The Influence of Employee Communication on Strategic Business Alignment

Cees B. M. van Riel, Guido Berens and Majorie Dijkstra
### ABSTRACT AND KEYWORDS

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THE INFLUENCE OF EMPLOYEE COMMUNICATION ON STRATEGIC BUSINESS ALIGNMENT

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ABSTRACT

Over the last years, it has become increasingly important for companies to create strategic business alignment (SBA), i.e., the degree to which employees understand, support, and are able to execute the companies’ strategic initiatives. This study provides insights into the way companies can create SBA through employee communication. Specifically, we examined the influence of different dimensions of employee communication on employee attitudes toward their company’s strategic initiatives, and on employee behavior regarding the strategic initiatives. The results show that especially management communication, communication about strategic initiatives, and the communication climate within an organization are of vital importance to stimulate SBA.

The strategic alignment of employees is of increasing importance to multi-business companies all over the world. “Strategic business alignment” (SBA) means that all employees “understand, ‘buy into’, and are able to enact” their organizations’ strategic objectives (Gagnon & Michael, 2003, p. 25). Creating this alignment is vital for organizations, as companies depend on their employees for the achievement of their strategic objectives. Indeed, research has shown that if employees show a supportive attitude toward the company’s strategic objectives, they are more likely to make decisions that are consistent with these objectives (Gagnon & Michael, 2003). Ultimately, SBA leads to better organizational performance (e.g., Schneider, White, & Paul,
Hence, engendering employee alignment is essential for the functioning of organizations. During the last decade, the importance of alignment has increased by the fact that large companies increasingly strive to achieve more congruence between the different parts of their businesses (see Barki & Pinsonneault, 2005). In addition, top managers are increasingly held personally accountable for any actions undertaken under their responsibility. For example, since the 2002 Sarbanes-Oxley Act, CEOs and CFOs are held personally accountable for the accuracy of financial statements. Therefore, top managers also have strong personal motivations to create employee alignment.

Previous research makes clear that the degree of SBA within a company is influenced by several factors, such as the company’s internal control systems (Strahle, Spiro, & Acito, 1996), the perceived fairness of the process of change (Caldwell, Herold, & Fedor, 2004), and employee communication (Farmer, Slater, & Wright, 1998). In this paper, we focus on the influence of different dimensions of employee communication on SBA, as employee communication is generally seen as one of the most important means to achieve SBA (e.g., Boswell & Boudreau, 2001; Noble, 1999b). Our research extends previous work in three different ways. First, our research primarily seeks to explain employee behavior. Most studies investigating the effects of employee communication have focused on attitudinal variables like job satisfaction (e.g., Downs & Hazen, 1977) and organizational identification (e.g., Smidts et al., 2001). Although the construct of SBA also includes attitudes, it ultimately focuses on behavior. The bottom line is not whether employees feel satisfied with the work they do, but whether they will act in accordance with the company’s strategic initiatives. Second, the focus of the more traditional constructs is often the work unit of an employee, while we focus on the organization as a whole. This is similar to the distinction between allegiance to the organization as a whole and allegiance to a
department or workgroup (Van Dyne, Graham, & Dienesch, 1994). Third, we include multiple dimensions of the construct of employee communication. Most of the few previous studies that do focus on the link between employee communication and SBA (e.g., Corley & Gioia, 2004; Fiol, 2002) have only looked at one dimension of employee communication, such as the use of rhetorical devices.

EMPLOYEE COMMUNICATION AND STRATEGIC BUSINESS ALIGNMENT

The Dimensions of Employee Communication

In the 1970s and 1980s, various “communication audits” were developed, with the intent to measure the perceived quality of employee communication and to relate it to relevant consequences (see Greenbaum, Clampitt, & Willihnganz, 1988, for an overview). For example, Downs & Hazen (1977) developed an instrument consisting of eight dimensions, including climate, personal feedback, corporate perspective communication, and communication with subordinates. Downs and Hazen observe that the dimensions “relation with the supervisor” and “personal feedback” are most closely linked to overall job satisfaction. From an overview of the communication audits, Greenbaum et al. (1988) conclude that although the different audits have used different sets of items and dimensions, three important elements seem to occur in all instruments: (1) items related to communication flow and structure, (2) items related to communication climate, and (3) items related to communication content. “Flow” refers to the amount of information that is disseminated through the different channels within the organization. “Structure” refers to which channels are used to disseminate information (cf. D. Fisher, 1993). Although flow and structure are theoretically distinct concepts, they seem to be practically the
same when looking at their impact on evaluations of employee communication. Together, they refer to how much information is communicated by different sources. “Content” refers to what is being communicated. Finally, “communication climate” is defined as “those molar factors, objective and/or perceived, which affect the message sending and receiving process of members within a given organizational group” (Falcione, Sussman, & Herden, 1987, p. 205). In other words, climate refers to aspects of the organization as a whole (molar factors) that influence how communication takes place.

