

# Internal corporate communication on strategy and employee commitment

International Business Communication  
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Michèle Fenech  
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**Aalto University**  
**School of Business**

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## **Internal corporate communication on strategy and employee commitment**

### **Objectives of the study**

This Master's thesis had three objectives. The first objective was to examine the employees' needs and preferences of the case company's internal communication channels, specifically *internal corporate communication channels* that convey the company's corporate strategy. The second was to investigate success of the internal strategy (corporate) communication by analysing the employees' perception of their strategy knowledge. The third was to research the relation between internal strategy (corporate) communication (ISCC) and employee commitment.

### **Methodology and theoretical framework**

The research method was a single-case study and the data was collected using a background study, semi-structured interviews and a survey. The qualitative data was analysed and emerging patterns were identified, whereas the quantitative data was statistically analysed using the R programming environment. The theoretical framework presents how internal corporate communication conveys corporate strategy messages via rich and lean media, how the channel attributes affect employee preference and choice, and how the communication and interpretation of the strategy eventually result in commitment.

### **Findings and conclusions of the study**

In the case company, top-down and primarily one-way internal corporate communication conveying strategy (ISCC) met the employees' needs better than lateral and two-way internal strategy communication. The needs were recognised to include gaining strategy knowledge, gaining ability to use the knowledge, and reducing equivocality and uncertainty. Apart from the needs, the employees' communication channel preferences and satisfaction seemed to be affected more with the channel accessibility and information quality attributes than with the richness of the channel. Internal strategy (corporate) communication (ISCC) was successful because the employees perceived to have corporate strategy knowledge. This strategy knowledge had a strong relationship with employee commitment, especially affective commitment. The main implication of this study was the recommendation that companies invest resources in internal strategy corporate communication (ISCC), because it was preferred by the employees at the case company, it corresponded to their needs and it contributed to their affective commitment.

**Key words:** international business communication, internal communication, internal corporate communication, strategy communication, communication channels, communication channel attributes, media richness, corporate strategy, employee commitment

## **Sisäinen strategiaviestintä ja työntekijöiden sitoutuminen**

### **Tutkimuksen tavoitteet**

Tällä pro gradu -tutkielmalla oli kolme tavoitetta. Ensimmäinen tavoite oli tutkia työntekijöiden tarpeita ja näkemyksiä sisäisen viestinnän välineistä eritoten sellaisista sisäisen yritysviestinnän välineistä, jotka välittävät yrityksen strategiaa. Toinen tavoite oli selvittää sisäisen strategiaviestinnän (ISCC) onnistuminen analysoimalla työntekijöiden näkemys heidän strategiatiedostaan. Kolmas tavoite oli tutkia sisäisen strategiaviestinnän (ISCC) ja työntekijöiden sitoutumisen välistä suhdetta.

### **Tutkimusmenetelmät ja teoreettinen viitekehys**

Tutkimusmetodi on tapaustutkimus, ja aineisto kerättiin taustaselvityksellä, haastatteluilla ja kyselyllä. Kvalitatiivinen aineisto analysoitiin ja kategorisoitiin, kun taas kvantitatiivinen aineisto analysoitiin tilastollisesti R-ohjelmistoympäristöllä. Tutkielman teoreettinen viitekehys näyttää kuinka sisäinen yritysviestintä viestii strategiaa joko rikkaan tai niukan median kautta työntekijöille, kuinka välineiden ominaisuudet vaikuttavat työntekijöiden mieltymyksiin ja valintaan, ja kuinka viestintä ja strategian tulkitseminen lopulta johtavat työntekijöiden sitoutumiseen.

### **Tutkimuksen tulokset ja johtopäätökset**

Tapausyrityksen työntekijät pitivät parhaana vertikaalista ja enimmäkseen yksi-suuntaista sisäistä yritysviestintää, joka välitti strategiaa (ISCC). Se täytti heidän tarpeensa paremmin kuin horisontaalinen ja kaksi-suuntainen sisäinen strategiaviestintä. Tarpeiksi tunnistettiin strategiatiedon saaminen, strategiatiedon käyttäminen, ja moniselitteisyyden ja epävarmuuden vähentäminen. Työntekijöiden viestintävälineiden preferenssiin ja tyytyväisyyteen näytti vaikuttavan enemmän välineiden käytettävyys ja tiedon laatu kuin välineiden rikkaus. Sisäinen strategiaviestintä (ISCC) on onnistunut siinä että työntekijät kokevat, että he tietävät yrityksen strategian. Tällä strategiatiedolla on vahva suhde työntekijöiden sitoutumiseen, eritoten affektiiviseen sitoutumiseen. Tämän tutkimuksen johtopäätöksiin kuuluu, että yritysten pitäisi investoida resursseja sisäiseen strategiaviestintään (ISCC), sillä se on työntekijöiden suosima, se vastaa heidän tarpeisiinsa ja se vaikuttaa heidän affektiiviseen sitoutumiseensa.

**Avainsanat:** kansainvälinen yritysviestintä, sisäinen viestintä, sisäinen yritysviestintä, strategiaviestintä, viestinnän välineet, viestinnän välineiden ominaisuudet, media rikkaus, yritys strategia, työntekijän sitoutuminen

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# Chapter 1

## Introduction

In recent years, there has been a growing interest in internal communication in corporate communication research (Vercic, Vercic & Sriramesh, 2012). Internal communication can be described as any “communication with employees internally within the organization” (Cornelissen, 2011, p. 164). Not only does internal communication enable companies to have information and knowledge sharing between employees (D. Tourish & Hargie, 2004a) but it also satisfies and commits them (D. Tourish & Hargie, 2000), and gives them a voice to speak up (Morrison & Milliken, 2000). Internal communication is important, because it affects the bottom line of a company (Yates, 2006) and, quite simply, is a contributing factor to success (Argenti & Forman, 2002; D. Tourish & Hargie, 2004d).

According to Welch and Jackson (2007), one of the recent internal communication theories is based on a stakeholder approach, where internal communication is divided into four interrelated dimensions according to identified stakeholder groups: internal line manager communication, internal team peer communication, internal project peer communication and internal corporate communication. In their new approach to internal communication, Welch and Jackson (2007) concentrate on the fourth dimension, namely internal corporate communication. It is defined as

“communication between an organisation’s strategic managers and its in-

ternal stakeholders, designed to promote commitment to the organisation, a sense of belonging to it, awareness of its changing environment and understanding of its evolving aims.”

*(Welch & Jackson, 2007, p. 193)*

The role of internal corporate communication is to convey corporate issues such as goals and objectives (Welch & Jackson, 2007). The internal corporate communication channels are mainly one-way channels, such as newsletters and the intranet. The aim of internal corporate communication is to reach four goals, which are belonging, commitment, awareness and understanding of the business environment.

Welch and Jackson (2007) address specifically the formal and managed internal communication as opposed to the informal internal communication. Informal internal communication, also known as “grapevine”, includes the constant chat between people at work. The formal internal communication includes the managed company/work related communication.

The new stakeholder approach to internal communication is important, because according to Welch and Jackson (2007), it broadens the previous approaches, which only looked at the employees as a single audience. The four internal communication dimensions give managers a tool to strategically communicate to different stakeholder groups within the company as well as to all employees at once.

One of the corporate issues that internal communication conveys is strategy. Strategy has a multitude of definitions. Chandler (1962) created the basics for today’s typical strategy definition (Mintzberg, 1978; Mustonen, 2009), which is:

“the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”

*(Chandler, 1962, p. 13)*

Corporate strategy is important, because it aids the company to reach its long-term object-

ives and, therefore, affects the company's long-term wealth (Al-Ghamdi, Roy & Ahmed, 2007). After the corporate strategy has been formulated, it needs to be implemented, hence communicated, to the employees. The better the employees understand, accept and embrace the corporate strategy, the more successful the strategy communication is (Aaltonen & Ikävalko, 2002). Understanding the strategy objectives and the significance of everyone's contribution has an effect on the commitment and work motivation of the employees (Hämäläinen & Maula, 2004).

In spite of the wealth of research into strategy and strategy communication, there has been a call for more research on internal communication for more than a decade. For example, Argenti (1996, p. 94) points out that "no other corporate communication sub-function offers more of an opportunity for genuinely sought after research than employee [= internal] communication". Even today, internal communication still calls for more research (Vercic et al., 2012; Welch & Jackson, 2007). Welch and Jackson (2007, p. 194) call for further research on "internal stakeholders' [employees] needs and preferences for communication content and media" to improve internal corporate communication. Since the internal corporate communication concept is new, there has been little if any research in a corporate strategy context. Furthermore, internal corporate communication and its ability to contribute to the four goals, namely belonging, commitment, awareness and understanding of the business environment, hasn't been studied much either.

## **1.1 Research objectives and questions**

This Master's thesis has three purposes. The first purpose is to examine the employees' needs and preferences of the company's internal communication (IC) channels, specifically *internal corporate communication (ICC) channels* that convey the company's corporate strategy. The second is to investigate the successfulness of the internal strategy communication (ISC), specifically *internal strategy corporate communication (ISCC)*, regarding the employees' perception of their strategy knowledge. The third is to research the relation between internal strategy communication (ISC), focusing on *internal strategy corporate communication (ISCC)*, and the employee's commitment. The terminology

used in this study is described in Section 1.2.

Even though this study focuses primarily on the internal corporate communication (ICC) dimension, the other three internal communication dimensions, namely internal line manager communication, internal team peer communication and internal project peer communication, as well as the informal communication (non-ICC), are also taken into account in this study. This is because the other three dimensions are interrelated with the ICC dimension (Welch & Jackson, 2007); and, because informal communication adds an often used channel. This study looks both at the general internal strategy communication (ISC), which includes all four formal internal communication dimensions and informal internal communication, and at Welch and Jackson's (2007) more specific internal corporate communication conveying strategy (ISCC). Hereinafter, the general internal strategy communication (ISC) with the focus on internal strategy corporate communication (ISCC) is referred to as 'internal strategy (corporate) communication'.

Since, this study requires in-depth knowledge about a company's internal strategy communication (ISC), it was deemed best to focus only on one company instead of looking at multiple companies. Also, since internal strategy communication (ISC) is confidential, the case company prefers to stay anonymous. The chosen case company for this study is a Finnish daughter company of an international corporation. The daughter company is spread around Finland and has circa 350 employees. More information on the case company and the single case study method is presented in Section 3.1.3.

The purpose of this study is transformed into one main and five sub research questions. All of these research questions relate to the case company. The questions are as follows:

Main research question:

How does internal strategy communication, specifically internal strategy corporate communication, meet the employees' needs and relate to employee commitment?

Sub research questions:

1. What are the employees' internal strategy (corporate) communication channel preferences?
2. How do the channels meet the employees' needs?
3. How much knowledge do the employees perceive to have regarding the corporate strategy gained through internal strategy (corporate) communication?
4. How committed are the employees?
5. What is the relation between their commitment and strategy knowledge gained through internal strategy (corporate) communication?

The main research question studies how internal (corporate) communication conveying the corporate strategy meets the needs of the employees. Also, it studies whether the communication relates to the employees' commitment towards the company. The five sub research questions are studying this main research problem more thoroughly.

The first and second sub research questions aim to identify what the employees' internal strategy (corporate) communication channel preferences are and how the channels meet the employees' needs. Internal communication media include different kinds of communication channels. On the one hand, it includes two-way internal communication channels such as performance appraisals, and on the other hand, it includes one-way internal corporate communication channels, such as newsletters and the intranet. The channel related needs will be identified from the literature. The emphasis in the first and second sub questions is on the employees' viewpoint on the channels and their characteristics.

The third sub research question studies how much knowledge the employees perceive to have regarding the corporate strategy. It is assumed that strategy knowledge is gained and understood via several different ways, one of them being internal strategy (corporate) communication. The needs of the employees for internal strategy (corporate) communication are to receive the message, understand it, and gain the required strategy knowledge. The employees' level of strategy knowledge and their ability to use this knowledge in their everyday work will help to determine whether the internal strategy (corporate) communication is effective and successful.

The fourth and fifth sub research questions investigate the commitment level of the case

company employees, and the relation between their commitment and their strategy knowledge. As has been discussed earlier, ICC leads to four goals, which are commitment, belonging, awareness and understanding of the business environment. Due to the scope restrictions in this study, only the commitment goal is researched. The organisational commitment theory will be used to analyse how committed the employees are to the company. The gained strategy knowledge will be seen as a result of internal strategy (corporate) communication. Therefore, the employees' strategy knowledge acts as a middleman in determining the relation between internal strategy corporate communication and the employees' commitment.

This Master's thesis is well positioned in the research field of International Business Communication, because this study is set in an international business setting researching communication. The Finnish case company is a subsidiary of a multinational company, with subsidiaries all over the world. There is close co-operation between the parent and subsidiary companies, providing an international setting for the business. This study explores internal strategy (corporate) communication in the field of business. The specific interest is in the case company's corporate strategy, how this company communicates the strategy to its employees, how the employees perceive the communication and whether the communication relates to their organisational commitment.

## **1.2 Terminology of this study**

Since the 'internal communication', 'internal corporate communication' and 'internal strategy corporate communication' related concepts and terminology used in this study are very similar to each other, there is the potential for misunderstandings. In order to increase clarity of this study, a summary of the key terminology is provided. The terminology, the abbreviations and their descriptions are presented in Table 1.

As can be seen in Table 1, the key terminology used in this study consists of variations about 'internal communication' and 'strategy'. In each chapter, the first time a term is mentioned, it is spelled out entirely with the abbreviation in brackets as a reminder. After

Table 1: Important terminology of this study

Terminology	Abbr.	Description
Internal communication	IC	Overall internal communication happening in a company. Could be both one-way or two-way communication. Includes all four formal internal communication dimensions and informal communication
Formal	ICC	Predominantly one-way communication between an organisation's strategic managers and its employees on corporate issues
		Other internal communication that is not ICC. It includes most two-way communication, formal and informal, on work related issues between all the employees (line manager to subordinate, employee to employee, project peer to project peer, team peer to team peer) of the company
		Internal line manager communication
		Internal project peer communication
Informal	non-ICC	Internal team peer communication
		Small talk, corridor chats
Internal strategy communication	ISC	Internal communication conveying strategy information in a company. Could be both one-way or two-way communication. Includes all four formal internal communication dimensions and informal communication
Formal	ISCC	Predominantly one-way communication on precisely the corporate strategy conveyed from the strategic managers to all the employees more or less simultaneously
		Internal strategy corporate communication
		Internal strategy line manager communication
		Internal strategy project peer communication
Informal	non-ISCC	Internal strategy team peer communication
		Strategy small talk, corridor chats
Other internal communication on strategy that is not ISCC. It includes most two-way communication, formal or informal, on strategy between all the employees of the company		



that the abbreviation is usually used. However, in selected places, like Section 2.1 on internal communication, the term ‘internal communication’ is spelled out instead of using the abbreviation IC in order to make the difference towards ICC more prominent.

### **1.3 Structure of the thesis**

The four main sections in this Master’s thesis are the literature review, the methodology, the findings and discussion, and the conclusions. The literature review presents the most relevant literature for this study, including literature on internal communication, strategy, internal communication channels and commitment. The final section of the literature review explains the theoretical framework of this study. The methodology chapter presents the research design, methods and data, and reliability of the study. The findings and discussion chapter explains findings on the internal strategy (corporate) communication channels, employee preferences and need fulfilment, employees’ perception of their strategy knowledge, and employees’ overall organisational commitment and its relation to the gained strategy knowledge. All of the findings are discussed throughout this chapter. Finally, the conclusion chapter reviews the research summary, explains the practical implications of this research, presents the limitations of the study, and proposes suggestions for further research.

# Chapter 2

## Review of Literature

This chapter will review literature that is relevant to this Master's thesis. All of the sections in this chapter first review more general literature on the topic at hand and then dive into the more specific theory or model that is of relevance to this study. The first section presents research related to internal communication in general and, more specifically, to the internal communication matrix and the internal corporate communication (ICC) concept. The second section addresses the formulation and implementation of strategy. The third section highlights communication channels, in general, and then more specifically focuses on the media richness theory and communication channel attributes. The fourth section elaborates on commitment, organisational commitment and the three-component model of commitment. The last section presents the theoretical framework of this study.

### 2.1 Internal communication

The word communication is based on the Latin words “communis” and “communicare” (Wiio, 1977). “Communis” means sharing in common and “communicare” means to make common, hence communication is something that is being done together (Wiio,

1977). Wiio (1970) defines communication simply as the exchange of information between the sender and the receiver. One of the earliest ways to describe communication is the Shannon-Weaver model of communication, which includes more elements than just the sender and the receiver (Shannon & Weaver, 1949). This model is presented in Figure 1.

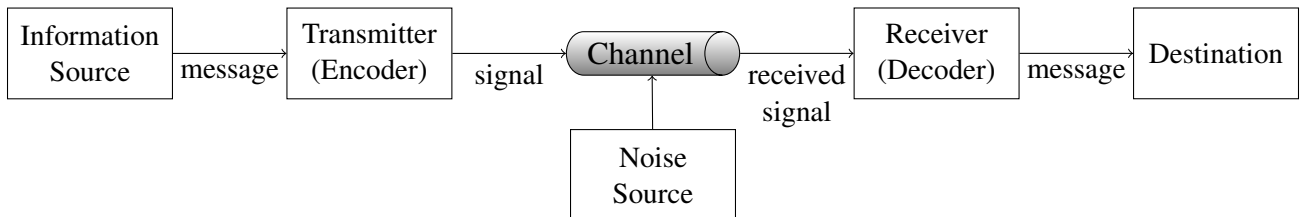


Figure 1: The Shannon-Weaver model of communication (Shannon & Weaver, 1949)

In Figure 1 the sender encodes a message, transmits it via a channel to the receiver who decodes the message. Along the way there is noise, which refers to any disturbance that could affect the reception of the message (Shannon & Weaver, 1949). What makes this communication successful, according to Al-Ghamdi et al. (2007), is that the information transferred from the sender to the receiver is understood by the receiver. For a long time now, it has been recognised that the Shannon-Weaver model of communication is outdated because it cannot fully grasp the complex process of human communication, nevertheless, it is one of the best known models (Bowman & Targowski, 1987).

It is important to note that communication can be both internal and external (Cornelissen, 2011). Traditionally it was easy to distinguish between the internal communication between the employees in a company and the external communication to, for instance, customers. Nowadays, however, with the arrival of technology and new communication tools (e-mail, intranet, videos, online newsletters) the borders between internal and external communication have become fuzzy (Cornelissen, 2011). For the purpose of this study, it is assumed that internal communication can exist as its own concept separate from external communication. This study will only focus on the internal aspects of communication.

Internal communication is important because it helps to share information and know-

ledge with everyone at the company (D. Tourish & Hargie, 2004a). It informs (Smith, 2008), satisfies and commits the employees (D. Tourish & Hargie, 2000), as well as, engages them (Kress, 2005) and gives them a voice to speak up (Morrison & Milliken, 2000). Especially in today's rapidly changing business world, with all the downsizing, outsourcing and restructuring, internal communication is important (Vercic et al., 2012). It has emerged as a critical function, because organisational leaders need better management skills in regards to employees (Vercic et al., 2012). Welch and Jackson (2007) argue that internal communication, specifically ICC, explained in Subsection 2.1.2, leads to commitment, and commitment leads to better performance (Meyer & Allen, 1991) and, therefore, internal communication is crucial for business success. It is the key to good management (Jay, 2005) and it produces better results (Smith, 2008). Internal communication affects the bottom line of a company, by decreasing employee turnover and increasing market premiums, shareholder returns and employee engagement (Yates, 2006), therefore, leading to success (Argenti & Forman, 2002; D. Tourish & Hargie, 2004d). The growing importance of internal communication is visible in many initiatives, for instance, the setting up of the Institute of internal communication in the UK, with the aim of understanding and studying the field (Vercic et al., 2012).

Already in the 6th century St. Benedict said: "Smaller organisational decisions should be taken by senior individuals, but large ones should be decided as a group. Everyone's voice must be heard to avoid murmurs and back-biting" (Smith, 2008, p. 10), which indicates that internal communication has existed for a long time and it is not only a phenomenon of today's business world (Smith, 2008). Although the actual practice of internal communication has probably existed for quite some time, the concept itself is relatively new, having started in the US and spread from there to Europe (Vercic et al., 2012) in the 20<sup>th</sup> century (Clutterbuck, 1997; Smith, 2008). Even though internal communication has been studied directly or indirectly by many researchers such as Argenti (1996); J. Grunig and Hunt (1984); Jefkins (1988); Kalla (2005); Quirke (2000); Smith (2008); Stone (1995); D. Tourish and Hargie (2004b); Wiio (1970); Wright (1995); Yates (2006), there has been a considerable gap in the academic research and understanding of internal communication (Welch & Jackson, 2007). This is highlighted with the following quote.

"no other corporate communication subfunction offers more of an opportunity for genuinely sought after research than employee [= internal] communic-

ation”

*(Argenti, 1996, p. 94)*

It is difficult to define internal communication because it has several, often interchangeably used, synonyms such as change management (Smith, 2008), employee communication (Argenti, 1996; Smidts, Pruyn & Van Riel, 2001), employee relations (Argenti, 1996; J. Grunig & Hunt, 1984; Quirke, 2000), integrated internal communications (Kalla, 2005), internal public relations (Jenkins, 1988; Wright, 1995), internal relations (J. Grunig & Hunt, 1984), industrial relations (Smith, 2008), reputation management (Smith, 2008), staff communication (Stone, 1995), staff communications (D. Tourish & Hargie, 2004b) and transformation (Smith, 2008). These synonyms add to the complexity of defining internal communication. The term internal communication has been chosen for this study due to the interest in Welch and Jackson’s (2007) ICC concept; for details see Subsection 2.1.2. In addition, the term internal communication is preferred by corporate communication theorists such as Van Riel (1995) and J. Foreman and Argenti (2005).

There have been very few useful and appropriate definitions of internal communication. Definitions have either been very simple, for example “communication with employees internally within the organization” (Cornelissen, 2011, p. 164), or describing something else entirely. For example, a very widely used definition of internal communication is that of Frank and Brownell (1989), which more accurately seems to be a definition of organisational communication instead of internal communication (Welch & Jackson, 2007).

“the communications transactions between individuals and/or groups at various levels and in different areas of specialisation that are intended to design and redesign organisations, to implement designs, and to co-ordinate day-to-day activities”

*(Frank & Brownell, 1989, p. 5-6)*

Appropriately, Welch and Jackson (2007) addressed this gap in the academic research and understanding of internal communication and redefined internal communication. Welch and Jackson’s (2007) definition is adopted for this study, because of the interest in ICC

specifically. The definition is presented below.

“the strategic management of interactions and relationships between stakeholders within organisations across a number of interrelated dimensions including, internal line manager communication, internal team peer communication, internal project peer communication and internal corporate communication”

*(Welch & Jackson, 2007, p. 184)*

This section continues by explaining Welch and Jackson’s (2007) internal communication matrix with its four formal internal communication dimensions in Subsection 2.1.1. Then, Subsection 2.1.2 defines the internal corporate communication concept and its four goals (Welch & Jackson, 2007).

### **2.1.1 Internal communication matrix**

The internal communication matrix created by Welch and Jackson (2007) consists of four formal internal communication dimensions, which are the earlier mentioned internal corporate communication (ICC), internal line manager communication, internal team peer communication and internal project peer communication. The internal communication matrix helps to separate the ICC dimension from the other internal communication dimensions.

Welch and Jackson (2007) take a stakeholder approach to internal communication. This is done in order to address the criticism and recent calls for research. L’Etang (2005, p. 522) criticises that “employees are too often treated as a single public” with respect to internal communication in a company. In addition, Forman and Argenti (2005) call for more research on employees as the target audience of internal communication. Welch and Jackson (2007) address these issues by differentiating stakeholder groups at the company, while at the same time still focusing on communication that reaches all the employees. Hence, Welch and Jackson (2007) take a stakeholder approach to internal communication.

According to Freeman (1984, p. 25), a stakeholder is: “any group or individual who can affect or is affected by the achievement of the firm’s objectives”.

Stakeholder theory, together with internal communication, add to the identification of participants that form stakeholder groups at different organisational levels: all employees, strategic management, day-to-day management, work teams and project teams (Welch & Jackson, 2007). This implies the earlier mentioned four interrelated dimensions of internal communication (Welch & Jackson, 2007). These four internal communication dimensions in a management context form the internal communication matrix, which is visible in Table 2.

Table 2: Internal Communication Matrix (Welch & Jackson, 2007)

Dimension	Level	Direction	Participants	Content
1. Internal line management communication	Line managers/ supervisors	Predominantly two-way	Line managers-employees	Employees’ roles Personal impact, e.g. appraisal discussions, team briefings
2. Internal team peer communication	Team colleagues	Two-way	Employee-employee	Team information, e.g. team task discussions
3. Internal project peer communication	Project group colleagues	Two-way	Employee-employee	Project information, e.g. project issues
4. Internal corporate communication	Strategic managers/ top management	Predominantly one-way	Strategic managers-all employees	Organisational/ corporate issues, e.g. goals, objectives, new developments, activities and achievements

As Table 2 shows, the four dimensions of internal communication are followed by the organisational level, the direction, participants and content of the internal communication, respectively. The level, direction, participants and content of the internal communication differ according to the internal stakeholder group in question.

The first dimension, internal line manager communication, is between the line managers and the employees of a company at the line manager/supervisor level. This communication is mainly two-way, between superior and subordinate with the content being, for instance, about employee roles (Welch & Jackson, 2007). The second dimension, internal team peer communication, is two-way communication between team members, employee to employee, with the content being team information (Welch & Jackson, 2007). The third dimension, internal project peer communication, is two-way communication between project peers, employee to employee, with the content being project informa-

tion. The difference here between a team and a project is that teams are work teams in departments and divisions while projects have a wider scope with dispersed teams (Welch & Jackson, 2007). The fourth dimension, ICC, is strategic one way communication from the strategic managers/top management of the company to all employees. This communication deals with corporate issues such as goals, objectives and achievements (Welch & Jackson, 2007). Internal line, team peer and project peer communication have been considerably researched by J. Grunig et al. (1992). Therefore, the focus of this study will be on ICC, which has been largely ignored to date.

### **2.1.2 Internal corporate communication**

The internal corporate communication (ICC) concept developed by Welch and Jackson (2007) is communication between the strategic top of the company and the rest of the company. It focuses on all the employees and, therefore, fills an existing void in research (Forman & Argenti, 2005). Internal corporate communication is predominantly one-way and includes issues such as company goals and objectives. The concept of ICC is presented in Figure 2, with the definition of ICC being:

“communication between an organisation’s strategic managers and its internal stakeholders, designed to promote commitment to the organisation, a sense of belonging to it, awareness of its changing environment and understanding of its evolving aims”

*(Welch & Jackson, 2007, p. 186)*

Figure 2 shows that the strategic managers, who are situated in the circle in the middle of Figure 2, send corporate messages, shown as arrows in Figure 2, to all the company employees, who are situated in the circle depicting internal environment. Figure 2 also points out that internal corporate communication, where the strategic managers are sending corporate messages to the employees, leads to four goals, which are visible in the thick one-way arrows: commitment, awareness, belonging and understanding. In addition, there are four smaller double headed arrows between the internal environment and the external micro environment. These arrows imply two-way communication, which ex-



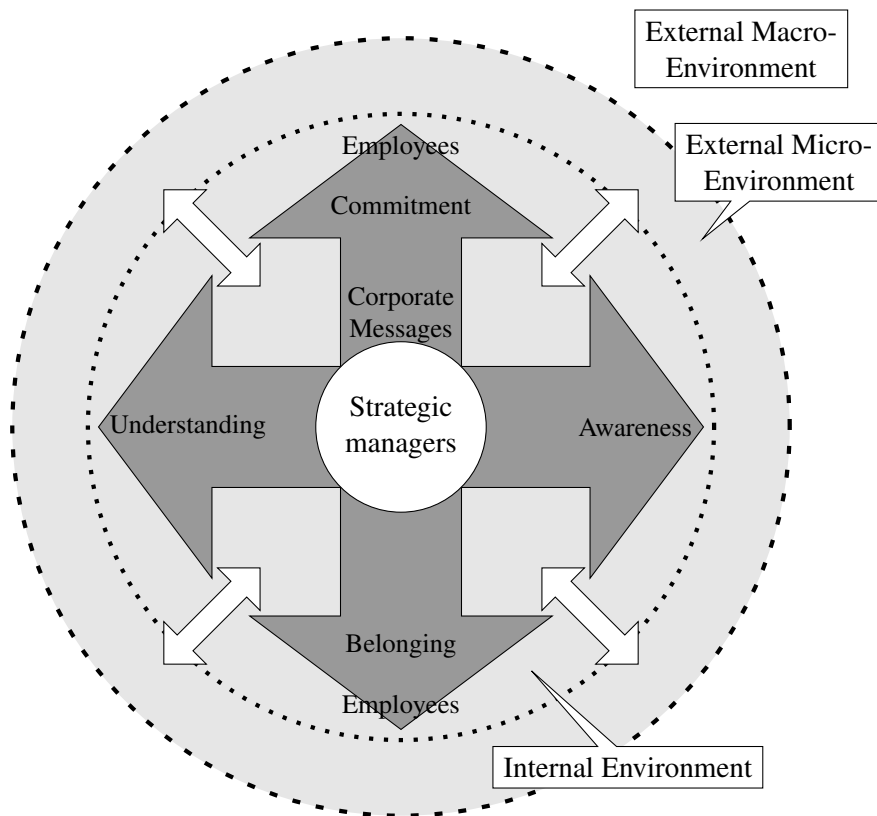


Figure 2: Internal Corporate Communication (Welch & Jackson, 2007)

ists in the other three internal communication dimensions: internal manager communication, internal team peer communication and internal project peer communication. Finally, there is also an external macro environment in Figure 2.

The double headed arrows in Figure 2 show that even though the main messages are predominantly one way, the strategic managers are still getting feedback and information from their employees in other ways, for instance, through internal team peer communication (Welch & Jackson, 2007). Welch and Jackson (2007) note that the one-wayness of the internal corporate communication concept can be criticised; however, it would be unrealistic to assume that the company could have face-to-face discussion with every single employee on every issue at hand. Therefore, it is important that the messages sent from the top are consistent and this could be done with mediated means of communication (e.g. external news release, corporate television advertisement, corporate web site, internal newsletter). Internal mediated communication can be considered symmetrical: “if

its content meets the employees' need to know rather than the management's need to tell" (L. Grunig, Grunig & Dozier, 2002, p. 487). The channels of ICC are a focus in this study, which is to answer the call for further research highlighted in the following quote.

