EMPLOYEES' PERCEPTIONS ON EFFECTIVE COMMUNICATION CHANNELS – A CASE STUDY FROM ALBANIAN BANKING SECTOR

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Abstract

Research purpose. This paper aims at identifying and evaluating the means of communication used and the perceived barriers from employees of the banking system in Albania. The following research questions were formulated: (a) What are the means of communication used in vertical and horizontal communications? (b) Which mean is preferred and valued as the most effective? (c) Which are the barriers that hinder the effective communication flow in these organizations?

Design/Methodology/Approach. A structured questionnaire was addressed to 120 employees of 3 different commercial banks in Tirana, Albania, out of which 100 fully answered questionnaires were received. The questionnaire is divided into three main parts, each of which has two subcategories, and the valuation used for each question is according to the Likert scale from 1 (very few) to 5 (a lot).

Findings. E-mail is the most used communication tool vertically, whereas phone and e-mail are added at the horizontal one. Employee preferences are mostly for e-mail and face-to-face communication vertically and phone and e-mail horizontally. Time pressure and overload of information are perceived as main barriers vertically, whereas distractions are mentioned as biggest hindrance horizontally.

Originality/Value/Practical implications. We suggest that the managers of organizations in the banking sector should properly consider these two communication tools and create suitable conditions for their use. The employees themselves use more of those tools as, according to their perception during communication with colleagues, those tools improve their effectiveness. Other similar studies might be conducted in different types of organizations to point out similarities and contrasts with banking sector.

Keywords: Communication channels; communication barriers.

JEL code: D83.

Introduction

Second-tier banks are typical service organizations and where effective communication is a cornerstone of success. Communication, as an essential organizational component, must be included in the parameters of effectiveness, for both external and internal context. From previous studies, it has been noted that the focus of assessing the effectiveness of communication in the banking sector has been really scarce and only recent years have seen a shift in attention to this sector. But, if we refer to Albania, it can be said that there is no research published about this topic, specifically for the banking sector.

Internal communication, in the simplified sense, refers to interactions between employees, staff, or members of an organization. It includes formal and informal communication, through the adoption of different strategies in order to achieve the objectives. Through effective internal communication channels, superiors may transmit information to their subordinates regarding objectives, procedures, or expectations; they can also receive feedback about the progress of defined plans. Effective information sharing across employees and departments might be guaranteed, by integrating and collaborating among the constituent units of an organization, especially when the latter is complex in structure.

Despite the fact that we have included in our research three largest banks in Albania, we might mention as limitations the number of employees invited to fill the questionnaire and the geographical distribution, only in Tirana and Durres. This was due to limited resources, mainly because of time. In

such further studies, if possible, all banks operating in Albanian market should be considered with wider circle of responders (branches in all bigger cities).

Literature Review

The importance of effective communication in an organization is a topic that has been the focus of some studies in recent years. The starting point was the interest or demand of field scholars and managers to evaluate the effectiveness of communication flow in organizations (Hargie & Tourish, 2004), treating them as a case study. Interest in this topic, especially in 1990s, had increased by up to 30 percent (Donaldson & Eyre, 2000). What appears to be an agreement or common conclusion of the studies is that internal communication makes it possible to integrate any function and coordinate any effort or part of the organization in order to meet the objectives by contributing to the success of the organization (Quirke, 2000; Holtz, 2004). Other studies show that communication also affects the dedication and motivation of employees and, if they are really motivated, they are likely to operate efficiently (Gennard & Judge 2005; Kalla, 2006). Others do not consider internal communication as a soft function, mainly referring to communication between employees, but they already appraise it as a business function (Argenti, 2007). Internal communication creates not only the conditions for a friendly environment in the organization that could potentially affect the motivation of employees (Kalla, 2006), but also, at the general level of dissatisfaction at the employee, the stress that could lead to the latter's decision making to live (Hargie et al., 2004).

