Use a survey to prove the link between communication, culture and successful business outcomes

COMMUNICATION, CULTURE AND SURVEYS

Interest in corporate culture has been on the increase ever since studies over a decade ago found a link between certain cultural aspects and successful business outcomes. But how can you measure the bottom-link impacts of culture in your own organization? Angela Sinickas shares a formula.

In the 1990s, Dr Daniel Denison, then a University of Michigan professor, researched 34 companies over five years to identify which aspects of corporate culture correlated with successful business outcomes. He found that several aspects of culture, including effective information-sharing practices, were a strong predictor of both return on investment and return on sales. His research has now extended to over 1,000 companies, with findings that show culture's impact on additional business outcomes like return on assets, profitability, sales, market share and quality[1].

Dr Denison divides cultural factors into four categories (mission, involvement, consistency and adaptability) that have various levels of impact on different ideal business outcomes. Clearly, internal communication systems are critical to supporting many of these cultural dimensions:

- Communication helps employees understand the mission and get involved in implementing it.
- Communication also aids greatly in fostering consistency through complex organizations.

Dr Caroline Fisher has confirmed the importance of internal communication through research showing that having employees at all levels support the company's mission, impacts all the business outcomes mentioned so far, and employee involvement affects all of them but sales and market share.

How you can prove the link

Your own executives might not be convinced by research conducted at other organizations, so here's how you can use a survey to prove the link between communication, culture and successful outcomes at your own organization.

Start by identifying the most important outcomes for your company. You can use written business plans and mission/values statements as a starting point, but interviewing your executives to probe more deeply is invaluable. While the business plan might state measurable targets for sales increases or productivity improvements, the interviews can identify which specific employee behaviors need to change to drive those outcomes.

Second, identify the aspects of the corporate culture that make your organization special by using executive interviews and employee focus groups. Ask questions like, "What makes working for this company better than working for your last company?" or "Why did you choose to work at this company rather than our competitors?"

Third, translate what you learn from the interviews and focus groups into survey questions that will quantify the extent to which various ideal behaviors are occurring in the organization, both the behaviors that quantify the ideal outcomes and those that describe the culture. A five-point frequency scale ranging from "almost always" to "almost never" will provide results that are more actionable than a satisfaction scale ranging from "strongly agree" to "strongly disagree." The focus on frequency reveals what is actually happening in the culture, rather than the interior satisfaction levels of individuals. A company can influence what people are doing at work, but it takes a psychiatrist to change someone's satisfaction with life.

Finally, analyze the survey results using statistical processes like factor analysis or multiple regressions to show the extent to which various cultural factors predict successful outcomes. Besides correlating cultural "input" behaviors with business "outcome" behaviors, surveys can also find correlations between survey results and actual business performance measures.

To do this, the demographic questions on the survey need to match up with the types of units or geographies by which financial performance is measured. For example, you could code actual productivity levels for various plants or call centers on a scale of one to five. These financial data are then input into the survey results as if all the employees in a particular location had answered a survey question on their unit's productivity. These data are then analyzed for statistical correlations as if they were questions on the survey.

Another possible performance measure to correlate against is employees' performance ratings. An individual's rating can be asked as a demographic question on the survey, or it can be input directly into the data if employees sign into a survey using their employee identification numbers.

Statistical case study

Figures One and Two show a useful way of using the results of statistical correlations. Figure One shows how much impact various categories of

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culture questions had in predicting a desirable business outcome for one client – in this case it was a combination of questions like intention to stay with the company and being personally committed to helping the company succeed. The results showed that the single biggest factor was a group of questions related to manager communication. Figure Two shows the detail of the questions that were categorized into this factor by the statistical analysis.

In order to use these results most effectively, first find the culture-defining behaviors with the highest correlations to a desired outcome. For the type of analysis shown here, anything with a 0.6 correlation or higher is considered strong. Then look at how many employees rated each item as favorable.

An organization should continue its current cultural practices for behaviors that have a high correlation and a high "net favorable" rating by employees. A company should focus its change initiatives on the items with high correlations but low favorability scores, such as the highlighted question 36 in Figure Two. There's no point to fixing things employees rate very low, but that have little or no correlation with business results.

This process helps to identify gaps between an organization's current and desired practices and to make a convincing case for culture change where it is likely to improve business results.

Reflecting culture on the survey

In addition to using results from executive interviews and employee focus groups, a cultural survey should also include questions measuring how well the company's mission, vision and values are reflected in current management and employee behaviors. This helps you measure whether management and staff are living up to the company's stated image of itself.

For example, one corporation

composed of four recent acquisitions had launched its new mission and values with a big splash. Many employees asked during meetings how the company would know if and when it was fulfilling the mission and values.

We measured this by structuring a cultural survey around these stated values. The survey was divided into sections, using the three parts of the mission and the 12 values as headlines so employees would visibly connect the survey with the mission and values. Each section included behavior questions related to a particular value. The hardest task was coming up with questions for the company's value of "sense of humor." We had to decide whether to use serious or funny questions.

Some of the survey results were not as positive as the company had hoped. Our approach to improving those scores depended on

developing action plans addressing the key issues at the right level in the organization. Some company-wide HR systems and policies needed to be reworked, but most of the negative items had to be handled locally to achieve meaningful change.

Employees and supervisors at each branch studied their results and picked out the issues that required the most attention in their branch. They then worked on those issues in staff meetings. By the time the survey was repeated a year later, many of the scores on these local issues had improved by 20 to 25 percentage points companywide.

Not coincidentally, the company's profitability increased, employee retention went up and the percentage of clients lost each year (attrition) went down significantly. scm

[1] www.denisonconsulting.com

Figure One: Categories of culture questions (factors) that predicted retention/commitment for one company

39% 19% 13% 12% 9% 8%

- Immediate manager's communication
- Job fit
- Working conditions
- Recognition/reward
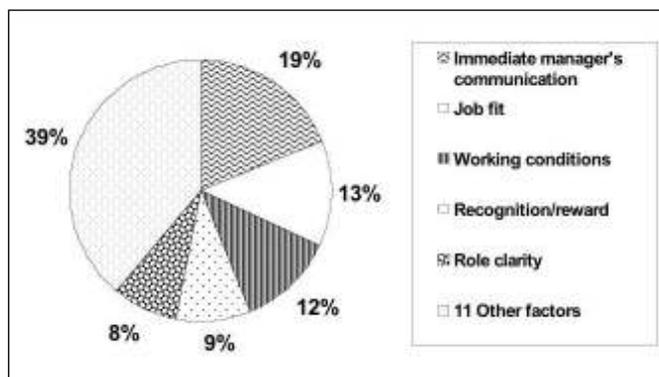- Role clarity
- 11 Other factors

Figure Two: Correlations and good/bad scores on questions in manager communication factor

"Immediate manager's role" survey questions that are part of this factor	Interpretational weight of question (maximum = 1.0)	Net % favorable response
Q75 My immediate manager really listens when I make a contribution	0.807	71%
Q67 The feedback provided by my immediate manager helps me improve my performance	0.772	60%
Q74 My immediate manager involves me in making decisions that affect our work	0.756	68%
Q71 My immediate manager provides clear direction and priorities for our department	0.711	72%
Q36 Frequency immediate manager communicates what you can do to contribute to company goals	0.624	44%
Q35 How well informed do you feel about your division's goals and the plans for reaching them?	0.478	62%