_____Average
_____Somewhat higher than average
_____Significantly higher than average

5. I would rate our employee communications program:
_____Significantly better than average
_____Somewhat better than average
_____Average
_____Somewhat lower than average
_____Significantly lower than average

Demographics
6. What type of organization do you work for?
_____For profit
_____Not for profit/nonprofit
_____Government
_____School
_____Other (Please specify)_____

7. What is your title?
_____Consultant
_____Coordinator
_____Specialist
_____Manager
_____Director
_____Vice President
_____Other_____

8. How long have you worked for your present organization?

_____Less than 1 year
_____1-4 years
_____5-9 years
_____10-14 years
_____15+ years

9. How long have you worked in employee communications?
_____Less than 1 year
_____1-4 years
_____5-9 years
_____10-14 years
_____15-19 years
_____20+ years

10. How many employees are in your organization?
_____Less than 1,000
_____1,000-4,999
_____5,000-9,999
_____10,000-49,999
_____50,000+

11. How many people (full-time-equivalents) are responsible for employee communication in your organization?
_____Less than 1
_____1-2
_____3-5
_____6-9
_____10+

12. Where are you located?
_____Canada
_____United States

14. Please add any additional comments about the value of employee communication.

Thank you for your participation! If you have any questions or would like a copy of the survey results, please e-mail me at laurel@english-communications.com.

Appendix D: How Survey Developed

Theme (Developed from Depth Interviews)	Survey Questions/Statements	Scale	How communications adds value	Value links theories involving communication
Employee communicators understand their organization's goals.	I know my organization's business goals.	Likert 7 point scale (Interval level of measure—strongly disagree to strongly agree)		
	I can clearly explain my organization's top three business goals.	Likert 7 point scale (Interval level of measure—strongly disagree to strongly agree)		
Employee communicators develop their programs based on the goals of their organizations.	Employee communications strategies in my organization are developed: ___several times a year ___annually ___every few years ___rarely or never	Ordinal level of measurement	Focusing employees on the right message (D)	F, M (1, 2, 3, 5, 8)
	Our employee communications goals cascade from the company's overall goals.	Likert 7 point scale (Interval level of measure—strongly disagree to strongly agree)		
Most employee communicators focus their efforts on raising employee awareness of	Our employee communications efforts focus on keeping employees informed about our organization's goals.	Likert 7 point scale (Interval level of measure—strongly disagree to strongly agree)	Keeping employees informed (D) (L)	F, K, L,

Theme (Developed from Depth Interviews)	Survey Questions/Statements	Scale	How communications adds value	Value links theories involving communication
their organization's goals.	Employees understand the goals of the organization. (B)	Likert 7 point scale (interval level of measure—strongly disagree to strongly agree)	Keeping employees informed (D) (L)	F, K, L, L2
	Employee communications in our organization provides context so employees can see where they fit into the "big picture" of the organization. (A)	Likert 7 point scale (interval level of measure—strongly disagree to strongly agree)	Providing context for the big picture of the organization (D)	F, K, L, L2
	Employee communications keeps employees informed about how our organization is progressing toward its goals.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Keeping employees informed (D)	B, F, L, M (1, 4, 6)
	Employee communications in our organization focuses people's attention on the right messages. (C)	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Focusing employees on the right message (D) (L)	F, M (1, 4, 6)
Most employee communicators are unfamiliar with ways that internal communications may affect organizational value. (Note: This was not borne out in the survey. It is				
	Employees in our organization receive information and tools to be "employee ambassadors" in their communities.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Creating employee ambassadors (D)	B
	Question B above			

Theme (Developed from Depth Interviews)	Survey Questions/Statements	Scale	How communications adds value	Value links theories involving communication
more correct to say that employee communicators focus on raising employee awareness, that employee communications does add value in the identified areas, and that their performance does not meet best-in-class performance with regard to the value links.)	The employee communications department in our organization provides guidance to help leaders and managers become better communicators.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Teaching others (supervisors/managers) to be better communicators (D)	M (1, 7, 8, 9, 10)
	The employee communications department facilitates communication among all levels and functions of our organization.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Encourage teamwork (L)	M (7)
	Managers in our organization are trained in communication skills.	Likert scale	Involving leaders and managers in communication (D)	M (1, 8, 10)
	Managers in our organization are evaluated on their communication skills for compensation purposes.	Likert scale		M (1, 9, 10)
	Our organization relies on the counsel of employee communications during times of change.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Facilitating change management (D) (L)	F, J, K, L, M (1, 2, 3, 4, 6, 8)
	Please rate the following for a best-in-class employee communications department in a best-in-class company: How important is effective employee communications in facilitating change?	Likert 7 point scale (interval scale of measurement—not at all important to very important)		