“Research into employee preferences for channel and content of internal corporate communication is required to ensure it meets employees' needs”

*(Welch & Jackson, 2007, p. 187)*

The aforementioned goals of the ICC concept are to increase commitment of the employees to the organisation, develop their awareness of the environmental change, increase their belonging to the company and develop their understanding of the changing objectives. Out of these four goals the commitment goal is of specific interest to this study.

Commitment is like a positive attitude among employees (De Ridder, 2004; Meyer & Allen, 1997; Mowday, Porter & Steers, 1982) and a degree of loyalty towards an organisation (Welch & Jackson, 2007). It is defined as “the relative strength of an individual's identification with, and involvement in, a particular organisation” (Mowday, Steers & Porter, 1979, p. 226). Meyer and Allen (1997) identify three types of workplace commitment, namely affective, continuance and normative. Since the concept of commitment and Meyer and Allen's (1991) three types of commitment are relevant for this Master's thesis, they will be further reviewed in Section 2.4.

Belonging is described by Cornelissen (2004, p. 68) as “a ‘we’ feeling [–] allowing people to identify with their organizations”. Internal communication has an effect on this degree of identification (Smidts et al., 2001, p. 1052). The need to belong is a strong motivator for people (Baumeister & Leary, 1995). Therefore, it has to be remembered that organisations could use a persuasive strategy to influence the employees (Cheney, 1983) or even use internal communication as a tool to try to manipulate employees (Moloney, 2000). Due to this Welch and Jackson (2007) point out that ICC has an ethical aspect.

It is important for the employees to be aware of the environmental change, and understand how it impacts the organisation (Welch & Jackson, 2007), because the organisational environment is dynamic. This dynamic environment has three levels, namely macro, micro

and internal (Palmer & Hartley, 2002), which are also shown in Figure 2. These environments are subject to change, and change in the business world has been substantial in the past years for instance due to technology (Cornelissen, 2004). Due to these environmental changes and the implications they could mean, it is vital for the employees to be aware and understand the change (Welch & Jackson, 2007). In addition, to just plainly communicating the current situation of the organisation to the employees, the organisation should even communicate about the external opportunities and threats of the company. Effective internal corporate communication should enable employees to understand the constant changes the company is going through (Welch & Jackson, 2007), thus reducing employees' uncertainty.

In sum, ICC is of specific interest in this study, because it hasn't yet been extensively researched. Internal communication is important for companies, because it contributes to their success (Argenti & Forman, 2002; D. Tourish & Hargie, 2004d). When a stakeholder approach is taken, internal communication can be divided into four interrelated dimensions (Welch & Jackson, 2007). These dimensions together form the internal communication matrix (Welch & Jackson, 2007). Out of these four dimensions ICC is the strategic top addressing all the employees simultaneously about the company goals and objectives (Welch & Jackson, 2007). The goals of the ICC include giving the employees a feeling of belonging and commitment, as well as raising the employees' awareness and understanding of the company's changing environment (Welch & Jackson, 2007).

## **2.2 Corporate strategy**

Corporate strategy is important, because it aids the company to reach its long-term objectives and, therefore, affects the company's long-term wealth (Al-Ghamdi et al., 2007). Understanding these objectives and the significance of everyone's contribution has an effect on the commitment and work motivation of the employees (Hämäläinen & Maula, 2004), which is a contributing factor to an effective company (Koch, Radvanský & Sklenár, 2011).

The origin of the word strategy comes from the Greek word “strategos”, “a general” (Bracker, 1980, p. 219), referring to skills of warfare (Cummings, 1993; Lahti, 2008). Furthermore, the Greek verb “stratego” stands for ”plan[ning] the destruction of one’s enemies through effective use of resources” (Bracker, 1980, p. 219). The word strategy was originally linked to war and politics, and only after World War II was there a need to link the word to business (Bracker, 1980). The first ones to connect the strategy concept to business were Von Neumann and Morgenstern with their game theory (Bracker, 1980), where strategy is the set of rules that players follow (Mintzberg, 1978). Chandler (1962) created the basics for today’s typical strategy definition (Mintzberg, 1978; Mustonen, 2009):

”the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”

*(Chandler, 1962, p. 13)*

Bracker (1980, p. 221) sums up many of the strategy definitions to: “entails the analysis of internal and external environments of a firm to maximize the utilization of resources in relation to objectives”. Strategy quite simply put is a ”plan” (Mintzberg, 1978, p.935).

This section continues by explaining the strategy formation with Mintzberg’s (1978) theory and a brief review on vision and mission related research in Subsection 2.2.1. Then, the strategy implementation is explained in Subsection 2.2.2. Issues covered include the importance of the implementation process, the definition, Aaltonen and Ikävalko’s (2002) theory, the importance of managers in the process, some practical issues and the difficulties of strategy implementation. Finally, the subtle difference between internal strategy communication (ISC) and internal strategy corporate communication (ISCC) is discussed.

### **2.2.1 Strategy formation**

The strategy process starts with the company’s corporate strategy formation. Mintzberg’s (1978) theory is one of the many theories that explains the theoretical strategy formation.

A more practical view of strategy formation is found in research on vision and mission statements.

### **Mintzberg's (1978) theory**

Mintzberg (1978) developed a strategy formation theory, where there are two kinds of strategies, the intended and the realised. According to Mintzberg (1978), in the mainly theoretical strategy formation research, the majority of strategy definitions have one thing in common: they are a deliberate set of guidelines that determine future decisions. This type of a strategy is called an intended strategy, and it has the following three characteristics (Mintzberg, 1978). First, it is explicit. Second, it is created purposefully and consciously; and third, it is made in advance to help decision-making. Opposite to the intended strategy is the realised strategy, which is the actual strategy that is put into action.

In order to expand the strategy formation research, Mintzberg (1978, p. 935) defines strategy as “a pattern in a stream of decisions”. He then claims that these two kinds of strategies, intended and realised, can be combined in three different ways, resulting in five types of strategies, namely the intended, unrealised, deliberate, emergent and realised. These five types of strategies and their relations are presented in Figure 3.

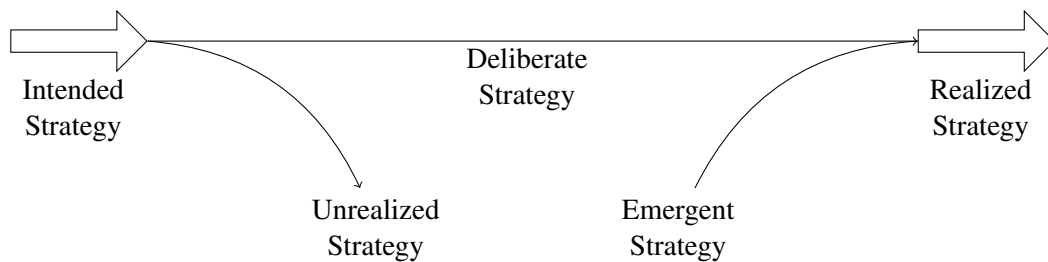


Figure 3: Types of Strategies (Mintzberg, 1978)

As can be seen in Figure 3, the intended strategy is to the left implying a starting point, and the realised strategy is to the right implying an end result. Mintzberg (1978) reasons that the intended and the realised strategy, at least theoretically, can be combined in the following three ways. First, intended strategies that get realised without anything left

out or added are called deliberate strategies. Second, intended strategies that do not get realised are called unrealised strategies. This could be caused by issues such as unrealistic expectations. Third, unintended strategies that get realised are called emergent strategies. These could develop over time, unintended, out of a pattern of continuous decisional behaviour.

Mintzberg and Waters (1985) suggest that for a strategy to realise itself exactly as it was planned, three conditions need to be met. First, the strategy needs to be planned in detail, in a way that it can be communicated clearly. Second, everyone in the company needs to know it. Third, the strategy implementation is not influenced from outside of the company (Mintzberg & Waters, 1985). At least two out of these three conditions need communication, which emphasizes the role that communication plays in the strategy process, especially in the implementation, which is presented in Subsection 2.2.2.

## **Vision and mission**

Vision and mission have been recognised as a part of the more practical view on the strategy formulation process for all types of organisations (Darbi, 2010; David, 1989). However, David (1989) argues that the strategy formulation process consists of not only the creation of the vision and mission statement, but also of the SWOT-analysis (strengths, weaknesses, opportunities and threats) and the identification of the long-term objectives, to name a few. Hämäläinen and Maula (2004) point out that it is common practice that companies define at least vision, mission, strategy (a more limited concept, not to be confused with the main corporate strategy) and value statements during their strategy process. These four components could be seen as the most central operational guidelines of a company (Hämäläinen & Maula, 2004).

Vision and mission statements are important, because they influence strategy and organisational performance (Darbi, 2010). Vision and mission statements give direction and clarity to the employees; and create a common sense of purpose (Campbell, 1997; Ireland & Hirc, 1992; Klemm, Sanderson & Luffman, 1991; Matejka, Kurke & Gregory, 1993; Mullane, 2002). In addition, these statements also motivate (Ireland & Hirc,

1992), shape behaviours (Collins & Porras, 1991), develop commitment (Klemm et al., 1991) and finally influence employee performance positively (Mullane, 2002).

Vision describes the desired future state of a company (Darbi, 2010; Hämäläinen & Maula, 2004). The content and length of this description may differ (Darbi, 2010). In addition, G. Johnson, Scholes and Whittington (2008) argue that the vision should show how the company produces value for its stakeholders. A vision gives strategic direction to a company and, furthermore, is the foundation for the mission and other related goals (Darbi, 2010).

“Vision statements are supposed to be challenging and ambitious yet workable enough to evoke employees’ ingenuity as far as its realisation is concerned”

*(Darbi, 2010, p. 96)*

A mission is the company’s current purpose (Darbi, 2010; Hämäläinen & Maula, 2004). It answers the question: “what is our business?” (David, 2009, p. 85), and expresses the corporate strategy in terms of scope and value creation (David, 2009). The mission should convey the company’s strategic direction to the stakeholders (Bartkus, Glassman & McAfee, 2004). Hence the company should identify the most important stakeholders in their mission statement and assure that their needs are met (Mullane, 2002). The mission should specifically correspond to the values and expectations of the stakeholders (Darbi, 2010).

The last two corporate strategy components presented are values and strategy. Values refer to the company embraced principles (Hämäläinen & Maula, 2004). Strategy shows how the company is going to achieve its vision and mission (Hämäläinen & Maula, 2004). This type of strategy is a more limited concept in the whole big corporate strategy process, and its purpose seems to be to show a practical way to reach the goals. It seems to be rather confusing to have two separate concepts named the same, which definitely can be seen as a problem in the strategy implementation phase. This could potentially be solved by renaming the more limited strategy concept as something else. However, the word strategy has also many other meanings (Jones, 2008), and it has become a synonym for

different words. For instance, strategy could refer to a plan, a position, a purpose or a long term view (Jones, 2008) and in the adjective form of “strategic” even important or significant (Alvesson, 2002).

There is some criticism in regards to the usefulness and benefits of these vision and mission statements (Simpson, 1994). In terms of the content, for instance Simpson (1994) and Goett (1997) note that the majority of these vision and mission statements sound very general and are “rarely useful” (Goett, 1997, p. 2). Hussey (1998) notes that there are semantic problems with vision and mission, therefore what someone thinks of as a vision, another one would say is a mission. Jones (2008) points out that the terms vision and mission have as many definitions as people want to give them and they are very overused. Collins and Porras (1999) go a step further and indicate that vision is one of the most overused words in the English language; it is also the least understood.

In addition to the criticism against the content, there is also criticism against the process of formulating the vision and mission. Mullane (2002) noted that it is not really the content itself but rather the process of formulating the vision and mission, and how they are then implemented. These statements are seen as top management’s compulsory work that will inevitably end in the employees’ desk drawers or walls, forgotten.

So, are the vision and mission statements useful after all? Well, the literature that supports the usefulness and relevance does outweigh the opposite literature (Darbi, 2010), implying that the vision and mission statements are useful. However, the problem of not everyone knowing and understanding the vision and mission statements remains, and should be addressed with a well thought-out strategy implementation, which takes this into consideration.

## **2.2.2 Strategy implementation**

It is not enough if only the top management knows about the corporate strategy; it also needs the employees embracing the parts of the strategy that affect their work (Hämäläinen & Maula, 2004). Therefore, a successful strategy implementation is vital for any com-



pany (Aaltonen & Ikävalko, 2002). Strategy communication, being a major part of strategy implementation, is important, because it is essential to operational efficiency of a company (Kagan, 2004; Roy, 2001). The more successful the strategy communication (Aaltonen & Ikävalko, 2002), the better the employees understand, accept and embrace the corporate strategy and, hence, the more successful the strategy implementation. Hämäläinen and Maula (2004) concluded from Juholin's (1999) work that strategy communication also increases work satisfaction. Strategy communication does not only affect culture, general well-being and performance, but when it is missing, there might be moral problems and weaker performance (Kazoleas & Wright, 2001).

In Hämäläinen and Maula's (2004) viewpoint strategy implementation means those concrete choices and decisions that employees do everyday at work. Noble (1999, p. 120) defines strategy implementation "as the communication, interpretation, adoption, and enactment of strategic plans". Communicating strategy to the employees is a central part of strategy implementation (Alexander, 1985; Noble, 1999; Roy, 2001). Strategy communication, as part of the strategy implementation process, is both written and oral communication about the corporate strategy. It is usually communicated in a top-down direction (Aaltonen & Ikävalko, 2002). The communication is about the responsibilities and tasks the employees need to know so that they can fulfil the corporate strategy (Alexander, 1991).

Naturally, a strategy might need to be communicated to other stakeholder groups as well, such as customers, suppliers, partners, analysts, media, authorities, local community, NGO's and competitors (Hämäläinen & Maula, 2004). Steckel (2000) even points out that companies commonly communicate the strategy to partners and customers and forget the employees. However, in this study the emphasis is put on internal strategy corporate communication (ISCC) and, therefore, the only receivers considered are the employees of a company.

Aaltonen and Ikävalko (2002) developed a strategy implementation theory based on earlier research (Mintzberg, 1978; Noble, 1999; Pettigrew, 1987). They adopted the strategy formation theory from Mintzberg (1978) and the strategy implementation components from Noble (1999). Aaltonen and Ikävalko's (2002) strategy implementation theory is presented in Figure 4.

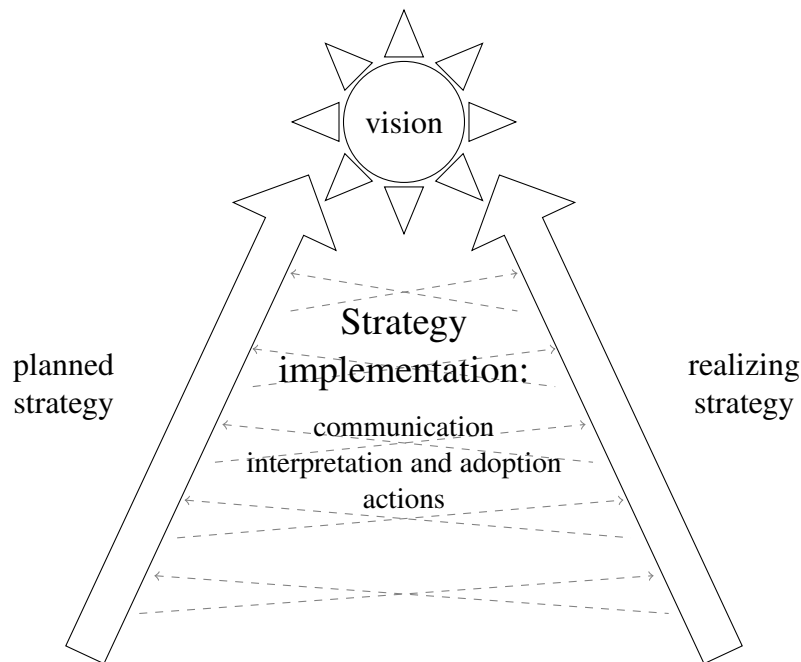


Figure 4: Strategy Implementation as a link between planned and realizing strategy (Aaltonen & Ikävalko, 2002)

As Figure 4 shows, the planned strategy is on the left and the realizing strategy on the right. According to Aaltonen and Ikävalko (2002), companies have two kinds of strategies, the intended or planned and the emerging or realizing strategy, simultaneously. Since the planned and the realizing strategy exist at the same time, Aaltonen and Ikävalko (2002) argue, that they affect each other and develop together during the strategy implementation process. In order to have a successful strategy implementation, these two strategies need to be matched so that they collectively lead to the vision of the company. The four components of strategy formulation, namely communication, interpretation, adoption and action (Noble, 1999), are the necessary steps that will help the planned and realizing strategy to achieve the vision (Aaltonen & Ikävalko, 2002). These four components do not need to be done in any specific order, and they cannot be separated from one another (Aaltonen & Ikävalko, 2002).

Top management, communication professionals and superiors have the main responsibility of strategy communication (Hämäläinen & Maula, 2004). Gioia and Chittipeddi (1991) highlight the role of top management and the CEO. They, and the superiors, are the living examples to the rest of the employees (Hämäläinen & Maula, 2004). There-

fore, it is important to aim for trust and congruence, and not go around saying one thing and doing another (Jones, 2008). According to Aaltonen and Ikävalko (2002) middle managers are really important in the strategy communication process. The job of the superiors is to make sure that their subordinates have understood the strategy (Hämäläinen & Maula, 2004).

Every employee will have a slightly different interpretation about the strategy, since they will all look at it from their own vantage point in regards to their own work (Mustonen, 2009). Hence effort needs to be paid to get a coherent understanding among the employees. An employee has understood the strategy, when he or she is able to tell the strategy in their own words, more specifically what it means for the company and for their work (Mantere, Hämäläinen, Aaltonen, Ikävalko & Teikari, 2003). Understanding the strategy gives the employees better abilities to meet challenges (Le Breton, 1965). Killström (2005) in (Mustonen, 2009) points out that if top management succeeds in their strategy communication efforts, it could be one contributing factor to employee commitment. A strong commitment from the employees towards the strategy and its objectives is needed, that way the actions of the employees fulfil the corporate strategy (Weick, 2001).

In general, corporate strategy is a very equivocal subject (Lengel & Daft, 1988), therefore, a lot of attention should be paid in the way how it is communicated. The strategy could be communicated using tools such as stories, metaphors, quotes (Hämäläinen & Maula, 2004; Jones, 2008), slogans, pictures and everyday examples (Hämäläinen & Maula, 2004). Apart from the tools there are obviously communication channels to be used in the strategy communication process, here a few: management's strategy infos, roadshows, internal events, employee training events, background materials, official and unofficial meetings and electronic forums (Hämäläinen & Maula, 2004). Now, some of these channels are rich (one-on-one dialog, group meeting) and others are lean (bulletin boards, memos newsletters) based on their media richness (Al-Ghamdi et al., 2007). The issue of channels and of the media richness theory will be reviewed in 2.3.

Implementing and communicating a strategy successfully is not easy (Beer & Eisenstat, 2000), and many companies seem to be struggling with it (Aaltonen & Ikävalko, 2002). At first, strategy implementation might seem simple: after the strategy has been formulated, it will just be implemented (Aaltonen & Ikävalko, 2002). This would imply that

implementation is just the allocation of resources and changing of the organisational structure (Aaltonen & Ikävalko, 2002). Then again, implementing strategy so that employees would act on it, is far more complicated (Aaltonen & Ikävalko, 2002). There are quite many problems in strategy implementation. Most managers agree that communication has a lot to do with strategy implementation problems (Aaltonen & Ikävalko, 2002). Some of the problems include:

- lack of leadership (Beer & Eisenstat, 2000; Galpin, 1998)
- inadequate project management (Beer & Eisenstat, 2000; Galpin, 1998)
- misunderstanding of the strategy (Giles, 1991)
- competing activities and poor coordination (Beer & Eisenstat, 2000)
- unaligned organisational systems and resources (Galpin, 1998) and
- a lack of communication (Beer & Eisenstat, 2000; Galpin, 1998; Giles, 1991).

According to (Beer & Eisenstat, 2000), strategy communication may fail because companies have not managed to communicate a unanimous story to the employees to explain why the change is needed and what the objectives are. If the employees don't understand the objectives properly, they don't know what to do to help fulfil the strategy (Alexander, 1991). Therefore, it is important to invest time, effort and resources into ISCC.

Companies need to strive for a collective shared understanding, a consensus (Mustonen, 2009). It is important that this consensus is on all levels of the company, from the top to the operative level (McDermott & Boyer, 1999; Rapert, Velliquette & Garretson, 2002). Strategic consensus can be reached, when the top management has enough quality communication with the operative level of employees on why this exact strategy was chosen (McDermott & Boyer, 1999). It is the duty of the top management to communicate the strategy to the operative employees, in a very coherent and precise way (Rapert et al., 2002). Then, it is the responsibility of the operative level superiors to fulfil the strategy (Rapert et al., 2002).

## Strategy Communication

There seems to be a subtle difference between internal strategy communication (ISC) and internal strategy corporate communication (ISCC). Strategy communication emphasises two-way communication whereas ICC is predominantly one-way communication. Comparing ISC and ISCC will clarify the difference.

The aims of ISC are to justify the strategy so that the employees accept it, to deliver opportunities for the employees to ask and give feedback about the strategy and to make sure that the work is goal-oriented so that it will lead to success (Hämäläinen & Maula, 2004). In order for the employees to enact the strategy, they need to understand it (Alexander, 1991). So for them to understand it, they need to be able to comment, query or question it (Aaltonen & Ikävalko, 2002; David, 2009). Therefore, two-way communication between the top management and the employees is essential for ISC (Aaltonen & Ikävalko, 2002; Alexander, 1985, 1991). Alexander (1991) defines two-way communication as employees having the opportunity to ask questions about the strategy in general and in terms of their work. Alexander (1985) and Roy (2001) are among several researchers who have called for more two-way communication.

The aims of ICC (and thus ISCC) are “commitment to the organisation, a sense of belonging to it, awareness of its changing environment and understanding of its evolving aims” (Welch & Jackson, 2007, p. 186). ISCC reaches these by conveying strategy, from the top management to all the employees at the company with a predominantly one-way approach (Welch & Jackson, 2007). As stated earlier in Section 2.1.2, ICC is one of the four internal communication dimensions (Welch & Jackson, 2007). The dimensions are supposed to complement each other in order to have successful internal communication (Welch & Jackson, 2007). Thus, when analysing any one of these dimensions, one should consider the effect of the others. Then, how can ISCC communicate strategy, predominantly one-way, especially since in ISC two-way communication is essential (Aaltonen & Ikävalko, 2002; Alexander, 1985, 1991)?

Even though ISCC is predominantly one-way, the other dimensions are two-way and influence the ISCC dimension (Welch & Jackson, 2007). These dimensions work to-

gether, so that the employees could ask questions in regards to the corporate issues via the symmetrical internal team peer communication or the symmetrical internal project peer communication (Welch & Jackson, 2007). As long as critical upward communication is motivated (D. Tourish & Hargie, 2004c), the top management could get the necessary feedback from the employees via internal line manager communication (Welch & Jackson, 2007). Then they are able to better communicate to everyone at the company via the ISCC. Further, Welch and Jackson (2007) argue that ISCC can be seen as symmetrical, “if its content meets the employees’ need to know rather than the management’s need to tell” (L. Grunig et al., 2002, p. 487 as cited in Welch and Jackson, 2007).

Although the one-wayness of the ISCC dimension could be criticised, there is still a need for it, since it would be unrealistic to assume that a company could go and talk with every employee face-to-face on every corporate issue (Welch & Jackson, 2007). Welch and Jackson (2007) argue that one-way communication is acceptable, when message consistency is important, which is the case with corporate issues. Message consistency could be achieved with mediated means of communication (Welch & Jackson, 2007). Mediated communication refers to communication, where the message is communicated via some sort of media, such as internal company newsletter or company website (Welch & Jackson, 2007). Internal communication media is a focus in this study and it is presented more in detail in Section 2.3.

In sum, corporate strategy research is relevant to this study because the content of the ICC investigated is in fact strategy. Corporate strategy is important for a company’s long-term wealth (Al-Ghamdi et al., 2007). A successful strategy implementation is vital for any company (Aaltonen & Ikävalko, 2002). Strategy communication is an important part of strategy implementation (Aaltonen & Ikävalko, 2002; Al-Ghamdi et al., 2007; Hämäläinen & Maula, 2004; Kagan, 2004; Roy, 2001).

## 2.3 Communication channels

The many kinds of internal communication channels (Friedl & Vercic, 2011) could be categorised in different ways: for example into oral, written and electronic (S. Klein, 1996), or into traditional and technology related (Al-Ghamdi et al., 2007) or into traditional and social media channels (Friedl & Vercic, 2011). According to Al-Ghamdi et al. (2007), technology has brought with it an explosion of communication channels. These include channels such as “teleconferencing, videoconferencing, internet, fax, mobile phones etc.” (Al-Ghamdi et al., 2007, p. 274).

Friedl and Vercic (2011, p. 85) identify traditional internal communication media as “employee magazines, intranet news, corporate television, e-mail and the ‘board-of-directors’ newsletter’ as well as face-to-face communication and employee meetings”. Also, they claim that the new channels today are related to social media and include channels such as “blogs, microblogging, wikis, social networking, podcasting, video and photo sharing and instant messenger as well as discussion forums” (Friedl & Vercic, 2011, p. 85).

Over 20 years ago, Zmud, Lind and Young (1990) went as far as to differentiate communication channels into five categories in their study. They are face-to-face, group, written, traditional communication technologies and computer-mediated communication technologies. Then, they identified several channels in each group. The five categories with the channels are presented in the following list as an example of typical company channels.

- face-to-face
  - one-on-one consultations (formal)
  - one-on-one chats (informal)
- group
  - group meetings (formal)
  - group gatherings (informal)
- written
  - handwritten notes
  - typed or printed memos or letters

- printed documents or reports
- charts and graphs
- computer reports
- traditional communication technologies
  - phone
  - voice conferencing
  - facsimile
- computer-mediated communication technologies
  - electronic mail
  - voice messaging

Furthermore, S. Klein (1996) argued that companies shouldn't forget about line authority, because it is an effective communication channel. This is due to the fact that line managers carry more responsibility than other employees, and their communication has more impact. All in all, there is a multitude of communication channels, which makes media selection difficult both for the sender and the receiver (Lengel & Daft, 1988).

Communication channels are important because without them, the message wouldn't get from the sender to the receiver, the message couldn't be negotiated, and managers wouldn't be able to interpret work situations and influence or direct employees (Lengel & Daft, 1988). However, even more important is choosing the right channel for the right message (Daft & Lengel, 1986; Zmud et al., 1990), because channels have different strengths and weaknesses (Daft & Lengel, 1986; Zmud et al., 1990). The type and essence of the media can enhance or distort the message (Lengel & Daft, 1988), as well as influence the receiver's interpretation of the message (Daft, Lengel & Trevino, 1987; Randolph, 1978). McLuhan (1960) even points out that the medium is the message, hence emphasising the significance of the medium.

Traditional face-to-face communication is often preferred by the employees (Al-Ghamdi et al., 2007); however, it is relatively expensive for the company to execute; and sometimes impossible to do so e.g. for temporal or geographical reasons (Zmud et al., 1990). Most often, it is the economic (Rice, 1987) or contextual (Daft et al., 1987) reasons that dictate the channel choice, and not the employee preferences or the advantages that a channel might have (Zmud et al., 1990). Nevertheless, Zmud et al. (1990) deduced from



earlier research (e.g. Daft and Lengel (1986)) that a common assumption of communication channel researchers is that when employees choose the right channel for the message, it results in effective organisational design and behaviour. Furthermore, when employees are aware of the channel choice criteria, they will choose a more relevant channel to get the message across or the task done and, therefore, perform better (Daft & Lengel, 1986). All this would imply that it is in the advantage of a company that the right channels are chosen to deliver the strategy message as it was intended and with the outcome it should inspire.

Many researchers (Daft & Lengel, 1986; Daft et al., 1987; Zmud et al., 1990) seem to be looking at the phenomenon primarily from the viewpoint of message sending and not message receiving. However, employees also have preferences in channel choice when receiving information, and it is equally important (Lengel & Daft, 1988). Welch (2012) points out that the benefits of internal communication, such as organisational effectiveness, fall back on the usefulness and acceptability of the channels chosen to convey the appropriate message to the employees. The usefulness and acceptability of the channels is deemed by the employees (Welch, 2012), and therefore, in order for a company to know which channel to use when communicating strategy, the available channels should be evaluated by the message receivers.

This section will go on by presenting the media richness theory (Daft & Lengel, 1986; Daft & Weick, 1984) in Subsection 2.3.1. Issues covered apart from the media richness theory are the uncertainty and equivocality needs of the employees, the routine and non-routine communication, the media selection framework and the employees' channel choice in strategy context. Then Zmud et al.'s (1990) communication channel attributes are conveyed in subsection 2.3.2.

### **2.3.1 Media richness theory**

One very well known theory, on how to choose the right channel for the right message, is the media richness theory (Daft & Lengel, 1986; Daft et al., 1987; Daft & Weick, 1984; Lengel & Daft, 1988). This theory is a media selection model; where it is argued

that different channels have different capacity to convey different kind of info (that is rich or lean) and different amount of information (Lengel & Daft, 1984, 1988). One channel could be better at conveying one type of information in small quantities and another channel could be better at delivering another type of message in huge quantities. The right channel can be chosen based on the “richness” characteristic of the channel and the message (Lengel & Daft, 1988).

“Information richness is defined as the ability of information to change understanding within a time interval”

*(Daft & Lengel, 1986, p. 560)*

Communication that uses rich media will clear up ambiguous issues and change the perspective of the recipient in a shorter time frame than lean, less rich, media (Daft & Lengel, 1986). Very lean media might never overcome the reluctance of the recipients to change their perspective. This would imply that rich information needs a rich channel to stay rich all the way, whereas if rich information is sent via a lean channel, it might get degraded. Hence, the richness of the media has an effect on or even determines the richness of the message. If the channel is chosen correctly for the needs of the message and the situation, the communication is effective (Lengel & Daft, 1988), and it will facilitate understanding and shared meaning (Daft et al., 1987).

According to (Lengel & Daft, 1988, p. 226), the richness of a medium can be determined by its three characteristics, which are the medium’s:

1. “Ability to handle multiple information cues simultaneously
2. Ability to facilitate rapid feedback [and]
3. Ability to establish a personal focus”.

