

Are Organizational Communication, Employees' Performance and Job Satisfaction interrelated? Evidence from Banking Sector of Pakistan

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Abstract:

Human resource is the most important resource for any organization as all other resources depend on it. Managing human resource effectively is the biggest challenge because it is much more complex and difficult. Organizational communication plays a vital role in this challenge. The usage of human skills is same at all the managerial levels. This point highlights the significance and importance of human skills, i.e., the skills necessary to communicate and interact with the people. In the current era, organizational communication is considered as a key element for organizational working and accomplishment. Effective communication can reduce conflicts and stop unnecessary misunderstandings, and this facet of communication highlights its significance as a tool for the smooth functioning of organizations. The purpose of this study is to show the relationship of organizational communication, employees' performance and job satisfaction in the banking sector of Pakistan. Different studies which discuss the relationship of organizational communication, employees' performance and job satisfaction are reviewed in order to reach the answer. Results of the investigation disclosed that organizational communication has a positive relationship with job satisfaction and job performance. Research also demonstrates that satisfaction in job supports the employees to work well, so these three factors, i.e., organizational communication, job satisfaction and job performance are interrelated. Further studies could be conducted in order to know that how these three variables are related to employee retention and loyalty towards the organization in the banking sector of Pakistan.

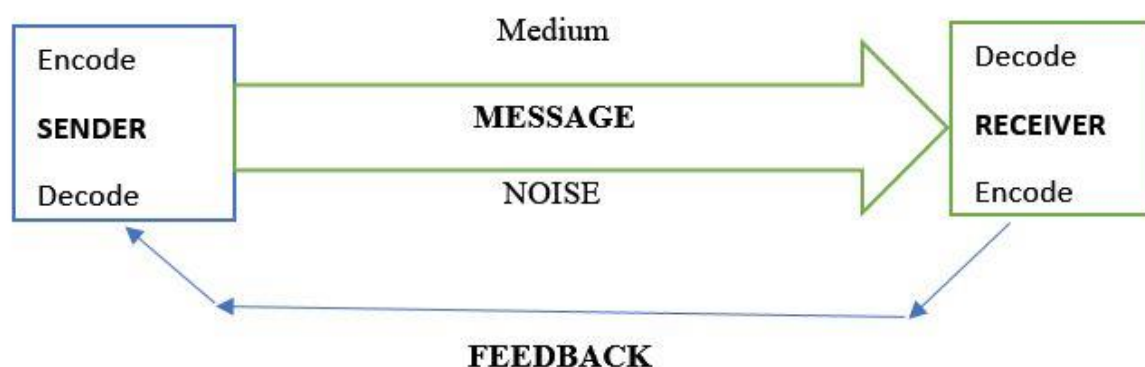
Keywords: Organizational communication, Employee performance, Job satisfaction, Banking sector, Pakistan.

Introduction:

The Process of Communication

Communication can simply be defined as the process in which information is sent from one person to another. Actually, the word 'Communication' is derived from a Latin word, 'Communis' which means 'Common,' it means that the information in the process of communication would be of common understanding.

Figure-1: Cheney Model of Communication



The communication process starts when sender encodes a particular message and sends it to the other hand, i.e., to the receiver through a particular medium/ channel. In the way to the destination, message faces a variety of hurdles, i.e., the noise. After receiving the message, the receiver decodes it and then gives the feedback, this time receiver becomes the sender because now the feedback is being encoded by his end and sender becomes receiver because he would ultimately decode the feedback and in this way, the process continues. The effectiveness of communication depends on all the elements. In case of a problem with any of them, the quality of entire communication process would face a negative impact (Lunenburg, 2010).

Organizational Communication

In organizations, people work together in order to achieve common goals and objectives. Working is obviously not possible without having communication among the people in the organization. This kind of communication is called 'Organizational Communication' (Haider, 2012).