Most of the more recent studies examining employee communication have employed one or more of the three dimensions identified by Greenbaum et al. (1988). For example, Choi & Kim (1999) investigated the consequences of the communication climate within a working team, and of the flow of communication with other teams and with management. Their study shows that both dimensions of communication have a strong impact on team performance. Similarly, Korsgaard, Brodt, & Whitener (2002) show that the climate that characterizes management communication has a significant influence on trust in the manager and on organizational citizenship behavior. Schweiger and Denisi (1991) focus on the amount of information provided by management, and find that a larger amount of information on the consequences of a merger reduces uncertainty among employees, and increases their job satisfaction and commitment (cf. Zimmermann, Sypher, & Haas, 1996). Finally, Smidts et al. (2001) show that both the content and the climate of employee communication influence the degree to which employees identify with their organization.

**Employee communication and strategic business alignment**

A number of studies have explicitly focused on the role of employee communication in fostering SBA (see Frank & Brownell, 1989, pp. 524-529, for an overview of early studies). Farmer, Slater,
& Wright (1998) show that the degree to which the leader communicates about a strategic change influences the degree to which employees agree with the strategy. Similarly, Edmondson (2003) focus on the role of group leaders, and shows that the degree to which they inform group members about a change and create a supportive communication climate increases the success of implementing the change. Several studies investigate the role of employee communication in the context of managing a change in identity (which may accompany a change in strategic initiatives). Particularly, they stress the importance of the use of rhetoric by management in facilitating employee support (Chreim, 2002; Corley & Gioia, 2004; Fiol, 2002). For example, Fiol (2002) finds that managers avoid the use of inclusive referents (such as “we” or “our organization”) to establish de-identification with the company’s old identity, and extensively use inclusive referents to establish identification with the new identity.

While these previous studies have investigated the contribution of employee communication to SBA, our study is the first one to include behavioral as well as attitudinal aspects of SBA. In addition, previous studies have not incorporated all three of the dimensions of employee communication as identified by Greenbaum et al. (1988).

**HYPOTHESES DEVELOPMENT**

The theoretical model is displayed in Figure 1. Based upon past theorizing and research, we argue that each dimension of employee communication influences the degree to which employees “buy into” the company’s strategic objectives, which in turn influences the degree to which employees behave in a way that supports these objectives (i.e., strategically aligned behavior).

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Insert Figure 1 about here
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We distinguish the following six dimensions of employee communication: (1) management communication, (2) internal media (e.g., intranet, magazines), (3) cross-departmental communication, (4) personal messaging, (5) corporate messaging, and (6) communication climate. These six dimensions can in turn be reduced to the three dimensions distinguished by Greenbaum et al. (1988). Management communication, internal media, and cross-departmental communication are three important channels of communication (Downs & Hazen, 1977), and therefore different aspects of flow or structure. Personal messaging and corporate messaging are the two main types of communication content we distinguish, following Smidts et al. (2001). Corporate messaging pertains to the organization as a whole (e.g., strategic objectives, new developments, achievements), while personal messaging is about the employee’s personal role (e.g., task performance, career opportunities).

**Effects of employee communication on attitudes toward strategic objectives**

We first expect that some dimensions of employee communication especially have effects on attitudes regarding strategic initiatives. Particularly, we expect that dimensions of employee communication that involve disseminating knowledge of the strategic objectives influence employee attitudes regarding the objectives. Among the different types of information flow, information from management and the internal media may be especially relevant in the context of establishing favorable attitudes regarding strategic initiatives, because they are generally the main information sources regarding the objectives (Farmer et al., 1998). Information flow between the different departments seems to be less relevant. However, following Larkin and Larkin (1996), we argue that information provided by employees’ direct managers (supervisors) is more effective in informing employees of new strategic objectives than is communication by a central communication department. A likely reason for this is that supervisors have a more
personal relationship with their subordinates, and also have more formal power over them than a communication department (Jablin, 1987).

Among the different types of communication content, content related to the strategic issues would be especially relevant to establish favorable attitudes toward the issues. This expectation is consistent with Dutton et al.’s (1994) proposition that the amount and intensity of exposure to an organization’s identity increases the attractiveness of that identity in the eyes of employees. This is because this exposure increases the salience of the organization as a means to use in self-categorization (Pratt, 1998). In addition, Zimmermann, Sypher, & Haas (1996) find that employees generally attach great importance to the amount of information they receive about relevant issues, believing that “more communication is better”. Finally, Schweiger and Denisi (1991), Bordia et al. (2004), and Corley and Gioia (2004) show that corporate messages about strategic initiatives reduces employee uncertainty regarding the company’s strategy. Reduced uncertainty leads to more control of employees over their situation, which leads to higher acceptance of strategic changes (Sagie & Koslowsky, 1996). This suggests that providing information about strategic objectives influences employee attitudes toward the objectives.