The three characteristics are called cue variety, immediate feedback and message personalisation (Zmud et al., 1990). Cue variety refers to the many cues a message can have such as “physical presence, voice inflection, body gestures, words, numbers, and graphic symbols” (Daft et al., 1987, p. 358). The more different kind of cues the message has, the more the recipient can use the cues to deduce meaning (Daft & Weick, 1984). Immediate

feedback quite simply means that a channel allows for the recipient to give immediate feedback in the form of questions, comments or corrections (Daft et al., 1987; Daft & Weick, 1984), therefore, permitting for the meaning and appropriateness of the message to be considered and adjusted accordingly (Daft & Weick, 1984). Finally, message personalisation refers to tailoring messages so that they match the receiver's needs and the current situation. When the communication has personal feelings and emotions included, the message will be better delivered (Daft et al., 1987).

These three characteristics of richness aid to form a hierarchy of media richness, where the channels are ranked according to their richness level. This media richness hierarchy is presented in Figure 5.

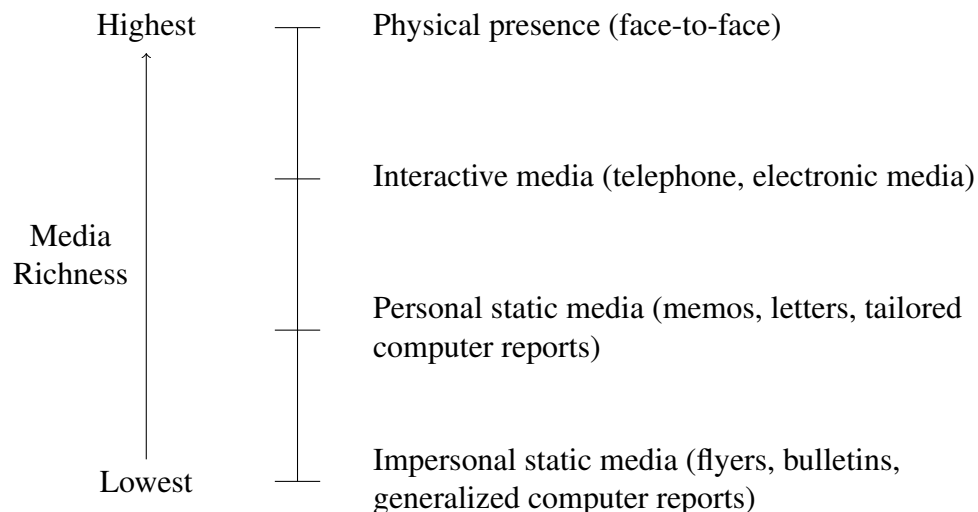


Figure 5: Media Richness Hierarchy (Lengel & Daft, 1988)

As can be seen in Figure 5, the media richness hierarchy ranks media on a scale from low to high in richness. The four categories of channels recognised on the right hand side of Figure 5 are physical presence, interactive media, personal static media and impersonal static media (Lengel & Daft, 1988).

The richest medium at the top of Figure 5 is face-to-face, because of its physical presence. Face-to-face communication offers the most cues possible, such as body language and voice inflection. Also it allows for immediate feedback and gives a personal focus (Lengel

& Daft, 1988).

Interactive media includes channels such as telephone and electronic media. These media are still considered relatively rich, because they allow for some cues, for instance, there are voice cues on the telephone, but no body language cues and no physical presence. Telephone conversations allow for instant feedback as well as a personalised message (Lengel & Daft, 1988). Electronic media, such as e-mail, does give the possibility for feedback, although the answer might take slightly longer.

Personal static media consists of memos, letters and tailored computer reports. Memos, letters and reports can still be personalised for the target person or group and, thus, score relatively high on message personalisation. However, their amount of cues and possibility of feedback is rather low (Lengel & Daft, 1988).

Finally, the lowest media richness group is impersonal static media, including fliers, bulletins and generalised computer reports. These channels are not personal, don't allow feedback and don't have any extra cues (Lengel & Daft, 1988).

“Thus, each medium has an information capacity based on its ability to facilitate multiple cues, feedback, and personal focus”

*(Lengel & Daft, 1988, p. 226)*

Although the media richness theory was created in the 1980's, the concept is still valid and used widely today, for instance in the works of Kwak (2012), Kock (2009) and Dennis, Fuller and Valacich (2008). Even though, the communication channels of today might have changed somewhat, they should still consist of the same characteristics, namely cue variety, opportunity for feedback and message personalisation. Hence, their richness can be evaluated and ranked on the media richness hierarchy.

## Uncertainty and equivocality

The media richness theory was originally created in order to reduce uncertainty and equivocality of the employees (Daft & Lengel, 1986; Daft et al., 1987). The idea is that in some situations work creates uncertainty and/or equivocality, and the employees need to reduce this by processing information (Daft et al., 1987). In the reduction of uncertainty and equivocality, communication is necessary (Daft & Macintosh, 1981). Since the reduction of the uncertainty and equivocality concepts is a need of the employees, and potentially affects their channel choice, these concepts are relevant for this study.

Uncertainty has been traditionally defined in terms of information processing (Daft et al., 1987). It means the absence of information (Daft & Lengel, 1986; Daft et al., 1987), about a work task or procedure (Rice, D'Ambra & More, 1998). Hence, when employees receive more information their uncertainty decreases (Daft & Lengel, 1986; Daft et al., 1987). Uncertainty is defined in the following quote as:

“the difference between the amount of information required to perform the task and the amount of information already possessed by the organisation”

*(Galbraith, 1977 as cited in Daft and Lengel, 1986, p. 556)*

Companies can reduce uncertainty by acquiring information, asking questions, analysing data and learning (Daft & Lengel, 1986; Daft et al., 1987). This all of course rests on the assumption that the relevant information can be found (Rice et al., 1998). Apart from communication being a reducing factor of uncertainty in a company, the company structure can also be arranged to reduce uncertainty via periodic reports, rules and procedures (Daft et al., 1987).

Equivocality means confusion, lack of understanding, disagreement (Daft & Lengel, 1986; Daft et al., 1987), ambiguity and conflicting interpretations about a work situation (Daft & Macintosh, 1981; Weick, 1979). Equivocality cannot be lowered in the same way as uncertainty; specific information does not reduce equivocality (Rice et al., 1998). Managers do not know which questions to ask, where to look for answers, and if questions are formed there might not be any data to answer them (Daft et al., 1987). Therefore,

these equivocal situations require learning and sense making, for instance, through rich discourse with other employees (Daft & Weick, 1984), where opinions are pooled and disagreements overcome to get to a shared understanding about the correct action (Daft et al., 1987).

The main difference between uncertainty and equivocality is the way how they are reduced. A manager can reduce the uncertainty in a situation by acquiring more data, whereas the equivocal situation can be reduced by subjective communication between the managers to understand the problem and solve it (Daft et al., 1987). Communication media can handle equivocality to varying degrees. The ambiguity of the message should be matched with the richness of the channel. If a message is well-defined, precisely written and contains quantified data, equivocality is low and it can be communicated via lean media. However, if a message is ambiguous, and therefore, highly equivocal, it should be communicated via rich media to facilitate understanding (Daft et al., 1987).

### **Routine and non-routine communication**

When managers choose the right media for the right situation, the nature of the message also plays a role. Communication messages can be categorised on a scale from non-routine to routine. “Nonroutine communications have greater potential for misunderstanding, and are often characterised by time pressure, ambiguity, and surprise” (Lengel & Daft, 1988, p. 226), whereas “routine communications, by contrast, are simple, straightforward, rational, logical, and contain no surprises.” (Lengel & Daft, 1988, p. 226). By joining the media richness theory with this non-routine to routine scale Lengel and Daft (1988) came up with a media selection framework that is presented in Figure 6.

As can be seen in Figure 6, on the left there is the media richness from lean to rich and on top the management problem from routine to non-routine. Communication failure happens when routine messages are communicated via a rich medium, because there are too many cues. Communication failure also happens when non-routine messages are communicated via lean media, because message complexity hasn't been conveyed thoroughly and no understanding resulted. Effective communication can be achieved when routine

		Management Problem		
		Routine		Nonroutine
Media Richness	Rich	<i>Communication Failure</i> Data glut. Rich media used for routine messages. Excess cues cause confusion and surplus meaning		<i>Effective Communication</i> Communication success because rich media match non-routine messages
	Lean	<i>Effective Communication</i> Communication success because media low in richness match routine message		<i>Communication Failure</i> Data starvation. Lean media used for nonroutine messages. Too few cues to capture message complexity.

Figure 6: Media Selection Framework (Lengel & Daft, 1988)

messages of objective data are sent via lean media, and non-routine messages of subjective issues that involve different perspectives via rich media (Daft et al., 1987).

This media selection framework is relevant for this study, because it shows when effective communication or communication failure could happen. Thus, it can be used to see whether the media used by the top management is meeting the needs and preferences of the employees, and therefore, leading to effective communication.

### Channel choice in strategy context

Lengel and Daft (1988) researched the media richness theory further and found out that strategy should be communicated via a rich medium in the strategy implementation process. Managers need to change the values and actions of people, and if rich media are used creatively they can manage to do that. On the other hand, if lean media is used like memos and directives, it is doubtful that they will have much influence on the commitment of the employees (Lengel & Daft, 1988).

Managers should aim for the richest medium possible, which would be face-to-face, to communicate the strategy (Lengel & Daft, 1988). Key middle managers and groups should be personally addressed, made aware of the strategy and given the possibility to ask questions. It also shows intensity and commitment to the strategy when top management talks about it face-to-face (Lengel & Daft, 1988). However, it is of course understandable that it isn't feasible to visit all employees and have a nice face-to-face conversation (Welch & Jackson, 2007). In this case the next richest medium should be chosen. In the 1980s that would mean videotapes and satellite hookups to show social presence (Lengel & Daft, 1988), but nowadays there is much more variety in channel choice, such as video conferences via the internet.

The ability to motivate and influence the employees is dependant on the CEO's skills in selecting the right medium for the message (Lengel & Daft, 1988). From the employees' point of view, "equally important, however, is selecting the medium to receive information" (Lengel & Daft, 1988, p. 230), when the information is available across multiple media.

Several researchers have studied the most suitable communication channels for distributing the strategy information. Among those are Alexander (1994) and more recently (Al-Ghamdi et al., 2007). According to Al-Ghamdi et al. (2007, p. 283), Alexander (1994) assessed the communication channels and found that the employees rated the following five methods the highest for learning about strategy:

1. "Information on bulletin boards, posters, and signs
2. Meeting with the plant manager
3. Articles in a company magazine
4. A videotape shown and discussed with employee groups
5. Company slogans, buttons, etc."

The bulletin boards, articles in a company newspaper and the company slogans are all lean communication methods, whereas the meeting with the plant manager and the videotape coupled up with the discussion are rich communication media. Al-Ghamdi et al. (2007, p. 279) made a comparison of Alexander's (1994) list to his more recent study and realised



that employees preferences have changed from the lean methods to the richer ones. The eight channels that employees preferred to use to find information about the company's strategy in Al-Ghamdi et al.'s (2007) study are:

1. "Plant Manager conducts meetings, which help keep employees aware of business strategy,
2. Group meetings are conducted by employee's immediate supervisor to discuss the firm's strategy,
3. Employees' immediate supervisor has one-on-one meetings with employees to explain strategy,
4. Information placed on bulletin boards, posters, and signs in the plant about the strategy,
5. Receiving information about the company through e-mail,
6. A videotape was shown and discussed with groups of employees which went over the firm's strategy,
7. Tele/Video conference that conducted between managers and employees to discuss the firm's strategy,
8. The firm's Division management above the Plant Manager discusses strategy in employee groups."

In this list there are only two lean methods, namely the bulletin boards and the e-mail, the rest are rich communication methods (Al-Ghamdi et al., 2007). Hence, employees prefer to find out about strategy using more rich communication methods. In addition, (Al-Ghamdi et al., 2007) noticed that those employees who have been longer with the company know how to use a bigger selection of communication channels to find out about the strategy.

On the basis of the above discussion it could be argued that strategy could be communicated in two steps. First, it is communicated as a non-routine message via rich media until the topic starts to become more familiar and understood. In the second step the ISC could change to routine messages that are now communicated via lean media.

### **2.3.2 Channel attributes**

In addition to the media richness theory, this study uses Zmud et al.'s (1990) six communication channel attributes and their descriptive adjectives as an evaluation tool in order to get even more detailed evaluations about the communication media from the employees.

Zmud et al. (1990) put six concepts - personalisation, cue variety, immediate feedback, information quality, channel accessibility and receiver accessibility - together as attributes to differentiate between communication channels. The first three attributes, message personalisation, cue variety and immediate feedback, are directly from the media richness theory, and have been explained in the previous Subsection.

Zmud et al. (1990) deduced from earlier information processing literature that information quality and channel accessibility are two attributes differentiating communication media. Information quality is defined as quality in terms of relevance, reliability, accuracy and timeliness of the information (Zmud, 1978 as cited in Zmud et al., 1990). Channel accessibility is defined as the difficulty in accessing a channel, and once accessed, the difficulty in retrieving the information from the accessed channel (Culnan, 1984). The attributes of information quality and channel accessibility are based on the premise that employees want to reduce uncertainty and do so by acquiring information (Zmud et al., 1990).

Rationally, an employee would always want to look for the highest quality information. However, many times other factors, such as organisational norms or cognitive processing limitations (Ungson, Braunstein & Hall, 1981), affect the employee and, therefore, the acquiring of information might not be done as rationally (Zmud et al., 1990). It was observed by several researchers (Culnan & Bair, 1983; Hardy, 1982; O'Reilly III, 1982; Rice & Shook, 1988) that employees tended to acquire information that was easily accessible rather than of the highest quality. Hence, both information quality and channel accessibility are of interest in differentiating communication media.

The third attribute, receiver access, refers to the media's capability to reach a large, yet selective, audience of employees, no matter of the personal relationship or geographic

and time-zone differences (Zmud et al., 1990). This receiver access attribute is of special relevance with the computer-mediated channels (Zmud et al., 1990), which have power of addressing many employees at once. This, naturally, only works if the channel is in wide use in the company.

Zmud et al. (1990) further identified 21 adjective pairs from previous research that could represent the six attributes: personalisation, cue variety, immediate feedback, information quality, channel accessibility and receiver accessibility. These adjectives can be used to evaluate communication channels. They are presented in Table 3.

Table 3: Adjective-Pairs Used In Evaluating Communication Channels (Zmud et al., 1990)

Always available/not always available [A] Ambiguous/clear [Q] Audio/visual Confidential/public [M,R] Delayed feedback/immediate feedback [F] Dependable/nondependable [A] Easy-to-user/hard-to-use [A] Favorable/unfavorable [M] Flexible/restricted [C,R] Precise/imprecise [Q] Accurate/inaccurate [Q] Convenient/inconvenient [A] Personal/impersonal [M,R] Reliable/unreliable [Q] Sensitive/not sensitive [M] Simple/complex [A] Slow/fast [Q] Subjective/objective [C] Technical/nontechnical [A] Urgent/not urgent [A] Wide-ranging/narrow-focused [C]
A–accessibility Q–information quality C–cue variety F–feedback M–message personalisation R–receiver access

As can be seen in Table 3 there are the 21 adjective pairs and after them capital letters. The capital letters are referring to Zmud et al.'s (1990) six attributes. Each attribute has from one to seven different adjectives describing it. These adjectives are a useful tool in evaluating the attributes and, furthermore, the communication channels.

Zmud et al.'s (1990) research seems to be primarily from the communication senders point of view, both looking at lateral and downward communication. However, this study is specifically interested in the point of view of the communication receivers . Therefore, from all of Zmud et al.'s (1990) communication channel attributes only five are deemed relevant for this study to get more in detail data about the communication media. This is supported by Zmud et al.'s (1990) findings where communication theories developed for one direction may not be appropriate to use for other directions without alterations. The receiver accessibility concept is not deemed important for this study, since it mainly looks at message sending and how the sender can access several receivers at once, and not at the receivers point of view.

In sum, media richness theory (Daft & Lengel, 1986; Daft et al., 1987; Daft & Weick, 1984) and communication channel attributes (Zmud et al., 1990) are being used in this study to evaluate the internal corporate communication channels from the employees' point of view. Since there are a multitude of communication channels in today's technological world and all of these channels have a different capacity for delivering messages (Lengel & Daft, 1988) it is vital to choose the right media for the message and the situation (Daft & Lengel, 1986; Zmud et al., 1990). The reduction of uncertainty and equivocality are identified from the literature as some of the employees' needs for channel choice.

## **2.4 Commitment**

Generally, globalisation, technology and increasing competition have forced companies to become more efficient and flexible in order to stay in business. Downsizing, outsourcing and restructuring are among the few tools that companies use to cut costs. This phe-

nomenon has led to employees hopping from one company to another and staying marketable in the outside world rather than for one company. In such a volatile business world, is commitment still important? According to Meyer and Allen (1997) it is, and they give three reasons why commitment is still important.

First, the companies or organisations are not vanishing but rather getting leaner. This means that only the core employees are left. These core employees need to be committed to the company, otherwise there is no company. After all, a company consists of people (Meyer & Allen, 1997). In addition, the less employees there are in a company, the more responsibilities each one will have. Since there are more responsibilities on the employees' shoulders, there needs to be trust that the employees will do the right thing. This can be ensured with commitment (Meyer & Allen, 1997). Furthermore, with the simple tasks being consumed by technology, the tasks that are left demand high knowledge and skills. For the employees to gain this set of skills, the company needs to invest in them and train them. This will lead to employees being highly marketable (Meyer & Allen, 1997) and naturally, a company wants to keep marketable core employees. Again, this can be ensured with commitment.

Second, organisations that contract out work to other organisations or companies want these other companies to be committed to the project. This type of commitment might be different; however, it is still important to understand how it develops and how it can be maintained (Meyer & Allen, 1997).

Third, commitment inevitably develops. If there is no commitment, then there is alienation, which is unhealthy (Kobasa, Maddi & Kahn, 1982). If the employees are not committed to the company, then, they are committed to something else, for instance, hobbies or their careers. The behavioural consequences of the commitment will affect the employee's relationship towards the organisation (Meyer & Allen, 1997). Since the employee is going to develop a commitment towards something anyway, why shouldn't a company make an effort so that the commitment is with them instead of with something else? All in all, commitment is still important (Meyer & Allen, 1997).

There is a multitude of controversial commitment research in the academic literature,

where commitment is defined and measured in different ways (Meyer & Herscovitch, 2001). De Ridder (2004, p. 21) sees commitment as “one type of positive attitude”. Oliver (1990, p. 30) mentions that commitment is “one’s inclination to act in a given way toward a particular commitment target”. On the other hand, Scholl (1981, p. 593) defines commitment as “a stabilizing force that acts to maintain behavioral direction when expectancy/equity conditions are not met and do not function”. From the magnitude of commitment definitions, Meyer and Herscovitch (2001) identified the common elements. In their point of view, commitment “is a stabilizing or obliging force, that – gives direction to behavior” (Meyer & Herscovitch, 2001, p. 301).

Several authors see commitment as a unidimensional construct (Blau, 1985; Brown, 1996; Mowday et al., 1982; Wiener, 1982), whereas others see it as a multidimensional construct (Allen & Meyer, 1990; Angle & Perry, 1981; Gordon, Philpot, Burt, Thompson & Spiller, 1980; Jaros, Jermier, Koehler & Sincich, 1993; Mayer & Schoorman, 1992, 1998; Meyer & Allen, 1991; O’Reilly III & Chatman, 1986; Penley & Gould, 1988). Furthermore, even though there is a growing consensus that commitment could be a multidimensional construct, the literature disagrees on the actual dimensions of commitment (Meyer & Allen, 1997). Academic researchers are trying to clarify this confusion; by reviewing the literature (Mowday et al., 1982), building on previous literature (Meyer & Allen, 1997), developing a general model towards commitment (Meyer & Herscovitch, 2001) and by differentiating commitment from other similar constructs like motivation (Scholl, 1981).

The core essence of commitment that differentiates it from other constructs is defined in the following quote:

“commitment is a force that binds an individual to a course of action of relevance to one or more targets. As such, commitment is distinguishable from exchange-based forms of motivation and from target-relevant attitudes, and can influence behavior even in the absence of extrinsic motivation or positive attitudes”

*(Meyer & Herscovitch, 2001, p. 301)*

In addition to the essence of commitment, commitment can have one or more targets (Meyer & Allen, 1997). These targets include careers (Niu, 2011), goals (Locke, Latham & Erez, 1988), organisations (Mathieu & Zajac, 1990; Meyer & Allen, 1991; Mowday et al., 1982), occupations and professions (Blau, 1985; Meyer, Allen & Smith, 1993), teams and leaders (T. Becker, 1992; Hunt & Morgan, 1994) and unions (Gordon et al., 1980), to mention a few. In this study, the focus is on organisational commitment, because of Welch and Jackson's (2007) internal corporate communication (ICC) concept. One of the goals of ICC is commitment, specifically commitment to the organisation (Welch & Jackson, 2007).

This section continues by explaining the organisational commitment in Subsection 2.4.1. Since one of the goals of ICC is organisational commitment, it needs to be assessed in order to see the potential link between internal corporate communication and commitment. The measures chosen for this study are the affective commitment scale (ACS), the continuance commitment scale (CCS) and the normative commitment scale (NCS) (Meyer & Allen, 1991). These three scales are part of a three-component model of commitment (TCM) developed by Allen and Meyer (1990) and described in Subsection 2.4.2.

### **2.4.1 Organisational Commitment**

Organisational commitment has both positive and negative effects for both the organisation and the employee (Meyer & Allen, 1997). Meyer and Allen (1997) listed some of these effects. A committed employee has positive effects for the company; when the employee believes in the company, stays at the company even through turbulent times, isn't absent from work and does more work than asked for. From the commitment, the employee will gain new skills, interesting and challenging work, the possibility to meet with fascinating people and the opportunity to develop as a human being (Meyer & Allen, 1997).

All of these positive benefits sound good; however, there are also costs associated with commitment. On the one hand, some of these costs for the company could include an overly committed employee who is so committed to the company; that he or she will ac-

cept how things are currently (Meyer & Allen, 1997) and will not strive for improvement and change, which is vital in the competitive business world. In addition, a committed employee might expect the company to be equally committed to him/her and guarantee employment, which would be very costly and difficult for the company to do (Meyer & Allen, 1997). On the other hand, the negative costs associated with commitment for the employee could include loss of time and energy that could have been used for other purposes. In addition, an employee would most likely not keep himself/herself marketable in the outside job market (Meyer & Allen, 1997). These positive and negative effects of commitment show that it has several sides to it (Meyer & Allen, 1997).

Organisational commitment seems to have even more definitions than general commitment. Allen and Meyer's (1990) definition is preferred, because their commitment theory and measure is used in this study. The three most often found organisational commitment definitions including Allen and Meyer's (1990) definition are shown below.

“the strength of an individual’s identification with and involvement in a particular organization”

*(Porter, Steers, Mowday & Boulian, 1974, p. 604)*

“psychological attachment felt by the person for the organization; it will reflect the degree to which the individual internalizes or adopts characteristics or perspectives of the organization”

*(O’Reilly III & Chatman, 1986, p. 493)*

“a psychological state that binds the individual to the organization (i.e. makes turnover less likely)”

*(Allen & Meyer, 1990, p. 14)*

Researchers disagree whether commitment is an attitudinal or a behavioural phenomenon (Mottaz, 1989; Mowday et al., 1982). The two approaches are described in the following way:

“Attitudinal commitment focuses on the process by which people come to



think about their relationship with the organization. In many ways it can be thought of as a mind set in which individuals consider the extent to which their own values and goals are congruent with those of the organization. Behavioral commitment, on the other hand, relates to the process by which individuals become locked into a certain organization and how they deal with this problem”

*(Mowday et al., 1982, p. 26)*

The research in this study focuses mainly on the attitudinal approach, because the chosen theory and measure is developed from the attitudinal research stream (Allen & Meyer, 1990; Meyer & Allen, 1991).

Attitudinal theorists are starting to agree that commitment is multidimensional (Jaros et al., 1993). Since commitment is a multidimensional construct (Meyer & Allen, 1997), it has several dimensions. The literature, however, does not agree on these dimensions of the construct (Meyer & Allen, 1997). Therefore, there are different organisational commitment theories, which include different dimensions of commitment. The most studied theories are by Allen and Meyer (1990); Meyer and Allen (1984, 1991); O’Reilly III and Chatman (1986); O’Reilly III, Chatman and Caldwell (1991) and Caldwell, Chatman and O’Reilly III (1990). Meyer and Allen’s (1984) theory is based on the attitudinal approach, whereas O’Reilly III and Chatman’s (1986) theory is based on the behavioural approach.

Meyer and Allen’s (1991) three-component model (TCM) of commitment was based on the similarities and differences in the commitment literature (Meyer & Herscovitch, 2001). From the literature, Meyer and Allen (1991) found out that the similarities showed that commitment binds a person to the organisation, and the differences showed that there are different mind-sets to characterise commitment. These mind-sets let Meyer and Allen (1991) to identify three different themes that formed the three dimensions of commitment: affective, continuance and normative. Affective commitment is about how emotionally attached to the organisation an employee is; the employee wants to stay at the company (Meyer & Allen, 1991). On the other hand, continuance commitment shows how big the cost of leaving the organisation is; the employee needs to stay at the company (Meyer & Allen, 1991). Finally, normative commitment is about the feeling of obligation towards the organisation; the employee feels that he or she ought to stay at the company (Meyer

& Allen, 1991).

These three dimensions are not stand-alone, but a committed employee could reflect all three of them. In the review of the research done on their three-component model of commitment, Allen and Meyer (1996) note that, in general, their model seems valid; however, there is criticism whether the dimensions affective and normative are really distinguishable from each other. These two dimensions seem to correlate with each other; however, research shows that it is better to keep them apart as separate dimensions rather than join them up (Allen & Meyer, 1996). Furthermore, there is criticism towards the continuance commitment dimension. The question is whether it is a unidimensional construct or not, since some studies identify two aspects in it, namely perceived sacrifices associated with leaving the organisation and lack of alternative employment opportunities (Allen & Meyer, 1996).

“Although some empirical questions remain at issue, the overall results strongly support the continued use of the scales in substantive research”

*(Allen & Meyer, 1996, p. 252)*

O'Reilly III and Chatman (1986) see organisational commitment as the employee's psychological attachment to the organisation, where the nature of this attachment can differ. O'Reilly III and Chatman's (1986) theory is based on Kelman's (1958) work on attitude and behaviour change, and it includes three dimensions of commitment. These dimensions are compliance, identification and internalisation.

“Compliance occurs when attitudes and behaviors are adopted not because of shared beliefs but simply to gain specific rewards. In this case, public and private attitudes may differ. Identification, in Kelman's terms, occurs when an individual accepts influence to establish or maintain a satisfying relationship; that is, an individual may feel proud to be a part of a group, respecting its values and accomplishments without adopting them as his or her own. Internalization occurs when influence is accepted because the induced attitudes and behaviors are congruent with one's own values; that is, the values of the individual and the group or organization are the same”

*(O'Reilly III & Chatman, 1986, p. 493)*

There have been some controversial findings about the reliability of O'Reilly III and Chatman's (1986) three-dimensional structure of commitment. Even though their original study showed support for their work, some following studies (Caldwell et al., 1990; O'Reilly III et al., 1991) showed that there is a difficulty in distinguishing between identification and internalisation. These two dimensions tended to correlate with each other, and Caldwell et al. (1990) combined them as normative commitment (not to be confused with Meyer and Allen's (1991) normative commitment). In addition, they changed the clearly distinct dimension "compliance" into instrumental. This dimension has received some criticism as to whether it can be considered commitment at all (Meyer & Allen, 1997).

The three-component model of commitment (Meyer & Allen, 1991) is chosen for this study, because, firstly it is based on previous literature and, therefore, also incorporates some older theories in it; secondly, it is very well researched; thirdly, it provides a good quality measure; fourthly, Welch and Jackson (2007) referred to their work specifically; and finally, "Meyer and Allen's three-component model of organizational commitment has become the dominant model for study of workplace commitment" (Jaros, 2007).

## **2.4.2 Three-Component Model of Commitment**

The three dimensions of the three-component model of commitment (TCM) are affective commitment, continuance commitment and normative commitment (Allen & Meyer, 1990; Meyer & Allen, 1991), as already mentioned earlier.

"Common to these three approaches is the view that commitment is a psychological state that (a) characterizes the employee's relationship with the organization, and (b) has implications for the decision to continue or discontinue membership in the organization"

*(Meyer & Allen, 1991, p. 67)*

Beyond the commonalities, the nature of these dimensions differs. An affectively committed employee wants to stay at the company; because of the emotional attachment, identification and involvement in the company. On the other hand, an employee with continuance commitment feels like he or she needs to stay at the company; due to the perceived cost of leaving it. Furthermore, a normatively committed employee feels like he or she ought to stay at the company; due to obligation (Meyer & Allen, 1991). These three dimensions are components of commitment, and an employee can experience all three dimensions to a varying degree. The major variables associated with these three dimensions are shown in Meyer and Allen's (1991) Figure 7. Meyer and Allen (1991) compiled Figure 7 based on previous research. Some variables were added due to theoretical arguments and some due to empirical evidence (Meyer & Allen, 1991).

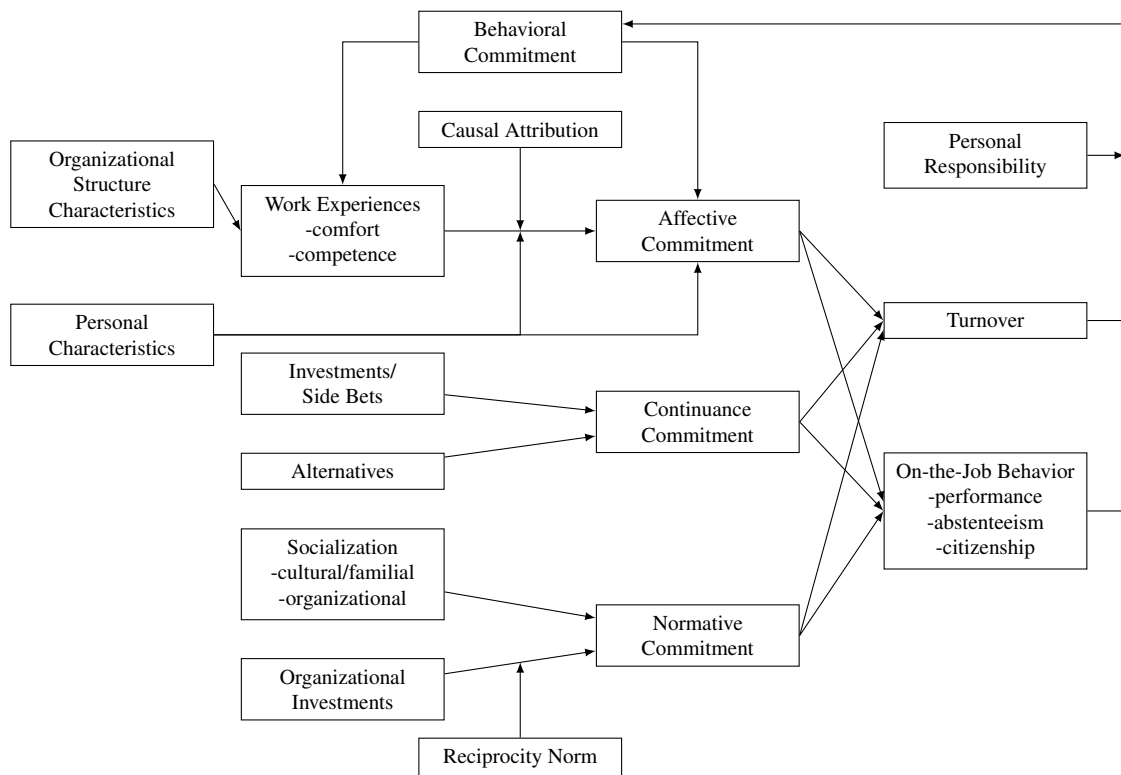


Figure 7: A Three-component Model of Organizational Commitment (Meyer & Allen, 1991)

Figure 7 shows that the variables on the left are the antecedents of the three dimensions of commitment, which then lead to consequences. The consequences have a loop back to the

antecedents of affective commitment. Affective, continuance and normative commitment are unique commitment components that all have their own antecedents. The commitment components lead to the same consequences, although to a varying degree. The antecedents and consequences of each commitment component are briefly highlighted next.