Organizational Communication in the Current Scenario

There was a time when organizations did not face intense competition. There used to be a very few brands in different product categories. But now, the scenario is entirely changed, organizations all over the world are facing challenges and intense competition. Human resource is the most important resource for any organization as all other resources depend on it. Managing human resource effectively is the biggest challenge because it is much more complex and difficult. Organizational communication plays a vital role in this challenge. In the current era, organizational communication is considered as a key element for organizational working and accomplishment (Rajhans, 2012). Effective communication can reduce conflicts and stop unnecessary misunderstandings, and this facet of communication highlights its significance as a tool for the smooth functioning of organizations (Oyebode Anna Temitope, 2016).

Communication between leaders and subordinates is the process through which employees are provided with the information about their jobs, organization and its environment. The effective internal communication system can make the employees beneficial to the organization. It can help the management to improve its brand via superior performance. The commitment of employees to achieve organizational goals and objectives is ensured by effective internal communication. Digital means are being used by different organizations in the current scenario to enrich communication with employees (Balani, 2015).

This study investigates and interrogates the association of mentioned variables, i.e., organizational communication, employees' performance and job satisfaction in the banking sector of Pakistan.

In the current scenario, there are about 6 Islamic while 13 Conventional banks are providing services in different regions of Pakistan. The competition in the banking sector of Pakistan is increasing at a rapid rate (Ashfaq Ahmad, 2017).

Different researchers who discuss the relationship of organizational communication, employees' performance and job satisfaction are taken into account for the purpose of finding out the nature of association among the variables.

Hypotheses:

H1: There is a positive relationship between organizational communication and employees' performance in the banking sector of Pakistan.

H2: There is a positive relationship between organizational communication and job satisfaction in the banking sector of Pakistan.

H3: There is a positive relationship between job satisfaction and employees' performance in the banking sector of Pakistan.

Research Methodology:

It is a secondary qualitative data-based study. Variety of investigations which discuss the association of organizational communication, employees' performance and job satisfaction in the banking sector of Pakistan are taken into account for the purpose of finding out that how these variables are connected.

Literature Review:

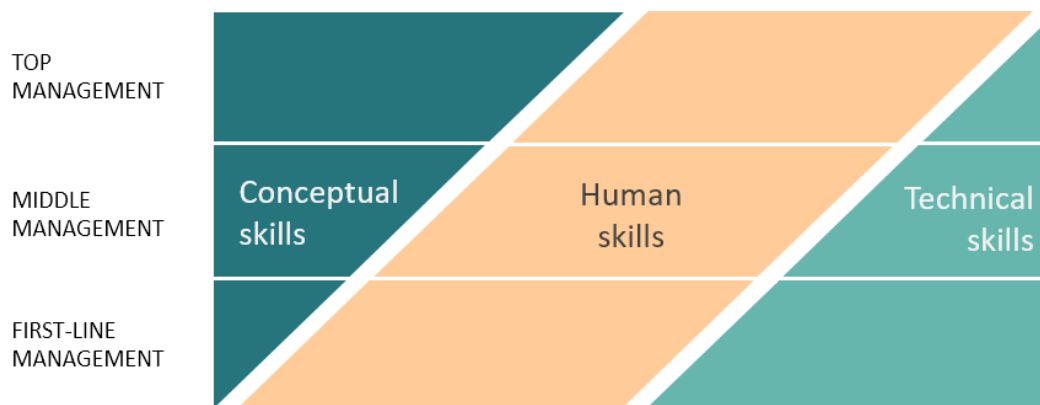
Brief History of Banking Sector in Pakistan

State Bank of Pakistan commonly known as SBP was established on July 1, 1948, as the central bank of Pakistan. As a result of nationalization in the year 1974, banks functioning in Pakistan came under the direct regulation and control of the government. Elimination of interest based system in Pakistan was required according to thrice of the constitutions. In the year 1992, the process of privatization of financial institutes specifically banks starts in the country. The commencement of 21st century arrived with the practices of Islamic Banking in the world to help out the different sectors of the economy. In Pakistan, Islamic banking practices showed a positive practice due to the development of the banking sector.

