

# PRIDE — THE HIDDEN CORPORATE ASSET

LOUIS MISCHKIND, PH.D.

## Introduction

Pride can act as a powerful state of mind that leads to personal and organizational successes such as high productivity low turnover and customer satisfaction. This state of mind is not to be confused with egotistical pride conceived by the ancient Greeks as the first cardinal sin and by the old adage, “Pride goeth before a fall.”

There are two kinds of healthy pride:

- **Personal** - This is the direct pride people take in their own work, a feeling of self-respect regarding their accomplishments. This implies a sense of professionalism or intent to do their best to produce desirable outcomes.
- **Organizational** - This is the reflected pride people feel in being a part of a larger group. Organizational pride implies an identification with the worthwhile endeavors, track record and reputation of the institution of which one is a part and, the attendant desire to help the organization achieve its goals.

Personal pride and organizational pride are interrelated. The positive outcomes fueled by personal pride can strengthen organizational pride and organizational pride may motivate and increase personal pride.

It is pride in this positive sense that we consider the hidden corporate asset—as valuable as the physical plant and state-of-the-art technologies. This article will focus on organizational pride. What is its value? Higher organizational pride promises to impact all the major factors used to evaluate senior management performance (balanced scorecard), i.e.,

- Greater employee motivation, commitment and performance
- Greater customer satisfaction
- Greater investor satisfaction through improved financial results

The data has shown that pride operates not only as the determinant of important outcomes (productivity, customer satisfaction) but as the beneficiary of these outcomes. This is in accord with the concept of the self-fulfilling prophecy. When people feel good about themselves they are more likely to perform well and, when they perform well, they feel better about themselves.

This article will not only deal with the two-way relationship of pride with outcomes, but will also highlight the internal cultural issues that impact pride. In addition, a summary of the critical steps of the process required to generate higher levels of organizational pride will be discussed.

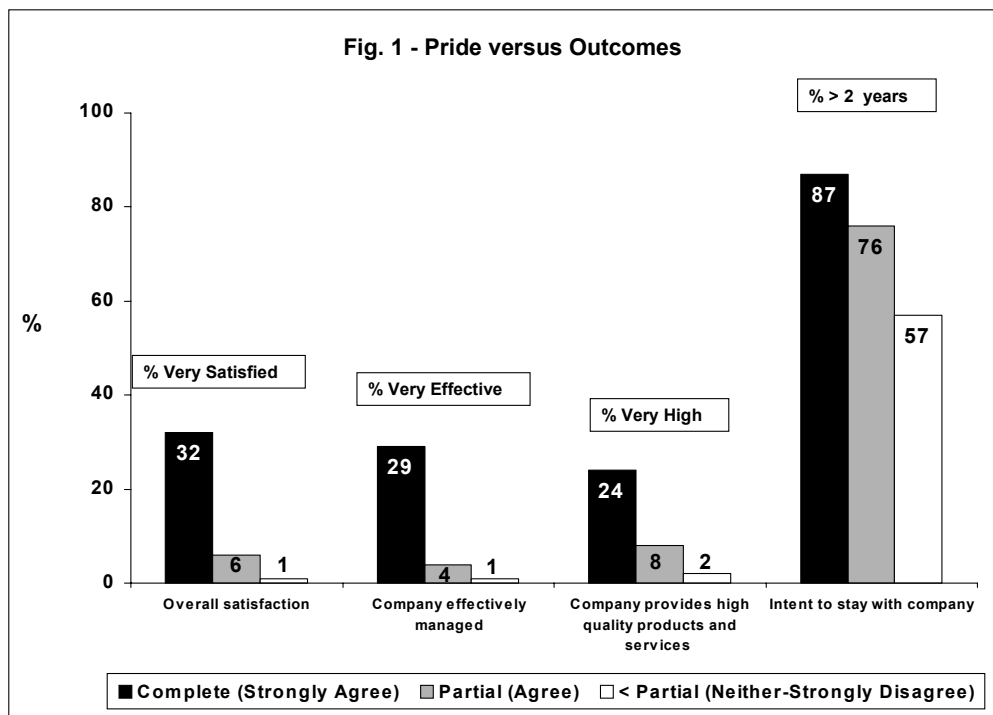
## Levels of Pride—Partial vs. Complete

Measurements of pride show strong majorities of employees saying they are proud to be associated with their organizations. Seventy-four percent of almost half a million employees across a wide variety of industries said they strongly agreed or agreed with the statement, "I feel proud to work for 'my company'."

