

# **How Top Business Communicators Measure the Return on Investment (ROI) of Organization's Internal Communication Efforts**

Juan Meng

University of Dayton

Bruce K. Berger

University of Alabama

## **Abstract**

Organizational research in the past decade has shown that communication effectiveness has been one of the leading indicators of an organization's financial performance. However, measurement of the positive causal relationship has not been well established in terms of *how* top communicators link their organization's internal communication efforts with business performance, or *how* they create a solid business case to influence organizational leaders to support and participate in communication practices. Therefore, to advance knowledge in this area, this paper addressed findings from two research projects related to how top business communicators measure the effectiveness of their organization's internal communications. The results of an international survey of 265 experienced business communicators worldwide were reported, followed by insights gained through in-depth interviews with 13 diverse and experienced business communicators. Findings suggest that internal communications effectiveness has not been widely assessed despite its avowed importance. At the same time, some aspects of internal communication initiatives (e.g., improved job performance, changed employee behaviors, and concentrated employee engagement) have been given special attention in measurement efforts. Findings from the international survey and the in-depth interviews are discussed and implications for communication professionals are suggested.

## **Introduction**

As a crucial feature to the success of organizational sustainable development and financial performance, communication effectiveness has been a promising topic in the fields of organizational behaviors, business management, and communication consulting in recent years. Organizations and institutional communication professions have explored the return on investment (ROI) measurement of their communication initiatives. As the leader in Communication ROI study, Watson Wyatt Worldwide has consistently contributed to investigating how communication practices are effectively linked to improved financial

performance at the organizational level. Such research seems especially important today, given the turmoil in global financial markets in which organizations and their communication professionals operate.

Though studies have suggested that communication effectiveness is one of the leading indicators of an organization's business performance, *how* and to *what extent* communicators measure the relationship between communication and performance is unclear. We also know relatively little about the specific approaches or metrics that communicators use to demonstrate the ROI for their organization's internal communication initiatives. Thus, the anticipated influence on organizational senior leaders' support, contribution and participation in communication efforts remains unpredictable.

To better understand how top business communicators measure the ROI of their organization's internal communications efforts, the International Association of Business Communicators (IABC) Research Foundation and the Watson Wyatt Worldwide launched several significant research projects during 2007-2008. In this paper, the researchers analyzed and reported key research findings from two studies relevant to the measurement of internal communication effectiveness.

The first study analyzed an international survey of 265 experienced communication professionals worldwide. The results indicated their perceptions about communication effectiveness and the importance of effective measurement in improving the values of internal communication initiatives. The second study involved in-depth interviews with 13 IABC Gold Quill award recipients in the field. The results revealed participants' experiences and stories about measurement issues in internal communication practices. The interviews also captured some approaches and metrics those business communicators have used to develop award-winning business cases and to ensure relevant communication practices have the highest ROI. Results from the two projects were synthesized to identify and generalize themes and trends in measuring the business outcomes that internal communication practices can bring to the organization.

## **Background**

Research intended to demonstrate the relationship between an organization's internal communication practices and its business performance has never generated just one clear solution. Some studies have indicated that effective internal communication is a leading indicator of an organization's financial performance (e.g., Ehling, White, & Grunig, 1992) and is associated with a higher level of employee engagement, which leads to an increased market value of that specific organization (e.g., Morris, 2010).

The 2007/2008 Communication ROI Study conducted by Watson Wyatt Worldwide, an international business research firm, highlighted six crucial actions top business communicators need to take to ensure that superior internal communications help drive robust financial performance for the organization. Other than keeping customers centered, the six crucial actions focus more on internal communications and reveal the importance of engaging employees in organizational business and maximizing employees' experience in internal communication

programs (“Secrets of Top Performers,” 2008). These crucial actions, along with innovative ways to achieve excellence in communication, place even greater emphasis on the importance of finding the most effective business metrics to evaluate the impact of internal communication on an organization’s business performance.

The ROI of internal communications has also been an issue of importance in the public relations and communication management literature since the 1980s (e.g., Broom & Dozier, 1983, 1990; Dozier, 1984, 1990; Dozier & Ehling, 1992; Grunig & Hunt, 1984). Although there is considerable uncertainty about what metrics to use to gauge the effectiveness of internal communication programs, the research suggests that mixed research approaches (informal and/or scientific) and diverse perspectives (quantitative and/or qualitative) have often been used to facilitate the success of the two-way symmetrical communication model (see Dozier, 1990) and to maximize the success of such communication programs and the long-term development of the organization.

According to Moorman *et al.* (1994), communication effectiveness refers to the formal as well as informal sharing of meaningful and timely information between a client and the advisor in an empathetic manner. The effectiveness of communication efforts at all levels is critical because it has been “a major cause of investor complaints resolution unit” (Bland, 1997, p. 1). To better educate and keep clients informed about their investments in a language that they can understand, Morgan and Hunt (1994) suggested that an easy flow of communication is an important characteristic of a strong relationship. In addition, effective communication skills are instrumentally important in generating client trust. Moorman *et al.* (1994) emphasized that timely communication fosters trust by helping resolve disputes and aligning perceptions and expectations. It assists clients and key publics to appreciate the latest developments in the organization or the market and helps resolve problems and misconceptions.

The linkage between communication effectiveness and relationship commitment is likely to be even stronger for organizational financial performance than other contexts because of the recurring interaction between the strategic communication team and key publics, the risks and uncertainties involved, and the complex nature of the services or business environment. Furthermore, due to the high involvement nature of internal communication initiatives, the strategic communication team has to be effective in communicating with all levels of audiences to instill confidence and engagement while reducing risk perceptions. In Berger & Reber’s (2006) survey of the most important issues facing public relations practitioners, measuring the value of public relations was ranked as the second most important issue in gaining influence in the organization.

