



## Impact of communication on the effective management of banks in Nigeria

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### Abstract

The relevance of communication as a tool for effective management of bank operations cannot be overemphasized. In today's world, communication is an important component of organisation activity. Because the global world has become widespread, most organisations need to meet their needs with a lower resource moral through communication. This study evaluates the impact of communication on the effective management of bank operations. The specific objectives of this study are to: identify the concepts of communication, depict the place of communication in the functions of a manager, investigate the relationship between effective communication and organisational performance and examine the relevance of communication and its process in Bank operations. The result of this study reveals that a relationship exists between effective communication and proper organisation management. The study also reveals a relationship between communication and workers' performance, productivity and commitment. The study recommended that managers will need to communicate with employees regularly to improve workers commitment and performance.

**Keywords:** communication, bank operations, organisational communication

### Introduction

Communication remains a unique instrument that integrates management functions in an organization. This explains why communication is inevitable and indispensable for effective management in the banking system.

In any organization, formal or informal, effective communication leads to effective management which aids achievement of organizational goals. Effective personnel management is a function of effective communication as management involves working with and through others to achieve corporate goals. The realization of the goals of any organization hinges on effective communication among the various operating personnel. The basic function of a manager itself relies almost entirely on communication. A manager cannot organize his staff, coordinate and control their activities as well as delegate responsibilities without effective communication (Ijaiya, 2019) <sup>[8]</sup>.

Communication helps to build relationships and facilitates achievement of goals. Thus the need for effective communication strategies for the improvement of an organisation cannot be overemphasized. Communication is derived from the Latin word "communicare" which means "to put in common" and "to share". It then means the sharing of ideas, facts, thought and feelings for easy coexistence. It is a two way process which involves the sender and the receiver. Communication is, therefore, concerned with transmitting and receiving information which is the key to all aspects of organizational life, whether by planning, controlling, problem-solving, decision-making,

motivating, interviewing and other management activities.

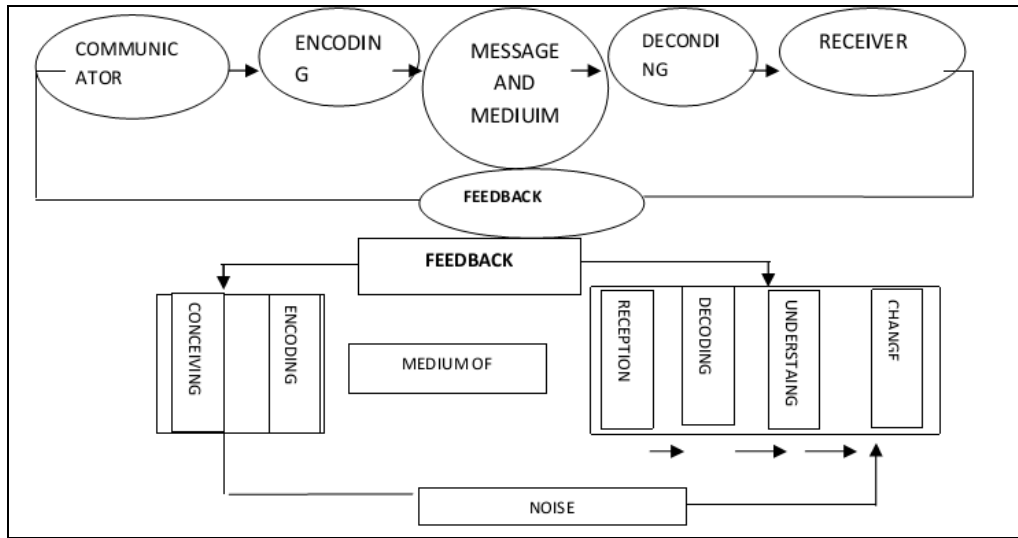
Nowadays, communication more and more takes a special importance, appearing as a universal tool for management and managers in every organization. Everything and everyone in the organization is based and operates in continuous manner on the basis of communication. Without communication it is hardly to believe organizing the work and even more to talk about one of its effective management. In this multidimensional aspect of the importance that communication takes in the organization, a special place occupies the dimension and its inalienable role as a key component, in the successfully implement of the organizational strategy, leading to a high efficiency of organization.

### Objectives of the Study

The purposes of this paper are to: identify the concepts of communication, depict the place of communication in the functions of a manager, investigate the relationship between effective communication and organisational performance and examine the relevance of communication and its process in bank operations.