However, a distinction must be made between those who strongly agree that they are proud of their company (having complete pride) versus those who simply agree (having partial pride). Complete pride implies a powerful identification with the organization while partial pride implies some limitation to this identification.

Among the 74% agreeing with the question on pride, 35% show complete pride and 39% partial pride. There are profound differences between those feeling partial pride and complete pride. These differences are like those found between customer satisfaction and customer delight. For example, it has been shown that companies can go out of business with satisfied customers. Delighted customers are much more likely to re-purchase a product or service, pay more, or recommend that others buy it, than simply satisfied customers.

Similarly, a company's productivity, quality and financial performance can stagnate with employees who only feel partial pride. The data show that those who feel complete pride compared with partial pride differ dramatically on several key outcome variables: In fact, those with partial pride act similarly to those with less than partial pride (except in the case of retention) (Figure 1).

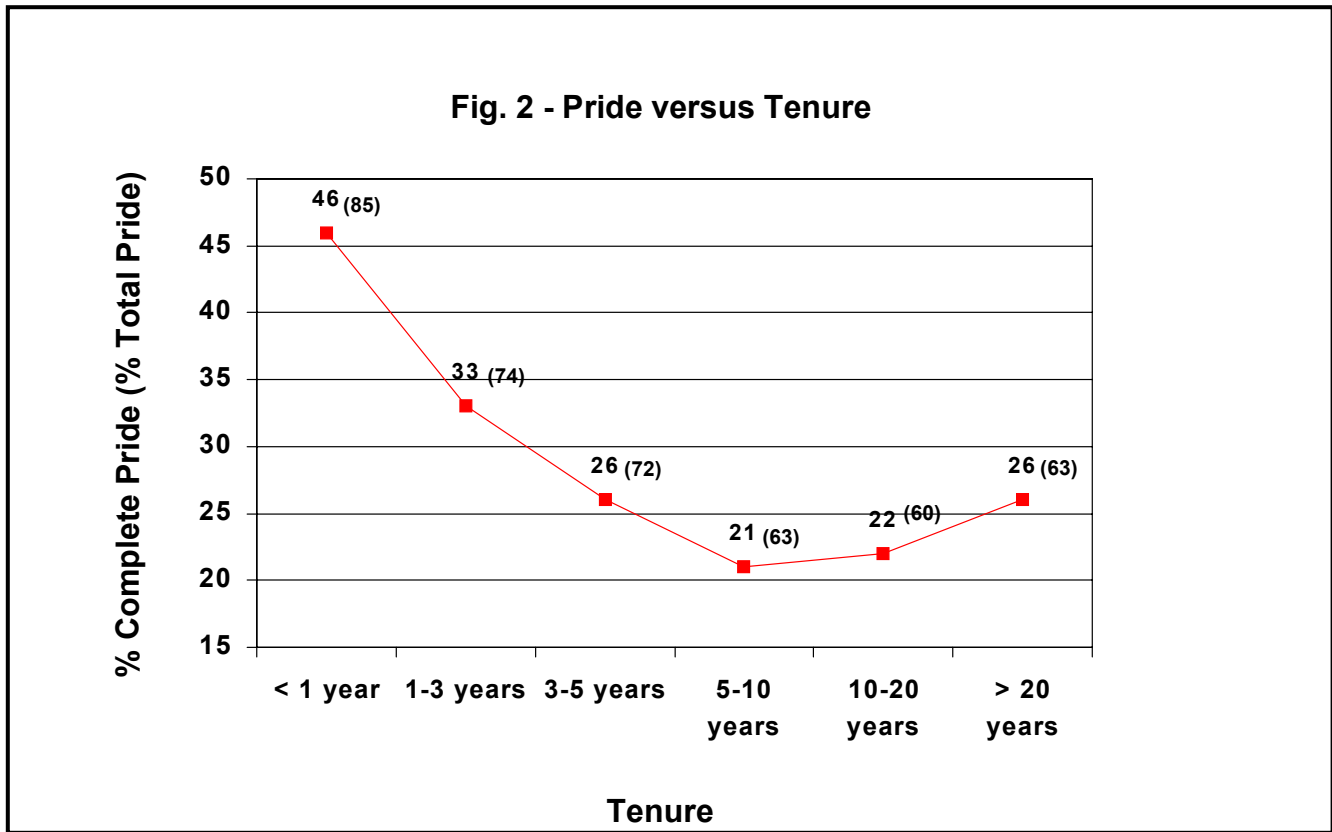


### Pride and Tenure

Most people have an inherent need to be part of a team, e.g., "affiliation" need. People ordinarily start their employment with high levels of organizational pride. These high levels are reinforced since new hires are typically told how great the institution is as a place to work and the positive values it espouses. New comers are more than willing to accept management at

its word—they want to be proud of their employer. What happens to this feeling in the ensuing years is in the hands of management. Either they fulfill their promises and maintain or increase the level of pride or their actions contradict their words and pride declines.

The data suggests some tendency for the latter. Figure 2 shows a recent example of the relationship between pride and tenure for a transportation company. Similar results are found in many other employee surveys.

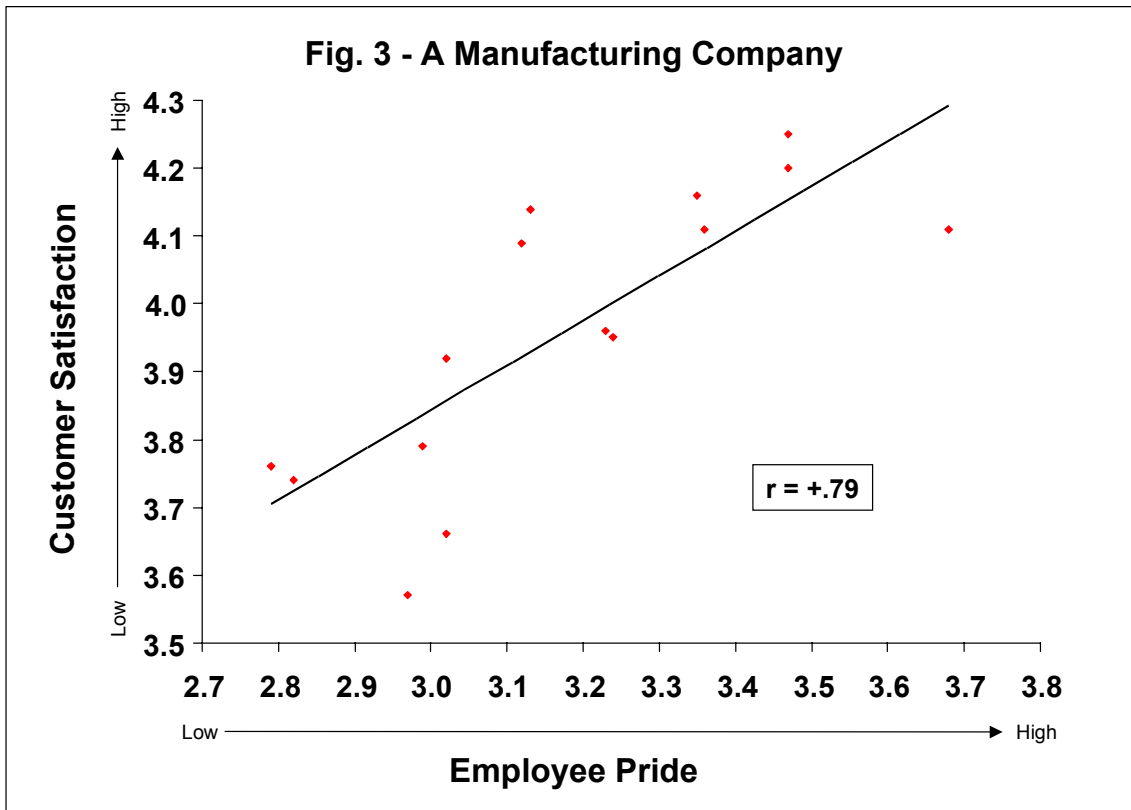


When employees feel high levels of organization pride, they identify with their company and hence become their own supervisors and cheerleaders. They no longer need to be cajoled to produce quality results by outside influences; they do it because they derive personal satisfaction seeing the organization succeed.

