

Is There a Positive Correlation between Promoting Communication at all Hierarchical Levels within the Organization and Organizational Performance ?

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Abstract

This paper continues the work carried out in a previous study published in "Ovidius University Annals, Economic Sciences Series, Vol. XVII, Issue 1/2017, pp. 336-339", namely "Assessing Communication within Local Organizations", where we have conducted a research regarding how Romanian companies develop communication at all hierarchical levels within the organization. The objective of this paper is to highlight the extent to which communication processes influence organizational performance.

Key words: learning organizations, communication, organizational performance

J.E.L. classification: D22

1. Introduction

In order to obtain organizational performance, a partnership between all stakeholders it is required, also a trustful work environment characterized by, effective communication at all hierarchical levels, low bureaucracy, intense collaboration among team members for learning, research and innovation it is required. Dedicated employees can lead to satisfied customers which can conduct to financial performance in the end. This is a triangle of factors that can define the organizational performance.

In order to verify the correlation between communication and organizational performance, we assessed the communication process described in the study published in "Ovidius University Annals, Economic Sciences Series, Vol. XVII, Issue 1/2017, pp. 336-339", namely "Assessing Communication within Local Organizations". We achieved a total score of 0, 51 for communication. This score was obtained from the average of the statements allocated to asses communication. The main objective of these statements was to research within the questioned organizations the following key aspects: the respect received from the employees by the management system, the extent to which the management system involves them in the decision making process within the company, and how efficient is the communication process and information sharing system within the company, from both directions colleagues and bosses.

Table no. 1 Assessing communication within Romanian organizations

| Statement | Average of the statements |
|---|---------------------------|
| 3. "Top managers respect employees and trust them, and the employees are involved in the process of decision-making within the organization." | 0.886792 |
| 8. "You are provided with information (brochures, posters, websites, etc.) that let you know what is happening within the organization." | 0.886792 |
| 9. "You communicate openly and honestly with both subordinates and hierarchical heads within the organization." | 1.018868 |
| 10. "Communication between departments within the organization is difficult. " | -0.16981 |

| | |
|--|-----------------|
| 11. "Within your organization, employees' opinions are heard and evaluated, regardless of their position in the organization hierarchy." | 0.320755 |
| 12. "Employees receive feed-back for their performance" | 0.54717 |
| FINAL SCORE OF THE COMMUNICATION VARIABLE | 0.581761 |

Source: own processing

The method used in order to assess organizational performance is similar with the one presented in a previous paper published in the Review- "Annals of Ovidius University of Constanta, Economic Sciences Series", entitled "Is There a Positive Correlation between the Organizational Culture, Focused on Creating a Pleasant Working Environment and Organizational Performance?", "Vol. XVI, Issue 1/2016, pp. 350-354". In order to understand the organizational performance measurement process, please refer to the item which can be accessed online, on the journal website: stec.univ-ovidius.ro/html/anale/ro/text-integral/

2. Research methodology

As we have presented in introduction, we supposed in our research that organizational performance is obtained by the triangle - dedicated employees, satisfied customers, financial performance. In this direction we have conducted a survey among Romanian companies from the South-Est. region. The survey was based on several statements regarding employees' fulfillment and dedication at the workplace, customer satisfaction, and financial performance. There were allocated statements for each of this tree parameters. The respondent gave a score to each sentence (using the Likert skale) between -2-totally disagree and +2- totally agree. We had 318 respondents and calculated the mean of each statement, than we have calculated the mean score of the variable organizational performance.

The research conducted in order to assess the organizational performance within the questioned companies revealed a final score of 0,764 of a maximum desired of 2, as shown in table no. 2.

This result revealed medium performances within the analyzed companies. In order to increase performance, the companies have tree directions of actions: increasing respect received from the employees by the management system, involving the employees in the decision making process within the company, developing the communication process and information sharing system within the company.

Table no. 2 Assessing the performance of local organizations

| Statement | Statement mean |
|---|-----------------|
| 43 "The organization offers its clients services of high quality standards, because their satisfaction is a major concern of the organization." | 1.283019 |
| 44 "The organization carries out market research activities, in order to become acquainted with the clients' needs and to improve the quality of its services and products." | 0.792453 |
| 45 "The organization manages rapidly and efficiently the customers' complaints." | 0.962264 |
| 46 "The employees' satisfaction with their job, (activities, responsibilities, relationships, incentives) is a major concern of the organization." | 0.301887 |
| 47 "All employees are concerned with the organization's profitability/ effectiveness, and cooperate in order to achieve the organization's objectives." | 0.603774 |
| 48 "You feel fulfilled at your present workplace." | 0.811321 |
| 49 "There is respect and trust between employees and managers." | 1 |
| 50 "The company's financial evolution is positive." | 0.849057 |
| 51 "The number of clients and contracts concluded with them is increasing." | 0.773585 |
| 52 "Recently, the organization has made significant investments (e.g., renewing the portfolio of fixed tangible assets, - buildings, lands, equipment etc., and intangible assets, - patents, software, licenses etc.) ." | 0.264151 |
| FINAL SCORE OF THE VARIABLE ORGANIZATIONAL PERFORMANCE | 0.764151 |

Source: own processing

3. "Is there a positive correlation between promoting communication at all hierarchical levels within the organization and organizational performance?"