Importantly, the dynamic nature of the communication profession has created a competitive incentive among many organizations to consolidate and reconcile their communication programs or assets as a means of creating value that is sustainable over time. To achieve competitive sustainability, many organizations are launching extensive internal communication initiatives. Recent industry research indicated that organizations with the most effective employee communication programs provided a 91% total return to shareholders, compared to companies that communicated least effectively (“Secrets of Top Performers,” 2008).

However, organizations may not be equally predisposed for successfully launching and maintaining communication management initiatives. Therefore, a key to understand the success and failure of communication effectiveness within organizations is the identification and assessment of the business metrics or evaluation approaches. The major goal of this article is to identify how and to what extent top business communicators try to measure the ROI of their internal communications initiatives.

### **Research Questions**

To help understand the importance and process of measuring internal communication effectiveness, the following research questions were developed:

1. Do top business communicators demonstrate a causal relationship between effective internal communications and an organization's business performance?
2. If so, which measurement procedures/approaches do they use to demonstrate the connection?
3. Are there any major aspects in internal communication initiatives that have been measured on a regular basis?
4. If so, what are they?

### **Research Methods**

To answer these research questions, two related studies were designed and carried out. The first study involved the execution and analysis of an international online survey. The second study used in-depth interviews as a supplementary method.

#### *Study 1: The International Survey*

The international survey was designed and administered by the International Association of Business Communicators Research Foundation and Watson Wyatt Worldwide during 2007-2008. Since 2003, Watson Wyatt has carried out a global research project examining the trends and actions in organization's employee communication practices and its business performance. Over 740 companies representing more than 12 million employees worldwide have been surveyed during the past six years. As a continuous investigation, the international survey reported in this study was part of the Communication ROI Study designed by Watson Wyatt. The specific purposes of the international survey were to: 1) identify different aspects of internal communication programs that organizations have measured on a regular basis to assess the effectiveness, 2) determine which internal communication efforts are deemed most important by communication practitioners and organization leaders, and 3) demonstrate a causal relationship and/or correlation between effective internal communication and organization's business results.

#### *Sample and Descriptive Statistics of the International Survey*

The data collection of the international survey was accomplished by Watson Wyatt during 2007-2008 as part of the Watson Wyatt Communication ROI Study. However, the researchers were not involved in the questionnaire design and the data collection process.

Therefore, detailed description about the sample profile and survey procedure is missing in the article. Based on limited access to the online survey, the researchers confirmed that 264 senior communication executives representing different regions and diverse industries participated in the ROI study and shared their opinions. The majority of the survey participants were from North America, with 182 in the U.S. (68.94%) and 44 in Canada (16.67%). Other participating regions included Europe (n=19, 7.20%) and Asia (n=19, 7.20%). The sizes of participants' firms varied, ranging from medium-sized (1,000-2,500) to large corporations with more than 25,000 employees. Their range of services included financial advising/planning, health services, manufacturing, utility and transportation, wholesale, and others. Table 1 summarizes some demographic information of the participants by region, industry, and organization size.

*Table 1. Categorical Demographic Profiles for the International Survey Participants*

Categorical Variables	Total Sample Size (N=264)	
	Freq. (n)	Percentage (%)
<i>Region</i>		
Asia-Pacific	19	7.20
Europe	19	7.20
Canada	44	16.67
USA	182	68.94
<i>Industry</i>		
Finance/Insurance	42	15.91
Health Services	23	8.71
Manufacturing	56	21.21
Utility/Transportation/Communication	27	10.23
Wholesale/Retail Trade	12	4.55
Other Services	15	5.68
<i>Company Size (number of employees)</i>		
1,000-2,500	24	9.09
2,500-5,000	26	9.85
5,000-10,000	39	14.77
10,000-25,000	44	16.67
25,000 or more	50	18.94

### *Study 2: In-depth Interviews*

During the second stage of the research project, a series of in-depth interviews were carried out with senior communication executives. With the support of the IABC Research Foundation, an electronic email invitation to participate in the in-depth interview was sent to IABC Gold Quill award recipients in the past five years (2004-2008). Of the 65 invitations that were sent out, 18 communication professionals responded and indicated their interest in participating in the study. Eventually, five respondents dropped from the study due to changed

schedule. Thus, final in-depth interviews were conducted with 13 senior business communicators who were Gold Quill award recipients.

### *Sample Profiles of Participants*

The research sample for the second project included 13 senior business communicators (7 women and 6 men) in different regions: six from the U.S., five in Canada, one from Mexico, and one from Brazil. Although they are from different regions, they represented senior communication professionals in their region, with an average of 15 years of communications working experiences. Their job responsibilities ranged from public affairs, corporate communication, and strategic employee communications, to corporate reputation management and independent consulting.

All 13 interviews were finished via telephone. The interviews averaged 35.4 minute in length; the shortest lasted 26 minutes, and the longest was 57-minute in length. A qualitative research analytical technique—thematic analysis—was used to analyze the transcripts (Goulding, 2005). Because the objective of the in-depth interviews was to identify patterns and trends of the best practices and metrics that award-winning business communicators have used to address communication effectiveness and to gain support from senior organizational leaders, the researchers argued that the application of thematic interpretation is appropriate in this case. Along with the results that have been generated in the survey data analysis, the research efforts from a qualitative perspective continue contributing to the exploration of effective business metrics in communication measurement.

