

Impact of Organizational Communication on Employee's Performance

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Abstract:

Now-a-days Indian banking sector is being considered as one of the most glorious, innovative service industry that has witnessed constant growth over the past three decades. Indian banking industry has a vital role in promoting public lending and public savings, and is widely recognized as a significant factor for the economic development of the country. The Indian banking industry is expected to be among the top 10 global markets in terms of value by 2025, strengthened by increasing domestic demand. In today's competition business scenario prompt information plays a vital role in supporting the employees to make quick and suitable decisions. Effective communication motivates and directs the employees towards their means. Employees who are well allied with right communication system are more positive to contribute and can perform more effectively. This also converts into better customer experience and in turn, leads to stronger financial performance by the firm and overall economic growth. The present paper aims to decisively analyze and interpret the role of Organizational Communication System in SBI and ICICI bank and its impact on employee and organizational performance.

Keywords: Organization Communication, Economic Growth, Organisational Effectiveness.

Introduction

In modern organizations, communication has become as an indispensable factor for the overall organizational execution and success. The way the organization communicates with its employees is reflected in morale, motivation and performance of the employees. If employees feel that communication from management is effective, it can lead to feelings of job satisfaction, commitment to the organization and increased trust in the workplace.

Communication is significant in the organization for three reasons. First, all the functions of management such as planning, organizing, leading and controlling involve the act of communication without which they cannot be performed at all. Next, managers devote a major portion of their time to the activity of communication. Third, interpersonal relations and group relations are maintained and develop only through the system of communication. Communication is the central process through which employees share information, create relationships, make meaning and "construct" organizational culture and values. This process is a combination of people, messages, meaning, practices and purpose, and it is the foundation of modern organizations. With the advent of social media, the number of communication options has been exploded. As the speed of communication accelerates, challenges to communicate effectively also increase. Thus, keeping communications accurate and informative becomes a daily challenge.

Role of Communication: Through, the purposes of communication are;

1. To develop information and understanding which are necessary for group efforts;
2. To foster an attitude which is necessary for motivation, co-operation and job satisfaction;
3. To discourage the spread of misinformation, rumours, gossips, and to release the emotional tensions of workers;
4. To prepare employees and workers for a change by giving them the necessary information in advance;
5. To encourage ideas, suggestions from subordinates for an improvement in the product and work conditions, for a reduction in the time or cost involved and for the avoidance of the waste of raw material;
6. To improve labour-management relations by keeping both in contact with each other;
7. To ensure such free exchange of information and ideas that assist all the employees in understanding and accepting the reasonableness of the status and authority of everyone in the organization;
8. To satisfy such basic human needs as the needs for recognition, self-importance and a sense of belonging; and
9. To serve as auxiliary functions such as entertainment and the maintenance of social relations among human beings.

Significance of Communication Systems

Information flows faster than ever before in modern organizations. Even a dismal stoppage on fast moving operation time can be very costly. There is no universally applicable communication system. But every individual manager has to tailor their own system depending on their needs. Communication flows through various channels. These channels include downward, upward, horizontal and cross-wise. Downward communication is a system, where information flows from higher level to lower level in the organizational hierarchy. Here, information flows from superior to subordinate. In upward communication system, information flows from lower level to upper level in the organizational hierarchy. Thus, in this structure information flows from subordinate to superior. In horizontal communication system, information flows between the peers. But in cross communication system, information flows vertically and horizontally among all the employees in the organization.

Methods to improve Effective Communication

Effective communication refers as sending the right information to a right person at the right time to make timely decisions. Effective communication helps to improve healthy working environment in the organization. Management has to use the following methods to improve the effectiveness of communication in their organizations.

1. Managing by Walking Around
2. Apply the Open door Policy
3. The Ombudsman Position
4. An Empowerment Strategy
5. Participative Management
6. Counseling, Attitude Surveys and Exit Interviews
7. The Grievance Procedure
8. E-mail

Interpersonal Communication

The interpersonal communication refers transfer of information from one person to another. The purpose of interpersonal communication is to effect behavioural change by incorporating psychological processes (Perception, Learning and Motivation) and language.