From the literature review about communication channels, it is noticed that the attention in recent years has been mainly toward media richness, by trying to categorize them from rich media to lean ones, where IT implementation has played a crucial role in their evolution. Specifically, the most important of the differing logic from the richest means to the poorest communication in the organization are face-to-face, phone, business e-mail, and written documents (Salmon & Joiner, 2005). Face-to-face communication is considered to be richer as a communication tool with verbal and nonverbal elements (Sheer & Chen, 2004), as well as being valued as the employee's favourite (Quirke, 2000). The second rich tool refers to the use of phone, but apparently with the implementation of IT in business, that has changed to e-mail and chat box. Telephone is competing with intranet by the frequency and preference for use (Salmon & Joiner, 2005) or the effect it has on productivity growth and the linkage between physically distributed branches (Bottazzo 2005). Even in relation to written documents or memos, the authors conclude in their studies that the intranet is more effective, more manageable (O'Kane et al., 2004), and costs much lower than written documents (Berry, 2006).

As far as the barriers are concerned, we can say that they are of different forms, the presence of which affects the effectiveness of organizational communication. From the literature review, we have selected some of the present types of barriers that will be considered in our study. In the most typical form in an organization, they appear as (a) structural barriers (Silburyte, 2004): Due to structuring the organization, which may be complex, passing information from one unit to another is hampered and damaged; (b) position-related barriers (Vinten, 1999): Due to hierarchical positions associated with hierarchical levels, lower-tier workers face difficulty transferring information effectively up the scalar chain; (c) semantic language (Droppers, 2006): This is due to the complexity of the used language, jargon, or technical language by different departments or different managerial levels; (d) information overload (Quirke, 2000; Thomas et al., 2006): When the employee has to process a great deal of information during his work activity, he receives from many sources many information or is required by some sources to prepare material or to disseminate information; (e) time pressure (Quirke 2000): The most limited source of an organization, time is potentially bound to the effectiveness of communication, especially the deadlines are those that often undermine the quality of information; (f) prejudice: Known as an obstacle to building good relationships among people (Myers, 2012), it affects communication by not properly evaluating the content, but is based only on some superficial components mainly related to the sender; (g) emotional state (Kim.E, 2004): Because of the different situations that a worker can face in an organization during his work, he can be influenced by his own state of mind, which in turn seems a factor that can potentially impact as an obstacle to the effectiveness of communication; (h) distraction caused by environmental factors that impede the

transmission of information from the recipient to the receiver and ranges from one channel to another (Smith, 2015), for example, in phone or face-to-face communication, it may be a different acoustical noise and Internet interruption in the use of intranet.

Referring to Smith (2008), if an organization wants to improve its network or internal communication strategy or intends to implement an effective communication plan, it must first analyze and evaluate the current state of affairs. Based on this statement, the purpose of this paper is to reflect reality through the perception of second-level banking system employees. We were focused on used communication channels, as well as barriers, like a potential obstacle to the effectiveness of internal organizational communication. This study is based on the perception of employees, which according to Shaw (2004) is considered a valid method for assessing or measuring reality in an organization.

Summarizing the review of literature, the highlight of communication in the organization has been evoked strongly and linkage with productivity, overall performance, and success of the organization is examined and verified in detail. Also, the literature pointed out the main tools of effective communication, as well as the barriers that potentially hinder the effectiveness of organizational communication. These are the premises for our research presented in this paper.

Methodology

This paper aims at identifying and evaluating the means of communication used, as well as the perceived barriers from the employees of the banking system. Specifically, a structured questionnaire was addressed randomly to 120 employees of 3 different commercial banks in Tirana (the biggest in market in terms of turnover), out of which 100 fully answered questionnaires were received. We conducted a pilot testing of research instruments (4 for each bank, 12 in total), before proceeding with physical distribution of the bulk of the questionnaires. Paper and pencil interviewing was conducted face-to-face with hardcopy questionnaires.

The questionnaire is divided into three main parts, each of which has two subcategories, and the valuation used for each question is according to the Likert scale from 1 (very few) to 5 (a lot). Specifically, in the first section, it is required that the bank's employees evaluate, by points from 1 to 5, the channels currently used for communication with superiors and also which channels they prefer or perceive as more effective for communication with upper organizational levels.