## **Findings and Results**

**Finding #1: Though communication effectiveness has been an important concern for organizational leaders, the assessment of communication effectiveness has not been widely applied by using business outcome metrics in organizations.**

Analysis of the international survey revealed that nearly 46.6% (n=123) of respondents indicated that their company has used no formal assessment to measure the effectiveness of internal communication initiatives. Almost 36% of respondents in the survey indicated that less than 50% of their internal communication initiatives are assessed by business outcome metrics. Only 17.2% reported that more than 50% of their internal communication initiatives are measured by business outcome metrics.

Similarly, the percentage of communication initiatives that have been measured by using business outcome metrics varied by organizational size. As the organization's size increases, the percentage of formal measurement of communication effectiveness increases. For instance, due to the resources and financial advantages, organizations with more than 25,000 employees are more likely to develop business outcome metrics to measure communication effectiveness, and the percentage of no formal measurement/assessment of internal communication initiatives is 32%. On the other hand, organizations of small to medium size (1,000-5,000) showed a high percentage (60.9%-73.1%) of internal communication initiatives that are not measured.

Analysis of the in-depth interviews revealed that almost every participant agreed that measuring communication effectiveness was valued by senior leaders in their organizations. They also indicated that evaluation is “a daily job” and “a challenging job” for them. Participants commented:

“I have to do a lot of research with internal audiences, and something that is challenging is when people in the organization, especially the management group, are not convinced of the benefits communication strategies can bring to them. When you have to make some research and they are not convinced of the value of doing that, you have to go with every one of them and sell the function and demonstrate that what you are doing can really bring benefits and changes with people internally.”

“I think the biggest challenge in measurement continues to be convincing clients to spend, not so much the money, but to spend the time. As the industry develops, I don’t have a hard time in convincing them about the validity of measurement, but they are reluctant to actually take the time away from business to actually administer surveys or focus groups or some other measurement tools.”

“We have to use different approaches to prove everyday that we are important and that we give results to the organization. So it has become a daily job for us to make sure they [senior organization leaders] understand that.”

As a consequence, participants agreed that “seeing things built up and seeing the results” have been the most rewarding part of their efforts in measurement.

Previously, Watson Wyatt had grouped participating companies into two broader categories (high-effectiveness vs. low-effectiveness companies) based on its six years of communication ROI studies. The differences in perceptions and execution of measurement efforts between the two categories are also reflected in this study. Overall, high-effectiveness organizations are always willing to measure the effectiveness of the internal communication initiatives by using business outcome metrics (n=70, 26.8%) when compared to those low-effectiveness organizations (n=25, 9.8%). In addition, the majority of low-effectiveness organizations do not have a formal measurement to use to assess the effectiveness of communication initiatives (n=158, 59.8%).

**Finding #2: Though most respondents agreed that measuring the effectiveness of internal communication initiatives should be part of standard operating practice in the organization, other factors such as scorecard balance, practice justification, and leadership direction also contribute to the use of business outcome metrics to the measurement process.**

Almost half of the respondents indicated that the application of business metrics to the measurement of communication effectiveness is part of the standard operating practice within the

organization (n=120, 45.5%). This feature is heavily reflected in organizations based in Europe (n=205, 77.8%) and those organizations in the finance/insurance industry (n=171, 65.0%). However, respondents also indicated other reasons that drive them to put metrics in place to measure the effectiveness of communication initiatives. For instance, achieving a balanced scorecard was the second most frequently mentioned reason for measuring communication initiatives (n=44, 16.8%), followed by current practice and budget justification (n=42, 16.1%), and CEO/leadership directives (n=35, 13.3%).

It is clear that using measurement efforts as part of standard operating practice in the organization is often a strategy to demonstrate the value of public relations/communication practices to achieving business results. Participants in the in-depth interviews explained:

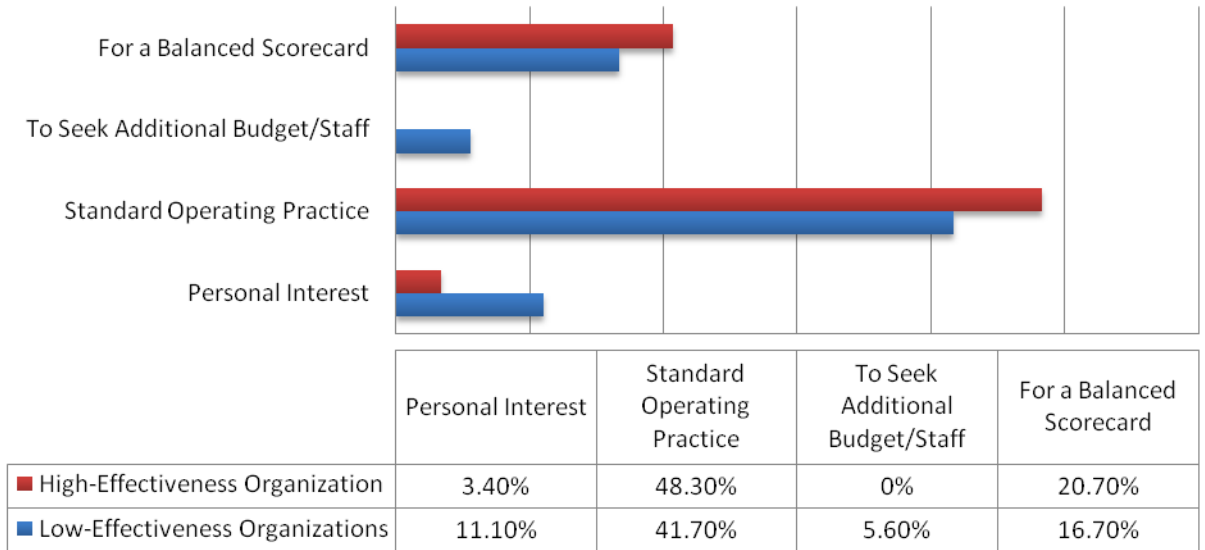
“It is both a proof point of our value and also a challenge to us, because we are not as proficient in all of those areas as we probably need to be as a best profession. Clients are looking for value; they are looking for support; and they are looking for, I think, ways in which they can stay connected to all those important stakeholders.”