### The Communication Process

The communication process consists of seven steps (Shannon & Weaver, 1949): message, encoding, transmitting, receiving, decoding, understanding and feedback. Communication is not an easy task, but attempt have been made to simplify it through illustration below:



Source: Barrelas, A. (2015), an experimental Approach to organization communication

Fig 1: Communication Process Model

**Communication in the Banking Industry**

According to Banihashemi, (2015) all aspects and points to effective communication in the organization, it gain in conclusion that channels of communication is one of the most effective way in a relationship, and qualified managers have to pass over all stages of communication. Communication is a basic element in organizational structure and functioning. It is the key mechanism for achieving integration and coordination of the activities of specialized units at different levels in the organization. Organizational communication can be horizontal, upward, and downward:

Horizontal (lateral) communication aims at linking related tasks, work units and divisions in the organization. The importance of horizontal communication increases with task specialization and diversity in organizational structure. The need for lateral or horizontal communication was first stressed by Fayol (1949) [5], when he suggested a 'gang plank' between similar hierarchical positions.

Downward communication provides information from higher levels to lower levels. Being superior-subordinate communication, it follows the chain of command through the line of authority. Downward communication can be of four types (Katz & Kahn, 1966): Namely

- Communication designed to provide job rationale to produce understanding of the task and its relation to other organizational tasks;
- Communication about organizational procedures and practices;
- Feedback to the subordinate about his or her performance; and
- Communication to foster inculcation of organizational goals.
- Upward communication serves as a control system for the organization

Communication flows mainly in three directions namely downward, upward, and horizontal or lateral (Peretomode, 2018; Riches, 2014) [12].

1. Downward Communication- This involves instruction or directives being sent down from the top hierarchy (top management) to the lower levels in formal organization. Management directives are building on

the staff and are usually taken seriously whether they receive positive or negative responses. It can, however, be marred by increasing complexity of an organization leading to reduced personal contacts and isolation; lack of clearly defined goals resulting in confusion of subordinates.

2. Upward Communication: This involves communication emanating from subordinates to top management or from lower level of hierarchy to the top level. It thrives on the degree of trust and confidence that the top level has on the lower level. It encourages participative management. In a formal organization, both downward and upward communication must follow established routes.
3. Lateral Communication — This is the type of communication among various managers or officers at the same level or across various divisions. It is the most frequent of the three flows as workers exchange information often whether work related or personal. This encourages team or group work. Mullins (1993) [10] pointed out that communication is not always a one—line flow as in downward or upward flow. Human communication can be more complex. The complexity is represented in networks. Four types of networks are said to be prominent namely wheel, circle, all channel and chain:
  - a. **Wheel network:** This occurs when a manager chairs a meeting with subordinates and he is the only source of information. Problems that are not complex can be solved quickly.
  - b. **Circle network:** This involves a group of staff or team working together in a physical arrangement in which they can only communicate with their immediate neighbour but not with the others in the group. This allows some measure of participation though less efficient than the wheel.
  - c. **All channel network:** This is a situation where a team works together with unrestricted communication. It encourages full participation and is good for solving complex problems when not under pressure. Individuals can communicate with any member of the group. Level of satisfaction is high among members.
  - d. **Chains:** This is equivalent to a one-way downward

communication process of a highly hierarchical organization (Mullins, 1993) <sup>[10]</sup>.

### **Implications of Effective Communication on Organizational Performance**

Husain (2013) <sup>[7]</sup> identified that the role played by communication during change in the business organizations as essential for successful change management. The employees are the key sources to bring about change in organizations. To encourage employees for desired change, organizations must address the apprehensions and issues related with them. Job insecurity should be decreased and a sense of community should be created so that employees may feel their responsibilities. The need for change and its advantages will motivate the staff to participate in change plan and execute it.

According to Kibe (2014) <sup>[9]</sup> investigated the effects of communication strategies on organizational performance. A descriptive research design was used in this study. 132 questionnaires were distributed employees. The findings of this research showed the importance of both the theoretical level and practical level. It concluded that for any organizational performance to be effective, an open communication environment should be encouraged. Once members of the organization feel free to share feedback, ideas and even criticism at every level it increases performance.

Bery, Otieno, Waiganjo & Njeru (2015) <sup>[3]</sup>, explored the effect of employee communication on organization performance in Kenya's horticultural sector. This study was carried out in flower farms in Kenya. The population of this study was all flower farms in Kenya which were the 14 flower farms registered in the KFC directory (2013) and based in Naivasha. A total of 2460 respondents were targeted by the study out of which 1888 responded giving a response rate of 76.7%. Correlation and regression analysis were used to test on the relationship between the variables of the study. The study found that communication facilitates exchange of information and opinion with the organization, that communication helps in improving operational efficiency thus improving organization performance. It concluded that communication is a major determinant of organization performance. The study recommended that organizations should develop effective communication strategies since it will facilitate passing of information both within and outside the organization thus improving performance.