Some research has also demonstrated that communication climate may be instrumental in creating favorable attitudes toward strategic objectives. Kim and Mauborge (1993) and Noble (1999a) point out that a climate in which the opinion of subsidiary managers and employees is taken seriously, and in which they are allowed to participate in decision making, stimulates supportive attitudes regarding strategic objectives. This is because such a climate affirms employee feelings of group membership, and also because participation in decision making assures employees that the strategic objectives also reflect their own interests (Kim & Mauborge, 1993). For non-management employees, participation in decision making is generally more
beneficial when it concerns the implementation of a strategy than when it concerns the strategy itself (Sagie & Koslowsky, 1996).

While we expect differences within the flow and content dimensions, we expect that all three of the main dimensions (flow, content and climate) have a strong influence on attitudes toward strategic issues.

*H1a:* *All three of the main dimensions of employee communication (flow, content and climate) have a similarly strong influence on employee attitudes regarding the organization’s strategic initiatives.*

*H1b:* *The evaluation of management communication has more influence on employee attitudes regarding the organization’s strategic initiatives than the evaluation of internal media and cross-departmental communication.*

*H1c:* *The evaluation of corporate messaging has more influence on employee attitudes regarding the organization’s strategic initiatives than the evaluation of personal messaging.*

**Effects of employee communication on strategically aligned behavior**

We expect that the quality of employee communication influences the degree to which employees behave in accordance with their company’s strategic initiatives. We further propose that this effect will be partially mediated by attitudes toward the strategic objectives, but partly also will be direct. In other words, one reason why employee communication affects strategically aligned behavior is that it enhances employee attitudes regarding the strategic objectives. Another reason is that employee communication may be directly relevant for strategically aligned behavior, without the necessity of a change in attitudes toward strategic initiatives. Research in psychology shows that exposure to information may lead to behavior change by
merely increasing the salience of attitudes, without actually changing the attitudes themselves (e.g., Krugman, 1967). Consistent with this, Dutton et al. (1994) suggest that merely being exposed to an organization for a longer time increases the attractiveness of that organization’s identity. Research has also shown that rewarding or punishing certain behaviors can lead to behavior change without changing feelings or cognitions (e.g., Breckler, 1984). For example, an open communication climate, in which feedback from employees is taken seriously, may reward communicating about the strategic initiatives to colleagues, without necessarily changing employee attitudes regarding the initiatives. This is supported by Kim and Mauborge’s (1993) finding that communication climate, as part of the construct of procedural justice, has a direct effect on the degree to which business unit managers actually implement a company’s strategy.

Corporate messaging may also directly facilitate strategically aligned behaviors because it provides employees with directions of what to do. Furthermore, following Larkin and Larkin (1996), information provided by management should be more effective in informing employees of new strategic objectives than is communication by a central communication department. Edmondson (2003) shows that cross-departmental communication facilitates inter-departmental cooperation regarding the implementation of a company’s strategy, and therefore enhances SBA. Again, while we expect differences within the main dimensions of employee communication, we expect that all three of the main dimensions have a strong direct influence on strategically aligned behaviors. Therefore, we hypothesize:

\[ H2: \text{Attitudes toward strategic initiatives partially mediate the effect of employee communication on employee strategically aligned behavior.} \]

\[ H2a: \text{All three of the main dimensions of employee communication (flow, content and climate) have a similarly strong direct influence on strategically aligned behavior.} \]
H2b: Management communication and cross-departmental communication have a stronger direct influence on employee strategically aligned behavior than the evaluation of internal media.

H2c: The evaluation of corporate messaging has a stronger direct influence on employee strategically aligned behavior than the evaluation of personal messaging.

Method

In order to test our model, data were collected in two large multinational companies. One (Organization 1) is a manufacturing company, the other (Organization 2) a services company.

Respondents and procedure

Organization 1 consists of a headquarters and five divisions, and employs about 140,000 people worldwide. Because management of Organization 1 was particularly interested in the opinions of higher-level employees, we used an internet based survey, for which emails were sent to a sample of employees. A stratified random sample of 10,560 employees was drawn from all six units, from employees who had an email address. Employees were divided into two strata with regard to their function: management/professionals vs. operating/blue-collar personnel. The overall response percentage was 12.7% (n = 1431). Organization 2 employs about 160,000 people worldwide, divided over three main divisions plus a corporate headquarters. In turn, the three main divisions comprise a total of 25 different subsidiaries. We randomly selected 7,536 employees, stratified according to the different subsidiaries, who each received a questionnaire through regular mail at their home address. Of these, 1,630 replied, implying a response rate of 21.6%. In the end, after deleting cases with missing data, we obtained 976 usable responses, which means that the final
response rate is 13.0%\textsuperscript{1}. In the questionnaire, employees were first asked about their opinion on employee communication within their company. This also included an open question on how they thought employee communication could be improved. Next, questions were asked about the degree to which the employees were aligned with the company’s strategy. Finally, employees were asked to provide their age, gender, job position, organizational tenure, and the department for which they worked. In both organizations, responses to the questionnaire were anonymous.