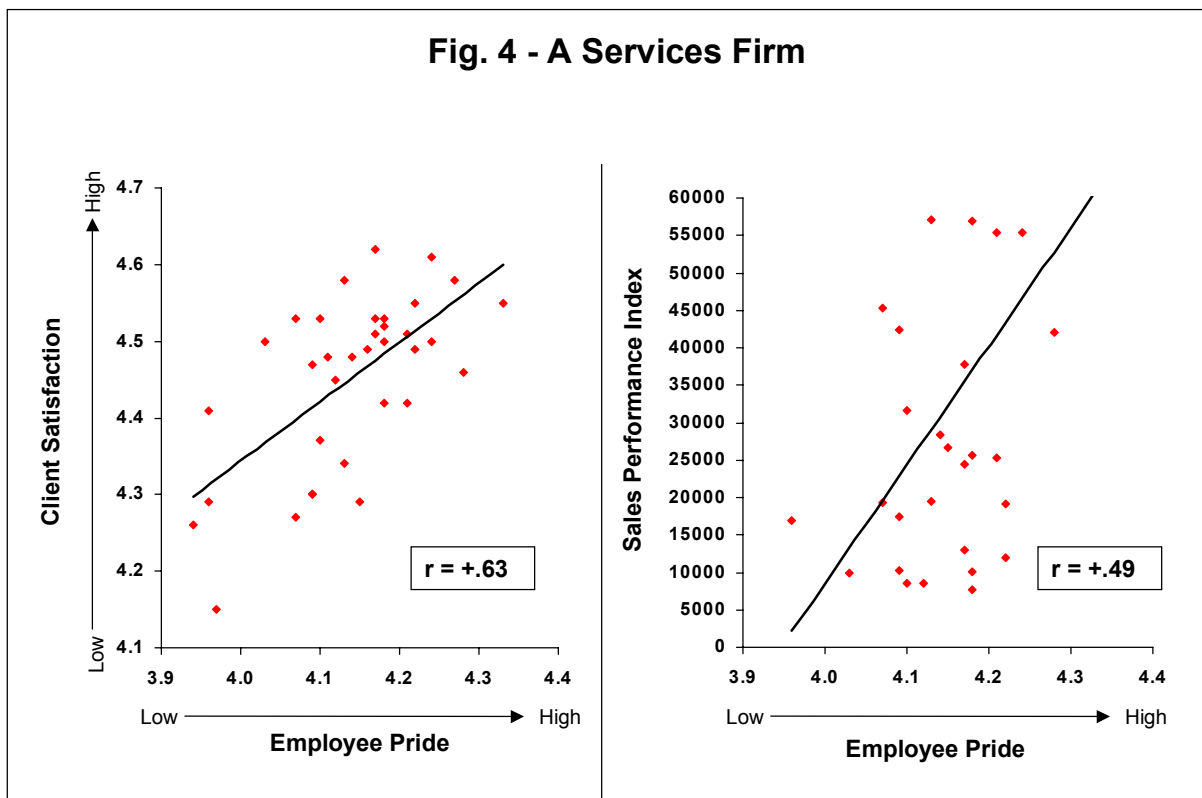
### What Pride Drives-Linkage with Customer Satisfaction & The Bottom-Line

Pride drives customer satisfaction and bottom-line results. This is a consistent finding when integration analyses have been performed. Integration analysis is an empirical determination of relationships among independent data sets.

Figure 3 shows the strong relationship in a manufacturing company between pride, as measured by **employee** responses, with customer satisfaction as measured by **customer** responses.