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The significance of Communication in Organizations

Figure-2: Management Skills by Robert L. Katz



Technical skills refer to the basic proficiencies of the field. Human skills can be defined as the skills necessary to communicate and interact with the people while conceptual skills are the skills necessary to plan that how basic daily operations are accomplished. Ideas and thoughts are involved in the conceptual skills.

Usage of conceptual skills is increasing with the increase in the level of management while the usage of technical skills is decreasing with the increase in managerial level. One thing which is quite important and noteworthy in the model presented by Robert L. Katz is that the usage of human skills is same at all the managerial levels. It means that whatever the managerial level is, human skills are equally essential. This point in the model highlights or reveals the significance and importance of human skills, i.e., the skills necessary to communicate and interact with the people (Katz, 1974).

Shehla Najib Sidiki and Azra Maqsood (2008) conducted research on “An Exploratory Study on Employee Engagement in the Banking Sector of Pakistan: A Case Study of Bank Alfalah.” Interviews along with the observations are used as the instruments to collect the primary data from the main personnel. Quantitative and quantitative both kinds of data are collected for the study. Results of the study show that workers are engaged with the work, and it is expected that this factor would help to retain the employees as they feel that T&D, remuneration, and communication, etc. all are positive in the organization.

Muhammad Farhan Siddiqui and Dr. Nabeel Ahmed Zubairi (2011) conducted research on “A Sociological Study of Organizational Factors Affecting Job Satisfaction Among Officers of Habib Bank Limited Karachi.” The aim of the investigation was to identify the relationship between organizational factors and job satisfaction. Different organizational factors were taken into account organizational communication was one of them. The research reveals that free communication environment helps employees to perform the best. Communication between employees reduces their anxiety of work. Communication is quite important for any organization, and it positively influences employee job satisfaction.

Khan et al. (2011) conducted research on “Impact of Organization Culture on the Job Satisfaction of the Employees (Banking Sector of Pakistan).” Four different hypotheses were prepared by the researcher with the aim to find out the impact. One of the hypotheses is ‘job satisfaction of employees is significantly influenced by communication between managers and their subordinates,’ findings of the study reveal that there is a significant impact of communication on job satisfaction. Healthy communication between managers and their subordinates make the employees satisfied with their jobs, and this factor contributes to retention of employees as well.

Bhutto et al. (2012) conducted research on “A Comparative Study of Organizational Climate and Job Satisfaction in Public, Private and Foreign Banks.” This study shows the differences of organizational environment and job satisfaction in private, international and public banks in Pakistan. It is recommended in the research that a vibrant structure, chain of command harmonization system and communication mechanisms clearly affect workers’ performance so banks should take emphasis on applying effective communication structures.

Ayaz Ul Haq (2012) conducted research on “Impact of Workplace Values on Job Satisfaction in the Banking Sector of Pakistan.” The study was carried out with the intention to reveal the association between work values and job satisfaction. Employees who are internally satisfied would definitely perform well for the sake of organization. Three hypotheses were made by the researcher. In one of the hypotheses,

researcher established the relation that job satisfaction is positively influenced by internal communication. It is concluded in the research that quality of communication within the organization matters if it is good, then it would positively influence one's job satisfaction.

Hira Aftab and Waqas Idrees (2012) conducted research on "A Study of Job Satisfaction and its Impact on the Performance in the Banking Industry of Pakistan." The purpose of this research was to identify the nature of the association between two factors, i.e., Job Satisfaction and Employee Performance in the banking sector of Pakistan. Results of regression analysis reveal that the nature of the relationship between job satisfaction and job performance is positive, which means when the employee would be satisfied with his job he would be able to perform better.

Job satisfaction is one of the factors which have studied a lot not only in developing countries but throughout the world. Variety of researchers reveal that this factor, i.e., job satisfaction has a significant influence not only on the performances of employees but in their daily lives as well. So, the impact of this factor within the organization is not confined to one's professional life, but it has a relationship with the social lives as well which reveal its significance and importance. (Koustelios, 2014)

Akbar Ali and Jahanzeb Haider (2012) conducted research on "Impact of internal organizational communications on employee job satisfaction – Case of some Pakistani Banks." The study was conducted in order to investigate the impact of internal organizational communication on job satisfaction. Data was gathered from five different banks present in D.G. Khan. The questionnaire was used as a tool to collect the primary data. Results of the study reveal that internal organizational positively influences the job satisfaction.