**Measures**

**Employee communication.** Evaluations of the different dimensions of employee communication should be measured in a “formative”, rather than in a reflective way. Briefly, in a formative scale, the items define the construct, rather than the other way around. Therefore, each item is an essential part of the measure, and deleting an item will change the meaning of the construct. Most previous studies have analyzed the construct of employee communication as though it consisted of reflective indicators. As Jarvis et al. (2003) have demonstrated, analyzing a formative construct as if it were reflective can lead one to falsely conclude that the construct has an effect on other constructs. In this study, we conceptualize each of the six different dimensions of employee communication as consisting of indices which may relate to a diversity of different issues. For example, following Downs and Hazen (1977), we conceptualize communication content as a diversity of topics regarding the organization as a whole and the immediate work environment. Clearly, these indicators are not interchangeable: deleting any one of them would change the meaning of the construct. Therefore, they should be treated as formative (Jarvis, MacKenzie, & Podsakoff, 2003).

\textsuperscript{1} Because in Organization 1, the survey was conducted through the Internet, it was possible to use a forced-response format in which a respondent could not complete the questionnaire before he/she filled out all the questions (Evans & Mathur, 2005). Therefore, there were no missing values for Organization 1.
Diamantopoulos and Winklhofer (2001) propose the following steps in designing and validating a scale that uses formative items: (1) content specification, (2) indicator specification, (3) assessing potential indicator collinearity, and (4) assessing external validity.

With respect to content specification, we argued above that evaluations of employee communication consist of six dimensions, namely management communication, internal media, cross-departmental communication, personal messaging, corporate messaging, and communication climate.

Regarding indicator specification, an important principle for formative scales is that since the items of a formative scale define the construct, the items should represent the complete domain of the construct (Diamantopoulos & Winklhofer, 2001). That is, the measure should include all relevant aspects of the construct. These aspects were identified in two ways. First, relevant items were drawn from some of the previous employee communication scales discussed above, particularly those of Downs and Hazen (1977) and Smidts et al. (2001). Second, we held some exploratory interviews with communication managers regarding which aspects of employee communication they considered important in relation to strategic business alignment.

1. Management communication was assessed using two items relating to the usefulness and accessibility of information obtained from management, and by two items reflecting the amount of effort the respondent’s manager spends in order to inform employees about strategic issues. These items were rated using 5-point Likert scales. One sample item is “My manager motivates me strongly to be more involved with [company]”. In addition, we asked respondents to name three topics related to the company’s strategy that had been discussed with them by their managers. The answers each respondent gave were coded as ‘1’ if he or she named one or more topics pertaining to one of the strategic
initiatives listed by the company, and ‘0’ otherwise. These strategic issues were identified through an examination of the company’s internal media, and through discussions with managers. This variable gives insight into whether the manager adequately communicates the company’s strategy to his/her subordinates.

2. We assessed the adequacy of the process by which communication through *internal media* is delivered by means of two items related to the perceived effort spent by internal media to inform employees about the company’s strategy. These items were rated on 5-point Likert scales. One sample item is “The internal media keep me adequately informed about our company’s core strategic issues”.

3. Evaluations of *cross-departmental* communication were measured with two items related to the usefulness and accessibility of information obtained from other departments in the organization. These items were rated on 5-point Likert scales. A sample item is “The information I receive from other product divisions tends to be useful”.

4. Following Smidts et al. (2001), we operationalized the adequacy of *corporate messaging* by seven items about the amount of information received on organization-specific strategic initiatives. Two sample items are: “[company] keeps me sufficiently informed about how to apply the [company] values in my work”, and “[company] keeps me sufficiently informed about [company’s] strategy to become a market driven organization”. These items were rated on 5-point Likert scales.

5. We measured the evaluation of information that employees receive regarding their *personal role (personal messaging)* by statements about the sufficiency of information received on three topics, like “I get enough feedback on how well I perform my tasks”. Again, agreement with each statement was rated on a 5-point Likert scale.
6. We measured *communication climate* by three items based on previous operationalizations of this construct (Falcione et al., 1987; Smidts et al., 2001; Trombetta & Rogers, 1988). The items represent the following dimensions: (1) trust and openness in communication, (2) participation in decision making (or to have a say in the organization), and (3) the feeling that one is being taken seriously by other members of the organization (supportiveness). These three aspects were rated on three 5-point Likert scales.