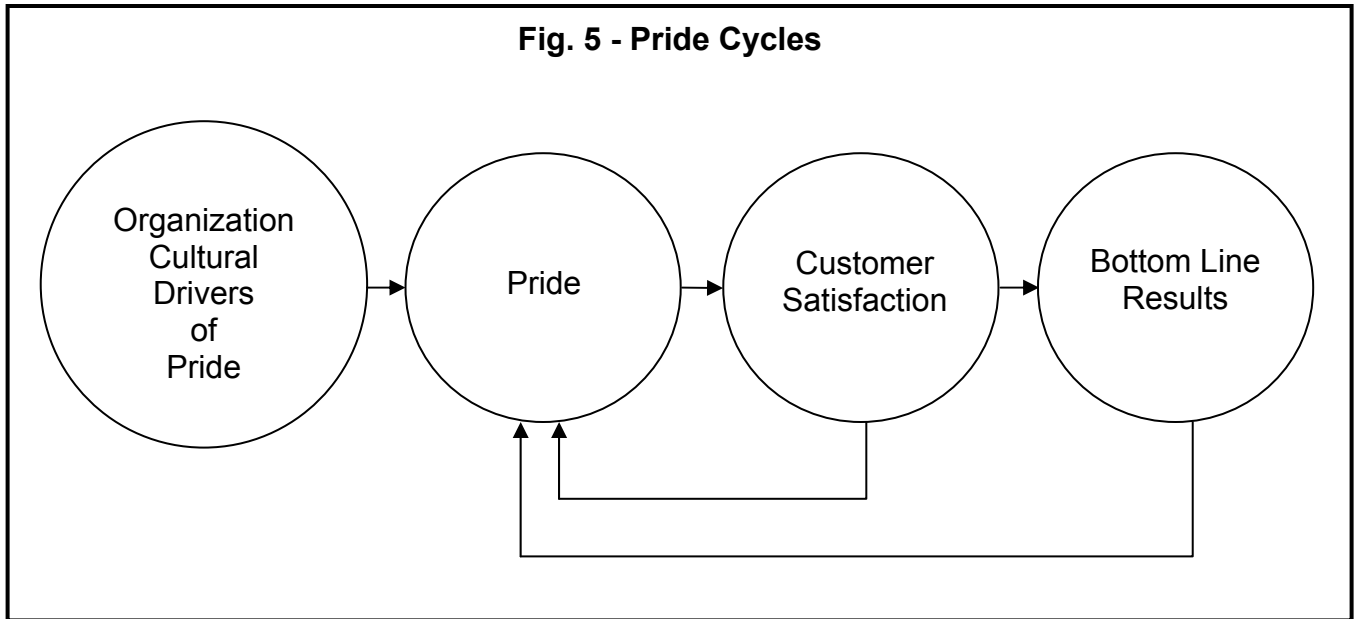


Similar results were found with a firm in the service sector. Using profit centers as units of measurement, a +.63 correlation between **employee** pride and **client** satisfaction was found. What is more, a +.49 correlation was found between **employee** pride and **sales performance** (Figure 4).



## Pride Cycles

The relationship between pride and outcome variables like customer satisfaction and the bottom-line creates a self-reinforcing cycle (pay-back loop) (Figure 5). This could either be a virtuous cycle where high levels of pride lead to better performance, better performance leads to greater customer satisfaction and bottom-line results and therefore higher levels of pride. Of course the cycle could also be vicious – where low levels of pride lead to worsening performance which results in lower customer satisfaction and bottom-line results thus leading to lower pride.



An organization that regularly measures quality, customer satisfaction, and bottom-line results and communicates these to employees finds it easier to reinforce the positive cycle or break the negative cycle.

## What Drives Pride

The research reveals that management behavior drives pride in two ways:

- Sustained company performance. People derive greater pride from their association with a “winner”.
- Internal culture. People derive greater pride from working in an environment that supports their performance and where they are respected as individuals.

More specifically, the data show the following cultural factors and management behaviors impacting pride:

**Table 1**

Internal Cultural Factors	Potential Management Actions
1. View of the company's character and overall direction	Establishing and enforcing ethical standards; Providing a map of the future; Establishing customer focus; Instilling a sense of optimism
2. Sense of equity	Treating employees with respect and dignity; Being concerned with employee well-being; Fairly and consistently administering policies; Trust in management
3. View of the job itself	Giving employees opportunities to improve their skills; Providing job challenge; Providing a sense of job accomplishment
4. Feeling of teamwork	Creating an environment where people appreciate and understand their diverse roles ; Creating an environment where people support each other

In short, any management blueprint to generate greater pride among employees must have, at a minimum, the following features: a compelling and believable vision for the future, executed in an ethical manner; a culture where employees feel they are treated as responsible adults; a work atmosphere where they can grow their skills and be able to show what they can do as individuals and as teams.

The research also reveals unique factors that drive pride and that are specific to particular organizations or occupations such as management's receptivity to ideas for improvement and the company's focus on safety.