“It is challenging that we have to explain sometimes once, sometimes more than once; but the key thing is to make sure they understand the importance of those communication programs and strategies. It is really important to see us communicators helping the company to understand how stakeholders see them and what the best ways of relating with them are.”

The survey results also indicated that low-effectiveness organizations had different reasons for putting metrics in place to measure the communication effectiveness. For instance, in high-effectiveness organizations, the measurement of communication effectiveness was validated as a standard operating practice and is used for creating a balanced scorecard. In low-effectiveness organizations, however, measurement of communication effectiveness has been used as an approach to acquire additional budget and/or staff, or it is a result of personal interest. See Figure 1.1 for the graphic presentation of the percentages.

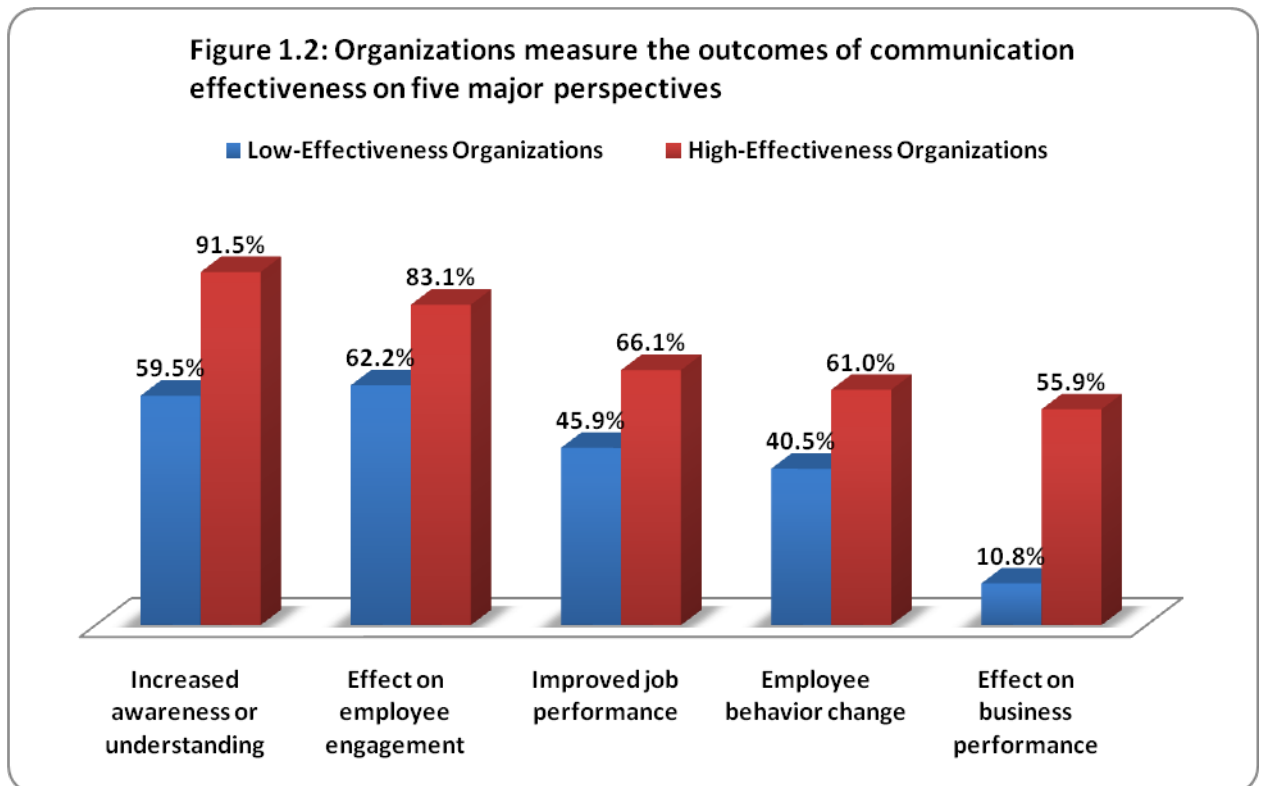


**Figure 1.1: High- and Low-Effectiveness organizations using metrics for different reasons**



**Findings #3: Though many organizations use metrics to measure communication effectiveness in general, five aspects of internal communication initiatives have been measured on a regular basis. They are: 1) increased awareness or understanding, 2) concentrated engagement among employees, 3) improved job performance, 4) changed employee behaviors, and 5) improved business performance at the organizational level.**

Respondents indicated that, although organizations use metrics to measure different aspects of internal communication efforts, five aspects or areas are measured more frequently. These include: (1) increased employee awareness or understanding after the information has been delivered (80.5%, n=213); (2) whether delivered information helps employees do their job better (73.2%, n=193); (3) the extent to which internal communication initiatives impact employee behaviors (55.0%, n=145); (4) the affect of internal communication efforts on employee engagement (49.7%, n=131); and (5) the relationships between communication effectiveness and business performance, such as the revenue growth and customer satisfaction (33.6%, n=89). These five measurement areas are reflected most often in high-effectiveness organizations (see Figure 1.2 for details).



