Linking Organizational Characteristics to Employee Attitudes and Behavior

A Look at the Downstream Effects on Market Response & Financial Performance

Although the economy continues to swing more positively, a key area for chief executives continues to be **profitable revenue growth**. This study examines the connection between internal, organizational drivers and financial performance. Delivering better customer experiences starts with developing satisfied employees. While we recognize the importance of an enriched workforce, the particular organizational drivers for employee engagement and the downstream effects of an engaged workforce on customer satisfaction and company profits can be less evident. A clear sustainable growth strategy comes from making an investment in employee satisfaction and enrichment, which this research reveals has a direct and positive impact on a company’s bottom line.

**Recognition and incentive programs have proven to be extremely effective at reinforcing behaviors that support an organization’s cultural values and corporate objectives. Optimize these valuable tools to increase employee engagement and commitment towards building meaningful customer experiences while delivering a high return on investment.**

“Linking Organizational Characteristics to Employee Attitudes and Behavior – A Look at the Downstream Effects on Market Response & Financial Performance” found a direct link between employee satisfaction and customer satisfaction, and between customer satisfaction and improved financial performance.

Organizations were analyzed based on Cooke and Rousseau’s (1988) cultural model, which encompasses four types of organizational cultures: cooperative, competitive, passive and aggressive. The study determined that the most effective company cultures are a balanced mix of cooperative and competitive. As one could expect, passive and aggressive cultures aren’t as successful in stimulating employees to engage, which in turn, does not positively impact financial performance.

Employee satisfaction related to their organizational climate (daily routines and relationships with coworkers) was found to increase with effective job design and empowerment, autonomy, open communication and positive supervisory interactions.

- **Establish clear lines of communication**: This study found a key driver in employee satisfaction is organizational (upward and downward) communication. It is important to understand the differences between upward and downward communication. Downward communication establishes clarity around the corporate message. Upward communication provides employees a forum to synthesize the corporate message and provide ideas and observations. A critical component of employee enrichment is that employees feel their opinions and ideas have been heard and that they are making a meaningful contribution.
• **Survey employees:** Gather their thoughts on what the company is doing well, areas to improve and changes they’d make. Review the findings and implement suggestions appropriately so the team knows they are being listened to and can make a difference in the health of the organization.

• **Develop a culture that is a mix of cooperation and competition:** Set the expectation for employees to strive to work cooperatively, but also encourage healthy competition where employees can feel free to voice their opinions in pursuit of the best solutions for customers.

• **Elevate engagement with a formal employee recognition program:** Building structure around recognition allows the organization to consistently reinforce behaviors that support the cultural values and corporate objectives. It is critical to establishing an environment of healthy competition and cooperation. Providing clear direction, and validating the actions taken toward those objectives, will increase employee engagement and commitment towards building meaningful customer experiences.

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**Research Basis**

*Organizational Communication*  
*Employee Engagement*  
*Employee Satisfaction*  
*Manager Facilitation*  
*Job Design*  
*Passive/Aggressive Culture*  
*Constructive/Competitive Culture*  
*Customer Behavior*  
*Financial Performance*  
*Employee Engagement, Customer Satisfaction and Profitability*

**Conclusion**

“This linking organizational characteristics to employee attitudes and behavior – A look at the downstream effects on market response & financial performance” supports the theory that a company’s financial performance is related to an engaged, enriched workforce. Listening to and hearing what it important to your employees will empower teams to act in the best interest of your customers, which in turn will positively impact the bottom line. Making the investment in a culture of enrichment results in high returns: a happier workforce, more satisfied and loyal customers, improved financial performance and a sustained growth model.

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**About The Forum**

*The Forum: Business Results Through People,* (formerly Forum for People Performance Management and Measurement) affiliated with Northwestern University, is an organizational trust for thought leadership advocating that the most effective way business leaders can create and sustain organizational value is through their partnership with people. The Forum promotes a people-centered leadership approach by providing relevant, provocative, and actionable academic research; creating a platform for leaders to dialog, network and benchmark practices; delivering ideas for practical action and experimentation; and, building and supporting a community of champions for people-centered leadership - [www.businessresultsthroughpeople.org](http://www.businessresultsthroughpeople.org).