Following the same pattern, in the second section, employees are required to assess the means for communicating with other employees in their organization, and further the means they preferred and evaluated as more effective under their own judgment. The last section of the questionnaire is devoted to communication barriers, where again, according to Likert scale, from 1 to 5, employees were asked to evaluate the existing barriers in their organization: barriers to the effectiveness of communicating with the superiors, as well as communicating with other employees. The data were processed through Excel 2010 and presented in graphs.

Information was gathered and processed to address the research questions: (a) What are the means of communication used in vertical and horizontal communications? (b) Which mean is preferred and valued as the most effective? (c) Which are the barriers that hinder the effective communication flow in these organizations?

Results

In this study, 100 valid questionnaires were received from employees of 3 main second-level banks operating in Tirana, Albania. Out of the total questioned, 68 percent were women and 32 percent males. Respondents were all specialists (non-managerial positions) from different departments. Regarding work experience, 26 percent of respondents stated that they had up to 5 years of work, 48 percent had worked 5 to 10 years, and 26 percent stated at least 10 years of work in this sector.

1. *Vertical Communication Tools*
a) *The communication tools used by the employees for communication with superiors*

The banking sector employees involved in the survey were asked about the tools they currently use in communication with their superiors. As can be seen from Fig. 1, the most used channel by employees to communicate with their superiors is the intranet, mainly the official e-mail, rated at 4.6 points out of 5 possible. All important information, such as tasks or targets, is communicated to the employees via the official e-mail addresses. Employees also use this communication tool officially to store, process, and trace information. Face-to-face communication remains another form in wide usage, but mainly focused on vertical communication, occurring inside the banking unit. Often meetings are held at the end of the day, every beginning of the month, to discuss and address various problems arising from daily activity, and beyond. As far as the phone is concerned (referred to here as a fixed-line phone), it seems to be less used, especially with direct superior, only for any information that requires fast response. As for written documents, the employees state that they are used very little and in random cases (only 1.2 points), reconfirming what was observed from the review of the literature – the substitution of this tool by e-mail.
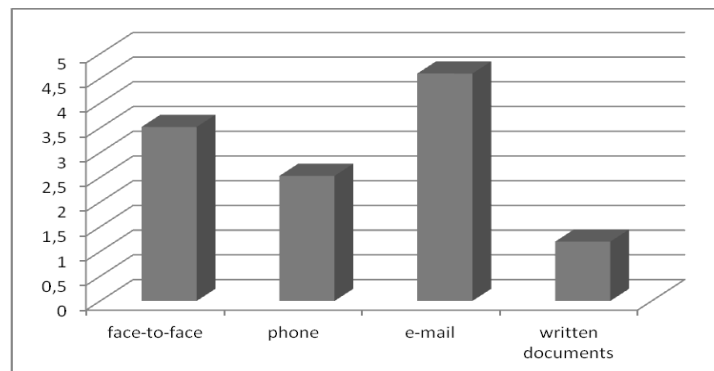
Fig. 1. Tools actually used by employees to communicate with superiors (Source: Authors)

b) Tools preference by employees to communicate with superiors

Fig. 2 shows a great deal of difference between face-to-face and e-mail communication preferences, with over 4 points, in relation to phone and written documents. Apparently, employees, when communicating with their superiors, prefer to use the rich mean, so the clarity of information and consequently the effectiveness will be higher, as a result of better understanding. E-mail itself, possessing several strengths as a communication tool, such as speed, stretch, and time, seems to also be preferred by majority of the employees. Writing documents is ranked last by preference with 0.8 points out of 5 possible, as well as phone, with a score of 1.25 points.
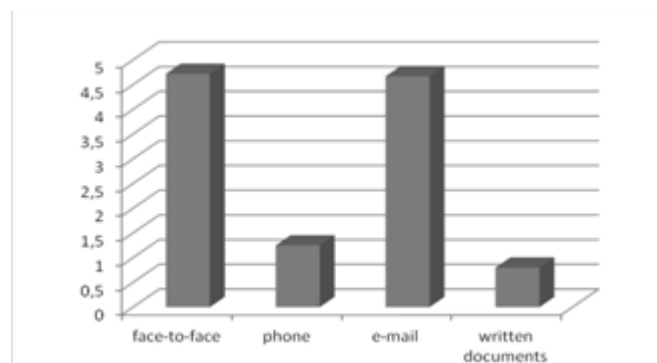
**Fig. 2. Tools preference by employees in communication with superiors** (Source: Authors)