There are four antecedents of affective commitment (Meyer & Allen, 1991): Organisational structure characteristics, personal characteristics, work experiences (Mowday et al., 1982) and causal attributions. The first one, organisational structure characteristics, includes issues such as the decentralisation of decision making and the creation of policy and procedure (Morris & Steers, 1980), which have been found to correlate with affective commitment (Morris & Steers, 1980). The second one, personal characteristics, includes personal dispositions (e.g. need for achievement, affiliation and autonomy (Morris & Snyder, 1979; Steers, 1977)), which has been modestly linked to commitment (Meyer & Allen, 1991), and demographic characteristics (e.g. age, tenure and sex), which have been linked to commitment (Angle & Perry, 1981; Mottaz, 1988; Steers, 1977), albeit weakly and non consistently (Meyer & Allen, 1991). The third one, work experiences, contains two categories, comfort and competence, as observed from the literature by Meyer and Allen (1991). When a company makes an employee feel comfortable (e.g. confirmation of pre-entry expectations (Blau, 1988; Meyer & Allen, 1988), organisational dependability (Buchanan II, 1974; Meyer & Allen, 1988; Steers, 1977), role clarity and freedom of conflict (Blau, 1988; DeCotiis, 1987; Morris & Snyder, 1979)) and/or competent (e.g. job challenge (Buchanan II, 1974; Meyer & Allen, 1988), opportunity for advancement (O'Reilly III & Caldwell, 1980) and participation in decision making (DeCotiis, 1987)) at the organisation, the employee could become committed (Meyer & Allen, 1991). This is based on the assumption that commitments develop as a result of work experiences fulfilling employees' needs and matching with their values (Meyer & Allen, 1991). Finally, causal attributions imply that "employees' evaluations of either the motivation for or source of a fulfilling work experience [could] influence the extent to which that experience will increase affective commitment" (Meyer & Allen, 1997, p. 55).

Investments/side bets and availability of alternatives are the two most studied antecedents of continuance commitment (Meyer & Allen, 1991). Firstly, side bets refer to extra work-related or non work-related investments that an employee acquires, for instance

attractive benefits or seniority-based privileges (H. Becker, 1960). These side bets can be seen as potential costs of leaving the company (H. Becker, 1960), and therefore, they can lead to continuance commitment. Secondly, availability of other job alternatives affects continuance commitment. If the employees perceive that there are no attractive alternatives, then, they will need to stay in the current workplace (Rusbult & Farrell, 1983). These two antecedents have been added to Figure 7 on the basis of theoretical rather than empirical evidence (Meyer & Allen, 1991).

Socialisation, organisational investments and reciprocity norm are the three antecedents of normative commitment (Meyer & Allen, 1991). The first one, socialisation, has two aspects: familial/cultural socialisation and organisational socialisation. These two can create a normative commitment; when the employee has internalised the cultural/familial or organisational norms of staying in the company and feels obliged to do so (Wiener, 1982). The second antecedent of normative commitment, organisational investments, occurs when the company has invested in the employee, for instance by paying the university fees (Meyer & Allen, 1991). This leads to the third antecedent, reciprocity norm, which happens when employees stay at the company; because they feel that they owe the company something and need to stay until it has been repaid (Scholl, 1981). These three antecedents are theoretical rather than empirical (Meyer & Allen, 1991).

Low turnover, better performance, low absenteeism and citizenship behaviour are the four consequences of the three commitment components, affective, continuance and normative, in varying degrees (Meyer & Allen, 1991). First, the most studied consequence is turnover. More specifically, this means the relation between the three commitment dimensions and the tenure of an employee in a company. A negative correlation between these different components of commitment and turnover has been found in several studies (Angle & Perry, 1981; DeCotiis, 1987; Farrell & Rusbult, 1981; O'Reilly III & Chatman, 1986; Porter et al., 1974; Steers, 1977; Wiener & Vardi, 1980), meaning that if an employee is committed in any of these three commitment dimensions, this employee is less likely to leave the company. However, low turnover is not enough.

Second, on the job behaviour, in terms of performance, absenteeism and citizenship, has generated mixed results as a potential consequence of the TCM (Meyer & Allen, 1991). Therefore, Meyer and Allen (1991, p. 73) assumed that “employees’ willingness to con-

tribute to organizational effectiveness will be influenced by the nature of the commitment they experience". This would imply that an affectively committed employee would be more willing to go beyond what is required by the company, compared to an employee with high continuance or normative commitment (Meyer & Allen, 1991).

After the consequences, Figure 7 shows a feedback loop back to the antecedents. The TCM model is mainly based on attitudinal commitment; however, Meyer and Allen (1991) added a bit of behavioural commitment to the mix by acknowledging that affective commitment adds to positive work behaviours along with accepted responsibility creating again behavioural commitment and, therefore, more affective commitment. For a more thorough explanation on the antecedents and developments of the three-component model of commitment, please see Meyer and Allen (1991, 1997).

Allen and Meyer (1990) created a TCM measure; with the affective commitment scale (ACS), the continuance commitment scale (CCS) and the normative commitment scale (NCS). The organisational commitment questionnaire (OCQ), measuring affective commitment alone, was the most common measure before Allen and Meyer's (1990). Their model and scales of commitment were chosen, because the ACS, CCS and NCS are reliable (with .85, .79 and .73 alpha coefficients) (Meyer & Allen, 1997) and have been tested (Cohen, 1996; Cohen & Kirchmeyer, 1995; Dunham, Grube & Castaneda, 1994; Irving, Coleman & Cooper, 1997). Meyer and Herscovitch (2001) even altered the model to a more general one, so that it could be used to measure commitment to other targets than organisational commitment. This general measure received some criticism from H. J. Klein, Molloy and Brinsfield (2012), because it was developed on some assumptions that are only valid in the organisational context. However, since this study is interested in organisational commitment: and not any other foci, Allen and Meyer's (1990) model is the best way to go. The measure will be further explained in Section 3.2.1.

In sum, the specific commitment target of interest in this study is organisational commitment. There are two research streams within organisational commitment, namely attitudinal and behavioural. In addition to research streams, there are many theories on the multidimensional construct of commitment, debating on the relevant dimensions. The three-component model of commitment (Allen & Meyer, 1990; Meyer & Allen, 1984,

1991), with the affective, continuance and normative components, is chosen as the theory and measure for this study.

## **2.5 Theoretical framework**

The theoretical framework for this study is based on literature reviewed in this chapter; however, the core comes from Welch and Jackson's (2007) ICC concept. The purpose of this framework is to guide the research process. As mentioned earlier, the main research problem of this study is to find out whether internal strategy (corporate) communication, specifically its channels, meet the employees' needs and whether this communication relates to organisational commitment of the employees. The theoretical framework is presented in Figure 8.

As can be seen in Figure 8, there is a big arrow pointing from the strategic managers to the employees. The big arrow represents ICC, which leads to commitment presented at the right hand side of Figure 8. This basic core, meaning the strategic managers, the arrow representing internal corporate communication, the employees and the commitment goal, is one angle of Welch and Jackson's (2007) ICC concept. The rest of the steps, in between and around, are incorporated from other literature. Next, the whole Figure 8, that is the theoretical framework of this study, will be explained in detail from left to right in a step by step manner.

Internal corporate communication is predominantly one-way communication from the strategic top of the company to all of its employees (Welch & Jackson, 2007). The content of it would generally be any corporate issue that the top wants to communicate to everyone (Welch & Jackson, 2007), but in this study, the content is corporate strategy. Internal corporate communication has four goals: commitment, belonging, awareness and understanding (Welch & Jackson, 2007). The goal of interest in this study is commitment. Internal corporate communication is part of an internal communication matrix that has three other two-way dimensions, which are internal line management communication, internal team peer communication and internal project peer communication. These four



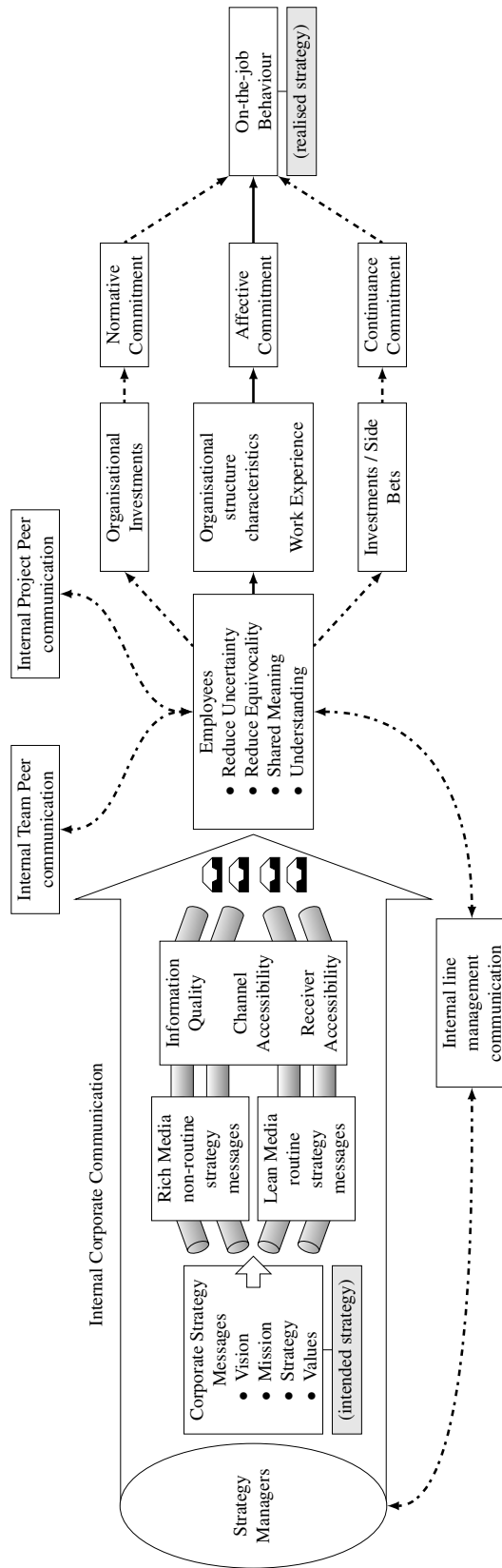


Figure 8: The Theoretical Framework

interrelated dimensions of internal communication address different internal stakeholders in a company (Welch & Jackson, 2007).

The first step the strategic managers have to do is to formulate the corporate strategy messages to be sent to the employees. The corporate strategy that the top management communicates is most likely the intended and planned strategy (Aaltonen & Ikävalko, 2002; Mintzberg, 1978). The messages could contain the four operational guidelines of the company: vision, mission, strategy and values (Hämäläinen & Maula, 2004) or, also, long-term objectives (David, 1989) and any other company specific strategy details.

Once the top management has formulated the corporate strategy message, it has to communicate it to the employees. Normally, strategic managers send the corporate strategy messages via multiple channels. The decision of which channel to use for which message should be evaluated carefully, according to the media richness theory (Daft & Lengel, 1986; Daft et al., 1987; Daft & Weick, 1984). Strategy messages, especially, should be communicated via a rich medium (Lengel & Daft, 1988). Most of strategy messages are non-routine messages, meaning that they are ambiguous, surprising and characterised by time pressure and potential for misunderstanding. Therefore these equivocal strategy messages should be communicated via rich media in order for the employees to understand them (Lengel & Daft, 1988) and act upon them (Aaltonen & Ikävalko, 2002; Noble, 1999; Weick, 2001). Since the ICC is predominantly one-way (Welch & Jackson, 2007), the media cannot be the richest, because it is missing the immediate feedback characteristic of two-way communication. However, the chosen media should be as rich as possible.

Even though, Lengel and Daft (1988) claim that commitment might not be reached if corporate strategy is communicated via lean media, in this study, it is assumed that corporate strategy messages could become routine messages and could thus be communicated via lean media. When corporate strategy messages become straightforward, rational and contain no surprises, they are turning into routine messages, maybe even into reminders of what is already known. Therefore, they should be able to be communicated via lean media and, according to Lengel and Daft (1988), still be considered effective communication.

Apart from the richness of the media, there are other communication channel attributes that should be taken into consideration, namely information quality, channel accessibility and receiver access (Zmud et al., 1990). What is the quality of information that the channel conveys, how accessible is the channel to the employees and how many employees does the channel reach at once? The receiver accessibility attribute is presented here, because it could affect the channel choice for the manager; however, it will most likely not affect the employees' channel choice, and will not be considered when the employees' point of view is studied.

Now that the corporate strategy messages have been sent via multiple media by the strategic managers they will reach the employees. Employees most likely have the possibility to choose which media they want to use, and hence, which form of the strategy message they will receive. They will have their own strategy and communication channel needs and preferences. In order to know whether the one-way ICC on corporate strategy is effective and successful, those needs and preferences of the employees need to be researched. The majority of possible needs have been identified from the literature review including the need for reducing uncertainty and equivocality (Daft & Lengel, 1986). In this theoretical framework, it is assumed that the one-way internal corporate communication is effective and successful; and will result in the reduction of uncertainty and equivocality (Daft et al., 1987). Furthermore, Welch and Jackson (2007) argue that communication leads to trust and understanding of the corporate strategy.

Figure 8 shows that, on top and below of the employees, there are two-way arrows to the other three dimensions of internal communication. The two arrows on top lead to internal team peer communication and internal project peer communication. The arrow on the bottom leads to internal line management communication. Employees have informal and formal chats with their team and project peers and more formal communication with their line managers/middle managers about corporate strategy issues. Since corporate strategy is a very equivocal topic, it needs employees pooling their subjective views together to create shared meaning and understanding and correct actions (Daft et al., 1987) from the basic strategy information that they have received via the ICC. Thus, strategy information becomes strategy knowledge. This can all be achieved with the two-way communication with the team peers, project peers and internal line managers.

Furthermore, Figure 8 shows how there is a two-headed arrow from the internal line management communication to the strategic managers. This arrow shows the fulfilment of the feedback loop. If critical upward communication is encouraged, as it should be (D. Tourish & Hargie, 2004c), then, the strategic managers will know what the employees need and can match their ICC to those needs (Welch & Jackson, 2007). Surveys have shown that employees and managers alike are indeed keen to improve communication (e.g. B. Tourish and Tourish (1997)), and that the communication improvements are correlated with commitment and job satisfaction (Hargie & Tourish, 2000). Even though this study mainly concentrates on the ICC dimension, it became evident in the literature review that these four dimensions are very much interrelated and cannot be addressed entirely separate. Furthermore, since ISC research is all about communication being two-way (Aaltonen & Ikävalko, 2002; Alexander, 1985, 1991), it became clear that the predominantly one-way ICC cannot communicate corporate strategy entirely on its own without the other three dimensions.

Now that the ICC, with a little bit of help from the other three internal communication dimensions, has led the employees to understand the corporate strategy, both the communication and the strategy knowledge will contribute to developing their commitment (De Ridder, 2004; S. Foreman, 1997; Schweiger & DeNisi, 1991; Welch & Jackson, 2007). Furthermore, Welch and Jackson (2007) argue that non work task related ICC has an effect on employee commitment and trust. However, De Ridder (2004) also suggests that work task related communication is specifically important for the development of commitment. Hence, internal team peer, internal project peer and internal line management communication also play a role in creating commitment.

The creators of the three-component model of commitment (Allen & Meyer, 1990; Meyer & Allen, 1991) are not specifically saying that communication would be an antecedent to commitment. However, in the more recent work of Meyer, Srinivas, Lal and Topolnytsky (2007) where the model is tested in a change environment, Meyer et al. (2007) suggest that communication should be an antecedent of commitment. The other antecedents of affective, normative and continuance commitment (Meyer & Allen, 1991) are briefly mentioned next. The antecedents for affective commitment include organisational structure characteristics, personal characteristics, work experiences and causal attributions (Meyer & Allen, 1991). The antecedents for normative commitment include

socialisation, organisational investments and reciprocity norm (Meyer & Allen, 1991). The antecedents for continuance commitment include investments/side bets and availability of alternatives (Meyer & Allen, 1991). Based on these antecedents and their descriptions presented in Subsection 2.4.2, it can be inferred that strategy knowledge gained via internal corporate communication could affect some of these antecedents. First, strategy could affect organisational structure characteristics and work experiences, thus leading to affective commitment. Second, the communication of strategy could increase normative commitment by affecting the organisational norms that suggest the obligation to stay at a company. Third, ICC on strategy could promise some nice side bets for staying at the company and, hence, increase continuance commitment. Affective commitment is assumed to be the most likeliest commitment component that will be affected by the communication and strategy knowledge. So, it is depicted in Figure 8 with a normal arrow, whereas the other two commitments with their antecedents only have a dashed line arrow.

All three commitment components, to varying degrees, lead to positive and increased on-the-job behaviour via low turnover, better performance, low absenteeism and citizenship behaviour (Meyer & Allen, 1991). Thus it can be deduced that a committed employee would start to act out the strategy and most likely realise a combination of deliberate and emergent strategy (Mintzberg, 1978). So, this theoretical framework shows how internal corporate communication communicates corporate strategy messages via rich and lean media to the employees and how the communication and interpretation of the content eventually result in commitment.

To conclude, this chapter has reviewed past literature that is highly relevant to this study. Covered issues are internal communication, internal communication matrix, ICC, corporate strategy, the formation and implementation of strategy, the difference between strategy communication and ICC, the media richness theory, the communication channel attributes, the organisational commitment and the three-component model of commitment. All of the reviewed literature has created a coherent and new theoretical framework to be used in this research.

# Chapter 3

## Methodology

This chapter describes the methodology of this study. The research design, with its exploratory and descriptive research purposes, quantitative and qualitative research strategies and single-case study research method is presented. Then the background study, interview and survey data collection techniques and the statistical data analysis are described. This is followed by a discussion of this study's reliability and validity.

### 3.1 Research design

The research design relates to choosing the research strategy that will help the researcher solve the research problem with the right data collection method (Ghauri & Grønhaug, 2005). Bryman and Bell (2003) say that research strategy is a guideline or direction of how to conduct the research and Hirsjärvi, Remes and Sajavaara (2010) say that the research strategy includes various methodological choices. It seems that these two terminologies - research design and research strategy - are used somewhat synonymously. In this study research design is seen as a bigger concept including the research purpose (Ghauri & Grønhaug, 2005), the research strategy and the research method. Naturally, the basis for the whole research design is the research question (P. Johnson & Harris, 2002).

### **3.1.1 Exploratory and descriptive research purpose**

This study has two research purposes, which are exploratory and descriptive. As just mentioned, the basis for the whole research design, hence also the research purpose, are the research questions (P. Johnson & Harris, 2002). The research questions consist of ‘how much’, ‘what’ and ‘how’ questions.

Exploratory research investigates unstructured and less understood research problems (Ghauri & Grønhaug, 2005). Hirsjärvi et al. (2010) describe exploratory research as research that normally develops a hypothesis, then tries to solve a less known phenomenon by finding out what happens and looking for new viewpoints and new phenomena. The key characteristic about exploratory research is flexibility, since new information may change the direction of the research (Ghauri & Grønhaug, 2005). Exploratory research often answers “what” research questions (Yin, 2009). The research questions that are exploratory in nature are the following:

1. What are the employees’ internal strategy (corporate) communication channel preferences?
2. How do the internal strategy (corporate) communication channels meet the employees’ needs?
5. What is the relation between their commitment and strategy knowledge gained through internal strategy (corporate) communication?

On the other hand, descriptive research addresses well structured and understood problems (Ghauri & Grønhaug, 2005). This research purpose tries to describe people, events or situations in a very precise manner by documenting the most interesting and core features (Hirsjärvi et al., 2010). The key characteristics include structure, precise rules and procedures (Ghauri & Grønhaug, 2005). Descriptive research usually answers ‘who’, “where”, “how many” and “how much” questions (Yin, 2009, p. 9). The research questions that are descriptive in nature are the following:

3. How much knowledge do the employees perceive to have regarding the corporate

strategy gained through internal strategy (corporate) communication?

4. How much are the employees committed?

### **3.1.2 Quantitative and qualitative research strategy**

The two main types of research strategy are quantitative and qualitative research (Bryman & Bell, 2003; Hirsjärvi et al., 2010). It is relatively common to try to categorise these two research strategies as opposites of each other. However, Bryman and Bell (2003) mention that researchers should be careful not to separate them entirely, just like P. Johnson and Harris (2002) point out that they don't need to be isolated from each other and that they can in fact compliment each other. Furthermore, Hirsjärvi et al. (2010) state that it might actually be difficult to pinpoint and define which exact strategy is applied, even though they have their unique features. The research strategy chosen for this study is a combination of both qualitative and quantitative research.

Quantitative research has been the most dominant research strategy, especially for business research, for a long time (Bryman & Bell, 2003). It has a deductive approach between theory and research, where the importance is put on the testing of the theories (Bryman & Bell, 2003). In the process of quantitative research, earlier research, especially the theories and conclusions drawn from the research, is important (Hirsjärvi et al., 2010). This will then lead to one or several hypotheses (Hirsjärvi et al., 2010). It is common in quantitative research to define concepts and to carefully plan the data collection to make sure that it is suitable for quantitative, numerical measuring (Hirsjärvi et al., 2010). The collection of data is done by selecting the test people via a random sample (Hirsjärvi et al., 2010). Then, the data is changed into a statistically editable format and, based on that, statistical data conclusions are being formed (Hirsjärvi et al., 2010). There is always numerical analysis of data in quantitative research (P. Johnson & Harris, 2002). Quantitative research really highlights the quantification of the data both in the collection and analysis phases (Bryman & Bell, 2003). An analytical approach is what truly characterises quantitative research (P. Johnson & Harris, 2002).

Qualitative research strategy puts more emphasis on words and observation in the data



collection and analysis rather than on numbers and quantification (Bryman & Bell, 2003; P. Johnson & Harris, 2002). Qualitative research has usually an inductive approach between theory and research, where the generation of theories is highlighted (Bryman & Bell, 2003). In qualitative research the research plan could change along the way (Hirsjärvi et al., 2010). Usually the qualitative research problems require detailed in-depth data (P. Johnson & Harris, 2002). Typically, qualitative research gathers this data in a natural setting, favoring humans as the data collection instruments, using qualitative methods and choosing target groups purposefully (Hirsjärvi et al., 2010). After the data has been analysed, emerging patterns should still be determined (Maykut & Morehouse, 1994). Qualitative research studies are treated as unique and the data interpreted accordingly (Hirsjärvi et al., 2010). Qualitative research truly presents a good source for analysis and interpretation, especially in business research (Collis & Hussey, 2003).

The appropriateness and decision of the research strategy depends on the research problem (Hirsjärvi et al., 2010; P. Johnson & Harris, 2002) and on the research purpose (Bryman & Bell, 2003). As has just been identified, the research problem has a descriptive and exploratory research purpose. These research purposes point to a combination of research strategies. The descriptive research purpose is linked with quantitative research whereas the exploratory research purpose is linked with qualitative research (Hirsjärvi et al., 2010). The research process of this study is leaning more towards qualitative strategy, because of the inductive and iterative process. However, the data collection and analysis are leaning more towards quantitative strategy.

### **3.1.3 Case study method**

Research methods are the rules and procedures that will help the researcher solve the research problem (Ghauri & Grønhaug, 2005). A research method is a smaller more compact concept than the research strategy (Hirsjärvi et al., 2010). The research method chosen for this study is an embedded single-case study (Yin, 2009). The case study is defined as:

“an empirical inquiry that investigates a contemporary phenomenon in depth

and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. [–] The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis”

*(Yin, 2009, p. 18)*

Harrison (2002) points out three advantages of case studies. First, the continuous reality check, since the process is iterative between theory and data. Secondly, the possibility to use several quantitative and qualitative techniques. Thirdly, the boundaries that the case creates in this study.

The two research purposes of this study point towards a case study method. Both Yin (2009) and Hirsjärvi et al. (2010) note that an exploratory study can use a case study method. Most likely a descriptive research purpose can be covered with a case study method as well, since a case study method can itself include several kinds of research methods or techniques (herein referred to as techniques) to acquire a comprehensive view (Ghauri & Grønhaug, 2005).

Furthermore, a case study method is suitable for research that stresses the communication process (Daymon, 2002), just like in this study the communication channels are highlighted. Since internal strategy (corporate) communication and the commitment of employees is a very contemporary issue, the case study method is appropriate (Yin, 2009).

The chosen case company for this study is the Finnish daughter company of an international corporation. The daughter company is spread around Finland and has circa 350 employees. It has its main office in Helsinki and other offices around Finland. The Finnish subsidiary case study company is from here on referred to as “the company”.

In sum, this study’s research design includes a research purpose, strategy and method. The research purpose consists of descriptive and exploratory research. The research

strategy includes both quantitative and qualitative research. Finally, the research method is a single-case study.

## **3.2 Data collection and analysis**

The data for this study was collected using three techniques and analysed both qualitatively and quantitatively. Data collection refers to collecting necessary data through primary sources to answer the research questions (Ghauri & Grønhaug, 2005). Data analysis refers to obtaining meaning out of the collected data (Ghauri & Grønhaug, 2005).

### **3.2.1 Background study, interview and survey techniques**

The three chosen data collection techniques are a qualitative background study, a qualitative semi-structured interview and a quantitative survey. These three different techniques were chosen in order to balance each other out and gain a comprehensive understanding of the research phenomenon. Several techniques can be used in a case study research to take into consideration all different viewpoints (Harrison, 2002). Most commonly a case study applies qualitative means to explore the attitudes and interpretations of the people. However, a case study could also include some quantitative techniques or be even completely quantitative (Ghauri & Grønhaug, 2005).

#### **Background study**

Some background research of the company's communication was made in the beginning of this study's research process, in May 2012, in order to acquire enough information to produce a survey (Marschan-Piekkari, Welch, Penttinen & Tahvanainen, 2004). The very basic information was found on the case company's public internet website. However,

the most relevant and interesting information was received from the case company itself, since they gave access to a lot of internal company material, which is visible in Table 4.

Table 4: Background material from case company

Company presentation
Brand video
Communication plan
Company level strategy playbook
Department level strategy playbook
Newsletters
Employee magazine
Strategy related presentations etc.

Table 4 lists the accessed case company internal material, such as internal newsletters and the company level strategy playbook. This background material and the public company website were used to get a more profound understanding of the case company's strategy and how it communicates the strategy to its employees. The information gathered was compared to the earlier literature and specifically to Welch and Jackson's (2007) internal communication (IC) matrix. That was done to identify the internal corporate communication, especially all strategy related communication, from the company's whole IC. The information collected aided to conduct the survey on the content and channels of internal strategy (corporate) communication and commitment. More specific information of the background description can be found in Section 4.1.

### **Semi-structured interviews**

During the initial background study, two semi-structured interviews were conducted at the case company. The interview was chosen as the second technique in this study, because it is an efficient way to gain access to a range of targeted data (Marshall & Rossman, 1995). Semi-structured interviews are more like guided talks rather than structured queries (Yin, 2009). They allow for a flexible (Hirsjärvi & Hurme, 2000) and informal setting (Collis & Hussey, 2003). Semi-structured interviews emphasize and concentrate on the viewpoints of the interviewees (Hirsjärvi & Hurme, 2000).

The semi-structured interview technique does not have a detailed set of fixed questions, but rather themes that the interviews follow (Hirsjärvi & Hurme, 2000). This will allow the interviewees to talk broadly about the issues at hand (Hirsjärvi & Hurme, 2000). These themes also aid in keeping track of what is being researched (Hirsjärvi & Hurme, 2000). The themes in this study were based on the research questions and they were: what is being communicated, how strategy is communicated, what are employees' needs in regards to internal strategy communication (ISC) and, finally, how committed are the employees towards the case company.

The aim of these two interviews was to find out manifold: what the IC and ICC are like at the case company, how do they communicate corporate issues, especially strategy, which channels do they use, how much do they know about strategy themselves, what do they think other employees know about the strategy, the challenges of communicating the strategy to the entire company and, finally, the relation between ISC and commitment. The basic interview data is presented in Table 5.

Table 5: Interview data

Interviewees	Profession	Date	Duration
Interviewee 1	Communications professional	03.05.2012	85 min
Interviewee 2	Head of communications	03.05.2012	40 min

As Table 5 shows, the interviewees comprised the head of communications and one communications professional. These two professionals were chosen to get the most in-depth answers about the communication at the company, but also to be closer to saturation by interviewing employees from different organisational levels (Marschan-Piekkari et al., 2004). The interviews were conducted during the same day, but there was enough time in between to reflect upon the first interview and improve the questions slightly for the second interview. The duration of the interviews varied greatly, due to the familiarity of the topic to the interviewees. The interviews were recorded, transcribed and selected quotes translated.

The two interviews were used for two purposes: as preliminary information for the preparation of the survey and as standalone qualitative interviews on the research problem itself. The subjective data from the interviews was combined with the data gathered from

the survey to obtain a more objective view (Marshall & Rossman, 1995).

## **Survey**

A quantitative survey was chosen as a technique to reach all the employees of the case company. According to Ghauri and Grønhaug (2005) and Reeves and Wright (1996), a survey is an effective approach to gathering data from a lot of people. Reeves and Wright (1996) add that surveys are convenient to use for the employees. However, they also mention that surveys can have possible drawbacks, such as a low response rate. Then again, the case company had an average response rate of 80 percent in their earlier surveys.