Getting feedback and providing feed forward are most important in interpersonal communication. Effective communication highly depends on effective feedback. Both formal and informal networks should be used for effective feedback. It makes communication two-way process.

Characteristics of effective feedback

Intention: The intention of effective feedback is to improve job performance.

Specificity: Effective feedback is designed to provide specific information.

Description: Effective feedback is descriptive rather than evaluate.

Usefulness: Effective feedback provides useful information to employees.

Timeliness: Effective feedback provides information on right time.

Readiness: Employee must be ready to receive information.

Clarity: The recipient must understand the information clearly.

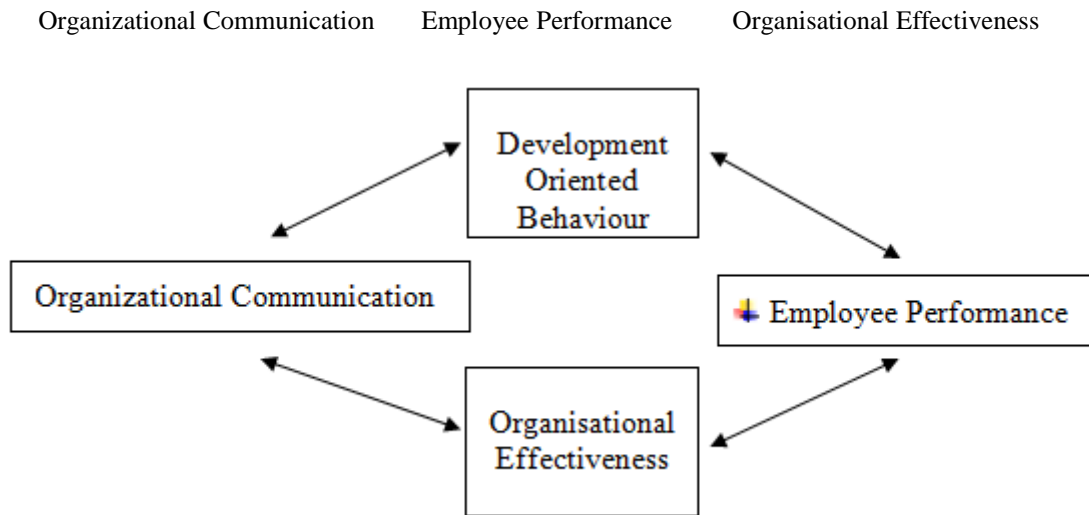
Validity: The information and communication must be reliable and valid.

Need and Significance of the Study

Today's corporate Management vastly depends on the communication system to achieve the organizational objectives. Especially communication system gained great importance in service-oriented institutions like banks. Because, employees in a service organization have frequent contacts with the customer, they usually serve as representatives for both the organization and their products and services to the customer at contact point and play a major role in determining whether a customer would enjoy the experience or turn to their competitors for better solutions.

Scope of the Study

The present study included to examine the extent of interrelation between the Organisational Communication, Employee Performance and organizational effectiveness in banking professionals with respect to SBI and ICICI banks in Rayalaseema region of Andhra Pradesh only. Particularly, I select these two banks because they are giant in public and private sector in terms of operations, employees and turnover.



Source: Designed by Researcher

Figure-1: Organizational Communication-Organizational Effectiveness

Objectives of the Study

1. To study the role of Communication System on Employee Performance., and
2. To critically evaluate the effect of Communication System on Employee Performance and Organizational Effectiveness in SBI and ICICI banks.

Hypotheses

- ✓ **H₁:** There is a significant difference between the two banks regarding the Communication System that affect Organizational Effectiveness.

Research Design and Methodology

The present study is an empirical research in nature. The descriptive research procedure is also used for describing the current scenario in SBI and ICICI bank.

Sources of Data:

For the present study, the data has been collected from both primary and secondary sources. The primary data has been collected by administrating a structured questionnaire from the non-executive level employees of select SBI and ICICI banks. The secondary data has been gathered from Internet, books, research articles, survey reports, newsletters, various journals and magazines.