With formative scales, it is important to check for possible *multicollinearity* of the indicators. Because the indicators are independent variables together giving rise to the overall construct, rather than dependent variables caused by the construct, highly correlated items may cause some of the indicators to have insignificant weights (Diamantopoulos & Winklhofer, 2001). However, this does not seem to be a problem in our case. While several of the items were correlated quite highly with other items of the same dimension (up to .75), these correlations should not be problematic given our large sample size, the size of the model’s $R^2$, and the effect sizes (cf. Mason & Perreault, 1991).

Diamantopoulos & Winklhofer (2001) describe three procedures to establish the *external validity* of a measure with formative indicators. First, one can calculate the correlations of all indicators with a measure that summarizes the construct. In our case, this item was “How would you rate the overall quality of employee communication within [company]?” rated on a 5-point semantic differential scale anchored by “very bad” and “very good”. Items that do not correlate significantly with this measure should be considered for removal from the scale. The correlation analysis shows that for both organizations, all items in the different dimensions of the employee communication scale are correlated significantly and positively with the overall measure of employee communication quality.
The second procedure is to estimate a structural equations model which relates all items simultaneously to the overall measure. Again, items which are not related significantly can be considered for removal. When a model includes formative indicators, estimation procedures based on maximum likelihood, such as LISREL, are generally problematic to use (Diamantopoulos & Winklhofer, 2001). Therefore, we used partial least squares (PLS), which is a less restrictive approach. Particularly, we used PLS-GUI 2.0.1 (Li, 2005). Because some of the variables were measured on a binary (0/1) scale, whereas others were measured on 5-point Likert scales, the data were standardized before the analysis. Following the recommendations by Tenenhaus, Vinzi, Chatelin, & Lauro (2005), we determined the significance of the item weights by determining whether each of them had a positive sign, and the significance of the structural coefficients through ordinary least squares regressions in SPSS using the latent variables estimated by PLS-GUI. Because employee communication is a multi-dimensional construct, we estimated the model by relating each item to the dimension it belongs to in a formative way, and then estimating the effect of each dimension on the item measuring the overall evaluation (cf. Takane & Hwang, 2005). The results of this analysis show that for Organization 1, all items are significantly related to the dimension they belong to. The same was true for Organization 2, except for the binary item from the “management communication” dimension. In addition, for Organization 1, all of the dimensions significantly influence the overall measure, except for the personal messaging dimension. For Organization 2, all dimensions except cross-departmental communication have a significant effect. However, because these dimensions are essential parts of the formative measure of employee communication, we decided to keep them in the scale.

The third procedure to test external validity is to estimate the relationships of the individual items to other constructs which are theoretically expected to be related to it. The results of this
analysis will be discussed in the Analysis and Results section, as it coincides with testing our hypotheses. In sum, the employee communication scale we have developed has demonstrated adequate external validity in predicting overall attitudes toward employee communication. Indicator collinearity should not be a problem in the context of our study.

**Attitudes regarding strategic initiatives.** Various authors have developed scales that focus on measuring employee attitudes regarding their organization’s strategic issues. For example, Strahle et al. (1996) used employee ratings of the importance of objectives and behaviors, while Schneider et al. (1998) as well as Heskett, Sasser and Schlesinger (1997), used perceptions of whether the organization acts in accordance with its objectives regarding customer service. According to Piderit (2000), employee attitudes regarding strategic change can be conceptualized as consisting of a cognitive, affective, and conative dimension. In this study, we focus on the cognitive dimension, i.e., on attitudes based on beliefs. According to Fishbein and Ajzen (1975), attitude based on beliefs can be conceptualized as a function of both beliefs/perceptions and the importance people attach to these beliefs. Several researchers have operationalized attitudes regarding strategic initiatives (or related constructs) in this way. For example, Dukerich et al. (2002) measure the attractiveness of an organization’s perceived identity (which is conceptually close to attitude toward an organization’s strategic initiatives) as a multiplicative composite of beliefs and evaluations. Similarly, Chatman and her colleagues (Chatman, 1989; O'Reilly, Chatman, & Caldwell, 1991) operationalized Person-Organization Fit as a function of the values that characterize an organization and the desirability of those values. However, operationalizing attitudes regarding strategic objectives in this way is statistically problematic, as the correlations of the composite construct with other constructs depend strongly on the arbitrary choice of the scale for the beliefs and evaluations (Evans, 1991). Treating the
composite as a 2-way interaction between beliefs and evaluations solves the statistical problem (Evans, 1991), but unfortunately does not allow for a clear interpretation (French & Hankins, 2003). Therefore, we decided to operationalize attitude toward the company’s strategic objectives only by beliefs regarding the degree to which the objective is actually being implemented in the organization. We think that this approach is justified because research has suggested that people take into account the importance they attach to attributes of objects in their rating of the degree to which the attribute is present in an object (Sheth & Talarzyk, 1972). In addition, differences between the importance of different beliefs can also be taken into account by allowing each belief to have its own weight in predicting an outcome (Oliver, 1997; Sheth, 1973). We used a 5-point semantic differential scale labeled from “Does not act in accordance at all” (1) to “Acts strongly in accordance” (5). As these issues are related to a range of different domains, this measure also consists of formative indicators. We examined the significance of the weights of the items by looking at their sign. For Organization 2, all items had a significant weight, while for Organization 1, all items except one had a significant weight. Because all of the items are based on the strategic initiatives identified by the company, we decided to keep the insignificant item in the scale.