If we make a comparison of the given estimations for actually used channels and the preferences, from employees' point of view, we would point out that the smaller difference belongs to written documents

(0.4 points) and e-mail (–0.07 points). It indicates that they are satisfied with the amount of use of these communication tools. However, employees prefer to have more face-to-face communications and this shows the benchmark score of points with a value of –1.2 points. The reverse trend is verified for phone communication, where the difference 1.28 indicates that they prefer to use fewer phones in relation to actual use and probably might compensate it for face-to-face communication if they are located within the same building, or e-mail if they are in distant locations.

2. *Horizontal Communication Tools*
a) *Tools used by employees for communication with colleagues*

From the graph perspective (Fig. 3), we notice in horizontal communication that the most used tools are face-to-face, phone, and e-mail. Written documents seem to find little use in this type of communication. It seems that being in similar positions and age, the employees are easily able to communicate face-to-face, and therefore the rating they give is high at 4.5 points. They evaluate the current use of the phone slightly higher (4.57 points), where the use of the phone communication services and the ease of the phone communication are provided for specific questions or issues that require immediate answers. E-mail remains a highly present form of communication in this sector with 3.75 points. It has replaced formal written communication that is used very little actually.
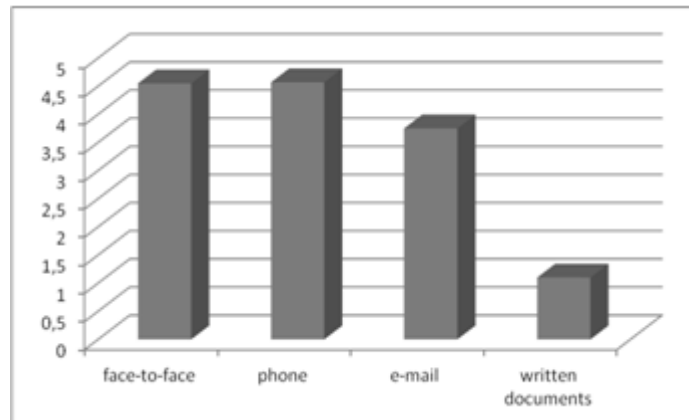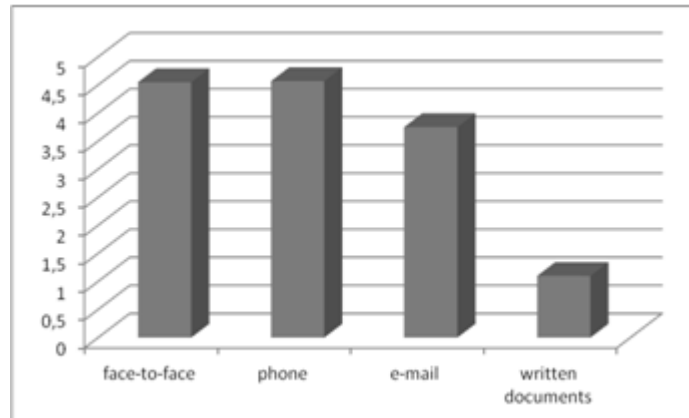

Fig. 3. Tools actually used by employees to communicate with colleagues (Source: Authors)

b) *Tools evaluated as effective by employees in communication with colleagues*

The next questions were addressed to employees to evaluate the tools of communication, according to their perception of the effectiveness of communication they have with their colleagues. One thing to notice is that, unlike communicating with superiors, where face-to-face communication was the favorite one, in horizontal communication the phone and e-mail are evaluated as two of the most effective tools, in their perception. Specifically, the most effective tool (e-mail) is evaluated with 4.72 points, to be followed by phone (4.2 points). Hardcopy documents remain less rated in this form of communication with a small score of 1.7 points (Fig. 4).