The information flow within the organization is the first step in the journey towards performance and competitiveness. *"People who do not have information cannot make good business decisions and are not motivated to take the risk of making decisions if they lack. On the other hand, people who have information are almost forced to take the risk in business decision making, as well as possible, given their capabilities"* (Blanchard, 2007, p. 67).

In order to highlight the role of communication in achieving organizational performance, authors Ken Blanchard, John P. Carlos and Alan Randolph presented in their paper ways of information communication and sharing, *"[...] we believe that it is very important to send, every month, information on sales, profits and sustainability. Everyone in the company (working at the office or at home) can access – via the internet – the weekly sales figures on departments, areas and salesmen"* (Blanchard, 2007, p. 80).

Through this method of communication performance, people throughout the company can act responsibly and can help the company meet its objectives.

There are a number of ways whereby we can carry out the communication of the performance related to the company or to a department within the company. Such instances are: the presentation of enterprise performance through a poster in public places or handing newsletters, organizing meetings for the transmission of information on relevant statistics. The companies that are more concerned with new technologies ensure performance dissemination through electronic mail or discussion forums. Whatever the method, it is important to update the information provided about the organization's performance (Collins J., 2007).

The information circulating among employees through the communication process is the mechanism by which people can be held responsible for fulfilling their goals at high performance standards. When they are informed, people can change plans, they may know when to work harder or smarter, they may become aware of impending problems and they may know when to celebrate progress.

By capitalizing and practicing communication all the time, among the members at all hierarchical levels, people will continue to progress, to get better results than their competitors.

Communication is one of the main tools that foster continuous progress within the company. In other words, communication is the company's "fuel" on the way towards performance (Pfeffer, J., 2010).

Table no.3 Correlation coefficient (r) between communication and organizational performance

| | Organizational Performance |
|---------------|----------------------------|
| Communication | 0,586 |

Source: own processing

Communication is an essential component of knowledge-based organizations. The research conducted on the connection between organizational performance and communication processes among the organizations surveyed revealed a correlation coefficient of 0.586, as showed in the table above. This value indicates a strong relationship between the two variables.

A more thorough analysis of the correlations obtained between the statements on organizational performance and the statements on the variable "communication" (A3, A8-A12), reveals that the values of the correlation coefficient between statements A3, A8, A9, A11 and the statements on organizational performance are significant.

Table no. 4 R Correlations between statements regarding communication and organizational performance

| Pearson Correlation | A43 | A44 | A45 | A46 | A47 | A48 | A49 | A50 | A51 | A52 |
|---------------------|--------|-------|-------|--------|--------|-------|-------|--------|-------|--------|
| A3 | 0.439 | 0.181 | 0.220 | 0.415 | 0.258 | 0.423 | 0.323 | 0.369 | 0.219 | 0.156 |
| A8 | 0.272 | 0.407 | 0.498 | 0.356 | 0.412 | 0.380 | 0.435 | 0.225 | 0.425 | 0.165 |
| A9 | 0.389 | 0.151 | 0.348 | 0.221 | 0.325 | 0.466 | 0.320 | 0.135 | 0.120 | -0.051 |
| A10 | -0.104 | 0.302 | 0.055 | -0.151 | -0.009 | 0.161 | 0.062 | -0.018 | 0.152 | -0.018 |
| A11 | 0.222 | 0.353 | 0.271 | 0.436 | 0.205 | 0.219 | 0.229 | 0.318 | 0.363 | 0.056 |
| A12 | 0.253 | 0.203 | 0.301 | 0.387 | 0.282 | 0.246 | 0.277 | 0.114 | 0.158 | 0.355 |

Source: own processing

Another important dimension of performance in the organizations studied is represented by vertical communication, i.e. between managers and subordinates. This is showed by the correlations obtained between statements 3, 9 and 11 and those related to performance.

The analysis of the correlations obtained between statements 10 and 12 and the group of statements on organizational performance reveals inter-departmental communication problems and the poor information of employees about the performance achieved. The employees from different departments communicate with difficulty. Thus, one of the means to increase staff cohesion and to intensify the interaction between members, with a beneficial effect on organization functionality and performance is not well developed among Romanian organizations, which requires appropriate management actions.

4. Conclusions

The performance of the organizations participating in this study is influenced by the relationship between managers and employees and the means of informing the employees about the current situation of the company, as evidenced by the correlation coefficients between statement 8 and the group of the statements on performance.

By disseminating information on matters such as company financial information, sales strategies, management strategies, knowledge of the company's overall image, people are transmitted the message that the manager trusts them and that everybody works for the same purpose, namely for the welfare of the company.

No matter how motivated and trained the employees are, they cannot help increase performance if they are not provided with enough information on their objectives and tasks. In the absence of information, employees may perceive processes and organizational aspects in a deformed way, leading to a decrease in performance.

5. References

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