Survey results also indicated that geographic location and organizational size didn't affect use of these measures. Thus, at the present time, these areas appear to be the core for measurement efforts in organizations. This is especially true for the areas of increased employee awareness or understanding, the effect of communication on employee engagement, and improved job performance.

Similar results were reflected in the interviews. Participants agreed that there is no one perfect approach to measure communication effectiveness. The situations for applying relevant business metrics to assess communication effectiveness are often multidimensional. Most participants said they focused on measuring employee participation, increased awareness and understanding of new programs or policies, increased workforce productivity, and higher levels of employee engagement. One participant commented:

“I think the profession has gotten much more sophisticated over the years. We have evolved in the measuring process. Look at how we have moved: comprehension, attitude, behavior; all of those things are now measured. [Measurement] is part of what we do now.”

Participants emphasized that for any communication project, the first important thing is to understand the client's performance goals before adopting communication measures. They

also mentioned the possibility of using outside resources or existing tools and metrics developed by other professional firms, though they were leery of using templates:

“In terms of formalizing a metric, we don’t suggest using a template. The template or the training that someone developed would reflect more on his work. What we do is we start from our clients with goal setting and make sense of whatever budget they may carry for the project. From there, then we develop our measurements based upon their goals. What it does for us is to align us in accomplishing not what we want to accomplish but what our clients are trying to accomplish. These are two different things in measurement.”

“What’s the most effective way? There’s no one way. You really need to bring in both quantitative and qualitative aspects because some clients are very much science-based and evidence-based or the other way. So what we do here is very heavily invested in research. We don’t generally go forward on anything significant unless we’ve got a good baseline of research.”

Most participants also addressed the importance of conducting measurement at different levels. They mentioned that, to measure the effectiveness of internal communications, all involved groups have to be examined, e.g., top leaders, VPs and above, director-level employees, and employees in general.

**Findings #4: The study highlighted a number of potential barriers to measurement initiatives in organizations. The three potential issues or barriers cited most often were: 1) insufficient resources (e.g., money and staff), 2) difficulties determining a specific cause-and-effect relationship between communication initiatives and business results, and 3) time constraints.**

Respondents said that lack of resources was the most important barrier to measuring internal communication efforts. More than half (65.2%, n=172) of the respondents ranked “resource constraints” as their first choice, followed by the inability of determining a specific cause-and-effect relationship between communication initiatives and business results (57.1%, n=151), and time constraints (40.1%, n=106). Though surveyed practitioners said that all listed reasons in the questionnaire could be reasons for not measuring communication effectiveness, lack of resources and inability of determining a specific cause-and-effect relationship have been the leading ones. These two aspects involve factors that are crucial to effectively assess the value of internal communication initiatives and its contribution to organization’s business performance. Moreover, the two reasons also indirectly reflect a lack of support and leadership across the organization, as well as professionals’ inability to use research to develop appropriate evaluation measures.

“I think for most time it was like we were all chasing those numbers and we were all getting those numbers. And now I think it is very much about making sure that you understand how you want to be perceived and how you are perceived now. I still haven’t

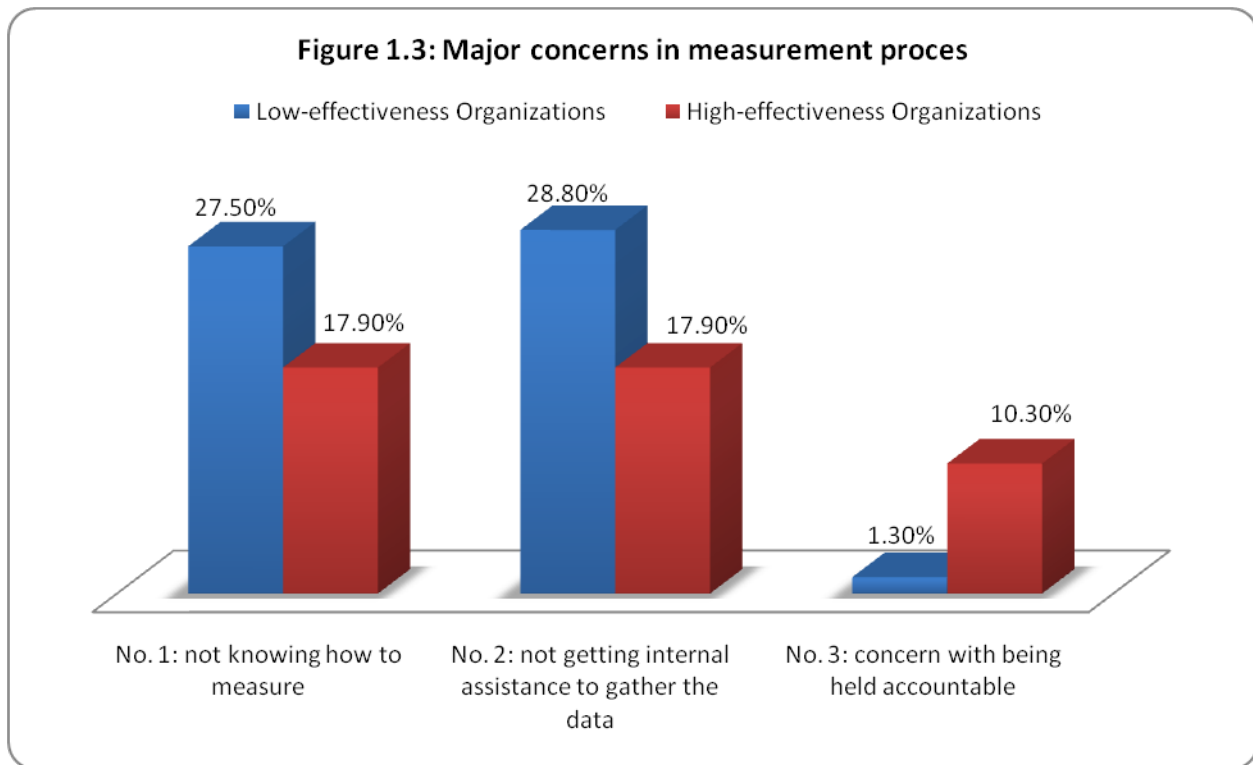
really seen it [measurement] done in a cost-effective-enough way that can be used consistently for all clients.”