Today organizations believe that the major source of competitive advantage is attained from an organization's human resources and to enhance organizational performance by effectively utilizing their human resources. Though, this was not always the case, as human resources were usually perceived as a cost in the past (Gondal & Shahbaz, 2012) <sup>[6]</sup>. Elving (2005) <sup>[4]</sup>, shows the implication of communication in resistance to change. The framework leads to six propositions in which aspects of communication, such as information, feelings of belonging to a community, and feelings of uncertainty, have an influence on resistance to change, which will affect the effectiveness of the change effort. The findings reviewed that a distinction between the informative function of communication and communication as a means to create a community was made. In the suggested model communication has an effect not only on readiness for change, but also on uncertainty.

### **The Relevance of Communication in the Effective Management of an Organization**

Effective communication is critical to any organization and can help it in many ways. In fact, communication plays a role in product development, customer relations, employee management - virtually every facet of a business' operations. Employees are a key audience because they often serve as the conduit to other audiences. If employees are informed and engaged, communications with other constituencies are likely to be strong as well.

The roles are as follows:

#### **Clear Expectations**

Effective communications help to establish clear expectations for employees and, perhaps surprisingly, for customers as well. For employees, clear expectations will convey how their performance will impact the company and give them an indication of what they need to do to achieve positive feedback. For customers, clear communication can help manage their expectations about service issues or even about how best to interact with the organization

#### **Strong Relationships**

Effective communication builds strong relationships. Trust and loyalty are key factors in any relationship and both are boosted by communication that is focused on meeting individual needs, conveying important information and providing feedback - positive and constructive. Strong relationships with external audiences also build strong solid communication about products, services and company culture and values.

#### **Ideas and Innovation**

Open channels of communication can lead to new ideas and innovation in a number of areas. Employees that understand what's important to their companies can focus on making improvements and spotting opportunities for innovation that can help further success. When employees know their ideas will be sought after, that company leaders will have open minds and be responsive to their feedback, they're more likely to contribute their ideas. Customers also can be a source of great ideas to help improve products and services.

#### **Customer Ambassadors**

The more employees know about the company, its culture, its products and services, and its response to any negative issues, the better job they can do of serving as ambassadors to the community, their friends, relatives and other business connections. Employees who feel they have a strong, positive relationship with their employers and trust the information they receive from their employers will be more likely to share that information with others. Employees can be a highly valued and trusted source of information about a company and its products and services.

#### **Strong Teamwork**

Effective organizational communication will lead to strong teamwork and the ability for employees at all levels of the organization to work together to achieve company goals. In addition, effective organizational communication will provide employees the knowledge, structure and positive work environment they need to feel comfortable dealing with conflict and resolving issues effectively.

## Conclusion

This study has shown that effective communication should be highly recommended to every organization in all the sectors of the economy. Any management both government establishment and private that is desirous of ensuring the success and efficiency of its workforce, should be conscious of implementing effective communication programmes to their employees for better performances.

Therefore, effective communication process should be an integral part of management strategy because it goes a long way to enhancing the realization of organizational goals. Hence not theoretical, but practical participation of staff in matters that, affect their creativity and performance.

The objectives of effective communication programmes should be clearly stated so that all employee or workforce will be informed. Adequate communication techniques are advisable since it create easy understanding and cooperation in an organization. The study also established that effective communication enhances performances since employees performed better when there are informed or communicated to than those who are not informed. However inability of train the staff on the new innovations and techniques has made the lecturers insecure and overzealous in carrying out their duties. Thus, organization must spend time to determine the communication needs and finance the cost of it to get employees informed and be able to evaluate the impact of it on organizational activities.

Conclusively, effective communication to the management and staff is the panacea for sustained and increased productivity of the workforce and organizational performances. It is not enough to have a good ideal but awareness and participation of staff will go a long way to enhance organizational performance.

## Recommendations

The effectiveness of communication is determined by both parties; hence it becomes necessary that they must pursue the same objective, which is high performance rate in all affairs of the organisation.

All cadres of staff should be involved in decisions and issues that affect their performance, as it will lead to organisational development and positivity.

Every organization should endeavour to make effective communication an essential integral part in management strategies to help minimize organizational conflict, reduce misunderstanding, improve information management and promote cordial relationship between the management and employees.

Consequently, a result driven-communication should be encouraged since it gives room to measure results and performance and this in turn impacts on decision making, problem solving as some of the issues undergo a bureaucratic process and this slows down dispute.

Finally, an open communication environment should be encouraged. Every employee of the organization should be encouraged to feel free to share feedbacks, ideas and even criticism at every level, thereby encouraging staff to freely give their views without being victimized by the management. Therefore, follow up of information encourages organizational performance.

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