Sample Size

For the present study 397 non-executives were purposefully selected by applying convenience sampling and their responses were the form basis for analysis, interpretation and empirical findings of the study. The researcher was also obtained the required information and clarifications from selected non-executives and other authorities of both the Banks to draw meaningful conclusions.

Table-1: Total Sample Size

<i>Name of the Bank</i>	<i>Employees Strength (No. of Non-Executives)</i>	<i>No. of Respondents (Primary Data)</i>
<i>State Bank of India.</i>	<i>1664</i>	<i>247</i>
<i>ICICI Bank</i>	<i>200</i>	<i>150</i>
Total	1864	397

Source: Primary Data

Data Collection Instruments

Structured questionnaire method was adopted to collect primary data from employees. Based on the review of literature on empowerment and detailed discussion in the human resource consultants, Likert scale was constructed following the procedure developed by Rensis Likert.

Statistical tools and techniques

The present study is a qualitative analysis of the responses and results based on observations. The collected data is analyzed and interpreted based on Weighted Averages, Correlation coefficient analysis and Independent t-test with the aid of Microsoft Excel software and Statistical Package for Social Sciences (SPSS-20 Version).

Limitations of the study

The present study has the normal limitations of time, finance and other facilities usually faced by all research scholars. Apart from this limitation some of the other limitations were as under;

1. This research study is limited to select commercial Public & Private Banks in Rayalaseema region only.
2. The results of the research cannot be generalized to other banks like rural, co-operative and foreign.
3. The accuracy of given information may owe to change by time, work place and individual factors.

Table- 2: Demographic Profile of SBI and ICICI Bank Employees

Demographic Aspects		Bank Wise Respondents	
		SBI (%)	ICICI Bank (%)
Age	20-25 years	3.7	22.0
	26-30 years	39.0	68.0
	31-35 years	28.9	10.0
	36 years and above	28.3	22.0
	Total	100	100
Educational Qualifications	Intermediate	2.7	0
	Graduation	40.1	12.0
	Post Graduation	33.2	78.0
	Professional Degree	24.1	10.0
	Total	100	100
Marital Status	Married	81.3	34.0
	Unmarried	18.7	66.0
	Total	100	100
Job Experience	Less than 5 years	26.7	90.0
	5-10 years	42.8	6.0
	10-15 years	2.1	4.0
	15 years and above	28.3	0
	Total	100	100

Source: Primary data

Table-2 exhibits the response rate for the age, educational qualifications, marital status and experience of the employees in SBI and ICICI Bank.

Demographic Aspects: In the present study, it has been observed that irrespective of the banking sector, in both the banks majority of employees are in the age group of 26-30 years. In terms of the educational qualifications ICICI bank employees are ahead with post graduation. Though in SBI majority of employees are married, whilst in ICICI bank majority of respondents are bachelors. And, it is also found that as in the terms of experience SBI employees are ahead compared to ICICI bank employees.

Table- 3: Employee Communication and its Outcomes

S. No.	STATEMENTS	SBI (MEANS)	ICICI Bank (MEANS)
1	I am getting Prompt Information to make Quick and Suitable Decisions	4.35	3.54
2	I have Observed Boost-up in My Morale with Present Communication	4.06	3.76
3	If I have a Problem I can Speak Directly to My Superior	4.21	4.32
4	I am able to give an Open Feedback on My Subordinates and Superior	3.23	4.10
5	Employee's Weaknesses are communicating in a Smooth Manner	3.80	3.74
6	Hierarchy and Cross Culture are the Barriers in Communication	2.99	3.34

Source: Primary Data

Table-3 portrays the weighted average responses of the statements for employee communication and its outcome. Employee communication, in the form of prompt information exchange to take quick and suitable decisions builds employee effectiveness. For this the rating given by the respondents of SBI and ICICI Bank are 4.35 and 3.54. From the above weighted responses in SBI and ICICI bank, it's very clearly observed that the employees' morale has become amplified with the present communication practice. For this ratings given by the respondents of SBI and ICICI Bank are 4.06 and 3.76. The respondents of both banks said that they have direct access to their superiors. For this ratings given by the respondents of SBI and ICICI Bank are 4.31 and 4.32.