In view of the changes that have been experienced in their organizations, some participants said that improving the understanding of public relations functions and roles was very important in getting support from senior organizational leaders regarding measurement practices:

“The thing about measurement is that historically they only measured advertising because of the big ad budgets. As people started recognizing the need to measure public relations, they started looking at it with an advertising mind. They looked at it and they replicated what has been done in advertising to public relations. And it didn’t work. So, the thing is you really have to set up your measurement goals around your project and do it in a PR way.”

“When I just started working with public relations agencies, I have been kind of disappointed because most of the time they continued to measure their work only with media clippings compared to advertising. I don’t think that’s an effective and comprehensive way of measuring. I know there are many other sophisticated ways of measuring and I insist that we need to develop a better formula to measure not just the messages included in the clippings but also the position of the article in the media and the perceptions of the audiences.”

In addition, the survey data indicated that differences between low-effectiveness and high-effectiveness organizations existed in the following three aspects: (1) not knowing how to measure, (2) not getting internal assistance to gather the data, and (3) concerned with setting performance targets for communication initiatives and being held accountable. Low-effectiveness organizations recognize the difficulty for them is to learn how to develop reliable measurement metrics and to be able to get the internal support for data collection. The concerns of high-effectiveness organizations, on the other hand, are the reliability and accountability of business outcome metrics.

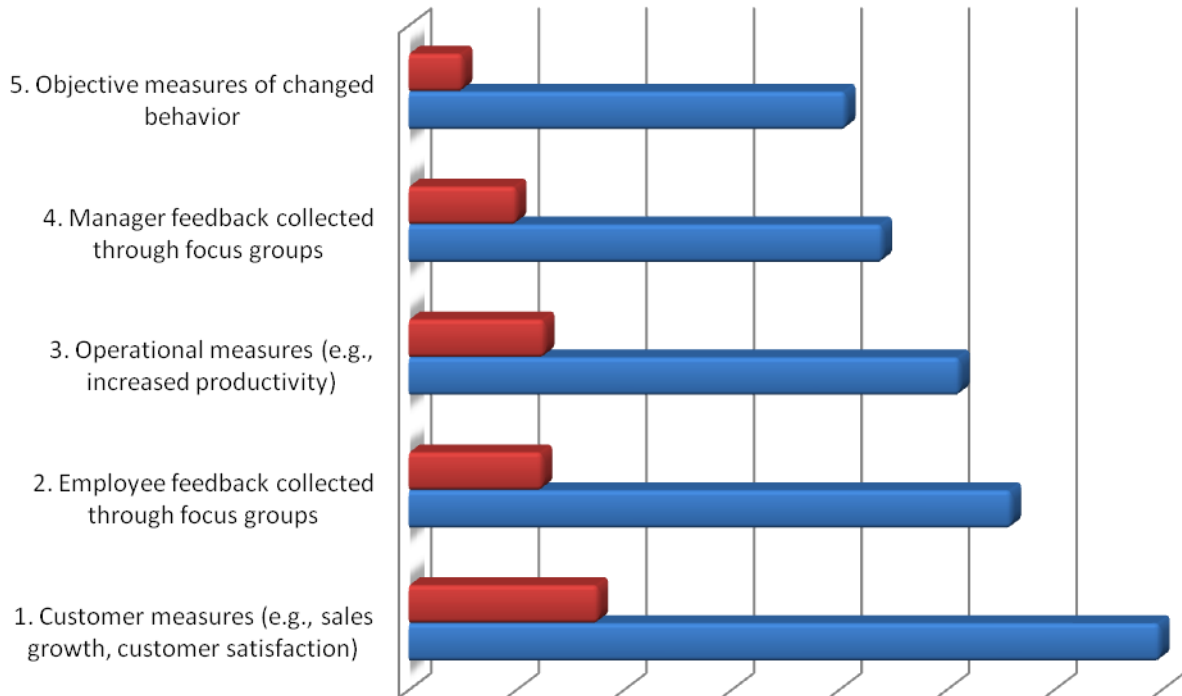


**Finding #5: Communicators rely especially on three measurement approaches to assess internal communication efforts: (1) employee feedback gathered by surveys, (2) employee participation in related communication initiatives, and (3) managerial feedback collected via surveys.**

Respondents were asked to indicate what outcome measurement approaches they used to determine the effectiveness of organization's internal communication efforts. Though diverse outcome measures were mentioned, e.g., employee feedback, managerial feedback, increased employee participation, decreased turnover, and financial and customer measures were mentioned, three specific approaches were mentioned by 30% or more of participants. They are: (1) employee feedback gathered by surveys (55.5%, n=147); (2) increased employee participation related to an initiative (34.5%, n=91); and (3) managerial feedback gathered via surveys (30.1%, n=80). The three outcome measures were used by organizations in different geographic regions and of different sizes.

More importantly, high-effectiveness organizations and low-effectiveness organizations exhibited important differences in the selection and use of measurement approaches. See Figure 1.4 for detailed information.