Ahmed et al. (2013) conducted a study on "The impact of organizational change on the employee's performance in the banking sector of Pakistan." The study was conducted in order to reveal the organizational change influence on personnel performance in the banking sector of Pakistan. In order to reach the answer primary as well as secondary data was collected. Five different hypotheses were made by the researcher. One of the hypotheses is 'there is a significant relationship between communication and employee performance,' the findings of the study reveals that there is a positive relationship between two variables.

Saleem et al. (2013) conducted "Determinants of job satisfaction among employees of the banking industry in Bahawalpur." The core objective of this research is to find out the factors which have an influence on job satisfaction of employees in the banking sector of Bahawalpur. The researcher hypothesized different relations, one of these is 'there is a significant relationship between communication and job satisfaction.' The questionnaire was used as a tool to collect the primary data. Beside other variables research shows that communication also has a noteworthy influence on job satisfaction of personnel.

Prof. Dr. Abdul Ghafoor Awan and Iffat Asghar (2014) conducted research on "Impact of Employee Job Satisfaction on their Performance... A Case Study of Banking Sector in Muzaffargarh District, Pakistan". This research investigates and interrogates the relation of job satisfaction and job performance. Discoveries of the investigation disclosed that the two factors, i.e., job satisfaction and job performance have a significant positive relationship with each other.

Khosa et al. (2015) conducted research on "The Impact of Organizational Change on the Employee Performance in the Banking Sector of Pakistan." In this paper, researcher tested five hypotheses, one of these is 'there is a relationship between communication and employee performance,' the result reveals that there is a positive relationship between communication and employee performance.

Iqbal et al. (2015) conducted research on "Factors Affecting The Employee's Performance: A Case Study of Banking Sector in Pakistan." The author discussed different factors which have an influence on employee's performance in the banking sector of Pakistan. Five different hypotheses were established by the researcher. One of the hypothesis is 'communication barriers negatively influence employee performance in the banking sector of Pakistan,' statistical analysis reveals that employee performance is negatively influenced by the communication barriers in the banking industry of Pakistan.

Ashraf et al. (2015) conducted research on "Perceived Performance Issues and Challenges of Employees in Banking Sector of Pakistan." The study was conducted in order to find out the difficulties and challenges HBL faces during the implementation of performance controlling mechanism. The outcomes of the research reveal that organization is facing a variety of challenges while implementing performance management