If we are to compare the points given for each de facto communication tool and their respective perception of the effectiveness, we will see that two tools have the greatest difference. The first is related to the conception of face-to-face communication with a difference of 1.4 points. In this type of communication, that is, among colleagues, it is less preferable for its effectiveness. Apparently, employees consider it should be used less than it is practically used in their organizations, because the frequent presence of this form of communication leads to frequent interruption of their daily work, thus affecting the work results. The second tool with dispersion in evaluation is e-mail; a difference of –0.97 points might suggest that employees prefer e-mail usage more in their communications, in order to improve their effectiveness. Also, if the goal is to increase the effectiveness of communication,

though in small differences, they consider that phone should be less used for communications between them, while written documents might be used slightly more.


Fig. 4. Tools evaluated as effective by employees in communication with colleagues (Source: Authors)

3. Barriers to Effective Communication
a) Barriers perceived by employees in communicating with the superiors

In addition to the communication tool chosen to be used for transmitting information within an organization, the presence of barriers seems to affect the effectiveness of internal communication. In relation to this issue, employees involved in the study were first asked about the barriers they perceive as present in communication with their superiors. More specifically, their responses are presented in Fig. 5. As can be seen from the data in the graph, employees perceive as main barriers, that related to the pressure of time, which is valued at 4.93 points, and the overload with information at 4.94 points. Apparently, lower-tier employees face constant pressure, deadlines, and overload of information they are required to process and present to their superiors.

Further, employees perceive semantic barriers and those related to the organizational structure as other substantial barriers in communicating with superiors. Banks are complex structures with physical dispersion in many branch locations, as well as several hierarchical levels, and as such generate difficulties in effective communication from higher levels toward lower-level employees. In relation to other barriers that are considered less present in vertical communication, prejudice, distraction, and emotional status got the lowest scores.
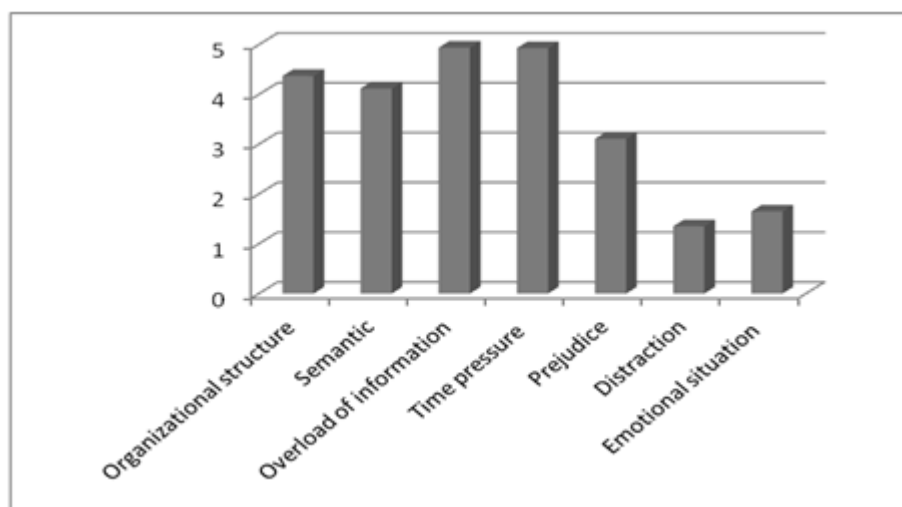
Fig. 5. Perceived barriers by employees in vertical communication (Source: Authors)