**Figure 1.4: Differences in Outcome Measures for High- and Low-effectiveness Organizations**



	1. Customer measures (e.g., sales growth, customer satisfaction)	2. Employee feedback collected through focus groups	3. Operational measures (e.g., increased productivity)	4. Manager feedback collected through focus groups	5. Objective measures of changed behavior
Low-effectiveness organization	8.80%	6.20%	6.30%	5.00%	2.50%
High-effectiveness organizations	34.90%	28%	25.60%	22.00%	20.30%

A far greater number of high-effectiveness organizations (20.3%) use objective measures of behavior change to assess communication initiatives than do low-effectiveness ones (2.5%). Conducting focus groups to collect feedback from both employees and managers is another effective method. Here, low-effectiveness organizations said they lacked knowledge and expertise in using this particular research method compared to high-effectiveness organizations (6.2% vs. 28.0% in terms of employee feedback; 5.0% vs. 22.0% in terms of manager feedback). Operational and customer measures are two other areas where at low-effectiveness organizations need to improve in the future. In addition, more efforts could be put into areas such as customer satisfaction, employee productivity, and sales growth to assess how effective communication initiatives have contributed to the organization's business performance.

For participants in in-depth interviews, the researchers asked them to briefly review the Gold Quill Award-winning cases with a focus on measurement and evaluation. Not surprisingly, almost all award-winning cases implemented several approaches to measure the achievements in goals and objectives of that specific case. Approaches mentioned most often were pre- and post-surveys among employees, focus groups with selected participants, tracking of employee productivity, engagement and retention rates, and other market value measures.

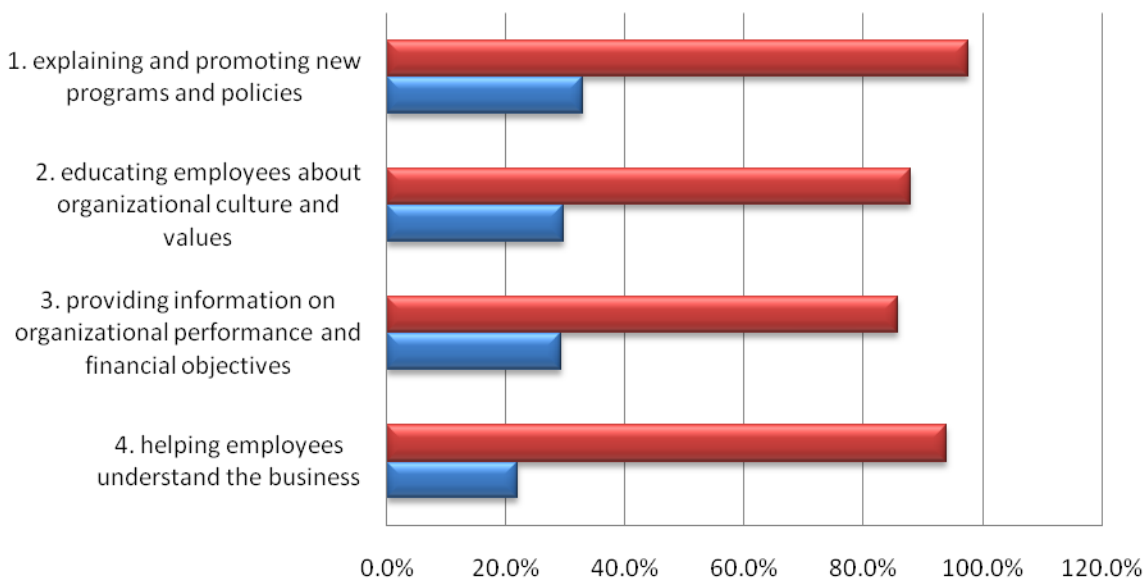
**Finding #6: Though the purposes of developing internal communication initiatives could be diverse, four primary reasons for implementing internal communication programs were mentioned most often. They are: (1) explaining and promoting new programs and policies; (2) educating employees about organizational culture and values; (3) providing information on organizational performance and financial objectives; and (4) helping employees understand the business.**

Survey respondents said that well designed internal communication initiatives can help organization explain and promote new programs and policies (70.2%, n=186), educate employees about organizational culture and values (62.8%, n=166), provide information on organizational performance and business objectives (62.6%, n=165), and help employees better understand their organization's business (62.3%, n=164).

Respondents from high-effectiveness organizations gave even stronger support to these four goals. Almost all respondents (97.6%) from high-effectiveness organizations indicated that their organizations have used internal communication programs to explain and promote new programs and policies to employees and other internal publics. However, only 32.9% low-effectiveness organizations have valued this informational function. Educating function is another major point that distinguished low- and high-effectiveness organizations. In addition, 88% of respondents from high-effectiveness organizations said their organization has used internal communication programs to educate employees about organizational culture and values, compared to 29.6% among low-effectiveness organizations. Similarly, 85.7% high-effectiveness organizations used internal communications to provide information on organizational performance and financial objectives, while only 29.3% low-effectiveness organizations have applied so.

Finally, low-effectiveness organizations indicated that they seldom use internal communication programs to communicate with employees on how their actions would affect customers (4.9%). In contrast, 76.3% of high-effectiveness organizations have communicated with employees in such an approach.

**Figure 1.5: Top 4 most effective internal communication programs**



	4. helping employees understand the business	3. providing information on organizational performance and financial objectives	2. educating employees about organizational culture and values	1. explaining and promoting new programs and policies
High-effectiveness Organizations	94.0%	85.7%	88.0%	97.6%
Low-effectiveness Organizations	22.0%	29.3%	29.6%	32.9%

### Conclusions and Implications

This study focused on how and to what communicators attempt to measure the ROI of internal communications, or other aspects of strategic employee communications. Perhaps the most important finding is that there is a long way to go. Virtually all communicators in the study emphasized the importance of linking internal communication to business performance. However, the effectiveness of many employee communication programs is not assessed, whether due to lack of resources, research knowledge or time. This is discouraging if not surprising.