Theme (Developed from Depth Interviews)	Survey Questions/Statements	Scale	How communications adds value	Value links theories involving communication
	Question C above			
	Employee communications contributes to employee morale in my organization.	Likert 7 point scale (interval scale of measurement— strongly disagree to strongly agree)	Build morale (L)	A, C, D, E, G, H, I, J, K
	Please rate the following for a best-in-class employee communications department in a best-in-class company: How important is effective employee communication to organizational morale?	Likert 7 point scale (interval scale of measurement) (not at all important to very important)	Build morale (L)	A, C, D, E, G, H, I, J, K
	Employee communications contributes to productivity improvements in my organization.	Likert 7 point scale (interval scale of measurement— strongly disagree to strongly agree)	Increase productivity (L) cost control/efficiency (L)	D, E, I, J, K, L
	Please rate the following for a best-in-class employee communications department in a best-in-class company: How important is effective employee communications to an organization's productivity?	Likert 7 point scale (interval scale of measurement-- not at all important to very important)		

Theme (Developed from Depth Interviews)	Survey Questions/Statements	Scale	How communications adds value	Value links theories involving communication
	Our level of employee turnover for our industry is: --significantly better than average --somewhat better than average --average --somewhat worse than average --significantly worse than average	Likert 5 point scale (interval scale of measurement)	Reducing turnover (L)	E, J, K, K2
	For our industry, our employee communications program is: --significantly better than average --somewhat better than average --average --somewhat worse than average --significantly worse than average	Likert 5 point scale (interval scale of measurement) (links to question above for questions about affect on turnover)		
	Employee communications contributes directly to our organization's financial value.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Improving market value/profitability/revenue growth (L)	A, C, D, H, M
	Employee communications contributes indirectly to our organization's financial value.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)		

Theme (Developed from Depth Interviews)	Survey Questions/Statements	Scale	How communications adds value	Value links theories involving communication
	Please rate the following for a best-in-class employee communications department in a best-in-class company: How important is employee communications in achieving the financial goals of an organization?	Likert 7 point scale (interval scale of measurement—not at all important to very important)		
	Employee communications influences safety performance in our organization.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Safety (L)	L
	Please rate the following for a best-in-class employee communications department in a best-in-class company: How important is employee communications in influencing employees to engage in safer workplace behaviors?	Likert 7 point scale (interval scale of measurement—not at all important to very important	Safety (L)	L
	Two-way communication is part of my organization's culture.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)		M (7)

Theme (Developed from Depth Interviews)	Survey Questions/Statements	Scale	How communications adds value	Value links theories involving communication
	Employee communications contributes positively to the quality of our products or services.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Improving quality (L)	D
	Please rate the following for a best-in-class employee communications department in a best-in-class company: How important is employee communications in influencing product quality and service quality?	Likert 7 point scale (interval scale of measurement—not at all important to very important)	Improving quality (L)	D
	Employee communications contributes to employee job satisfaction in my organization.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)	Employee job satisfaction (L)	A, A2, G, H, I, K
	Please rate the following for a best-in-class employee communications department in a best-in-class company: How important is employee communications to how satisfied employees feel about their jobs?	Likert 7 point scale (interval scale of measurement—not at all important to very important)	Employee job satisfaction (L)	A, A2, G, H, I, K

Theme (Developed from Depth Interviews)	Survey Questions/Statements	Scale	How communications adds value	Value links theories involving communication
Most employee communicators are uncertain about whether and how their efforts affect employee behavior.	Our employee communications programs are designed to achieve measurable goals.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)		
	We measure how employee awareness changes as the result of employee communications campaigns.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)		
	We measure how employee knowledge changes as the result of employee communications campaigns.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)		
	We measure how employee behavior changes as the result of employee communications campaigns.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)		
	We measure how our employee communications programs affect financial and non-financial value measures of our organization.	Likert 7 point scale (interval scale of measurement—strongly disagree to strongly agree)		

Key for "How Communications Add Value" (*source of the concept*)
D=depth interviews
L=literature review links

Key for "Value Links Theories Involving Communication"

A. Employee satisfaction with organizational communication leads to job satisfaction; job satisfaction leads to customer satisfaction, which influences stock price, sales, market share (Pincus, Knipp, & Rayfield, 1990)

A2. About 40% of the variance in job satisfaction can be attributed to the organization's "communications climate" (Pincus, Knipp, & Rayfield, 1990)

B. Communication leads to good relationships, which leads to good corporate image, which leads to an improved likelihood that customers will do business with you (Roberts et al., 2003)