Based on the company background check, interviews and earlier literature, a quantitative survey was compiled in Finnish during the summer of 2012. The language choice of the survey was a specific request from the case company. The majority of the survey included closed questions in order to gain numerical data (Collis & Hussey, 2003). However, in order to react to the problem, where respondents cannot give their own opinion apart from the specific preset questions, some open ended questions were added to the survey (Bryman & Bell, 2003; Collis & Hussey, 2003). The content of the survey was reviewed by the case company representatives and thesis supervisor.

After different survey tools had been researched and evaluated, the decision fell on an Open-Source survey tool called Limesurvey. This survey tool was easily customisable to any question type needed, and it gave full access to the data. The survey was created in Limesurvey, after which it passed through yet another review by the case company, supervisor and several communication students of Aalto University School of Business. The online survey got improved one last time, and it ended up with three, short and to the point parts to match with the research questions.

### **Part 1: Strategy**

The first part of the survey contained questions regarding the case company's corporate strategy. These questions inquired about the knowledge, understanding, ability to use and need of the company strategy. Review of earlier strategy research, the background study

and the interviews assisted in creating the first part of the survey. This strategy part was designed in a qualitative way with many open ended questions to encourage employees to define their company's key strategy terms in their own words. However, during the survey review it was pointed out that many open ended questions would take too much time to answer. In addition, the case company was worried that since strategy is such a difficult topic, demanding respondents to define it would most likely reduce the response rate. Hence, the strategy part of the survey was redesigned to be more quantitative with closed multiple-choice questions and only a few open ones. The strategy part was the smallest in the questionnaire.

**Part 2: Strategy Communication**

The second part of the survey is ISC. More research is needed on the internal corporate communication (ICC) channels and the employees preferences about the channels (Welch & Jackson, 2007). Therefore, the second part in the survey concentrates on the channels of internal strategy (corporate) communication. The case company's strategy relevant channels were identified from the literature, background study and interviews. They are shown in Table 6 along with the reviewed set of channels.

Table 6: The stages of channel choice for the survey

Initial channels	Second version	Final channel choices
Newsletter	Newsletter	Newsletter
Management's review	Management's review	Management's review
Yearly Kick-Off meeting	Yearly Kick-Off meeting	-
Intranet	Intranet	Intranet
Employee magazine	Employee magazine	-
To the top - seminar	To the top - seminar	-
Playbook	Playbook	Playbook
Strategy meeting	Strategy meeting	Strategy meeting
Strategy day	-	-
Coffee table conversation	Coffee table conversation	Coffee table conversation
	Performance review	Performance review
	Work meeting	-

As can be seen in Table 6, the first column of channels are the initial ten channels that were chosen from the vast amount of channels based on their relevance to strategy. The

first set of channels was approved until the survey was nearly ready. Then, 'strategy days' got deleted, since it did not include all employees at the case company. 'Performance review' and 'general work meetings' were added, which is visible in the second column in Table 6. After this it was soon realised that there were too many channels and they needed to be cut down.

Seven channels were agreed upon on the basis of strategy relevance, internal communication dimension (ICC/non-ICC), and the nature of the channel (formal/informal). These are visible in the third column in Table 6. The newsletter, management's monthly review, intranet and the playbook were selected, because they are the formal ICC channels communicating strategy that this study is primarily interested in. After some consideration, the Strategy meeting and the performance review were added, because they are formal internal line management communication that the company identified as important ISC channels. The last selected channel is the coffee table conversation, which as an informal channel. Since the grapevine is usually very powerful, this coffee table conversation channel adds an interesting contrast to the other formal channels.

Comparing the findings of the non-ICC and ICC channels could more clearly identify the role and preference of the ICC channels in the strategy context. In addition, the findings of the internal line management communication will also give an idea of the role that the line manager has as the strategy message conveyor compared to the strategic management. The channels were in Finnish in the survey. A more detailed explanation of the channels can be found in Subsection 4.1.2.

The survey respondents were asked to evaluate the channels on a Likert scale from one to seven according to the channel attributes and their descriptive adjectives (Zmud et al., 1990). The evaluated attributes were cue variety, feedback, personalisation, information quality and channel accessibility. The attributes and their adjectives were presented in Subsection 2.3.2. In the survey, the five attributes that were used to evaluate the channels were presented with the matching adjectives in order to define the attributes better for the respondents.



### **Part 3: Commitment**

The third part in the survey focused on organisational commitment. Commitment is one of the goals of ICC (Welch & Jackson, 2007). In order to find out whether the employees are committed to the case company, their commitment levels needed to be measured. Meyer and Allen (1991) came up with a Three-Component Model of Commitment that measures affective, continuance and normative commitment. Meyer and Allen were contacted to acquire permission to use their TCM survey. Permission and related material was received, which led to a process of translating the TCM survey into Finnish with the help of the supervisor and several communication students. The finished TCM survey was attached as the third part in the survey with the two others, so that they would form a complete set.

The survey alongside a motivational text was advertised to the employees via the case company newsletter in the middle of August 2012. The communications department of the case company actively talked about the survey and urged employees to participate. A second reminder about the survey was sent one week later in the next newsletter. All in all, the employees were given one and a half weeks to respond. The survey had 38 respondents out of circa 370 employees, which gives a response rate of 10 percent. The response rate is rather low and, therefore, the data will be analysed both quantitatively and qualitatively. The respondent's own opinions from the open text boxes of the survey were translated from Finnish to English. The low response rate will be further discussed in Section 3.3.

### **3.2.2 Statistical data analysis**

The data collected from the background study, the interviews and the survey were analysed using different procedures. Data analysis refers to obtaining meaning out of the collected data (Ghauri & Grønhaug, 2005). The data collected from the background study and the interviews were edited, coded and emerging patterns were recognised, just like Ghauri and Grønhaug (2005) suggest. The quantitative survey data was analysed using R. The statistical analysis is explained more in detail in this subsection.

R is an open source environment for statistical computing and graphics. It was used to identify outliers and analyse the correlation between the data collected from the questionnaire. This data is presented in this study using two different plots: box plots and scatter plots. Box plots were used to analyse the distribution of different independent variables. Scatter plots were used when two different variables were being compared and the association between the variables was being analysed.

Even though R supports graphing of data, PGFPlots, which is a  $\text{\LaTeX}$  library, was used for drawing the plots. This allowed for graphs that match the styling of the rest of the document.

### **Box Plots**

Box Plots were used to describe the distribution of a variable by plotting 6 values. They are as follows:

- Minimum : The minimum value
- Lower quartile : 25th Percentile ( $Q_1$ )
- Median : 50th Percentile
- Average : The mean
- Upper quartile : 75th Percentile ( $Q_3$ )
- Maximum

These values make it easy to compare results for multiple groups or variables, e.g. comparing the results of Affective Commitment Scale (ACS), Normative Commitment Scale (NCS) and Continuance Commitment Scale (CCS). Figure 9 shows an exemplary annotated box plot.

As can be seen in Figure 9, there is a box plot in the middle, with annotations and explanations on each side. The ‘box’ part is known as the interquartile range (the range between the lower and upper quartile) and contains 50% of the responses (Boslaugh, 2012). Between the lower quartile and minimum there is 25% of the responses (lower

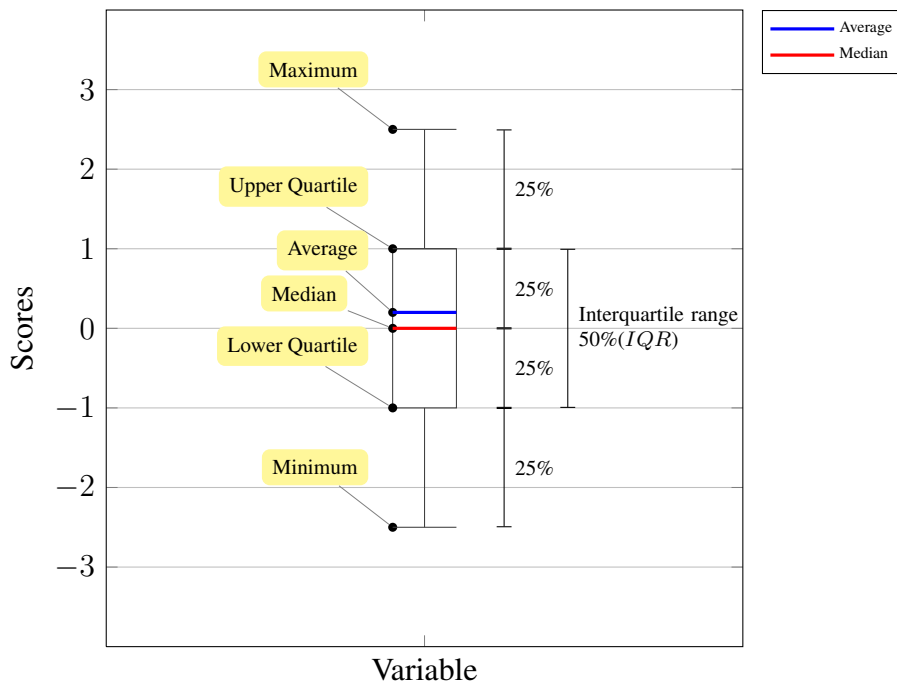


Figure 9: A box plot with annotations

quarter of the responses) and between the upper quartile and maximum there is 25% of the responses (upper quarter of the responses) (Boslaugh, 2012).

These plots should clearly depict where the majority of the responses lie (box) and if there is any skew in the responses. If the distance between the maximum and upper quartile is smaller than the distance between the lower quartile and the minimum, then there would be a positive skew. If the distance between the maximum and upper quartile is larger than the distance between the lower quartile and the minimum, then there would be a negative skew.

Apart from depicting the six values mentioned above, box plots also identify outliers. Outliers are responses that fall outside of the range  $\pm 1.5 \times IQR$  from the  $IQR$  where, as described before,  $IQR$  is the interquartile range (Kabacoff, 2011). This means that the maximum and minimum values shown on the plot are not necessarily the overall maximum and minimum values since an outlier might fall outside these limits. Thus the maximum value shown will be the maximum result which falls within  $Q3 + 1.5 \times IQR$  and the minimum value shown will be the minimum result which falls within  $Q1 - 1.5 \times IQR$ .

Figure 10 shows such a box plot with an outlier.

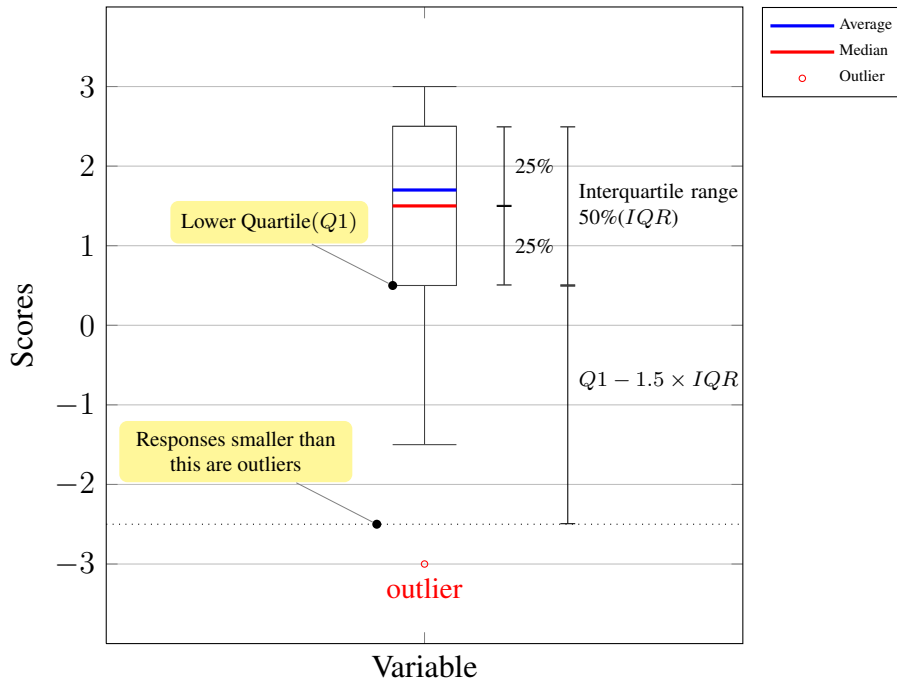


Figure 10: A box plot with outlier

In Figure 10 there is an outlier which gave a score of -3. This value is identified as an outlier since the *IQR* has a value of 2 ( $IQR = Q3 - Q1 = 2.5 - 0.5 = 2$ ) and the lower limit is -2.5 ( $Q1 - 1.5 \times IQR = 0.5 - 1.5 \times 2 = -2.5$ ) which is larger than -3.

### Scatter Plots

In a scatter plot two variables are plotted against each other. For each response there is a point on the graph. These plots make it easy to see if there is any relationship between the two variables and if there are any obvious outliers which fall outside the group or trend.

In some of the data collected, the response options were limited, for example in those questions where the Likert scale was used. This makes it likely that many responses have the same score thus being plotted on the exact same point in the scatter plot. This makes

it difficult to distinguish how many responses have the same score. To avoid this, jitter (random noise) was added, thus, shifting results slightly. This will make the results cluster around a point instead of being all on exactly the same point. This is illustrated in Figure 11.

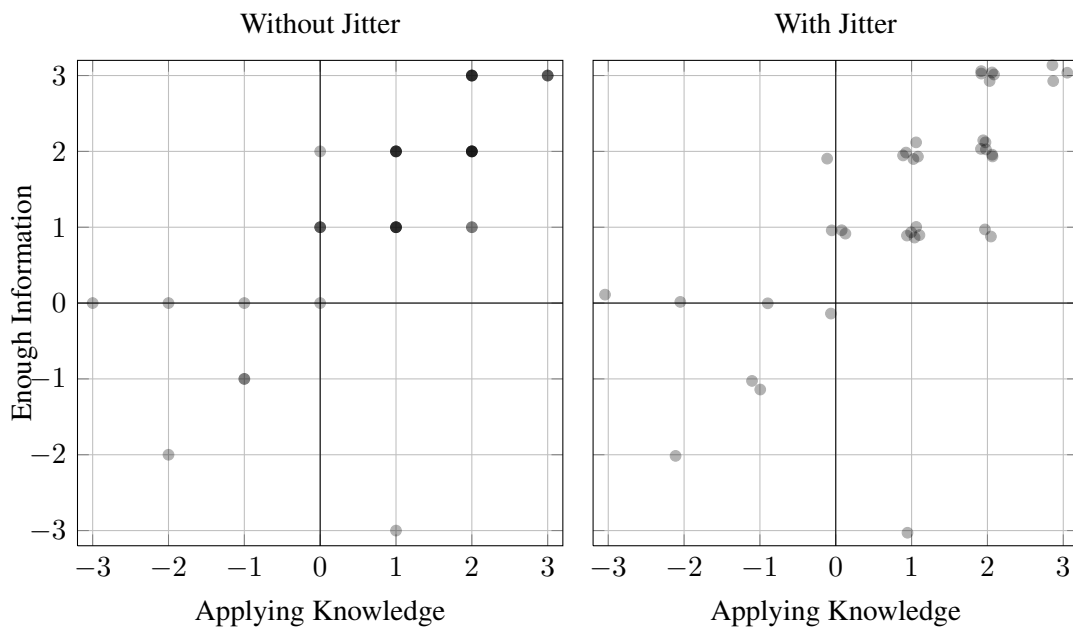


Figure 11: Scatter plot without and with jitter

As can be seen in Figure 11, the graph on the left is the scatter plot without jitter and the graph on the right is the one with jitter. It is easier to see the number of responses in the graph with jitter. It should also be noted that the actual points are slightly transparent, so it makes it easier to see where the points overlap (Kabacoff, 2011, p. 129).

### Trend line

With scatter plots, a trend line is used to show if there is any linear relationship between the variables. If the trend line is horizontal or vertical, then there is no association between the variables. That is, knowing one of the variables will not allow you to predict what the other variable would be. If the trend line is slanted, then there is some association between the variables. The association could be positive, meaning that as the values of one of the variables increases, so do the other. It could also be negative, meaning that as the values of one of the variables increase, the other would decrease. Figure 12 shows a scatter graph

with a trend line.

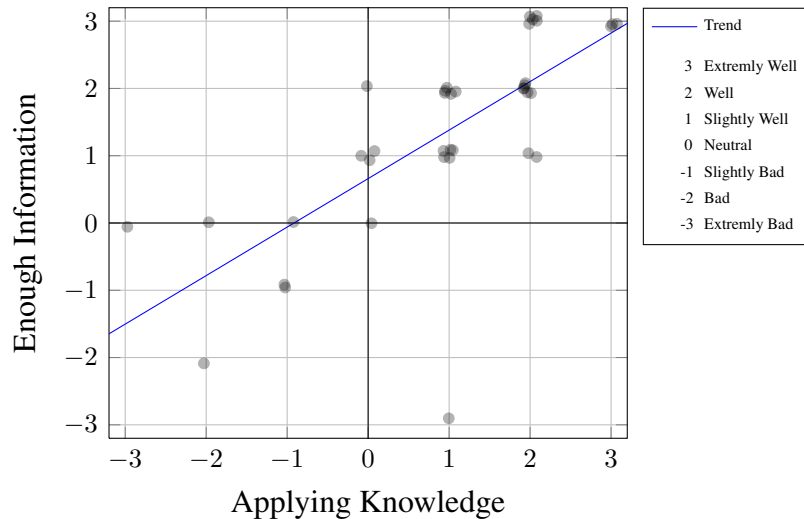


Figure 12: Exemplary Scatter Chart with trend line

As can be seen in Figure 12, there is an increasing trend line. This trend line suggests that there is a positive association between the two variables.

### Correlation

When looking at the relationship between two variables, for example the results of the ACS and NCS, it is useful to see if there is a relationship between the values and how strong the relationship is. On scatter plots a linear trend line has been fitted. The trend line is a best estimate from the data. However, just fitting a trend line does not mean that the relationship between the variables is strong. The measure, of how tight the relationship between two variables is, is called Correlation.

For this study the Pearson correlation coefficient was used. It is a measure of linear association between two variables (Boslaugh, 2012). The Pearson correlation result ranges from -1 to 1, where 0 means that there is no correlation (no association) between the two variables and 1 and -1 mean that there is a very strong correlation between variables. 1 signifies a very strong positive correlation (as one variable increases, so does the other) and -1 signifies a strong negative correlation (as one variable increases, the other decreases).

In terms of the correlation values between the 0 and  $\pm 1$ , there is no clear mapping of what is deemed to be strong or weak correlation. These usually are specific to the field and the specific research. Field (2009) gives a general rule of thumb where  $\pm 0.1$  is weak correlation,  $\pm 0.3$  is moderate correlation and  $\pm 0.5$  is strong correlation. These values are used in this work.

## **Outliers**

Outliers are responses, which are very different from the others (Boslaugh, 2012). It is important to identify these outliers so that they are treated accordingly. Apart from outliers, one should also be looking for responses which have high-leverage and influential responses, since they affect the result in a disproportionate amount compared to the other responses (Kabacoff, 2011).

A number of tools were used to identify outliers:

- Scatter Plot - Obvious outliers can be seen
- Trend line Fitting with Robust methods - Robust methods are not affected by outliers, thus identify the target trend line. This approach was used to verify that the right outliers were identified
- Normal Q-Q Plot - Identifies responses that are not normally distributed.
- Residuals vs Fitted plot - Identifies outliers
- Residuals vs Leverage plot - Identifies outliers, responses with high leverage and influential responses using Cook's distance
- Outlier test from the R "cars" package - Returns an outlier with the largest studentised residual.

All these tests were used to identify outliers. Figure 13 shows two scatter plots, one with and one without the outlier.

As can be seen in Figure 13, there is a single outlier identified, and even though the trend line itself has not changed much, the Pearson correlation coefficient ( $r$ ) has improved from 0.7 to 0.8.

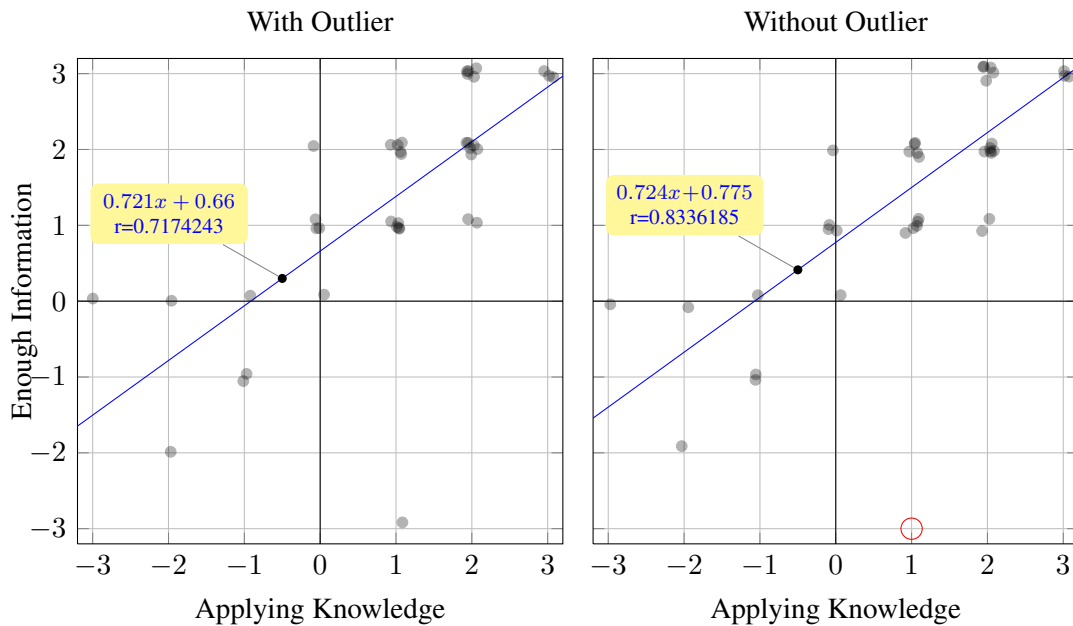


Figure 13: Scatterplot with and without outlier.

As mentioned before, numerous methods were used to find outliers. However, there is no prescriptive recipe to identify outliers. How many outliers, if any should be removed? Figure 14 highlights how the removal of outliers affects the coefficient.

In Figure 14 the red line represents the Pearson correlation coefficient and the blue line shows the studentized residual<sup>1</sup> obtained from the outlier test. The outlier test will return the ‘next’ outlier. By plotting the results obtained from repeatedly removing the outliers the best improvement in the correlation is identified. In this case, it is by removing the first outlier that was returned. While comparing with other plots it was found that removing outliers, which have a residual value of more than 3, gave best results. Thus, the outlier test was repeated until the next outlier has a residual value of 2.5 or less.

In sum, the data of this survey was collected and analysed. It was collected with the background study, semi-structured interviews and a survey. The qualitative data was edited and emerging patterns were recognised. The quantitative data was statistically analysed.

<sup>1</sup>A residual is the difference between the trend line and the point (hence, the expected value and the actual value). A studentized residual is a standardized residual to make residuals of different points comparable since different points have different estimated residuals (Field, 2009, p. 217).



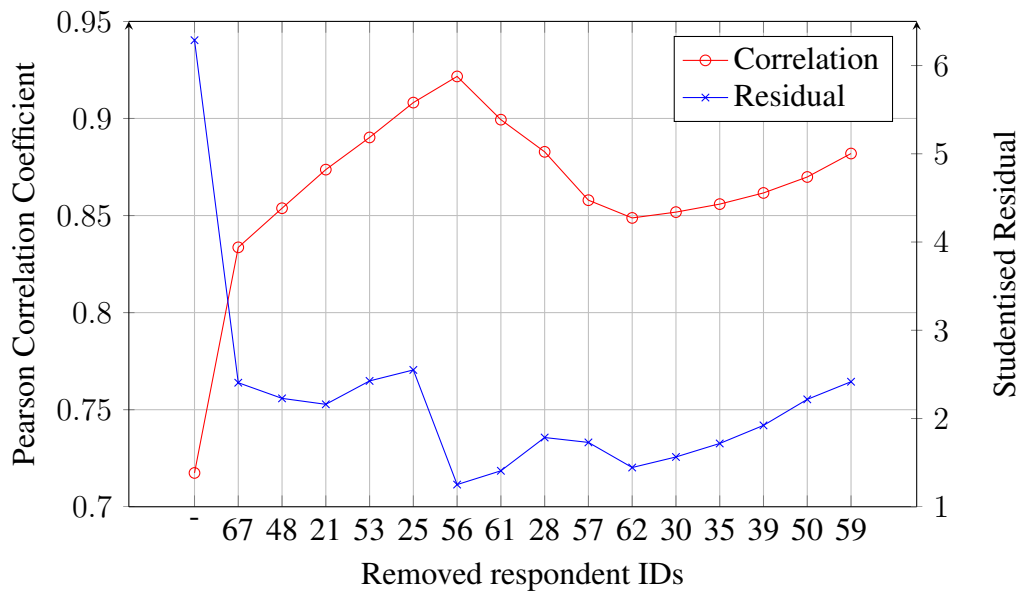


Figure 14: This graph shows how the removal of outliers affects the correlation

### 3.3 Reliability and validity of this study

The reliability and validity of this study defines its quality (Yin, 2009). Reliability refers to the stability and consistency of measures, and the repeatability of the results (Bryman & Bell, 2003; Collis & Hussey, 2003; Ghauri & Grønhaug, 2005). Validity means how well the measures chosen capture what they are supposed to and how precisely the collected and analysed data represents the phenomenon (Bryman & Bell, 2003; Collis & Hussey, 2003; Ghauri & Grønhaug, 2005).

The quality of a case study can be verified with four criteria, which are construct validity, internal validity, external validity and reliability (Yin, 2009). Out of these, internal validity is not needed, since this study does not have an explanatory research purpose studying a cause-and-effect relation (Ghauri & Grønhaug, 2005; Yin, 2009). Table 7 presents the other three criteria.

Table 7 shows the three tests, the four case study tactics and the specific phase of research when the tactics should take place. The construct validity and reliability criteria should be

Table 7: Case study tactics for Four Design Tests (Adapted from Yin (2009, p. 41))

Tests	Case study tactic	Phase of research
Construct validity	Use multiple sources of evidence Establish a chain of evidence	Data collection
External validity	Use theory in single-case studies	Research design
Reliability	Develop case study database	Data collection

fulfilled during the data collection phase, whereas the external validity needs to be taken into account already during the research design.

This study achieves construct validity, since it uses multiple sources of evidence. As earlier mentioned, this study uses three different data collection techniques, which are a background study, a semi-structured interview and a survey, in order to acquire a comprehensive view (Ghauri & Grønhaug, 2005; Harrison, 2002). The data collected via these three different techniques provides multiple sources of evidence. In addition, this study has established a chain of evidence by documenting the data collection. The background study material is saved. The interviews were taped and transcribed. The survey questions and data documented. Since these actions document the data collection, they also fulfil the reliability criterion. However, due to the case company's request for anonymity, the documented data is not available in the appendix.

External validity is achieved in this study, since several theories from the literature review are being incorporated into the study. One of the theories plays a specific role in the validity, namely the three-component model of commitment. The literature and earlier research done on the three component model of commitment notes that affective and normative commitment slightly correlate with each other, but not to the extent that they should be joined as one component. In general, affective commitment does not correlate against continuance commitment, and neither does continuance commitment with normative commitment. In this study, when comparing the findings of the three components of commitment against each other, the results are similar to earlier research (see Allen and Meyer (1996)). The relationship between the commitment components are shown in Figure 15.

As can be seen in Figure 15, affective and normative commitment slightly correlate with

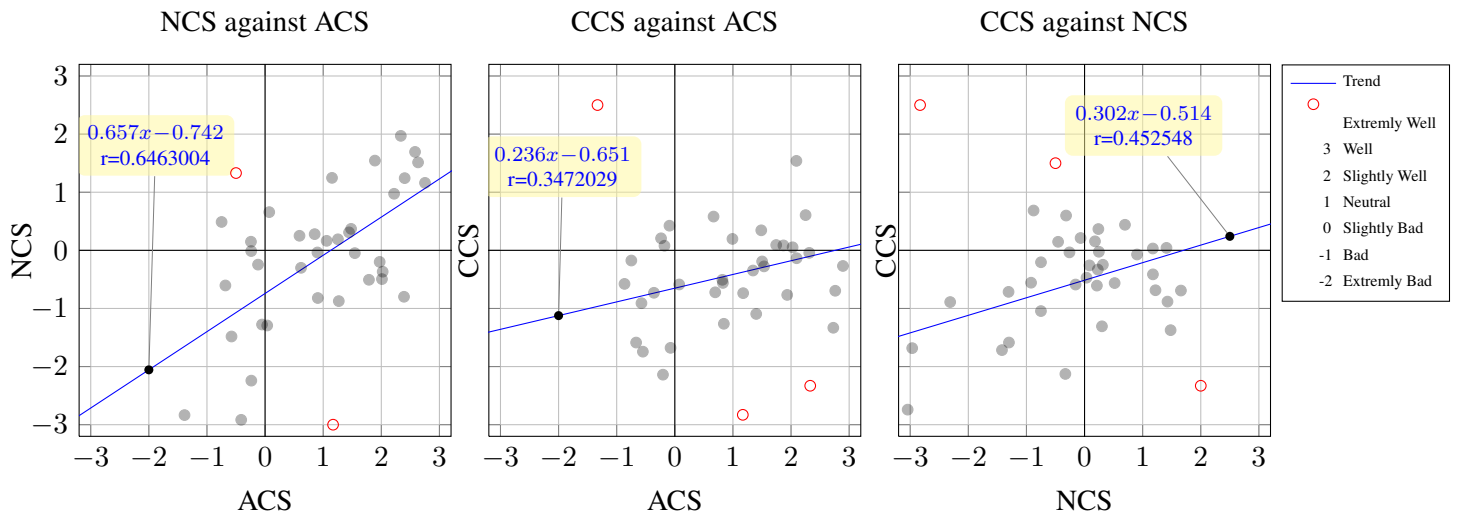


Figure 15: The correlation between Affective, Normative and Continuance Commitment Scales

each other, whereas the other two comparisons do not. The similarity of this study’s finding to earlier research suggests that the response rate for the survey is sufficient, and thus, the data in this study is statistically significant. Because the personal details of the respondents (e.g. age, sex, years of service) generally seem to match those of the entire population, there is reason to believe that the sample of 38 respondents largely represents the views of the entire population, i.e. the employees of the case company.

To conclude, this study’s research design, data collection and analysis, and reliability and validity were presented. The research design includes the research purpose, research strategy and research method. This study has a descriptive and exploratory research purpose and both a quantitative and qualitative research strategy. The research method is a single-case study. The data of this survey was collected with a background study, semi-structured interviews and a survey. The qualitative data was edited and emerging patterns were recognised. The quantitative data was statistically analysed using R. This study fulfils the criteria of construct validity, external validity and reliability.