**Strategically aligned behavior.** Two items assessed the degree to which employee behavior was in alignment with the company’s strategy. These items dealt with the strategy in general, rather than with specific strategic objectives. One of these items is “Most members of my division take initiative to implement the [company] values in day-to-day work”. To avoid social desirability bias, we asked people to rate the extent to which “most members of their division” performed strategically aligned behaviors, rather than the extent to which they themselves performed these behaviors. Research has shown that this indirect questioning method
is a valid way to avoid social desirability bias (R. J. Fisher, 1993). Both items were rated on 5-point Likert scales.

**ANALYSES AND RESULTS**

To test our hypotheses, we estimated a PLS model which included the indirect and direct influences of the six employee communication dimensions on their hypothesized consequences. In order to test the hypothesized differences between the effects of the different dimensions, we followed the procedure outlined by Neter, Wasserman and Kutner (1990). To test the differences between the effects of the flow, content, and climate dimensions, we compared the coefficients of determination (adjusted R² values) of the respective models. We also included several control variables in the model, which are expected to influence attitudes regarding strategic initiatives and strategically aligned behavior. First, SBA is likely to differ between the different divisions of a company because of differences in workforce or policies. Second, previous research has shown that gender, organizational tenure, and age influence employee attitudes regarding the company they work for (Kreiner & Ashforth, 2004; Mathieu & Zajac, 1990). Finally, Kreiner and Ashforth (2004) have shown that employee attitudes are influenced by a person’s job position: managers tend to identify more strongly than non-managers. Therefore, we included division, gender, organizational tenure, age, and manager (vs. non-manager) as control variables in the model.

Power analysis suggested that, given the sample size and number of parameters in our model, the coefficients should be evaluated at the relatively conservative alpha level of .01, rather than .05 (see Green, 1991). Otherwise, trivially small coefficients could become significant.

Descriptive statistics of the composite scales used in our study, as well as their correlations, are shown in Tables 1 and 2. We can see that for both organizations, all employee communication dimensions have substantial correlations with employee attitudes toward
strategic issues and with strategically aligned behavior. Of the control variables, only the variable indicating whether a person is a manager has substantial correlations with any of the other variables. Particularly, managers rate the communication climate in their company significantly more favorable than other employees.

The results of the models are shown in Table 3. Comparing the models for flow, content, and climate, we see that the coefficients of determination of the three models generally do not differ substantially from each other. The results of the models testing the influence of the different dimensions of information flow show that management communication, internal media, and cross-departmental communication all significantly influence attitudes regarding strategic issues. Consistent with our expectation (H1b), management communication has a significantly stronger influence than internal media and cross-departmental communication. Of the dimensions of information content, for Organization 1, only corporate messaging significantly influences attitudes toward strategic issues. For Organization 2, personal messaging also has a significant effect. Perhaps this has to do with the higher percentage of lower-level employees in the sample of Organization 2. We will elaborate on this contention below. However, for both organizations the effect of corporate messaging is significantly larger than that of personal communication. This finding is consistent with our expectation (H1c). Finally, communication climate also significantly affects attitudes regarding strategic initiatives in both organizations.
When looking at the direct effects of the employee communication dimensions on strategically aligned behavior, we can see that for Organization 1, the model for communication content has substantially more explanatory power than the models for flow and climate. For Organization 2, on the other hand, all three of the models had about the same explanatory power. We expected that management communication, cross-departmental communication, corporate messaging, and communication climate would especially have direct effects on strategically aligned behavior (H2a through c). As expected, of the flow dimensions, cross-departmental communication, but not internal media, has a significant direct effect on behavior regarding strategic issues. Management communication also has a significant direct effect, but only for Organization 1. For Organization 1, but not for Organization 2, the effect of management communication and cross-departmental communication is significantly larger than that of internal media. In addition, communication content related to strategic issues has a significantly stronger direct effect on strategically aligned behavior than personal messaging. Finally, communication climate has a significant direct effect on behavior with respect to the strategic initiatives.