## **How to Generate Higher Levels of Pride**

The data isolates the factors that are likely to produce greater pride. A practical question remains—How to get started? A program to elevate pride must have the following components:

### *Assessment*

Very simply, an organization must determine how much pride employees feel. If you don't know where you are, it is impossible to know where you are going. Knowing where you are can be accomplished through systematic surveys.

### *Diagnosis*

It is not enough to ask general questions about pride. To determine the unique issues/factors that drive this emotion, a body of questions should be asked dealing with equity, the behavior of various levels of management, the job itself, job enablers, perceived quality, etc.

### *Segmentation*

Great advantages accrue if one can separately identify the pride felt by various sub-organizations and occupations. This could lead to productive internal benchmarking, i.e., isolating those groups where pride is very high, discovering the practices that make this so and spreading this knowledge to other groups. Segmentation will also make it possible to determine whether the cultural drivers of pride differ from organization to organization.

### *Linkage to External Outcomes*

Whenever possible, integration with output variables should be designed into the assessment at the start. This involves linking employee attitude data with objective or external data such as turnover, productivity, quality performance, customer satisfaction and financial results. To do this, appropriate units of analysis need to be specified (departments, stores, facilities, etc.) and appropriate codes created. The employee and external data are integrated through these units of analysis.

This kind of analysis answers the question, "So what?" For example, linkage analysis reveals the specific employee issues that are associated with the outcome variables. Discovering output variable linkages with attitude data greatly facilitates the implementation of actions. Management is not only motivated (because the results have business consequences) but they are also focused on priority versus tangential issues.

### *Process Conducive to Action*

This assessment must be done in a way that facilitates action. The key principles of an action-oriented process include the following:

First, top management must control the process. They set and carry out the objectives with the assistance of subject matter experts such as human resources, quality, customer satisfaction, etc.) but, there is never any doubt about who has ownership.

Second, before the assessment instrument is created, input is sought from a cross-section of the target population through focus groups, interviews, etc.

Third, feedback is conducted by means of a bottom-up versus a top-down approach. The analyzed data is first presented to top management but is limited to organization-wide strengths and priority issues needing attention.

At this point, top management does not see sub-unit data. Only after unit management has had a chance to understand their information, conduct feedback meetings and develop unit action plans does this data become available. A bottom-up approach leads to less defensiveness and more authentic and relevant action.

Fourth, unit management receives their own data with appropriate comparison lines (total organization, etc.) and is trained in reading and interpreting their data as well as conducting employee feedback-action planning sessions.

Fifth, action reports are expected from all managers receiving data. They are expected to determine their own units' strengths and weaknesses. They take immediate action on those issues requiring no further approval, work with other unit management on actions requiring joint execution and report upward those actions requiring higher management approval.

Action reports move up-the-line for review, approval where necessary and integration. Action takes place in a disciplined manner.

Sixth, assessments of pride should not be a one-shot affair. To gain the greatest practical advantage, organizations should ensure that audits of this asset be as regular as the audits of other "hard" assets.

### **Evidence of the Impact of Pride**

A major automotive company recognized the need to improve the quality of its product which had declined over a period of time. To help determine the required actions, an employee survey was conducted. The survey revealed a number of issues which were addressed by a systematic set of actions. By all objective measures, quality improved and the company was the recipient of a number of quality awards. After the turnaround, another survey was conducted and the pride variable had improved by 28%.

Did the turnaround in quality lead to the improvement in pride or did improved pride cause the turnaround? The answer is both. A major action to improve quality was greater employee involvement in the quality process, e.g., quality teams whose ideas were taken very seriously. This led to improved job satisfaction and, as shown earlier, job satisfaction is a major driver of pride. Undoubtedly, after the awards and public recognition were received, this also contributed to the improvement in pride.

Other experiences attesting to the importance of organizational pride include:

- The extraordinary effort expended by employees to achieve Baldrige award status and the joy experienced when it is achieved.
- Workers "stopping" a production line because they do not want to be associated with a team that produces substandard products.

## **Summary**

Anyone who scoffs at the idea that there is no place for emotion in organizational life, that business is just business, will miss the powerful effects pride has on effectiveness. This emotion cannot only be shown to drive individual and team performance but also reach the hearts and pocket books of customers and impact return-on-investment.

Pride is a valuable asset that can be assessed. As this article demonstrates, much is known about its measurement characteristics, its drivers and processes that can be employed to harness its energy as a positive organizational force.