The above table discloses that both banks respondents agreed that both banks are maintaining an open feedback system. For this ratings given by the respondents of SBI and ICICI Bank are 3.23 and 4.10. SBI and ICICI bank are practicing smooth approach to convey employee weakness. For this rating are given as 3.80 and 3.74 respectively. In both banks, the respondents have almost identical perceptions about the communication barriers as 2.99 and 3.34. From the overall analysis, the inference can draw that both banks are practicing identical communication practices. Here, SBI is ahead of providing prompt information to their employees, whilst ICICI bank ahead in offering open feedback and direct accessibility of superiors.

Table- 4: Correlation Coefficient B/W Communication-Performance Quality

	Variables	Performance Quality	Communication
Employee Performance Quality	Pearson Correlation	1	0.057**
	Sig. (2-Tailed)		0.000
	N	397	397
Employee Communication	Pearson Correlation	0.057**	1
	Sig. (2-Tailed)	0.000	
	N	397	397

** . Correlation is significant at the 0.01 Level (2-Tailed).

Source: Primary Data

Table-4 discovers that significant value of $p (0.001) < 0.01$. Therefore, it means, that there is a significant positive relationship between the employee communication and performance quality in the banking sector. It means, if an employee gets apt information by decision time instinctively performance quality of the employee turn into better. Employee performance quality merely depends upon information flow, feedback, zero barriers and superior's support.

According to Kim et al.,¹ employee communication is believed to contribute to the organization are in the areas of relationships, morale, productivity, cost control, teamwork, safety, change management, reduced turnover and improved market value. Some other studies also notify that employee communication has been linked to increased innovation, participation, employee involvement, increased creativity and quality.

Watson Wyatt has founded² a correlation between high-performing organizations and strong communication practices. MacDonald et al.,³ also found a positive and significant relation among employee engagement, improved performance quality, healthy employee relations, less turnover, higher customer satisfaction and the greater productivity.

Hypothesis Testing-1

H₀: There is no significant difference between the two banks regarding the role of Communication System that affect Organisational Effectiveness.

H₁: There is a significant difference between the two banks regarding the role of Communication System that affect Organisational Effectiveness.

Table- 5: Communication Differences B/W SBI and ICICI Bank

Group Statistics					
	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Communication Differences Between SBI and ICICI Bank	SBI	247	4.3529	.72106	.05273
	ICICI Bank	150	3.5400	.90212	.07366

Source: Primary data

Table- 6: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Differ	Std. Error Differ	95% Confidence Interval of the Difference	
									Lower	Upper
Role of Emp. Communication & its impact on Organisational Effectiveness	Equal variances assumed	14.330	.000	9.195	395	.000	.81294	.8841	.98686	.63902
	Equal variances that not assumed			8.974	341.601	.000	.81294	.9059	.99125	.63463

Source: Primary data

Tables-5 and **6** show that there is a statistically significant difference between SBI and ICICI bank at 0.01 of the level of significance with regard to communication, including information flow, feedback and superior support as the significant level ($p=0.00$) is less than 0.01. Consequently, from the overall analysis and inferences it is proved that there is no unanimity and there is a significant difference between the SBI and ICICI bank practices with regard to employee communication. Therefore, from this it is proved that the formulated hypothesis **H₂** is accepted and **H₀** is rejected. It is evident from the **table-5** and **6** and very clear that the SBI employees are getting more prompt information compared to ICICI bank, which improves employee morale.

Conclusion

The present study confirms that there is significant relationship among Organisational Communication, Employee Performance and Organizational Effectiveness. In current scenario both SBI and ICICI banks are using greater communication system, but, SBI employees have better chances in getting prompt information, right directions, factual feedback and healthy superior-subordinate relations. However, some of the employees have stated that lack of open feedback, hierarchy and cross culture as the main obstacles in communication.

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