Overall, the results of the model support our hypotheses regarding the differential influence of the six dimensions of employee communication. Of the flow dimensions, management communication has the strongest influence on supportive attitudes regarding strategic issues. Of the content dimensions, corporate messaging has the strongest influence. We also see that the effect of communication climate on supportive attitudes is about as strong as that of communication flow and content. Regarding strategically aligned behavior, we see that for Organization 1, management communication had a stronger direct effect on strategically aligned behavior than communication through the internal media. However, this was not the case
for Organization 2. As expected, for both organizations corporate messaging has a stronger direct influence on strategically aligned behavior than personal messaging.

The influence of the different dimensions of employee communication was also reflected in the suggestions for improvement that were given by respondents. For example, when asked how employee communication could be improved, some employees (both of Organization 1 and Organization 2) indicated that they would like to have more information on what the company’s strategy means for them in their daily activities. In addition, some employees said they would value a climate of openness in which they have the feeling that their opinions and feedback are valued. For example, particularly in Organization 2, employees indicated that they would like to see more of an “open door” policy among managers, so that they would be able to talk to senior managers when they feel a need to do so. In both organizations, employees also suggested that management should communicate important decisions faster, before the information starts circulating through the “grapevine”.

The differences between the two organizations in the roles of the different types of employee communication can perhaps be explained by differences in the characteristics of their workforce. Because of differences in the way respondents were sampled (through email versus regular mail), most of the respondents from Organization 1 were professionals, while the majority of respondents from Organization 2 were operating personnel. It seems likely that professionals have a strong demand to know about the company’s strategic objectives. By contrast, employees with a relatively lower degree of responsibility perhaps have less need to know all the ins and outs regarding the strategic objectives, but a stronger need to know how these objectives translate to their day-to-day work. Therefore, information about employees’ personal roles (i.e., personal messaging) is likely to be more influential for lower-level
employees than for higher-level employees, while the reverse can be expected with respect to information about strategic initiatives. We tested the validity of this explanation by splitting both samples into higher and lower level employees, based on the descriptions of their job position that the respondents provided. We then estimated the model for each of these groups, and tested the significance of the difference between the coefficients in each of the groups through the method suggested by Chin (2000). The results of this analysis show that in Organization 1, the direct effect of corporate messaging on strategically aligned behavior is significantly larger for higher-level employees than for lower-level employees ($t = -3.39, p = .00$). In fact, for higher-level employees, the effect of corporate messaging is medium to large ($b = .41, p = .00$), while for lower-level employees, the effect is still significant but small to medium ($b = .20, p = .03$).

Similarly, for Organization 2, the direct effect of management communication on strategically aligned behavior is significantly larger for higher-level employees than for lower-level employees ($t = -1.82, p = .07$). For higher-level employees, the effect is medium-sized and significant ($b = .30, p = .00$), while for lower-level employees the effect is also significant but small ($b = .19, p = .02$). Finally, the effect of personal messaging is larger for lower-level employees than for higher-level employees in both organizations. However, this difference is not significant for either of them (for Organization 1, $b = .09$ versus $.07, t = 0.14$; for Organization 2, $b = .26$ versus $.17, t = 1.41$). In spite of this, and although the pattern of results was not the same for the two organizations, taken together the differences between lower- and higher-level employees do run parallel to the differences between Organizations 1 and 2. This suggests that the level of person’s job position determines which dimensions of employee communication are most important in stimulating the degree to which he or she is willing to support the organization’s strategy.
DISCUSSION

Stimulating the alignment between employees and a company’s strategic initiatives has become increasingly important in recent years. One way to facilitate alignment is through high-quality employee communication. This study shows that when employees perceive the flow (i.e., who communicates how much information), content (i.e., what is communicated), and climate (i.e., how it is communicated) of employee communication as adequate, they will be more likely to have favorable attitudes toward the company’s strategic initiatives. This in turn may result in a higher degree of willingness to behave in accordance with the organization’s initiatives.

This study contributes to the existing literature on strategic business alignment and employee communication by demonstrating the link between different dimensions of employee communication and strategic business alignment. In this study, we operationalized strategic business alignment by two constructs, namely (1) attitudes regarding strategic objectives and (2) strategically aligned behavior. The results of our study show that for two different organizations, the amount of communication from management, the amount of communication content related to strategic issues, and the climate of communication in particular had a strong influence on employee attitudes and behaviors regarding the company’s strategic initiatives. Communication efforts from line management are more important for determining favorable attitudes regarding strategic initiatives than communication efforts from the internal media. This finding is consistent with Larkin and Larkin’s (1996) proposition that communication about a major change should be done by work floor supervisors rather than by top executives and internal media. The flow of communication between departments also influences attitudes regarding strategic issues, but again its influence is less important than that of management communication. In addition, communication content related to the organization as a whole (corporate messaging)
is more important for alignment than communication content related to employees’ personal roles. Finally, in both organizations communication climate also had a strong influence on attitudes toward strategic issues, and on strategically aligned behavior. Surprisingly, communication related to the employee’s personal role did not significantly influence any of the variables in Organization 1, while it did have an influence in Organization 2. An analysis of the differences between higher- and lower-level employees within each organization suggested that this is because higher-level employees, who were over-represented in Organization 1, attach relatively less importance to personal messaging compared to other dimensions.