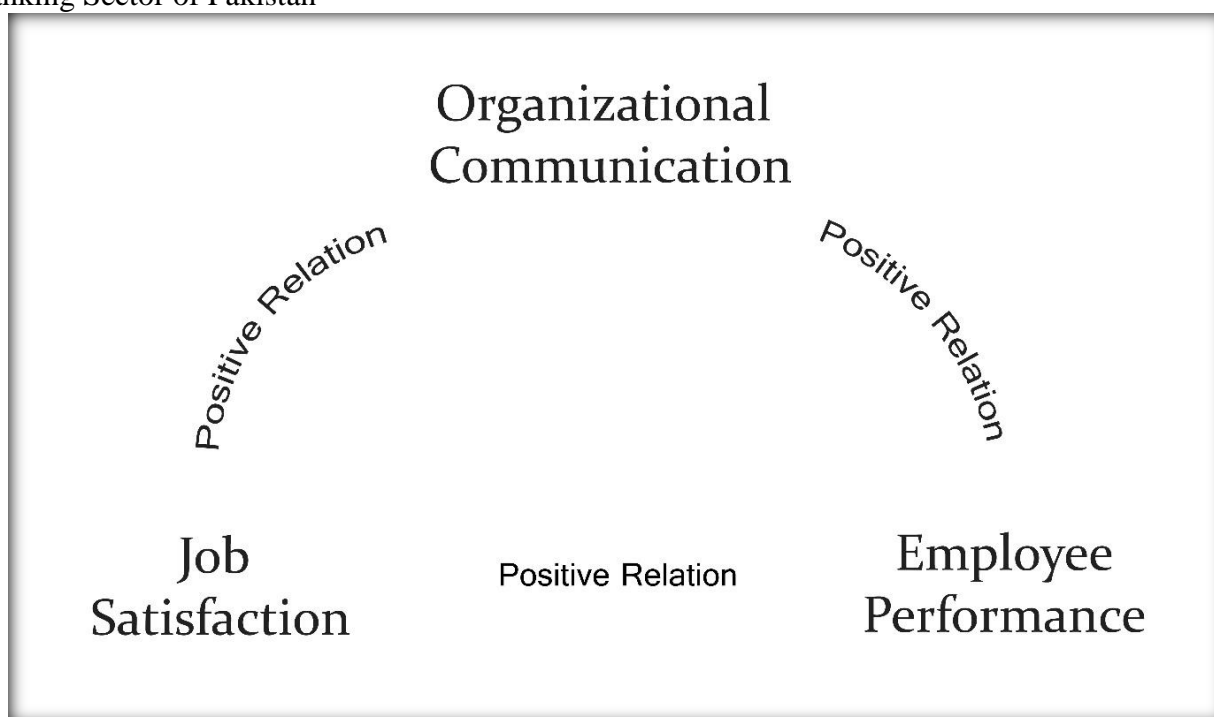
systems such as employee dissatisfaction and these issues can be fixed by decreasing the gaps in communication.

Prof. Dr. Abdul Ghafoor Awan and Maryam Islam (2015) conducted research on “Relationship between Satisfaction, Attitude, and Performance: A Case Study of MCB Bank Ltd.” The study was conducted in order to find out whether satisfaction and attitude have an influence on job performance or not. Findings of the research reveal that strong positive correlation exists between job satisfaction and performance of employees.

Raza et al. (2017) conducted research on “The Relationship between HRM Practice, Workplace Communication and Job Performance of Service Industries Employees in Vehari, Pakistan.” This study was conducted in order to find out the relationship between HRM practices, communication, and job performance. In order to reach the answer banks of Vehari were taken into account. Four different hypotheses were made by the researcher. One of the hypothesis is ‘there is a positive relationship between organizational communication and work performance,’ findings of the research reveals that organizational communication positively affects the employees’ performance.

Findings:

Figure-3: Relationship of Organizational Communication, Job Satisfaction and Employees’ Performance in the Banking Sector of Pakistan



Findings of the study reveal that organizational communication positively influences the job satisfaction and worker performance. Job satisfaction also has a positive relationship with employee performance. Therefore, we accept all the hypotheses, i.e., H1, H2, and H3.

Conclusion and Recommendations:

Quality of communication within the organization matters, effective communication within the organization improves workers’ performance while communication barriers serve as barriers in the path of good performance. The superior quality of communication within the organization positively influences workers’ job satisfaction. Employee dissatisfaction can be resolved by reducing communication gaps.

Moreover, the relation of job satisfaction and job performance is positive. Satisfaction in the job would help the employees of the banking industry of Pakistan to perform well their responsibilities and duties. Variety of researchers reveal that this factor, i.e., job satisfaction has a significant influence not only on the performances of employees but on their daily lives as well which reveal its significance and importance. In short, these variables, i.e., organizational communication, job satisfaction and employee performance are interrelated. Quality of communication would define the quality of job satisfaction as well as employee performance. Banks should focus on applying effective communication systems as it is a factor which can

be used to achieve organizational strategic and financial goals and objectives in an effective and efficient manner.

Further Approach:

The current study shows the association of organizational communication, job satisfaction and employee performance in the Banking sector of Pakistan. Further studies could be conducted in order to know that how these three variables are related to employee retention and loyalty towards the organization in the banking sector of Pakistan.

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