# Chapter 4

## Findings and Discussion

This chapter presents and discusses the findings of this study. The main finding is that the internal strategy corporate communication (ISCC) and its channels meet the needs of the employees to a slight degree and contribute to the employees' affective commitment. Description about the company's corporate strategy and the internal communication (IC) channels are explained in Section 4.1. Findings on strategy knowledge, ability to apply it to everyday work and the amount of the strategy information are covered in Section 4.2. Findings about channel choice, channel attributes, preferences and satisfaction are presented in Section 4.3. Finally, findings on commitment are presented in Section 4.4. The findings are discussed throughout this chapter.

### **4.1 Description of the case company's strategy and the internal communication channels**

The description of the background study reveals the case company's strategy formulation and implementation processes in brief. The generic corporate strategy and its seven components will be presented first and then, the strategy communication channels are ex-

plained. The description of the background study is presented to give the context for the main findings.

#### **4.1.1 Description of the company's generic corporate strategy**

In order to meet the continuous growth demands from the mother company, the company formulates its own corporate strategy. Naturally, some strategic direction comes from the mother company, but otherwise the company is responsible for its own strategy. Twice a year, the executive team comes together for strategy days to rethink and adjust the strategy so that it continues to fit the volatile environment. The following quote highlights this.

“We have [-] different emphasis [from the other national branches]. We, in Finland, are very witty and agile compared to bigger countries [-] [and have] tried slightly different things”

*(Interviewee 1)*

The strategy formation is mainly done by the top management, but sometimes middle managers are invited to the strategy days to take part. The company tries to include the employees in the strategy work. However, according to Interviewee 2, this is sometimes challenging.

The current corporate strategy was created in 2010. It includes seven components, which are the following:

- Vision
- Mission
- Strategy
- Values
- Year objectives
- Critical success factors and

- Strategic directions.<sup>1</sup>

The first three components are vision, mission and strategy. Vision shows the aim of the company (Darbi, 2010; Hämäläinen & Maula, 2004). Mission describes the company's current purpose (Darbi, 2010; Hämäläinen & Maula, 2004). Strategy shows how the company is going to achieve its vision and mission (Hämäläinen & Maula, 2004). Vision, mission and strategy are expressed in a common and easily understood language. There is plenty of information on vision, mission and strategy. Nevertheless, each of them is also expressed in a slogan. The importance of vision, mission and strategy is highlighted in the following quote.

“This [vision, mission and strategy] is the holy triangle, which we have”

*(Interviewee 2)*

The remaining corporate strategy components are values, year objectives, critical success factors and strategic direction. The values of the company are about growth, and they are expressed in a story. One part of the values is the company philosophy, which comes from the global mother company and is the basis for decision-making. The philosophy is very important for the company; the company even has a reward, which is based on the philosophy and named after it. The year objectives show what should be reached via multiple steps each year. These objectives are based on the balanced scorecard and include issues related to profit, atmosphere, action and improvement. The critical success factors go more into detail about the year objectives for the entire company. On the other hand, the strategic directions are personalised for each department and show in which direction each department should head.

According to Interviewee 2, the company hopes that everyone would know the corporate strategy. However, Interviewee 2 is sceptic whether employees actually know it. The following quote points out how things should be.

“These missions, visions and strategies, they should be in everyone's back-

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<sup>1</sup>Due to the case company's request for anonymity, the corporate strategy is only discussed superficially. A basic understanding of the strategy components is useful, but the detailed content of the corporate strategy is not vital for this study.

bone, and when asked, they should come automatically [–] they should direct our daily work so that we go into the right direction and not that it is only a cloud, which is spoken up there in the executive team”

*(Interviewee 2)*

Once the corporate strategy has been formulated, the company implements and, therefore, communicates about the corporate strategy to all of its employees. According to Interviewee 2, internal strategy communication (ISC) is the reason why the company and the employees exist. The strategy content is created by the top management as stated earlier, but it is mainly communicated by the communication department, the executive team and the line managers. The line managers have a training twice a year about the corporate strategy, so that they are able to communicate it to their subordinates, fast and unchanged. Therefore, a line manager has a significant role in the ISC process. Nevertheless, according to Interviewee 1, everyone should communicate about the corporate strategy.

#### **4.1.2 Description of the company’s internal communication channels**

The company communicates via several IC channels. Since there are multiple media, employees have most often the possibility to choose via which media they want to receive their strategy knowledge. In addition to receiving information, everyone also has the responsibility to acquire it. In addition, since many of the channels are in electronic format, Interviewee 1 pointed out that all employees have access to computers. The chosen selection of the company’s channels are presented in the following list:

- Playbook
- Newsletter
- Intranet
- Management’s monthly review
- Strategy meeting
- Performance review and
- Coffee table/corridor chats.

Out of these seven selected channels, the playbook is a paper/electronic booklet, which includes the main strategy information split into different components. The generic playbook is created by the top management, and communicated by the communication department. Every employee receives a personal copy of the playbook. It is the responsibility of the various departments and the line managers to adjust the generic playbook to the more specific needs of the employees. Naturally, the core corporate strategy stays the same, but the playbook can be used by the departments to communicate, for instance, everyday work examples. Therefore, the playbook varies a lot in each department. The following quote highlights the benefit of altering the playbook.

“If it [the playbook] has been altered to match the department level, then it will direct even more, [-] the company level [playbook] is quite generic”

*(Interviewee 2)*

The newsletter is a weekly email that combines the most important highlights of the week. The information comes from everywhere in the company. Then the communication department creates the newsletter and communicates it to all employees. In the newsletter, the corporate strategy message is always at the top, then comes the date and, finally, the highlights. The highlights are small paragraphs of information with a link to the intranet, where the full information is available. The purpose of the newsletter is to try to make it easy for the employees to find information.

The company started using an intranet relatively late and has put a great deal of effort into managing it. All possible information should be found in the intranet. The corporate strategy is presented in the management section in the intranet. The intranet is a one-way channel, because it does not have any active discussion forums.

The executive team presents a review of the current state of the company each month in Helsinki. This is called management’s monthly review. It is usually lead by the CEO, and it is directed to all employees. Those employees that are located in other offices around Finland, take part in the review via electronic connection. The review presents the financials, the strategy, where the company is on the road to reaching its year objectives, and the company successes, news and events.



Strategy meetings take place in each department twice a year. Employees take part in work groups with their supervisor and one member of the executive team present. The purpose of these meetings is to discuss about the strategy, leadership, processes, customers, etc. In addition, the current position of the company and where it could do better to succeed are also discussed (Interviewee 1). This event gives the possibility for the employees to speak up and let the line manager hear direct feedback. Even though everyone might not take part in the strategy formation, everyone does take part in the strategy workgroup meetings. The top management travels around Finland to lead these strategy meetings in other offices. These strategy meetings are a relatively new communication channel.

Performance reviews take place about twice a year and, also, have corporate strategy talks included or are entirely based on the strategy. In the reviews, it is checked how well the personal strategy objectives have been reached and if they affect the bonus. According to Interviewee 1, performance review was seen as the most important IC channel conveying strategy information.

Coffee table and corridor chats are informal communication between employees about everything that is happening at the company including corporate strategy. Although the company has a few electronic feedback systems the communication department and the CEO receive most of the feedback in the corridors.

According to Welch and Jackson's (2007) IC matrix, four channels can be identified as internal corporate communication (ICC) and two as internal line management communication. The last channel, coffee table and corridor chats, is an informal communication channel and, therefore, does not fall into any of the four formal IC dimensions. The selected channels and their IC dimension are presented in Table 8.

As can be seen in Table 8, the playbook, newsletter, intranet and the management's monthly meeting are ICC. All of these four channels communicate the corporate strategy predominantly one-way from the strategic managers to all of the employees more or less simultaneously. The strategy meeting and the performance review are seen as internal line manager communication, because the internal line manager is communicating with one or several employees about the strategy and the employees' role in the company. The coffee

Table 8: Selected channels and their dimension of internal communication

Playbook	Internal Corporate Communication	ICC
Newsletter	Internal Corporate Communication	
Intranet	Internal Corporate Communication	
Management’s monthly review	Internal Corporate Communication	
Strategy meeting	Internal Line Manager Communication	non-ICC
Performance review	Internal Line Manager Communication	
Coffee table conversation	Informal communication	

table conversations are informal and add an interesting comparison to the formal channels. The last three channels in Table 8 are non-ICC channels. When the seven chosen channels are conveying strategy information, they are considered to be internal strategy corporate communication (ISCC) or non-ISCC, respectively.

In sum, the company’s corporate strategy consists of seven components, which are vision, mission, strategy, values, year objectives, critical success factors and strategic directions. This strategy is communicated via several channels out of which the following seven have been chosen for the present study: playbook, newsletter, intranet, management’s monthly review, strategy meeting, performance review and coffee table/corridor chats. The playbook, newsletter, intranet and the management’s monthly meeting are ICC.

## 4.2 Content

This section presents the findings on the employees’ perception of their corporate strategy knowledge. It is here assumed that if the ISCC has been effective and successful, the employees should know something about the strategy. The employees evaluated their strategy knowledge to be relatively high (1.4 out of a possible range of -3 and 3), and therefore, it also affects the fulfilment of their IC needs. Figure 16 shows the corporate strategy messages as the highlighted part of this study’s theoretical framework.

The highlighted section in Figure 16 points out that strategic managers are conveying strategy messages via ICC to the employees, who in the process will understand more of

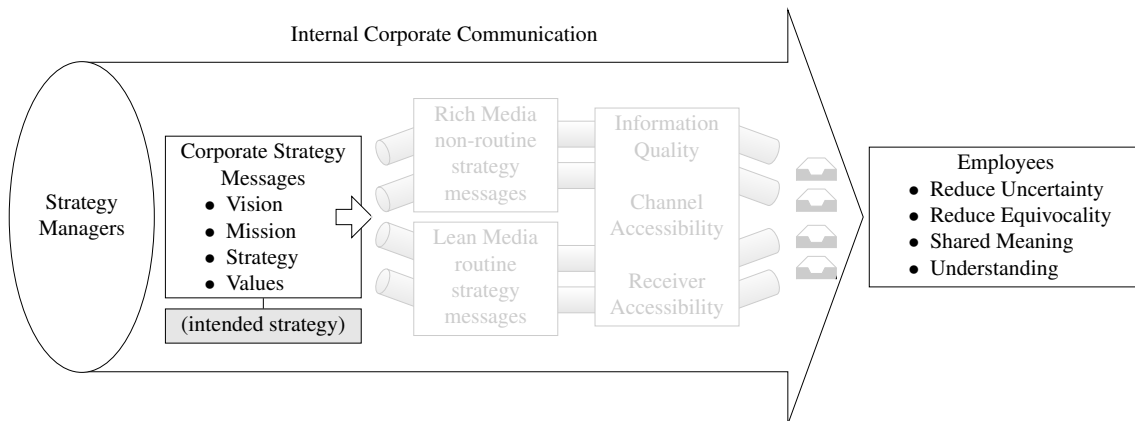


Figure 16: The Theoretical Framework (Content)

the strategy, share meaning with their colleagues and reduce their own uncertainty and equivocality. In what follows, the employees have evaluated how much strategy knowledge they have, how well they are able to apply the corporate strategy to their everyday work, and if they have received enough strategy information in order to do so.

#### 4.2.1 Strategy knowledge

Overall, the corporate strategy knowledge at the company seems relatively high (on average 1.4 out of a possible range of -3 and 3). The corporate strategy of the company includes vision, mission, strategy, values, year objectives, critical success factors and strategic directions. The employees' perception of their strategy knowledge regarding all the corporate strategy components is illustrated in Figure 17.

As Figure 17 shows, the overall corporate strategy knowledge is quite high. The average values in Figure 17 portray that the vision, mission, strategy and values are slightly better known than the year objectives, critical success factors and strategic directions. The median values illustrate nearly the same. From the upper and lower quartile in Figure 17 it can be inferred that the mission has 50 percent of the answers high and is, therefore, very well known. Vision, strategy, values and even strategic direction seem to rank in the second place based on their quartile values. Only year objectives and critical success

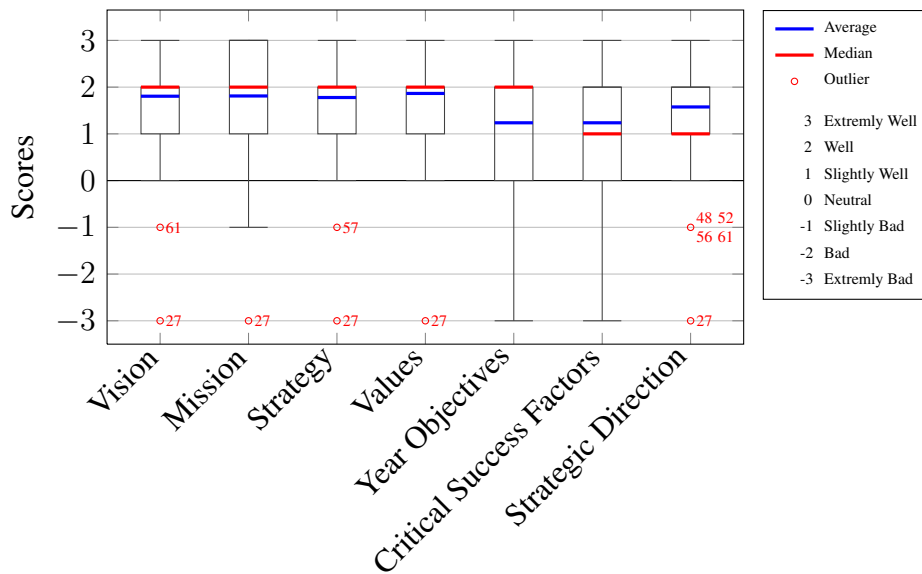


Figure 17: The employees’ perception of their strategy knowledge

factors have more diverse values, with less knowledgeable people, who are pulling the lower quartile down. The employees’ strategy knowledge is highlighted in the following quote.

“The strategy has sharpened over the years: concise - and I believe that everyone knows, at least moderately, its parts at least in terms of content”

*(Survey respondent)*

There is a potential reason that the employees know the year objectives and the critical success factors less than the other strategy components. These two components are directing the company as a whole, and not specific departments or people. The employees are much more familiar with, for instance, the strategic directions because they are changed and targeted to each department separately. Concerning the year objectives, communicating them in smaller incremental steps might be necessary to increase understanding just as the following quote points out.

“The entire staff would understand the strategy better [if it is delivered] in smaller pieces; in which case interim objectives are needed before e.g. the 2015 vision. Commitment, better understanding, concreteness and real strategy

visibility in everyday work would be accomplished through this.”

*(Survey respondent)*

Although the survey shows that the corporate strategy components are rather well known, one of the two interviews didn't give the same feeling. The interviewee was aware of the corporate strategy in general but wasn't sure what was the strategy of the Finnish subsidiary and of the European mother company. The terms the company used for the different strategy components weren't too clear either. However the content and the core strategy message seemed to be well known. According to Mantere et al. (2003), an employee has understood the strategy, when he or she is able to tell the strategy in their own words, more specifically what it means for the company and for their work. This would imply that since the interviewee understood the core of the strategy, it shouldn't matter if he or she isn't fully aware of all the details.

Then again, the fact that so few employees took the time to answer the strategy related survey in a company that normally has high response rates, raises questions. Is the corporate strategy too difficult and equivocal? Does the strategy communication reach the employees? The unwillingness of the employees to answer a strategy survey may suggest that they don't know about the strategy and don't want to show it or that they don't deem it important enough to try to help in developing the strategy and its communication. Either way, it seems that more communication on the strategy and its relevance is needed in this company. It could be that those people who answered the survey are those who are exceptionally knowledgeable about the strategy, and are thus skewing the results towards the positive, but that is speculation. Since the survey results were determined to be statistically significant in Section 3.3, the survey findings are assumed to cover the company on average. Nevertheless, it is good to keep in mind the potential reasons that could have led to a low response rate.

The survey findings and one of the interviewees give the impression that the strategy knowledge seems relatively high. One employee noted that strategy is the purpose of existence. Hence, it seems that at least some of the employees have understood the significance of the strategy.

## 4.2.2 Employees' ability to apply corporate strategy

In order for employees to know the corporate strategy and fulfil it, they need the strategy information to be of good quality so that they can understand it and apply it in their everyday work. The employees at the company are on average slightly able to apply the strategy information in their everyday work (0.9 from a possible range of -3 to 3). As much as 50 percent of the employees ranked their strategy applying ability between neutral and good (0 and 2 respectively out of a possible range of -3 to 3).

When the employees' ability to apply the gained strategy knowledge in their everyday work is compared with their gained strategy knowledge, it can be seen that there is a correlation between knowledge of the strategy and being able to apply the strategy. Although a correlation doesn't mean that there is a relation, it is assumed that the correlation implies relation, since the concepts of strategy knowledge and ability to use it are so close. This relation is presented in Figure 18.

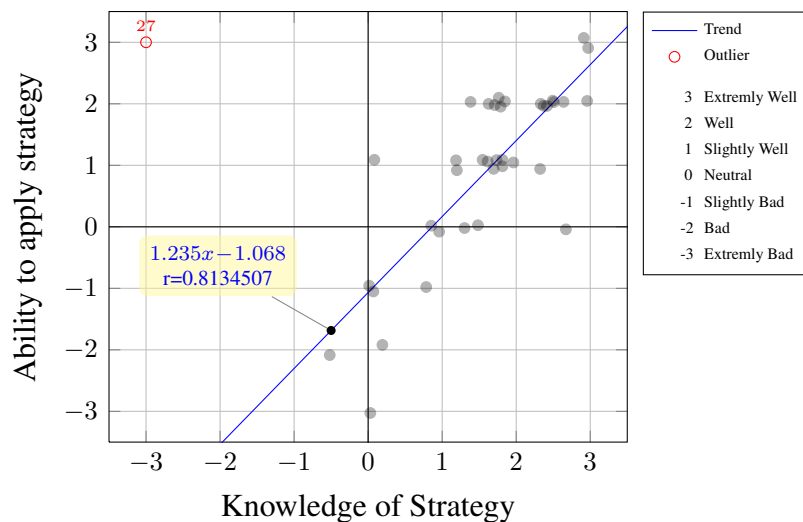


Figure 18: Employees' ability to apply strategy against their knowledge of the strategy

As can be seen in Figure 18, there is a strong relationship between knowing the strategy and being able to apply it. The y intercept is -1.068 and the gradient is 1.235. This means that employees need more strategy knowledge to reach the same comfort in applying the

strategy. When employees have barely any strategy knowledge (0), their ability to apply the strategy knowledge at work is weak (-1). When the employees have acquired a slight amount of knowledge (1), they start to be able to apply the strategy (0.1). This gradually increases. For example, if an employee feels that they know the strategy “extremely well” they would typically feel that they can apply it “well” in their daily work.

The majority of the employees’ answers are in the top right corner of Figure 18, implying that most of them know the strategy to some extent (1), well (2), or extremely well (3). This is good news for the company, but there is room for improvement as the following quote highlights.

“It would [-] be important to talk openly about the future visions, especially now, when the [-] market is changing drastically”

*(Survey respondent)*

### **4.2.3 The quantity of strategy information**

In order to understand and use the corporate strategy, employees need to receive a sufficient amount of strategy information. The survey revealed that employees, on average, perceived to receive slightly enough (1.3 out of a possible range of -3 to 3) strategy information regarding their work. Fifty percent of the employees ranked the amount of received strategy information between slightly enough and good enough (1 and 2 out of a possible range of -3 to 3).

When the gained strategy knowledge is compared with the amount of strategy information received, it can be deduced that the more the employees know the strategy the more they feel that they have received enough strategy information. This relation is visible in Figure 19.

Figure 19 shows a strong relationship between having enough strategy information and the actual gained knowledge of the strategy. The y intercept is -0.258 and the gradient

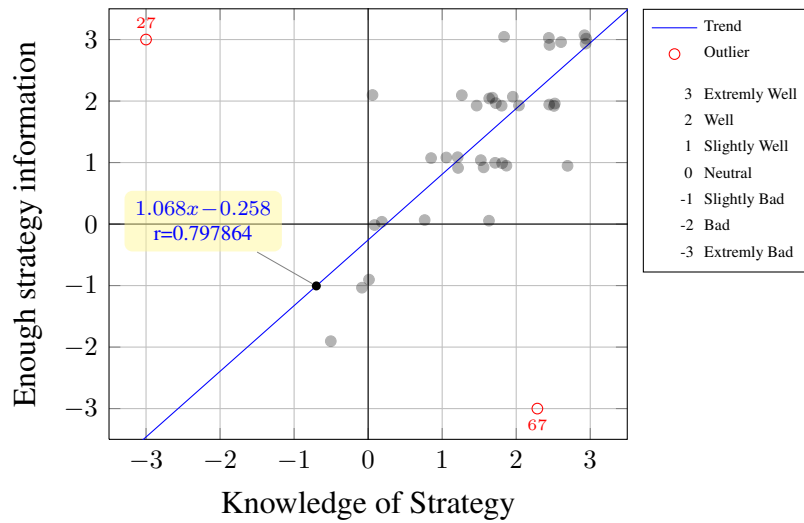


Figure 19: Having enough strategy information against knowledge of the strategy

of 0.797. This implies that the employees’ feeling of having enough information grows nearly hand in hand with their strategy knowledge. So, if employees have a slight amount of strategy knowledge, they feel that they have only received a slight amount of strategy information. Furthermore, if employees have really good strategy knowledge, they feel that they have received a lot of strategy information.

The more knowledge the employees have on strategy, the more they think, they have received a lot of strategy information to do their job. Since strategy is such an important issue there almost cannot be too much information on it. This is highlighted in the following two quotes.

“repeating it [the strategy] in every context, such as in the management’s monthly meeting, is important”

*(Survey respondent)*

“repetition is the mother of learning”

*(Survey respondent)*

In sum, according to the survey there is a tight correlation between corporate strategy knowledge and the ability to use it as well as between corporate strategy knowledge and



the feeling of having received enough information. This correlation and the fact that most employees ranked high on all the strategy knowledge related questions implies that ICC has been somewhat successful. Therefore, it contributes to the need fulfilment of the employees, which is further discussed in Subsection 4.3.7. At the same time the low response rates in the survey show that more should be done. Those employees who didn't answer the survey, either because they don't know about strategy or don't deem it important, need more strategy communication to increase their understanding and knowledge on the subject and its relevance.

### 4.3 Channels

This section presents the employees' point of view on the internal communication (IC) channels, conveying corporate strategy, with the main emphasis on the internal corporate communication (ICC) channels. Four of the IC channels are ICC and three are non-ICC. Figure 20 shows the internal communication channel attributes as the highlighted part of this study's theoretical framework.

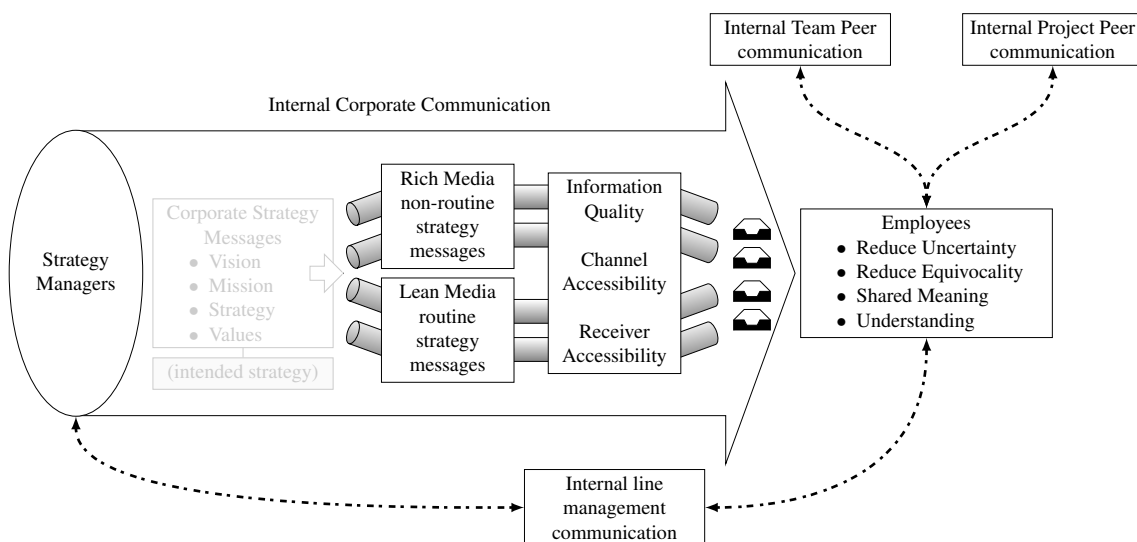


Figure 20: The Theoretical Framework (Media)

The highlighted parts in Figure 20 include the internal communication media attributes

of the internal corporate communication (ICC), and the other three dimensions of IC, namely internal line management communication, internal team peer communication and internal project peer communication (non-ICC). The informal communication, which is invisible in Figure 20, is also part of non-ICC. The employees have evaluated the selected internal communication channels conveying the corporate strategy in terms of their media richness, information quality, channel accessibility, satisfaction and preference. The channels are ranked according to these evaluations and their ability to fulfil the needs of the employees is discussed below. More information on the theoretical framework can be found in the literature review in Section 2.5.

### 4.3.1 Media richness

The employees evaluated the seven channels conveying strategy messages in terms of cue variety, feedback and personalisation. These three attributes determine the media richness of the channels (Lengel & Daft, 1988). The channels' ability to convey rich information varies (Daft & Lengel, 1986; Daft et al., 1987). The cue variety, feedback and personalisation of the ICC and non-ICC channels are presented in Figure 21.

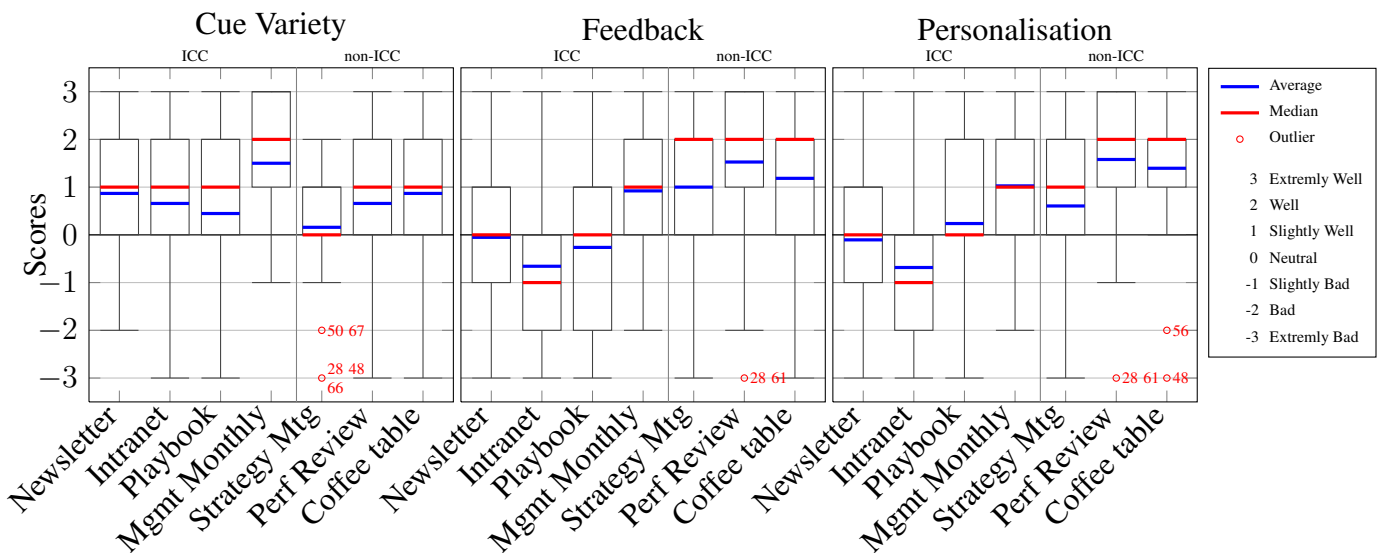


Figure 21: Media richness attribute scores

As can be seen on the left of Figure 21, the channel with most cue variety in the strategy context is management's monthly review. The second and third place are taken by the newsletter and coffee table chats. Then, the performance review, intranet and the play-book follow with very small differences in results. Surprisingly, the strategy meetings are ranked as the channel portraying the least cues.

In the middle, Figure 21 shows that the channel that allows for most strategy related feedback is performance review. The coffee table chats and the strategy meetings are second and third in their ability to allow for feedback. Management's monthly review, as fourth, is not far off. The newsletter and the playbook are not seen to give a lot of possibility for feedback. The playbook spread the opinions of the employees. The channel that allows for least feedback is the intranet.

The most personalised strategy messages were received via the performance review and the coffee table chats, which are visible on the right hand side of Figure 21. They are followed by the management's monthly meeting, the strategy meeting and the playbook, in that order. The newsletter and the intranet ranked quite low, intranet having the least personalised strategy messages.

The feedback and message personalisation attributes of the channels were evaluated by the employees as expected. However, the cue variety findings were a bit surprising. From Figure 21, it can be seen that the pattern of the feedback and personalisation attributes are quite similar, where the first three channels are scoring lower than the last four channels. However, this is not the case in the cue variety attribute. This does not imply that if one channel scores high in one of the attributes it should also score high in the other. Nevertheless, it is rather odd that the newsletter, intranet and playbook scored so much higher in cue variety than in feedback and personalisation attributes; especially when taken in consideration that an intranet or a newsletter cannot convey too many cues and have been ranked in previous literature as lean media (Al-Ghamdi et al., 2007).

Due to this surprising finding, another look was taken at the survey sent to the employees and it was noted that a possible attribute misunderstanding could have occurred due to translation. The Finnish word for cue variety could have been misinterpreted as versatility,

in which case the findings for the channels in terms of versatility would be more what is expected. This possible attribute misunderstanding is taken into consideration in the rest of the findings.

The media richness of the channels is determined by their cue variety, feedback and personalisation. Since cue variety isn't necessarily measuring what was originally intended, two graphs were created. In one, the three attributes are joined, and, in the other, only feedback and personalisation are joined to determine media richness. These two graphs showing the media richness of the seven channels are presented in Figure 22.