Unlike vertical communication barriers, when communicating with colleagues, the barriers that employees perceive relate mainly to distraction, which is valued at 4.35 points, followed by prejudices with 3.91 points. It has been seen above that face-to-face and phone communication are the most widespread forms of communications, and it probably explains why these two factors are perceived as barriers present in horizontal communication, where obviously face-to-face communication possesses the disadvantage of work interruption and is time consuming also. The emotional state of the employees, time pressure, and overload of information are as well at relatively high levels of their presence that particularly affect those employees whose job activity is dependent on others (Fig. 6).
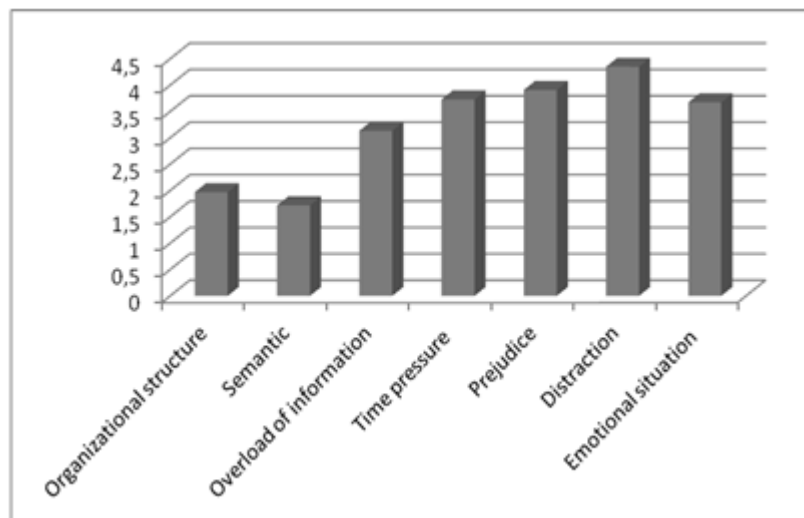
Fig. 6. Perceived barriers by employees in horizontal communication (Source: Authors)

If we were to distinguish between vertical and horizontal communications, the barrier we would notice with the biggest difference is distraction (with an absolute 3-point difference). Apparently, in vertical communication, attention is maximal toward superiors, leaving practically no room for distraction. With regard to organizational structures and semantic, there is a discrepancy of 2.4 points, on comparing vertical versus horizontal communication, convincing that these two barriers are perceived as more typical for vertical communication. The same perception pattern is noticed for emotional state, with a huge difference of 2.025 points. The emotional state is assessed as a barrier to communicating with colleagues, but is not considered as such in vertical communication, where apparently all concentrate, and the fact that communication is made via e-mail is not considered as an important barrier.

Conclusions

This work focused on internal effective communication and brought to attention the importance of proper selection of communication tools, as well as evidence of the presence of barriers in banking sector organizations. Through the review of literature, the importance of communication in the organization was revealed as well as the effect of the latter on productivity, overall performance, and success of the organization. Also, the literature evokes the main tools of communication, as well as the barriers that potentially hinder the effectiveness of organizational communication.

Further, the paper focused on the processing of data collected by questionnaires distributed to the banking sector employees, presented in the form of graphs. From their discussion, it was concluded that employees use different means of communication if they communicate with superiors and other means while communicating with their colleagues. They also evaluate and perceive effective means

such as face-to-face and e-mail when communicating vertically, as they perceive the use of e-mail and phone the most effective in communication with a colleague.

Considering these results, it is suggested that the managers of organizations in the banking sector should properly consider these two communication tools and create suitable conditions for their use. The employees themselves use more of those tools that, according to their perception during communication with colleagues, improve their effectiveness. Regarding the barriers, employees evaluate their presence during internal communication in the banking sector, and even go further by differentiating the barriers in vertical and horizontal communications. Specifically, they evaluate overload of information and time pressure as two of the main barriers in vertical communication, to further complement with organizational structure and semantic barriers. This means that wherever possible, these barriers can be addressed by managers when communicating with their subordinates, in order to guarantee the efficiency of communication between them. If we refer to horizontal communication, distraction comes out as the main barrier present, which might be explained by the fact that the most used channels in horizontal communication are face-to-face and phone, favouring such phenomena.

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