C. Increased employee morale leads to increased customer satisfaction, which decreased accounts receivable, which increased return on capital employed (Kaplan & Norton, 1996)

D. Increased employee morale led to reduced rework, which reduced operating expenses, which increased return on capital employed (Kaplan & Norton, 1996)

E. Positive employee attitudes led to improved customer service, lower employee turnover, and the likelihood that employees would recommend Sears and its merchandise to others (Rucci, Kirn, & Quinn, 1998)

F. An employee's ability to see the connection between his or her work and the company's strategic objectives drove positive employee attitudes at Sears (Rucci, Kirn, & Quinn, 1998)

G. Employee satisfaction and customer satisfaction levels are linked at Lucent. Employee satisfaction leads to employee commitment to customer service, which leads to consumer satisfaction (Feuss et al., 2004).

H. There's a strong correlation between employee satisfaction and customer satisfaction, and together those two factors strongly influenced stock price (CATCSE); also, there's a direct link between customer satisfaction and a customer's future intention to purchase (McDougall and Levesque)

I. Improving customer satisfaction boosts customer retention (Best, 2004); it costs five to 10 times more to attract a new customer than to keep an old one; a 5% increase in customer retention generates a corresponding 25%-100% rise in profits (Turchan & Mateus, 2001)

J. Employee loyalty is linked to reduced turnover costs, reduced training costs, efficiency, customer selection and retention, customer referral, and employee referral (Reichheld)

K. The more positively employees feel about communications issues (according to survey scores), the higher the organization's retention rates (Brown, Duncan, & Macdonald, 2003). Mercer identified key drivers of employee retention; one was "access to information needed to do jobs well."

K2. The U.S. Department of Labor estimates the cost of replacing employees averages one-third of their annual salary (Sprague & Del Brocco, 2002)

L. In organizations where employees feel fully informed, sickness and absence rates are below average ; one study found communications accounted for 18% of variance of sickness and absence rates(Brown et al., 2003)

L2. Message consistency and the ability to connect to the organization's stated goals benefits profitability (Roberts, Bronn, & Breunig, 2003)

M. Organizations with higher levels of communication effectiveness experience higher shareholder return; significant improvement in communications effectiveness is associated with a 29.5% increase in market value (Watson Wyatt, 2004)*

Watson Wyatt's 10 characteristics of effective communications:

M1.   Senior management must recognize the importance of communications in achieving business objectives.

M2.   Senior management should base all communication efforts on a clear, well-defined communications strategy.

M3.   Senior managers must tie communication initiatives to corporate business objectives.

M4.   The organization should provide information to employees about how the firm is doing in meeting its goals.

M5.   Communications programs must be developed proactively rather than reactively.

M6.   Employee communications programs must place a strong emphasis on helping employees understand the business.

M7.   The organization should have a well-defined, two-way communications philosophy.

M8.   A comprehensive communications program should be an essential part of the organization's business strategy.

M9.   Managers at all levels should be rewarded for communicating effectively.

M10.   Employee communications programs must place a strong emphasis on providing information and feedback to motivate and improve job performance.

References

Best, R. (2004). Market-based management: Strategies for growing customer value and profitability (3rd edition). Upper Saddle River, NJ: Prentice-Hall.

Broom, G., and Dozier, D. (1990). Using research in public relations: applications to program management. Upper Saddle River, NJ: Prentice Hall.

Brown, A., Duncan, A., and MacDonald, F. (2003). Proving communication impacts business performance. Strategic communication management, 7(6), 28-33.

Bruning, S., and Ledingham, J. (1999). Relationships between organizations and publics: Development of a multidimensional organization-public relationship scale. Public relations review, 25(2), 157-170.

"Chaos Theory," downloaded June 14, 2004, http://whatis.techtarget.com/definition/0,,sid9_gci759332,00.html.

Chief learning officer magazine online. (2004). Employee satisfaction surveys serve as tool for improving productivity, employee retention rates and bottom-line profitability. Downloaded February 2, 2004 from www.clomedia.com/common/newscenter/newsdisplay.cfm?id=2258%20

Communication competence and business success: A comparative review of communication programs. (2001). San Francisco: International Association of Business Communicators.

Creswell, J. (2003). Research design: Qualitative, quantitative, and mixed methods approaches. Thousand Oaks, CA: Sage Publications.

Dillman, D. (2000). Mail and Internet surveys: The tailored design method (2nd edition). New York: John Wiley & Sons.

Eggert, A., and Ulaga, W. (2002). Customer perceived value: A substitute for satisfaction in business markets? Journal of business and industrial marketing, 17(2/3). 107-118.