Coupled with increasing demands for effectiveness from senior organizational leaders, communication professionals have found themselves faced with a quickly changing business environment in which they must make a direct and strong link between their communication efforts and the organization's business performance. The results suggested that communication effectiveness is complex not only in the way of interpretation, but also in operationalization. The level of applying business outcome metrics to measure communication effectiveness varied



across organizations, and the approaches used at the operational level must be adapted in different situations.

The measurement issue and its contribution to an organization's business performance have been given an increasing emphasis in the selection of approaches and with regard to enhancing the level of integrity among employees. In particular, several aspects of internal communication initiatives were mentioned as having the utmost importance. As a consequence, measurement efforts have been distributed to aspects like increased awareness or understanding, concentrated engagement among employees, and improved employee productivity or job performance. However, respondents admitted that there is no single approach or template that can be applied to all situations and clients. Diverse formal and informal research methods have been widely used to collect intended audience's feedback on communication programs. Business metrics developed by independent research firms have also been used to assess the success of communication programs.

Even though communication executives believed that measurement should be part of standard operating practice in the organization, they also believe that a consultative leadership direction was important for them to enhance the importance of communication effectiveness to the organization. This has implications for communication practitioners to develop reliable and consistent measurement approaches in addition to being competent in their job and consistent in handling different communication programs. The level of resources available for communication practitioners influences the outcomes, no matter at the credibility level or the financial level. This implies that communication outcomes should be reinforced by the way an organization allocates its resources.

Though there has been research on communication effectiveness and measurement issues, and how reliable measures can leverage the value internal communication, our research continues the discussion by demonstrating the trends or patterns successful communication executives have used in their practices. Given the changing organizational environment and the need for organizations and clients to have a committed investment, there is a need for continued research into the link between communication effectiveness and organization's business performance.

The issue of effective metrics and measurement addressed in this article is sufficiently important to suggest alternative research methods that enable the business communicators to better understand and prove whether any of the internal communication programs are "effective" in terms of adding market value. With the perceived prevalence of using social media in the marketing world, respondents in this study also expressed their concerns about how measurement and metric issues will be associated with the new digital media environment. The increased number of new media has been driven largely by improvements in technology and the ability to enable customers interacting with the technology. These new approaches have been used by marketers as well as business communicator to create experiences for their key publics to differentiate their products and services from competitors.

### **Limitations**

Care must be exercised in interpreting the research findings in this article for several reasons. First, data from the international online survey is partial. Though the analysis of the data revealed several important trends in measurement issues, lack of a comprehensive view of the survey data renders the interpretation incomplete. Second, even though the majority of the participants in the online survey as well as in the in-depth interviews agreed that internal communication programs could contribute significantly to business outcomes, an advanced statistical testing is missing from the quantitative perspective to make the conclusions generalizable. Future research could focus on designing specific studies to test the causal relationships by using a quantitative method. Finally, though this article analyzed data from a global project, the in-depth interview sample heavily focused on respondents and their opinions from North America, with one participant from South America (e.g., Brazil). Future research can extend the framework and analysis to include more participants in different geographic regions to discover measurement challenges they have been facing.

### References

- Berger, B. K., & Reber, B. H. (2006). *Gaining influence in public relations: The role of resistance in practice*. Mahwah, NJ: Lawrence Erlbaum.
- Bland, L. (1997). Good guys, bad guys. *The Sydney Morning Herald*, 2 July, p. 1.
- Broom, G. M., & Dozier, D. M. (1983). An overview: Evaluation research in public relations. *Public Relations Quarterly*, 28(3), 5-8.
- Broom, G. M., & Dozier, D. M. (1990). *Using research in public relations: Applications to program management*. Englewood Cliffs, NJ: Prentice-Hall.
- Dozier, D. M. (1984). Program evaluation and roles of practitioners. *Public Relations Review*, 10(2), 13-21.
- Dozier, D. M. (1990). The innovation of research in public relations practice: Review of a program of studies. *Public Relations Research Annual*, 2, 3-28.
- Dozier, D. M., & Ehling, W. P. (1992). Evaluation of public relations programs: What the literature tells us about their effects. In J. E. Grunig (Ed.), *Excellence in public relations and communication management* (pp. 159-184). Hillsdale, NJ: Lawrence Erlbaum.
- Ehling, W. P., White, J., & Grunig, J. E. (1992). Public relations and marketing practices. In J. E. Grunig (Ed.), *Excellence in public relations and communication management* (pp. 357-394). Hillsdale, NJ: Lawrence Erlbaum.

Goulding, C. (2005). Grounded theory, ethnography, and phenomenology: A comparative analysis of three qualitative strategies for marketing research. *European Journal of Marketing*, 39(3/4), 294-308.

Grunig, J. E., & Hunt, T. (1984). *Managing public relations*. New York: Holt, Rinehart & Winston.

Moorman, C., Deshpande, R., & Zaltman, G. (1992). Relationships between providers and users of market research: The dynamics of trust within and between organizations. *Journal of Marketing Research*, 29(3), 314-325.

Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(July), 20-38.

Morris, E. (February, 2010). Dell goes mobile to bolster its employee engagement. *PRWeek*, 13(2), pp. 14-15.

*Secrets of top performers: How companies with highly effective employee communications differentiate themselves* (2008). 2007/2008 Communication ROI Study finished by Watson Wyatt Worldwide.