The presence of direct effects of the dimensions of employee communication on strategically aligned actions is consistent with Kim and Mauborge’s (1993) reasoning regarding communication climate. In particular, management communication, corporate messaging, and communication climate can affect employee behaviors with respect to strategic initiatives, without necessarily affecting attitudes toward these behaviors. The reason may be that these dimensions either make the strategic initiatives more salient (cf. Dutton et al., 1994; Krugman, 1967) or directly reward behaving in accordance with them (cf. Breckler, 1984).

**Managerial implications**

This article provides managers with guidelines regarding which aspects of employee communication they should focus on in order to facilitate strategic business alignment. Particularly, management communication, communication content related to strategic issues, and the communication climate within the organization are the dimensions that seem to have the largest influence on employee attitudes regarding strategic initiatives, and on the degree to which employees perform behaviors that are consistent with the strategy. This implies, for example, that when there would be a lack of employee support for the company’s strategic objectives in a
certain organization, a company could improve this situation by stimulating line managers to communicate more to employees, and specifically providing them with more information on the objectives. Thus, the results of our study suggest specific guidelines regarding the day-to-day management of employee communication.

**Limitations and directions for future research**

Some aspects of our study may pose limitations on the conclusions that can be drawn from it. Particularly, the sampling methods we used differed between the two organizations (email versus regular mail). This produced an over-representation of higher-level employees in the first organization. The differences in the results between the two organizations were to some degree parallel to the differences between higher- and lower-level employees, so that we have some indication of the effect of the use of different sampling methods. Nevertheless, it makes a comparison between the organizations more difficult.

In addition, we tested our hypotheses for two specific organizations. We can expect that the roles of different dimensions of employee communication may vary across different types of organizations. Particularly, the roles of different types of employee communication may depend on the environment in which a company operates. For example, in organizations operating in highly turbulent environments, corporate messaging may be more important than personal messaging, whereas the reverse may hold for organizations operating in environments with a low degree of turbulence. Similarly, for highly centralized organizations, management communication may be especially important, while for decentralized organizations, cross-departmental communication may be more important. However, more research is needed for insight in this matter.
Despite these limitations, we think this study has offered important insights into the way in which companies can enhance strategic business alignment, by showing that management communication, communication content related to strategic issues, and communication climate especially are essential in creating alignment.
FIGURE 1

Research Model

Flow

Management communication  Internal media  Cross-departmental communication

Content

Personal messaging  Corporate messaging  Communication climate

Attitudes toward strategic initiatives  Strategically aligned behavior
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### TABLE 3

Results of the Models including Direct Effects, for Organizations 1 and 2

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<th>Relationship</th>
<th>Organization 1</th>
<th>Organization 2</th>
<th>Organization 1</th>
<th>Organization 2</th>
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<td>Flow</td>
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<td>10.43 **</td>
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<td>2.70 **</td>
<td>.10</td>
<td>2.89 **</td>
</tr>
</tbody>
</table>

| R² for Attitudes toward strategic initiatives | .35 | .41 |
| R² for Strategically aligned behavior | .38 | .17 |

| **Model 2:** |    |     |    |     |
| Content      |    |     |    |     |
| Personal messaging → Attitude toward strategic initiatives | .08 | 2.22 | .24 | 7.98 ** |
| Corporate messaging → Attitude toward strategic initiatives | .44 | 13.12 ** | .46 | 15.00 ** |
| Personal messaging → Strategically aligned behavior | .00 | -.47 | .04 | .92 |
| Corporate messaging → Strategically aligned behavior | .40 | 13.10 ** | .12 | 2.94 ** |

| R² for Attitudes toward strategic initiatives | .25 | .41 |
| R² for Strategically aligned behavior | .43 | .17 |

| **Model 3:** |    |     |    |     |
| Climate      |    |     |    |     |
| Climate → Attitude toward strategic initiatives | .47 | 18.07 ** | .61 | 24.29 ** |
| Climate → Strategically aligned behavior | .21 | 7.57 ** | .16 | 4.31 ** |

| R² Attitudes toward strategic initiatives | .34 | .39 |
| R² for Strategically aligned behavior | .38 | .17 |

** Significant at the 99% level (two-sided)
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