Feuss, W., Harmon, J., Wirtenberg, J., & Wides, J. (2004). Linking employees, customers, and financial performance in organizations. Cost management, 18(1), 12-22.

Freitag, A. (1998). How to measure what we do. Public relations quarterly, 43(2), 42-47.

Grunig, L., Grunig, J., & Dozier, D. (2002). Excellent public relations and effective organizations. Mahwah, NJ: Lawrence Erlbaum Associates.

Hon, L. (1998). Demonstrating effectiveness in public relations: Goals, objectives, and evaluation. Journal of public relations research, 10(2), 103-135.

Hutchins, H. (2001). A new order for public relations: Goodbye cost center, hello profit center. In R.L. Heath (Ed.), Handbook of public relations (pp. 445-450). Thousand Oaks, CA: Sage Publications Inc.

Kaplan, R., and Norton, D. (2004). Measuring the strategic readiness of intangible assets. Harvard business review, 82(2), 52-63.

Kaplan, R., and Norton, D. (1999). The balanced scorecard: Measures that drive performance. In W. Bruns Accounting for managers text and cases, 2nd edition (p. 7-95-7-107). Boston: South-Western College Publishing.

Kaplan, R., and Norton, D. (1996). Using the balanced scorecard as a strategic management system. Harvard business review, 74(1), 75-85.

Kim, Y. (2001). Measuring the economic value of public relations. Journal of public relations research, 13(1), 3-26.

Kim, Y. (2000). Measuring the bottom-line impact of corporate public relations. Journalism & mass communication quarterly, 77(2), 273-291.

Klein, P. (1999). Measure what matters: New tools can help you measure your

organization's reputation. Communication world, October/November 1999, 32-35.

Langbaum, E., and Langbaum, S. (1999). Measuring communications performance.

Public relations strategist, 5(1), 36-38.

McDougall, G., and Levesque, T. (2000). Customer satisfaction with services: Putting

perceived value into the equation [Electronic version]. Journal of services marketing, 14(5).

Retrieved March 31, 2004, from http://proquest.umi.com.libezprozy.syr.edu.

Mercer Human Resource Consulting. (2003). Using employee surveys to drive business

decisions. New York: Author.

Miller, D., and Salkind, N. (2002). Handbook of research design and social measurement,

6th edition. Thousand Oaks, CA: Sage Publications.

Pincus, J., Knipp, J., & Rayfield, R. (1990). Internal communication and job satisfaction

revisited: The impact of organizational trust and influence on commercial bank supervisors. In L.

Grunig & J. Grunig (Eds.), Public relations research annual (Vol. 2, 173-191). Hillsdale, NJ:

Lawrence Erlbaum Associates.

Pincus, J. (1986). Communication satisfaction, job satisfaction, and job performance.

Human communication research, 12(3), 395-419.

Ritter, R. (2003). The use of balanced scorecards in the strategic management of

corporate communication. Corporate communications: An international journal, 8(1), 44-59.

Roberts, H., Bronn, P., and Breunig, K. (2003). Intangible assets and communication. San

Francisco, CA: IABC Research Foundation.

Rucci, A., Kirn, S., & Quinn, R. (1998). The employee-customer profit chain at Sears.

Harvard business review, 76(1), 82-98.

Schultz, D., and Walters, J. (1997). Measuring brand communication ROI. New York: Association of National Advertisers, Inc.

Sprague, R., and Del Brocco, S. (2002). Calculating the ROI on internal communications. Employment relations today, 29(1), 33-44.

Stacks, D. (2002). Primer of public relations research. New York: Guilford Press.

Swedish Public Relations Association. (1996). Return on communications. Stockholm, Sweden: Author.

Turchan, M., and Mateus, P. (2001). The value of relationships. Journal of business strategy, November/December 2001, 29-32.

Watson Wyatt Worldwide. (2004). Connecting organizational communication to financial performance—2003/2004 communication ROI study. Washington, DC: Author.

Watson Wyatt Worldwide. (2004). Linking communications with strategy to achieve business goals. Downloaded January 31, 2004, from

www.watsonwyatt.com/research/printable.asp?id=W-252

Watson Wyatt Worldwide. (2004). WorkUSA 2000: Employee commitment and the bottom line. Downloaded January 31, 2004 from

www.watsonwyatt.com/research/printable.asp?id=W-304

Weiner, M. (2003). Proving your worth: Survey reveals dichotomy facing public relations. Communication world, April-May 2003, 24-27.

Williams, L. (2003). Communication research, measurement and evaluation. San Francisco, CA: IABC Research Foundation.

Yin, R. (1994). Case study research: Design and Methods (2nd edition). Thousand Oaks, CA: Sage Publications.