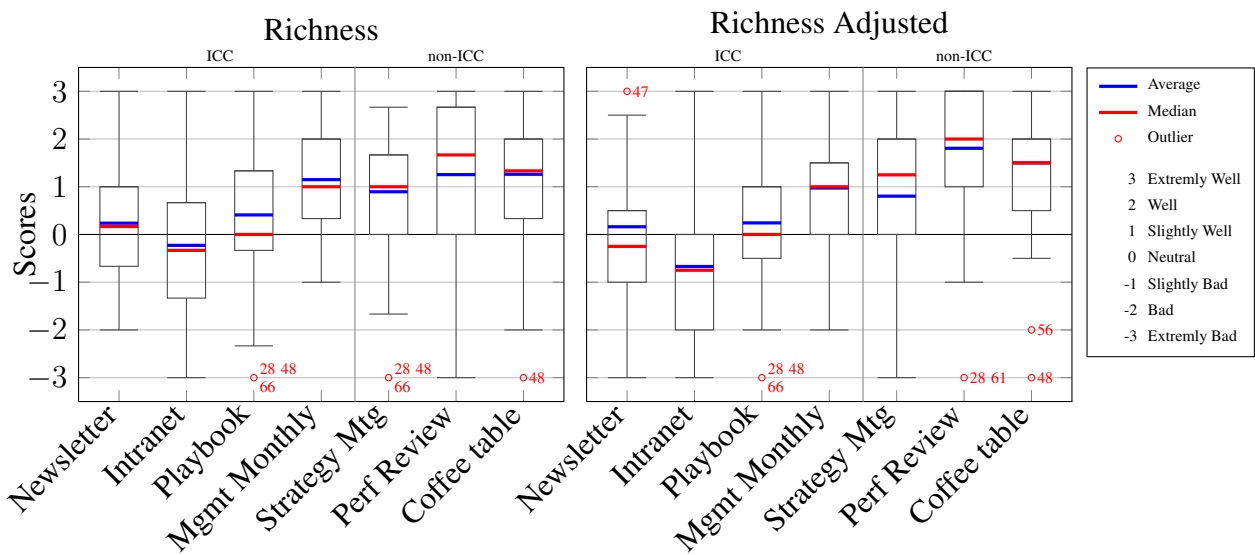


Figure 22: Richness and Richness Adjusted

As can be seen in Figure 22, the richest media on both the richness scale and richness adjusted scale is the performance review channel. This result was expected, since the performance review is a face-to-face channel. The following two quotes highlight this point.

“The best communication channel is [-] face-to-face [-] it has the most information [-] nothing can replace it”

(Interviewee 1)

“It is the most important channel, performance review, in terms of strategy”

*(Interviewee 1)*

Apart from the performance review channel being rich, there are three other channels that are also rich both on the richness scale and on the richness adjusted scale. They are the coffee table chat, the managements monthly review and the strategy meeting. The richness values of the performance review and the coffee table chat increase from the richness to the richness adjusted graph, since the cue variety/versatility attribute was keeping the values down in the richness scale. At the same time the values for the management’s monthly review and the strategy meeting decrease in richness, when the cue variety/versatility attribute is removed from the richness measure. The changes are very small, so it can be determined that in this context keeping or removing the cue variety/versatility attribute doesn’t affect the end result, which is that there are four rich channels on both scales in Figure 22.

The remaining three channels on Figure 22 are the playbook, newsletter and the intranet, which all were evaluated as less rich, therefore lean, channels. Since these three channels have barely any feedback possibility and don’t feel too personal, their position as the leanest channels is expected. The average values of all of these three channels, especially of the intranet, drop from the richness scale to the richness adjusted scale. The leanness of the channels becomes more evident, when the cue variety/versatility attribute is removed from the richness measure. Nevertheless the cue variety/versatility attribute, these three channels remain less rich than the other four.

The following list shows the channels from the highest to the lowest in media richness:

1. Performance review
2. Coffee table chats
3. Management’s monthly review
4. Strategy meeting
5. Playbook
6. Newsletter
7. Intranet

Out of the four ICC channels the newsletter, playbook and the intranet scored as the lowest in media richness. The fourth ICC channel is management's monthly meeting scoring as relatively rich being in the third place. The management's monthly meeting allows for some feedback, so it is not only a one-way communication channel. In addition, it seems to personalise its messages more than, for instance, the strategy meeting, although the management's monthly meeting is directed to all the employees at once, and the strategy meeting to smaller work groups. This finding is good news for the company, because ICC needs rich media to communicate the corporate strategy, since rich media reduces equivocality of the employees. Strategy is a complex and equivocal subject, and Lengel and Daft (1988) have suggested that it should be communicated via rich media, especially when the strategy message is still new. However, this study claims that once the strategy message is understood, lean media is good for re-enforcing the message. Therefore, the other three lean ICC channels are good backups for the one rich ICC media.

From the non-ICC two-way channels, all three are considered relatively rich, which is as expected. Performance review scored the highest in feedback and personalisation, not in cue variety/versatility. However, it is still the richest channel in both the overall richness ranking and in the adjusted richness ranking. The coffee table scored relatively rich as did the strategy meeting. Surprising, as already mentioned, is that the strategy meeting scored slightly less in personalisation compared to management's monthly review although the strategy meeting has less people attending it. Interesting also is that it scored the lowest out of all channels in cue variety/versatility. This might imply that the strategy meeting needs some improvements, as the following quotation from the survey highlights.

“In my opinion, there isn't necessarily the right kind of results regarding the feedback in the strategy meeting, when you need to give feedback about your superior when he or she is present, few would honestly tell their opinions in that situation”.

*(Survey respondent)*

### 4.3.2 Preference

The employees of the company ranked the selected communication channels according to their own preference. The channels were ranked in terms of their ability to convey the corporate strategy to the employees. The most preferred channel is the management's monthly review. Figure 23 shows the preference order from left to right.

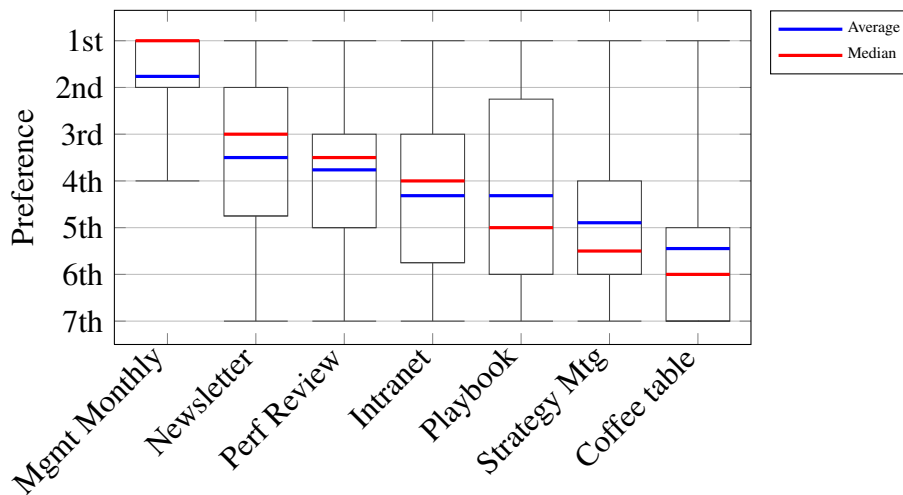


Figure 23: Channel preference ranking

As can be seen in Figure 23, the channels are ranked in order of preference. Therefore, the most preferred channel by far is the management's monthly review (ICC). The median is first place and 50 percent of the respondents ranked this channel as either first or second preference. No one ranked it lower than fourth preferred.

The Newsletter (ICC), performance review (non-ICC) and intranet (ICC) follow in second, third and fourth place. The fifth preferred channel, the playbook (ICC), really divides the employee's opinions. Strategy meeting (non-ICC) is the sixth preferred channel. The coffee table chats (non-ICC) merit the least preferred place to receive corporate strategy information.

Out of the ICC channels, all four can be found in the top five preferred channels, and

two ICC channels score the highest. This, once again, strengthens the importance of ICC channels as corporate strategy conveyors and answers the ICC channel preference research call from Welch and Jackson (2007).

Since there is now a channel preference list for the case company, this ranking can be compared to earlier similar studies that were introduced in the literature review. According to Al-Ghamdi et al. (2007), Alexander (1994) assessed some communication channels and found the employee preferences for five methods for learning about strategy. Al-Ghamdi et al. (2007) studied eight channels that employees preferred to use to find information about the company's strategy. The two earlier studies looked at all possible internal channels. However, this study is focusing on ICC channels and, thus, includes more ICC channels. Nevertheless, all major strategy relevant channels were chosen into the channel mix, and only two formal non-ICC channels were available. Therefore, this study can be compared to the earlier studies. The channel preferences from each study, including this study, are presented in Table 9.

Table 9: The employee channel preferences for finding out about strategy from Alexander's (1994), Al-Ghamdi et al.'s (2007) and this study

	Alexander (1994)	Al-Ghamdi et al. (2007)	This study
1	Bulletin board, poster, and sign	Plant manager meeting	Management's review
2	Plant manager meeting	Supervisor lead group meeting	Newsletter
3	Company magazine	One-on-one supervisor meeting	Performance review
4	Strategy videotape and discussion	Bulletin board, poster, and sign	Intranet
5	Company slogan, button, etc.	E-mail	Playbook
6	-	Strategy videotape and discussion	Strategy meeting
7	-	Manager Tele/Video conference	Coffee table chat
8	-	Division management meeting	-

As can be seen in Table 9, some of the channels used in this study correspond with the channels used in the earlier studies. The performance review channel from this study is similar to the one-on-one supervisor and employee strategy meeting in Al-Ghamdi et al.'s (2007) study. The playbook from this study resembles a poster handout from Alexander's (1994) and Al-Ghamdi et al.'s (2007) studies.

The plant manager meetings on strategy in Alexander's (1994) and Al-Ghamdi et al.'s



(2007) studies are close to the management's monthly review in this study. However, the management's review shows how the hierarchy is lower in the case company, since the executive team is conducting these meetings. In Al-Ghamdi et al.'s (2007) study, other channel options apart from the plant manager included the immediate supervisor and the division manager. The executive team wasn't even an option in Al-Ghamdi et al.'s (2007) study. Nevertheless, the employees in Al-Ghamdi et al.'s (2007) study preferred the plant manager meetings the most compared to the division manager meetings, which ranked as eighth preference. Comparing this finding to the findings from this study could imply that employees' preferences have changed slightly over time, since they now want to find out about the strategy from the very top. This might, also, be due to the lower hierarchy in the case company, or a cultural difference, since the two earlier studies were conducted in the USA and this one in Finland.

Even though there are some similarities in the channels, there is also one major difference. The sole purpose of many of the channels used in Alexander's (1994) and Al-Ghamdi et al.'s (2007) studies is to communicate strategy. The channels in this study do communicate strategy, but only the playbook is entirely dedicated to it. One example from Alexander's (1994) study is the strategy videotape and discussion in employee work groups. Another example from Al-Ghamdi et al.'s (2007, p. 279) study is "employees' immediate supervisor has one-on-one meetings with employees to explain strategy". The case company does not offer channels like that.

Another way of comparing these channels is to broadly estimate their media richness and IC dimension. The channels are estimated to be either rich or lean. Furthermore, they are estimated to be either ICC channels or non-ICC channels. This is rather challenging, since there isn't enough information to determine this for all the channels. These comparisons can be seen in Table 10. The order of the channels is identical to Table 9.

Table 10 shows the top three channel preferences separated from the rest. Since not all of the studies have an equal amount of channels, it makes sense to only look at the top. In Table 10, there are a few question marks, where the specific IC dimension was difficult to determine based on the available information.

Table 10: The top three employee channel preferences for finding out about strategy in terms of media richness and internal communication dimension from Alexander's (1994), Al-Ghamdi et al.'s (2007) and this study

	Alexander (1994)	Al-Ghamdi et al. (2007)	This study
1	Lean, ICC	Rich, ?	Rich, ICC
2	Rich, ?	Rich, non-ICC	Lean, ICC
3	Lean, ICC	Rich, non-ICC	Rich, non-ICC
4	Rich, ?	Lean, ICC	Lean, ICC
5	Lean, ICC	Lean, ICC	Lean, ICC
6	-	Rich, ?	Rich, non-ICC
7	-	Rich, non-ICC	Rich, non-ICC
8	-	Rich, ?	-

In Alexander's (1994) study, the top three channels include two lean channels and only one rich one. There are more ICC channels than non-ICC, whether the question mark turns out to be non-ICC or not. The main preferences stay the same in this study, whether only the top three are taken into consideration or all five. Employees in Alexander's (1994) study preferred lean ICC channels to receive their strategy information.

In Al-Ghamdi et al.'s (2007) study, the top three channels include three rich ones. There is a preference towards non-ICC channels no matter what the IC dimension of the first preferred channel is. The employees in Al-Ghamdi et al.'s (2007) study prefer richer channels and more non-ICC channels compared to the employees in Alexander's (1994) study.

This study has one lean channel and two rich ones in the top three. This study shows more preference in ICC channels than in non-ICC channels, which is probably due to the fact that there were more ICC channels available. However, the strategy meeting was a good rich non-ICC channel candidate that did not make the top three or even top five channel preference cut. Comparing this study's findings to the earlier ones, it can be deduced that the employees prefer richer channels just like the employees in the more recent Al-Ghamdi et al. (2007) study. At the same time, it seems that the employees prefer more ICC channels just like in the older Alexander (1994) study. This may be because the employees in this and in the older Alexander (1994) study didn't have access to all the rich non-ICC channel options that Al-Ghamdi et al. (2007) studied. However, these

findings give a feeling that just looking at media richness and preference rankings doesn't give enough information.

### 4.3.3 Information quality and channel accessibility

The employees evaluated the four ICC and the three non-ICC channels according to the channels' ability to convey quality information and the accessibility of the channels. The findings of these evaluations are presented in Figure 24.

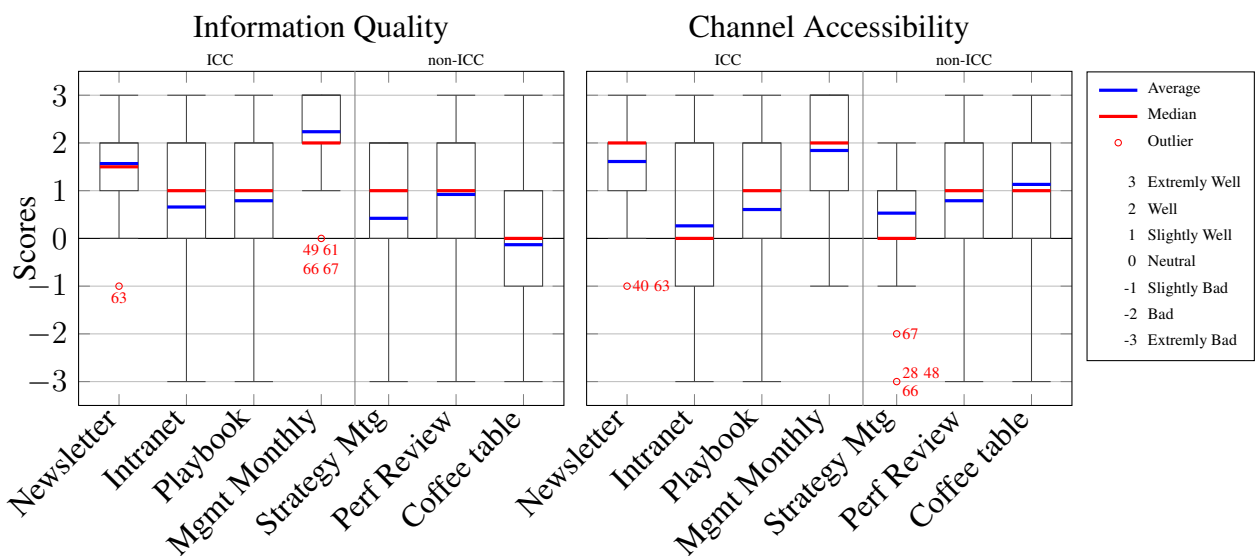


Figure 24: Information quality and channel accessibility scores

As can be seen in Figure 24, management's monthly meeting (ICC) conveys by far the most quality information. This channel is, also, rated as the most accessible, which is surprising considering that the management's monthly review is taking place only once a month and, for instance, the intranet should be available 24/7.

The second channel to follow both in information quality and channel accessibility is the newsletter, which is another ICC channel. Two out of the selected four ICC channels are seen as the most informative and accessible, which is really good news to the case

company. The communication department's efforts with the newsletter are paying off.

The graph on the left side of Figure 24 shows the information quality. The performance review, playbook (ICC) and intranet (ICC) channels are scored very close to each other. An unexpected result is that the strategy meeting channel is scoring as the second last. How come is it that a meeting where strategy is discussed among several people results in less quality information than a static playbook? According to Daft et al. (1987); Lengel and Daft (1988), employees should discuss equivocal subjects, like strategy, to reduce equivocality and create shared meaning and understanding. Therefore, the strategy meeting should score higher than it does. This implies that the strategy meeting is not harnessed to its full potential. The least quality information conveying channel is the coffee table chat, which in this strategy context makes sense.

The graph on the right side of Figure 24 shows the channel accessibility. Out of the remaining five channels, the coffee table chats, the performance review and the playbook score close to each other. The sixth place goes to the strategy meeting. This finding is expected, since this meeting only takes place twice a year. Nevertheless, even though performance review only takes place twice a year, it is deemed more accessible. The least accessible channel is the intranet, which divides employees' opinions. How is it that a 24/7 available channel is deemed as the least accessible? This implies that also the intranet is not harnessed to its full potential.

#### **4.3.4 Satisfaction**

In addition to the channel attributes, employees also evaluated how satisfied they were with the channels and their ability to convey strategy information. The differences in satisfaction are illustrated in Figure 25.

As can be seen in Figure 25, management's monthly review, yet again, gains first place. Out of the ICC channels, three score relatively high in satisfaction. Apart from the management's monthly review, the other two are the newsletter and the playbook. These findings strengthen the role of ICC as the preferred channel to receive corporate strategy

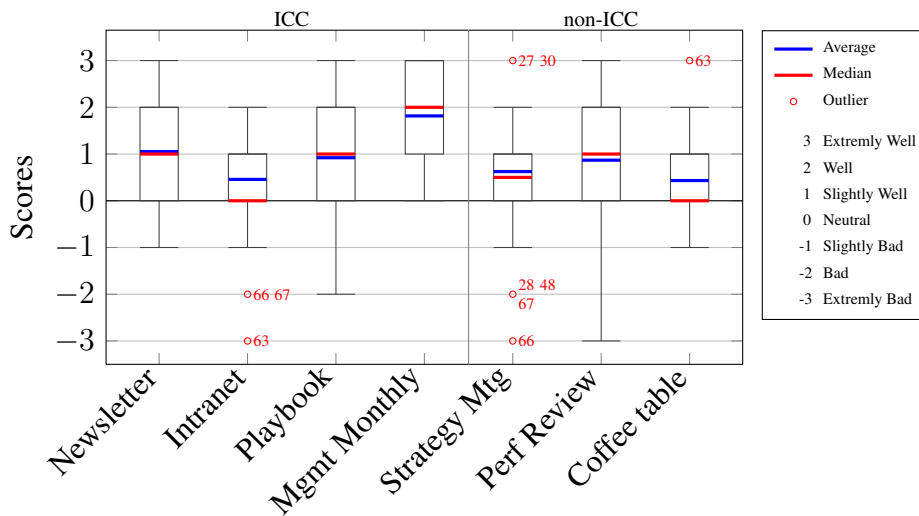


Figure 25: The employees' channel satisfaction scores

information. Nevertheless, the following quote shows how there is always place for improvement.

“ Management’s monthly meeting could be improved into a more versatile direction. Also, other speakers than [CEO]”

*(Survey respondent)*

Unfortunately, the last ICC channel, the intranet, does not rank high in satisfaction. Out of the seven evaluated channels, the employees are the second least satisfied with the intranet. The following quote might give an idea why this is the case.

“The intranet gets updated rarely [and] includes just a little information, which is hard to find. The user interface and its usability are from the 1990s”

*(Survey respondent)*

Out of the non-ICC channels, the employees are relatively well satisfied with the performance review. However, the strategy meeting, once again, ranks surprisingly low compared to other channels. The following quote criticising the strategy meeting highlights this point.

“The strategy meeting is becoming a ‘let’s invent something out of nothing’ event. Maybe if it would have clear questions provided by the executive team so that we could look for ideas and improvement suggestions in each team”

*(Survey respondent)*

The employees are the least satisfied with the coffee table channel. Although it has to be noted that both the average and the median for the intranet and the coffee table channels are nearly identical.

### 4.3.5 Channel comparisons

When all of this study’s channel rankings are compared to each other, it becomes quite evident that the two best channels for conveying strategy from the employees’ point of view are the management’s monthly review and the newsletter. These two are ICC channels. A comparison of the rankings is presented in Table 11.

Table 11: The employees’ ranking of channels. Note that Mgmt Monthly is Management Monthly and Perf Review is Performance Review.

	Satisfaction	Preference	Accessibility	Information Quality	Richness
1	Mgmt Monthly	Mgmt Monthly	Mgmt Monthly	Mgmt Monthly	Perf Review
2	Newsletter	Newsletter	Newsletter	Newsletter	Coffee table
3	Playbook	Perf Review	Coffee table	Perf Review	Mgmt Monthly
4	Perf Review	Intranet	Perf Review	Playbook	Strategy meeting
5	Strategy meeting	Playbook	Playbook	Intranet	Playbook
6	Intranet	Strategy meeting	Strategy meeting	Strategy meeting	Newsletter
7	Coffee table	Coffee table	Intranet	Coffee table	Intranet

In Table 11, there are the rankings of satisfaction, preference, accessibility and information quality next to each other. In these four rankings, number one at the top is good, and number seven at the bottom is less good. However, the fifth ranking, which is the media richness ranking, differs slightly from the others. The top channels are richer and the bottom ones are leaner. Nevertheless, that does not mean that a lean channel would be bad.

As can be seen in Table 11, the management's monthly review (ICC) and the newsletter (ICC) are at the top in nearly every ranking although, surprisingly, one of them is a rich and the other one a lean media. The management's monthly review is seen as the most accessible channel that conveys most quality information, allows for some feedback and personalisation, and merits the most satisfaction from the employees. No wonder it is their first preference. The newsletter, as a relatively lean media when compared to the other channels, ranks consistently in second place for accessibility, quality, satisfaction and preference. When comparing these two channels with each other, it is rather curious why the monthly management's review is more accessible than the weekly newsletter. Nevertheless, these findings would imply that Lengel and Daft's (1988) theory on managers having to communicate non-routine equivocal messages via rich media and routine messages via lean media also works in the strategy context. At the same time, these findings also imply that the media richness attribute is not as important as, for instance, the information quality and channel accessibility attributes.

The relatively consistent third is performance review (non-ICC). Performance review is evaluated by the employees to be the richest media out of the seven given channels. However, being a rich face-to-face media doesn't automatically mean that it is the best channel to convey the strategy information. Performance review ranks third in preference and information quality, but fourth in satisfaction and accessibility. Coffee table surpasses performance review in accessibility, which makes sense, since coffee table chats could be daily. In terms of satisfaction, employees seem to be more satisfied with the static factual playbook than with the performance review as a channel to receive strategy information; even though the personal objectives discussed in the performance review come from the corporate strategy (Interviewee 2), making the strategy more personalised and attainable. However, it has to be noted that the difference in the values between the third and fourth ranking channels in both satisfaction and accessibility are very close to each other. Therefore, the performance review ranks as a relatively consistent third channel to convey strategy information.

The playbook (ICC) is a very interesting channel, since it is static and lean, and seems to rank relatively low in the channel attributes. However, this is a channel that divides employee's opinions quite a bit. Regarding preference, the playbook channel is evaluated in fifth place. However, some respondents evaluated it as high as second place, whereas

some as low as sixth. Concerning satisfaction, the playbook channel follows very tightly after the newsletter, therefore, scoring relatively high. In terms of accessibility, the playbook does rank fifth, but it comes right after the performance review with only small differences in their average values. Furthermore, in regards to quality, the playbook comes right after performance review and is tightly followed by the intranet. These results earn the playbook a status of a mediocre good channel.

The strategy meeting (non-ICC) channel is relatively low on all rankings, that is satisfaction, preference, quality and accessibility. This is surprising given that the media is relatively rich. Since this channel is not too accessible and doesn't convey too much of quality information, the low rankings in satisfaction and preference seem logical.

Even though the coffee table chats (non-ICC) are relatively accessible, it makes sense that the coffee table chats are the least preferred source for strategy information, since the quality of the information is not ranked high. The richness of this media isn't enough to make it a good strategy message conveyor.

The intranet (ICC) bounces around on the rankings in Table 11 quite a lot. Concerning information quality, even though the intranet channel ranks relatively low, it does follow tightly right after the playbook and the performance review. Regarding accessibility, the average and median values rank it least accessible, although there is a huge variance in the respondents answers. In terms of the satisfaction, the intranet channel ranks low with only small differences to the coffee table and strategy meeting channels. However, the difference to the first four channels in the satisfaction ranking is significant. Nevertheless, the intranet is the fourth preferred channel. In addition, it is rather curious that the intranet is evaluated so much worse than the newsletter, considering that there is such a strong relationship between them, since the newsletter directs the employees to the full articles found in the intranet. The case company should pay more attention on the accessibility and quality of the intranet in order to increase the satisfaction of the channel.

Overall, it seems that three ICC channels and one non-ICC channel are evaluated as good strategy conveying channels by the employees. The management's monthly review (ICC) and the newsletter (ICC) have earned their place as the best two channels. The perform-



ance review channel (non-ICC) is not far behind. The playbook (ICC) is a steadily good channel. On the other hand, the strategy meeting (non-ICC) and the intranet (ICC) do demand some attention to reach their potential. The coffee table (non-ICC) channel is not too good, but then again, it doesn't need to be.

### 4.3.6 ICC versus non-ICC

When looking at the channels individually, sometimes an ICC channel and sometimes a non-ICC channel scores high, but what about the channel dimensions as such? The difference between the primarily one-way channels to the two-way channels is shown in the following Figure 26.

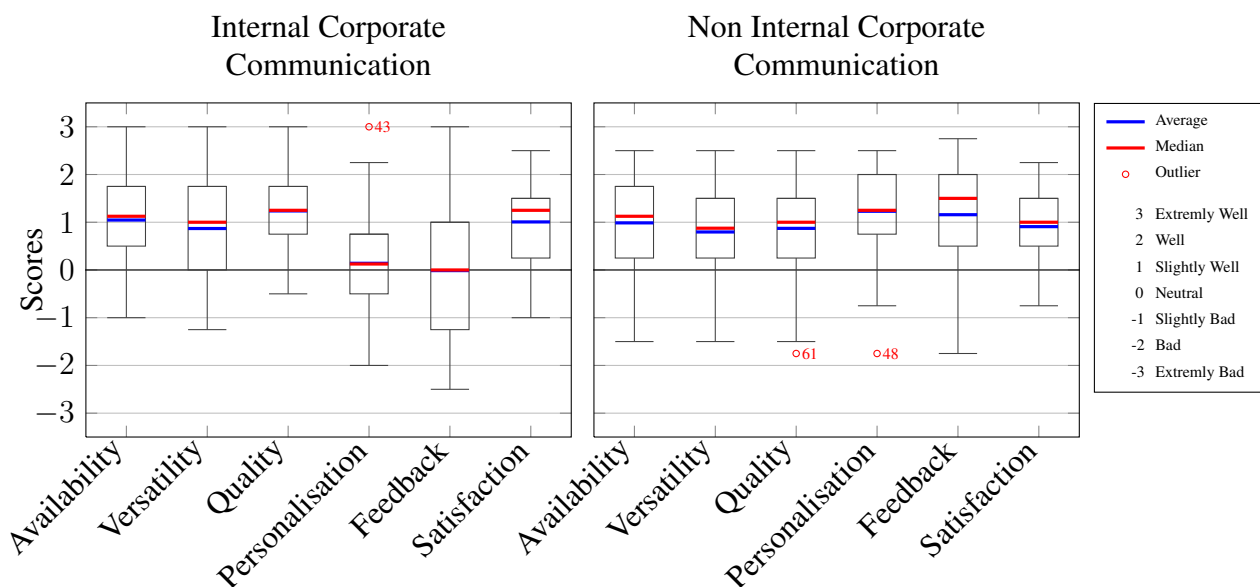


Figure 26: Internal corporate communication and non internal corporate communication channel attribute comparison

Figure 26 shows that the biggest difference is visible in the personalisation and feedback attributes. These attributes score much lower on ICC channels than on non-ICC channels. However, if a closer look is taken at the Figure 26, it is visible that the ICC channels score slightly higher in all the remaining attributes, which are accessibility, cue

variety/versatility, information quality and even satisfaction.

Naturally, there isn't an even amount of ICC and non-ICC channels to be compared, since the justification for choosing these specific channels wasn't based on equal numbers but rather on the channels' strategy communication relevance and IC dimension (ICC or non-ICC). However, comparing the channels that there are, does give an idea of their differences.

The finding that the management monthly review and the newsletter channels rank high everywhere would imply that ICC channels are somewhat preferred over non-ICC channels to receive corporate strategy information. Even the fact that the ICC channels score slightly higher in most of the attributes would seem to imply this. This could be due to the corporate strategy context. Since strategy is such a corporate issue it might seem logical for the employees to try to receive this information via the formal ICC channels.

#### **4.3.7 ICC channels fulfil the employee needs to varying extent**

This study set out to find whether internal strategy corporate communication (ISCC) and its channels meet the needs of the employees and contribute to their organisational commitment. The ICC channels do fulfil the needs of the employees to varying extent. The management's review and the newsletter channels reduce the uncertainty need of the employees. Even the intranet and playbook might reduce this uncertainty, if the information is found. Furthermore, the management's review channel reduces also equivocality, because it allows for feedback and discussion.

The needs of the employees include to know basic strategy information and to gain enough quality strategy knowledge in order to apply it to everyday work. In addition, both interviewees pointed out that the needs of the employees regarding internal strategy communication (ISC), are also to receive information and that all information is available. These needs can be seen as a part of the reduction of uncertainty and equivocality needs (Daft & Weick, 1984).

As already mentioned in the literature review in Subsubsection 2.3.1, reducing uncertainty and equivocality are related to channel choice and information processing (Daft et al., 1987). The reduction of uncertainty can be reached with enough of basic strategy information usually via either lean or rich media, and it will help in basic decision-making (Daft & Lengel, 1986; Daft et al., 1987). However, most of the time strategy information is rather equivocal Lengel and Daft (1988). In order to apply the corporate strategy to everyday work, employees need to reduce the equivocality of the corporate strategy by pooling their subjective opinions about the strategy information (Daft et al., 1987). This will lead to the creation of shared meaning and understanding (Daft et al., 1987). The reduction of equivocality can only be done via rich media, which allows for discussion (Daft et al., 1987). When the strategy information is understood, it is transformed into strategy knowledge and employees are able to act upon it. All four ICC channels do fulfil the employee needs to varying degrees.

The undeniable number one is the relatively rich management's review channel. It is the most available, most accessible and most preferred channel, which also gains the most satisfaction from the employees. It communicates equivocal strategy messages reducing both uncertainty and equivocality. Therefore, the management's monthly review channel leads to employees understanding, creating shared meaning, gaining the ability to make decisions and applying the strategy to everyday work. The more feedback and discussion possibilities there are in the management's monthly review, the richer the channel becomes and the more the strategy message will be understood.

The newsletter channel is a definite second out of all the selected channels. It scores second in quality, accessibility, preference and satisfaction. These scores are great for a lean channel like the newsletter. Therefore the newsletter does reduce uncertainty. However, since it does not allow for much feedback, it cannot really reduce equivocality. The topics and messages sent via the newsletter might inspire talks and chats elsewhere, but, as a stand-alone channel, it only reduces uncertainty.

The playbook has relatively good quality content and is relatively accessible. However, the preference divides the respondents opinions a lot. Therefore, it might reduce uncertainty for those who prefer to use it. Since it is a lean channel that does not allow for too much personalisation and feedback, it doesn't really reduce equivocality. It scores fifth

on the preference, and employees are surprisingly satisfied with it.

The intranet might reduce uncertainty, if the needed information is found. The results show that the intranet does have some quality content, but it seems to be really hard to access, since accessibility ranks the lowest. It is surprising that the accessibility scores so low, since an online intranet should be accessible all the time. The employees are the second least satisfied with the intranet. Nevertheless, as preference is fourth, there is hope that with some improvements the strategy message will get across.

Since the employees know the strategy relatively well, they are able to use the information and the available communication channels to reduce their uncertainty. In addition, through discussion, the employees can reduce the equivocality in order to create shared meaning, make decisions and get the job done.

In sum, IC channels have attributes and were evaluated by the employees. There are four rich channels, which are the performance review (non-ICC), the coffee table chat (non-ICC), the management's monthly review (ICC) and the strategy meeting (non-ICC). The other three channels, namely playbook (ICC), newsletter (ICC) and intranet (ICC), are lean. The media richness attribute does not seem to be as important as, for instance, the information quality and channel accessibility attributes. Management's monthly review and newsletter are the best channels to convey strategy with the performance review not far off. The strategy meeting and intranet channels need work to reach their potential. Employees seem to prefer ICC channels compared to non-ICC ones. They also seem to prefer ICC channels and richer channels compared to earlier studies. Out of the ICC channels management's monthly review reduces employee's uncertainty and equivocality need, whereas the newsletter, the playbook and the intranet have the potential to reduce the uncertainty need.

## 4.4 Commitment

This section presents the organisational commitment of the employees and discusses the possibility of corporate strategy knowledge contributing to the employees' organisational commitment. Effective internal strategy corporate communication (ISCC) results in employees having more of a strategy knowledge. The findings present that there is a positive correlation between being knowledgeable about strategy and being affectively committed. Figure 27 shows the theoretical framework with the focus on the commitment part.

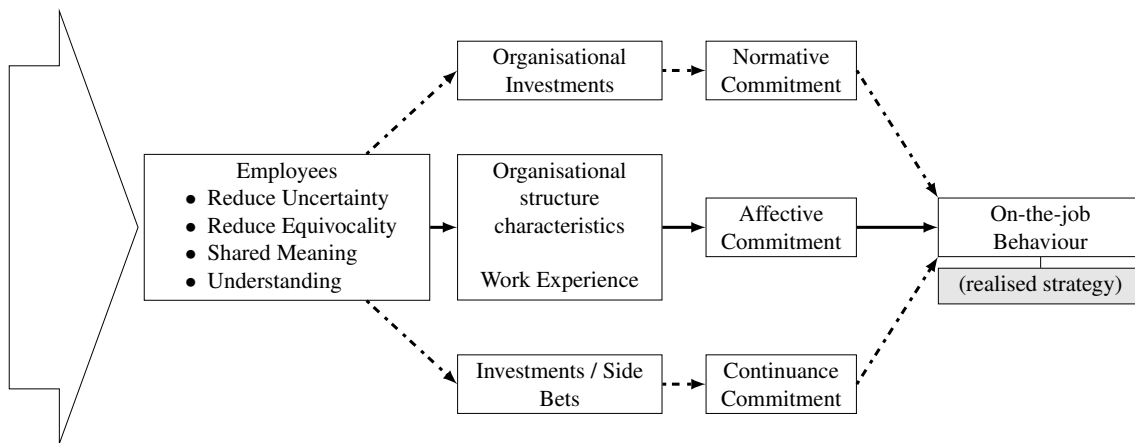


Figure 27: The Theoretical Framework (Commitment)

As can be seen in Figure 27, there are the employees to the left. Under them there is a short list of the needs that the ISCC has fulfilled. The employees who are now knowledgeable about the strategy could potentially have good work experiences and through these work experiences the employees would become affectively committed. The other two commitment possibilities are normative and continuance commitment, and their antecedents are organisational investments and side bets. A committed employee performs better at work and through actions realises the strategy.

#### 4.4.1 Affective, normative and continuance commitment

As already mentioned in the literature review, affective, normative and continuance commitment are three components of commitment. Affective commitment is about how emotionally attached to the organisation an employee is; the employee wants to stay at the company (Meyer & Allen, 1991). On the other hand, continuance commitment shows how big the cost of leaving the organisation is; the employee needs to stay at the company (Meyer & Allen, 1991). Finally, normative commitment is about the feeling of obligation towards the organisation; the employee feels that he or she ought to stay at the company (Meyer & Allen, 1991). The commitment levels of the employees at the company are depicted in Figure 28.

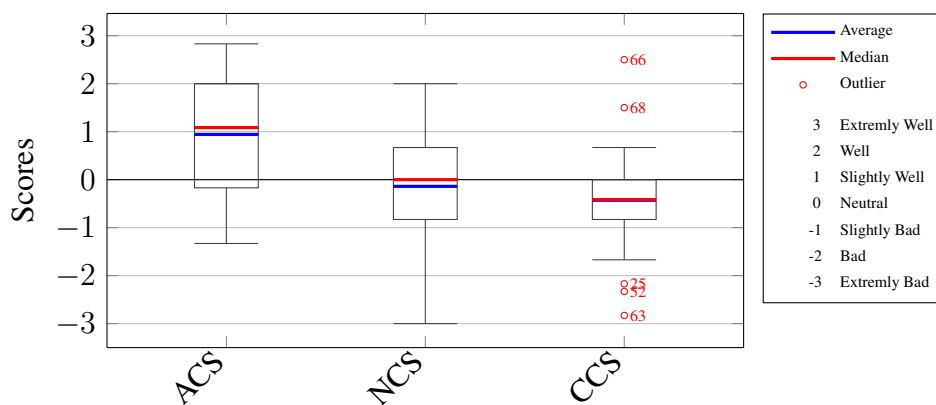


Figure 28: Overall Affective, Normative and Continuance Commitment Scale results.

As can be seen from Figure 28, the overall results seem good for the company. The affective commitment scale is averaging on employees being slightly affectively committed (0.9). Affective commitment results in better on-the-job performance than the other commitment components (Meyer & Allen, 1991). Therefore, it can be considered the most positive commitment component. Hence, it is good for the company to have employees who are affectively committed. Strategy could be seen to affect commitment antecedents, thus, contributing to affective commitment.

The normative commitment scale in Figure 28, shows that the employees are quite neutral regarding normative commitment (-0.1). Some are slightly positively normatively com-

mitted and others are slightly negatively normatively committed. Normative commitment also improves on-the-job behaviour, but not to the same extent as affective commitment (Meyer & Allen, 1991). The communication of strategy could increase normative commitment by affecting the antecedents of normative commitment, mainly the organisational norms that suggest the obligation to stay at a company.

The continuance commitment scale in Figure 28 shows that over 75 percent of the employees experience negative continuance commitment (-0.5). Since continuance commitment is associated with the cost of leaving the organisation, it seems good that there aren't too many that have high continuance commitment. This means that the employees who want to leave feel they can, and they are staying because they are more affectively or normatively committed. Regarding the continuance commitment antecedents, ISCC could promise some nice side bets for staying at the company and, thus, increase continuance commitment.

Several employees stated positive comments about the company, which also suggests that they are affectively committed. The following three quotes emphasise this.

“[The company] is the best actor in the field, if I would leave I would change the field entirely”

*(Survey respondent)*

“[The company] has been and is a good, excellent employer. I wish from my heart that it is going to stay like that in spite of the increasing European role and influence in our doing. The Finnish model fits the Finnish, Europeans don't reach the same level”

*(Survey respondent)*

“[The company] is an excellent employer. There is researched proof for that. Decisions are reasonable and employees are respected, for real”

*(Survey respondent)*

Naturally however, not everyone is equally satisfied with the company. This is highlighted

in the following quote.

“Difficult to commit to an employer, who doesn’t commit himself to the employees. It has now been seen several times, among other things in some time ago unfairly (illegally) organised co-determinations<sup>2</sup>. Currently there is a cleansing going on, packages are being delivered to ‘not nice’ people. There is no need to organise co-determinations because people being ashamed/alarmed/surprised don’t resist but accept the offered package deals, hence, resign voluntarily. Still more people have to be let go due to cost cutting reasons, at the same time there is money to invest into an extensive, expensive and unnecessary renovation at the main office. Would you fully commit?”

*(Survey respondent)*

As was seen in Figure 28, employees have slightly positive affective commitment, neutral normative commitment and slightly negative continuance commitment. Out of these three commitment types the affective commitment is the most strongest, therefore, the most present at the company. Since, this commitment type also results in better on-the-job performance than the other commitment components (Meyer & Allen, 1991), it could be seen as the most positive commitment component. Therefore, more emphasis is placed on the affective commitment compared to the normative and continuance commitment in the discussion towards the end of this section.

#### **4.4.2 Strategy knowledge against commitment**

In terms of ISCC contributing to employee commitment towards the company, there seems to be a correlation between the employees’ strategy knowledge and their levels of affective commitment. The comparison between strategy knowledge and the three components of commitment is presented in Figure 29.

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<sup>2</sup>Co-determinations are a practice where the employees can participate in management of the company to influence how the company is reaching its aims. By law, a certain sized company needs to hold these co-determinations, when it is going through big changes like layoffs



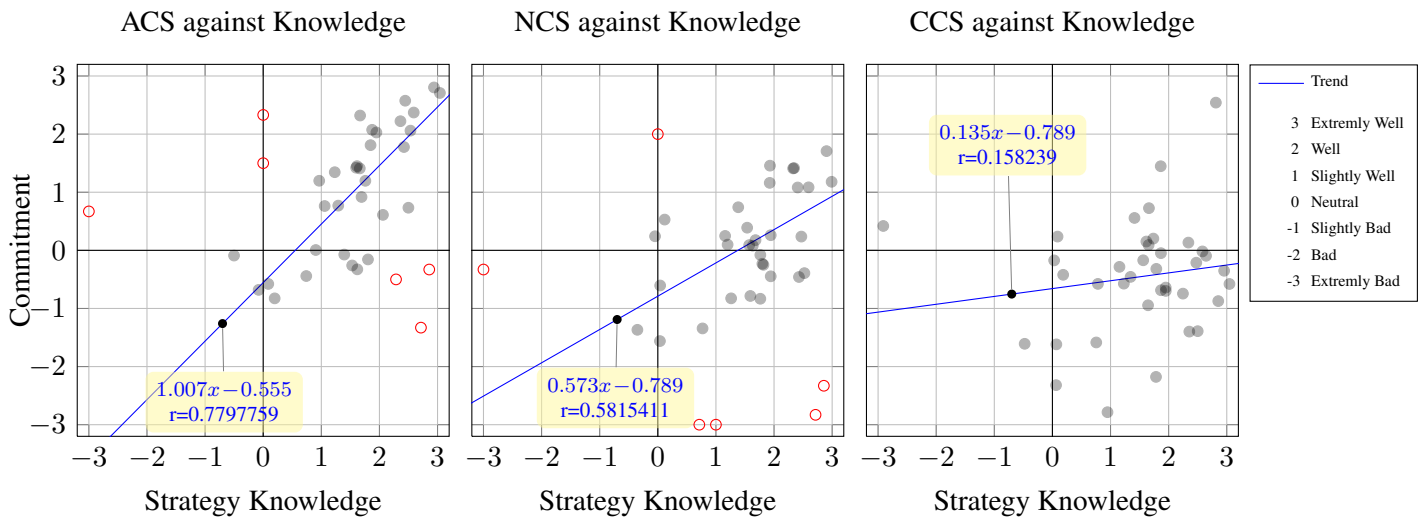


Figure 29: Commitment scales against Strategy Knowledge.

As can be seen in the left graph of Figure 29, there is a strong positive correlation between ACS and Strategy Knowledge. Employees have, on average, quite good strategy knowledge, which seems to increase together with the affective commitment with a gradient of 0.78. This could imply that strategy knowledge has an effect on affective commitment. The positive correlation between strategy knowledge and affective commitment suggests that ISCC is a contributing factor to employee affective commitment. Interviewee 2 agreed that work significance and the understanding of the company objectives influences work motivation and commitment.

The graph in the middle of Figure 29 shows that there is a moderate positive correlation between NCS and Strategy knowledge. Normative commitment is a bit more dispersed than affective commitment, but there is a slight positive trend. This is visible in the gradient of 0.58.

The graph on the right hand side of Figure 29 shows that there seems to be no relationship between the continuance commitment and the strategy knowledge. Most of the employees are in the upper left corner of the graph, signifying negative continuance commitment and relatively good strategy knowledge. The gradient 0.16 suggests a really small correlation between these two, if any.

Furthermore, the employees evaluated themselves on whether they thought that knowing the corporate strategy affects their organisational commitment. The findings are presented in Figure 30.

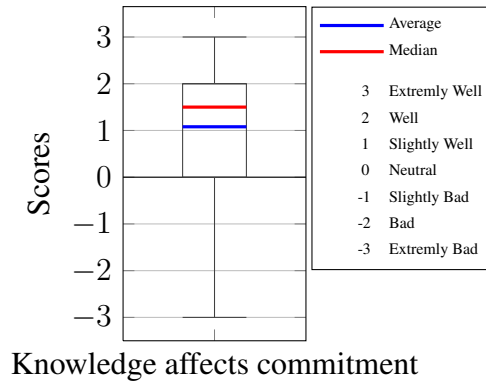


Figure 30: Employees’ perception of their strategy knowledge affecting commitment

As can be seen in Figure 30, employees perceive on average that strategy knowledge affects commitment slightly. 75 percent of the employees evaluated the relationship to be positive. Once again, these results show that ISCC could contribute to employees’ commitment.

There are three different strategy and commitment measures presented. They include the employees’ perception of their strategy knowledge (SK), their affective commitment scale (ACS) and their perception of strategy knowledge affecting their commitment (SKaC). These three measures are all compared to each other in Figure 31.

These three graphs in Figure 31 show the relationship between ACS, SK and SKaC. As can be seen in Figure 31, all three graphs and their trend lines show a correlation of some degree. When comparing ACS with SKaC, there is a relationship between the employees’ affective commitment and them believing that strategy knowledge affects commitment. When the employees have no affective commitment, their belief that SKaC is in the negative values. However, the more affectively committed the employees become, the more, much more, they belief that strategy knowledge affects their commitment. The centre graph in Figure 31 shows the relationship between ACS and SK. This positive relationship has been presented and discussed in more detail in Figure 29 at the beginning

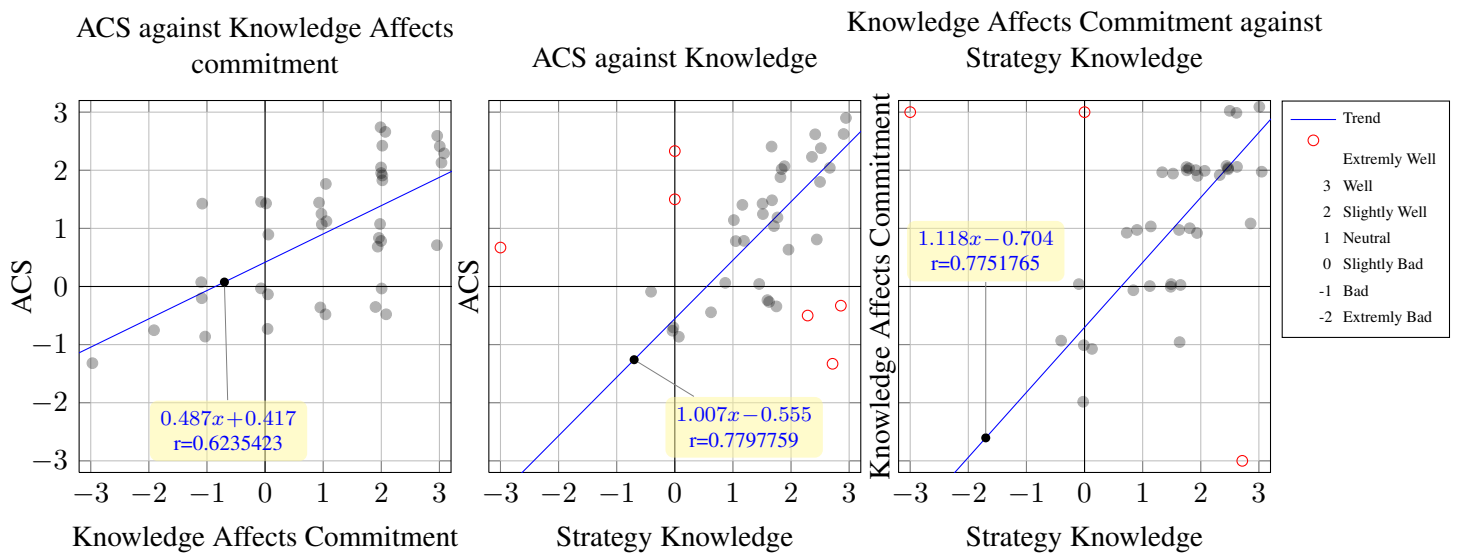


Figure 31: ACS, Strategy Knowledge and Employees' perspective

of this subsection. The graph on the right hand side of Figure 31 illustrates a positive relation between SK and SKaC. The more the employees' know the strategy, the more they believe that it affects their commitment.

These findings strongly suggest that employees' strategy knowledge affects their commitment, especially their affective commitment. In addition, Figure 31 suggests that employees first need to gain some strategy knowledge, before their affective commitment increases and before they believe that strategy knowledge could affect their commitment. Naturally, the affective commitment could be affected by other things as well, not only strategy.

#### 4.4.3 ICC channels and commitment

Now that it has been established that the employees know the strategy to some degree, and that their strategy knowledge is at least partially a consequence of internal strategy communication (ISC), it is time to discuss whether there is a relationship between ICC and its channels, and the employees' commitment. With the information at hand it cannot be

determined through which channels the employees have gained their corporate strategy knowledge. Strategy knowledge is gathered over time via several channels and discussions with coworkers. Hence, it is difficult to isolate the one-way ICC channels from all the internal strategy communication, and see if only the ICC has contributed to the employees' commitment. However, Figure 32 shows that the employees who preferred an ICC channel as their first choice to learn about strategy, also, ranked the highest in terms of strategy knowledge and affective commitment.

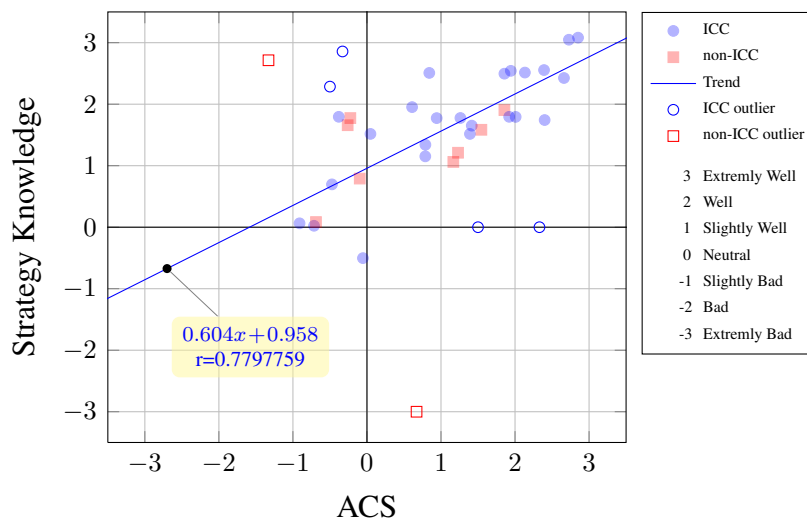


Figure 32: The employees' first channel preference type with respect to strategy knowledge and ACS

Figure 32 is based on Figure 29, where in the left graph the employees strategy knowledge and affective commitment was compared to each other. In addition, in Figure 32 the employees' first channel preference has been identified. Most employees' first channel preference is an ICC channel. Out of the first preference ICC channels 75% chose the management's monthly review. Furthermore, although the ICC and non-ICC channels chosen as first preference are all around Figure 32, there are only ICC channels in the top right corner of Figure 32. This would seem to imply that employees who know a great deal about the corporate strategy and are affectively committed seem to prefer ICC channels (mainly the management's monthly review) to receive their corporate strategy information. Therefore it could be seen that ICC, with its channels, conveying corporate strategy to the employees of the company, does contribute to the commitment of those employees.

To conclude, internal strategy (corporate) communication meets the employees' needs and relates to their commitment. Internal strategy (corporate) communication has been effective and successful to the degree that employees perceive to know the corporate strategy slightly well (1.4 out of a possible range of -3 and 3). In addition, employees perceive to receive enough strategy information, and have the ability to use the strategy in their everyday work. The employees' internal strategy (corporate) communication channel preferences include the management's monthly meeting (ICC), the newsletter (ICC) and the performance review (non-ICC). Employees seem to prefer ICC channels compared to non-ICC ones. They also seem to prefer ICC channels and richer channels compared to earlier studies. Channel attributes that contribute to employees' need fulfilment are media richness, channel accessibility, information quality, preference and satisfaction. Out of the ICC channels management's monthly review reduces employee's uncertainty and equivocality need, whereas the newsletter, the playbook and the intranet have the potential to reduce the uncertainty need. The employees have slightly positive affective commitment, neutral normative commitment and slightly negative continuance commitment. The findings strongly suggest that employees' strategy knowledge, received via ICC, affects their commitment, especially their affective commitment. Nevertheless, the low response rates in the survey imply that those employees, who didn't answer the survey need more strategy communication to increase their understanding and knowledge on the subject and its relevance.

# Chapter 5

## Conclusions

This Master's thesis set out to determine whether the internal strategy communication (ISC), specifically internal strategy corporate communication (ISCC), meets the employees' needs and relates to employee commitment. The study is concluded with a brief research summary, some practical implications and limitations of the study. Finally the suggestions for further research are presented.

### 5.1 Research summary

The identified research gap for this study was in the field of internal communication (IC), specifically internal corporate communication (ICC), and strategy. Welch and Jackson (2007, p. 194) called for further research on "internal stakeholders' [employees] needs and preferences for communication content and media" to improve internal corporate communication. Since the concept of internal corporate communication was new, there had been little if any research about it. In addition, there seemed to be no research on this concept in a corporate strategy context. Furthermore, internal corporate communication and its ability to contribute to commitment hadn't been studied much either.

This study had three purposes. The first purpose was to examine the employees' needs and preferences of the company's IC channels, specifically ICC channels that convey the company's corporate strategy. The second was to investigate the success of the internal strategy (corporate) communication by analysing the employees' perception of their strategy knowledge. The third was to research the relation between internal strategy (corporate) communication and the employees' commitment.

The research design used in this study included a descriptive and exploratory research purpose and both a quantitative and qualitative research strategy. The research method was a single-case study. The data of this survey was collected with a background study, semi-structured interviews and a survey. The qualitative data was edited and emerging patterns were recognised. The quantitative data was statistically analysed using R. This study fulfilled the criteria of construct validity, external validity and reliability.

Briefly stated, the theoretical framework included strategic managers who communicated the intended corporate strategy via internal corporate communication to the employees (Welch & Jackson, 2007). The strategic managers could send the strategy messages via different media. The media was categorised according to attributes such as richness (Daft & Lengel, 1986; Daft et al., 1987; Daft & Weick, 1984), channel accessibility, quality and receiver accessibility (Zmud et al., 1990). Employees preferred some communication channels over others, based on the channels' possibility to meet the employees' needs. The identified needs include gaining strategy knowledge, knowing how to use the gained knowledge, and reducing equivocality and uncertainty. The successful internal corporate communication resulted in the employees understanding the strategy and feeling that their needs were being met. Thus, employees should have become committed towards the company (Welch & Jackson, 2007). The employees could develop three kinds of commitment, which are affective, normative and continuance commitment (Allen & Meyer, 1990; Meyer & Allen, 1984, 1991). A committed employee led to better on-the-job behaviour (Meyer & Allen, 1991); and thus, played a bigger part in realising the strategy.

## 5.2 Results

The main findings of this investigation were that, in the case company, ISCC was preferred and met the employees' needs better than non-ISCC; and that ISCC relates to the employees' commitment. The needs were recognised to include gaining strategy knowledge, gaining ability to use the knowledge, and reducing equivocality and uncertainty. The following list presents briefly the relevant findings:

- Internal strategy (corporate) communication was effective, because the employees perceived to know the corporate strategy slightly well (1.4 out of a possible range of -3 and 3).
- The employees had a preference towards ICC channels compared to non-ICC ones in a strategy context.
- The reduction of uncertainty and equivocality were identified as the needs of the employees. Out of the ICC channels, one channel (management's review) was rich, and thus, reduces employee's uncertainty and equivocality, whereas the three other channels (newsletter, intranet and playbook) were lean. These lean channels have the potential to reduce uncertainty.
- Channel accessibility and information quality seemed to affect the employees' channel preferences and feeling of satisfaction more than the richness of the channel.
- The employees had slightly positive affective commitment (0.9), neutral normative commitment (-0.1) and slightly negative continuance commitment (-0.5).
- Employees' strategy knowledge, gained and understood via ICC, affected their commitment, especially their affective commitment.
- At the same time the low response rates in the survey implied that those employees, who didn't answer the survey need more strategy communication to increase their understanding and knowledge on the subject and its relevance.

When comparing the present findings with previous research, some ideas are supported, others counter-claimed, and some presented as new information. Even though the employees did know the corporate strategy to some degree, some facts point towards the challenge of communicating the strategy message. On the one hand, the interviewees



mentioned that communicating strategy was challenging, and on the other hand, only a small amount of employees answered the survey. These findings seem to support the notion that implementing and communicating a strategy successfully is not easy (Beer & Eisenstat, 2000), and many companies seem to be struggling with it (Aaltonen & Ikävalko, 2002).

The employees prefer richer channels just like the employees in the more recent Al-Ghamdi et al. (2007) study. At the same time, it seems that the employees prefer more ICC channels than non-ICC ones, just like in the older Alexander (1994) study. Equivocality and uncertainty needs are fulfilled with a rich channel (management's monthly review), which supports Lengel and Daft's (1988) study, where rich media was suggested to communicate strategy messages. However, the second most preferred channel (newsletter) is a lean one, and thus, counterclaims Lengel and Daft's (1988) study. Trying to concretely isolate the ICC channels (management's review, newsletter, intranet and playbook) from the rest of the non-ICC channels (performance review, strategy meeting and coffee table chats), and seeing how ICC channels are preferred compared to non-ICC ones hasn't been studied earlier, and hence, adds new information to the field of communication.

In general, commitment values of employees vary in different companies. However, the relation between the affective, normative and continuance commitment values in this study do correlate with other commitment studies, thus supporting them (see (Allen & Meyer, 1996)). The present study supports Welch and Jackson's (2007) claim that ICC contributes to employee commitment, since the findings show that employees' strategy knowledge, understood via ICC, contributes to their affective commitment. Furthermore, the commitment findings contribute something new to the field of commitment research, since the commitment of the employees was related to ICC and corporate strategy.

### **5.3 Practical implications**

The present study has three practical implications for companies who are communicating their corporate strategy to their employees. First of all, companies should invest money,

time and resources into ICC, especially when communicating strategy. ICC channels compared to non-ICC ones are preferred by the employees at the case company, especially in a strategy context.

The second implication is that strategic managers in companies should use both rich and lean channels to communicate the corporate strategy to the employees, as long as the channels are easily accessible and contain quality information. Rich channels will reduce the equivocality of the message and lean channels the uncertainty. However, the employees' channel satisfaction and preference seemed to be more affected by the channel accessibility and information quality rather than by the media richness.

The third practical implication is that companies could raise the level of affectively committed employees by investing resources into ICC conveying strategy information. In this study, ICC and strategy were correlating with commitment. Communicating the corporate strategy should be taken seriously, because the more strategy knowledge the employees have the more committed they seem to be.

## **5.4 Limitations of the study**

The present study has three limitations. One of the main limitations of this study was in the data collection phase. The survey received only a 10 percent response rate. The employees were encouraged several times to take part in the survey, but the efforts were in vain. Those 10 percent were determined to be statistically significant. Naturally, the fact that there was a small amount of data made it difficult to extrapolate patterns for the case company itself, let alone generalisable patterns for the academic business field. The single case company approach doesn't help with the generalisability issues.

Another limitation would be the cultural aspect. Many of the respondents in the Finnish subsidiary case company are Finnish. In some situations, Finns might prefer a different type of communication channel than, for instance, Americans. In cultural terms, Finns might be somewhat more shy and maybe don't like to voice their opinion. Therefore,

they might prefer leaner channels.

The third limitation of this study includes a possible danger of translation errors and miscommunication. The case company's official language is Finnish, and therefore, all of the data collection including the background study, the interviews and the survey, have been conducted in Finnish. Most of the initial research reviewed, has been in English, the data collection in Finnish, and the findings processed and written in English. Most of the data that needed to be translated has been peer reviewed, within the limits of the case company's wishes to stay anonymous, in order to minimise translation errors.

## **5.5 Suggestions for further research**

There are several suggestions for further research. One of the suggestions include finding out whether the needs identified from the literature correspond with the employee needs in other companies. In addition, since this study was a single case company study, it would be good to do a comparative case study (Ghauri & Grønhaug, 2005), and see whether the results are similar in other companies. Of course, more research at the present case company could be conducted to dive deeper into the strategy communication challenges.

Other possible options and perspectives for further research include a language approach to internal communication, and researching the concept of organisational silence (Morrison & Milliken, 2000) with respect to internal communication. Furthermore, the increasing interest in employee engagement at work has created a need to explore the relation between employee engagement and internal communication, as well as internal corporate communication (Welch, 2011).

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