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## **Role of Communication and Interaction in Enhancing Organisational Performance**

**Arbresha Meha**

University of Applied Sciences in Ferizaj, Kosovo, Address: 70000 Ferizaj Kosovo

[arbresha.meha@ushaf.net](mailto:arbresha.meha@ushaf.net)

**Abstract.** In circumstances of constantly changing concepts related to the organisation as well as the progress of its performance and behaviour, communication has become a focus of many researchers who have consistently analyzed it in relation to organisations of various forms. This study aims to assess the role of communication and interaction in enhancing organisational performance. This study involved 607 respondents employed in banks and insurance companies. The methodology used for this study was the integration of quantitative methods. We have used two instruments in this study, one questionnaire to measure the role of communication and interaction and the other one organisational performance.

**Keywords.** communication, organisation, performance, interaction

### **1. Presentation**

Organisational communication appears in the earliest works in a paper of M. T. Myers and G. E. Myers (1982), where it was defined as “a central force that allows for coordination of employees and creates conditions of organisational behaviour”. In order to have been placed in this framework, organisational communication has undergone a number of developments and keeps evolving nowadays. Berndard (1938) identifies communication as an important management activity having a large force in the organisation. According to him, communication is an essential part of shaping a good structure by influencing the creation of a collaborative system and connecting employees to the goals of the organisation. However, there are still discussions on definitions of organisational communication (Luthans, 2002), as studies on the individual in the new century have raised numerous questions and new needs for analysis of behavioural factors inside organisations and outside them. In other words, behaviours that occur in an organisation are important elements in the organisation’s communication process (Luthans, 2002). Organisational change and communication have been a major force bringing a number of developments even in the components of communication and affecting one-another mutually. Changes in organisational communication have, perhaps more than any other element, affected both the practical and the theoretical part. Perception of communication as part of organisations has changed over the years along with the increase of the size of organisations. Communication in today’s organisations has become more complex and has taken on a greater importance. If communication was earlier seen as an integral part of organisational change, today it has inevitably become the foundation of modern organisations

(von Krogh, Kazuo, & Ikujiro, 2000) (Witherspoon, 1997). Organisations are now in most cases defined as communication entities (Clegg, Kornberger, & Pitsis, 2005).

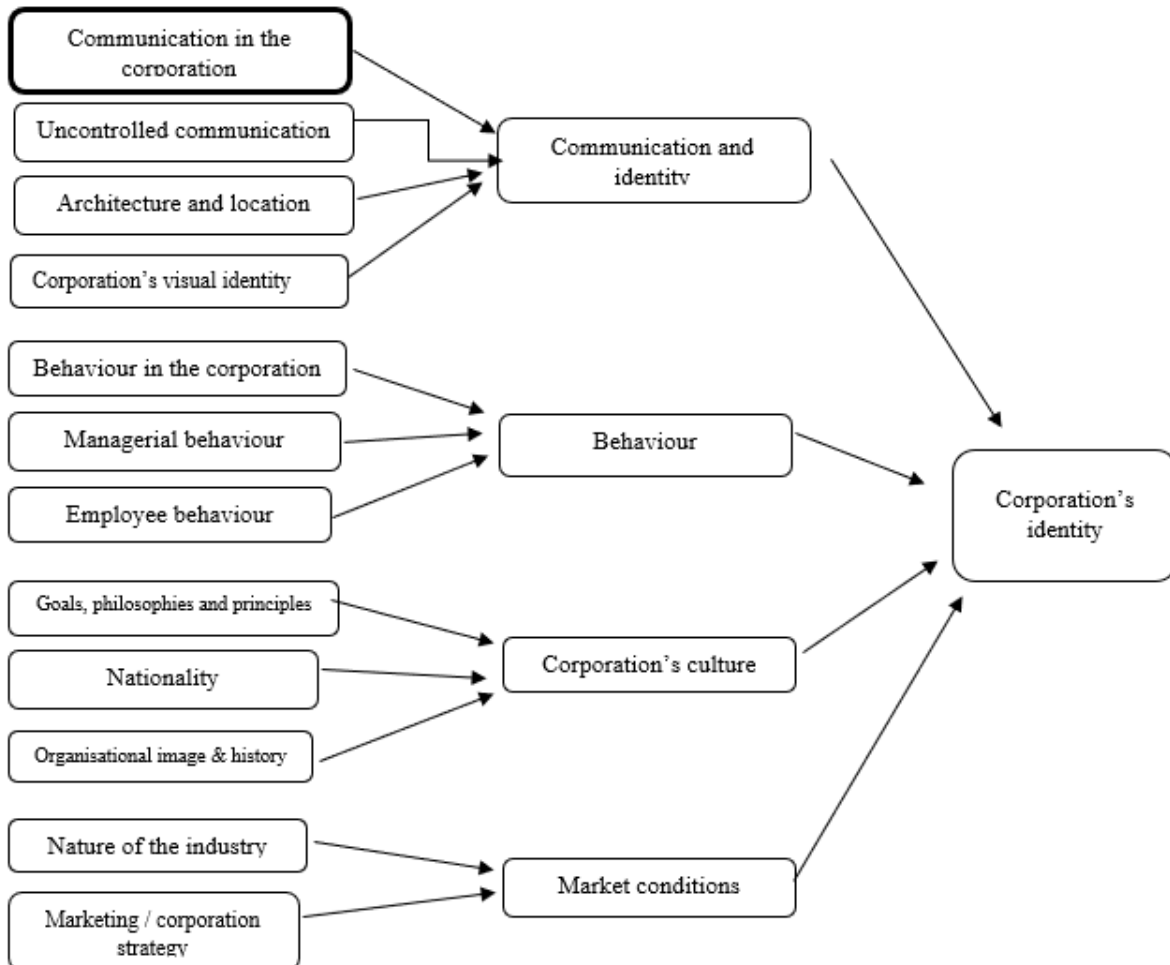
The study of organisational communication is not something new, but it has, especially in recent years, taken on greater importance in the academic field, also as a result of a greater interest of the business world. Studies recognize that organisational communication goes beyond effective speeches and good communication skills. It is also often discussed that not only business organisations but all organisations need communication and face ongoing challenges related to this element. Organisational communication has been studied by important authors of the field (Francis, 1989), (De Ridder, 2003), as cited in the work of Wim JL Engling on the role of communication in organisational change (2005). Both have assessed that organisational communication usually has two main purposes, which they relate to relationships within the organisation. The first purpose relates to communication with employees on tasks, policies and other issues of the organisation. The second goal is related to the creation of a common spirit in the organisation, which becomes the basis for the development of the identity of the organisation, also discussed in the following in this paper.

## **2. Literature**

### *2.1. Organisational communication: its dimensions and their relation to employee engagement*

Studies (Smidts, Van Riel, & # 38; Pryun, 2000) have shown that employee engagement at work is also related to the identity of the organisation, and communication is also part of this identity (Melewar & # 38; Jenkins, 2002). According to the scheme created by the latter (Figure 1), the identity of a corporation includes both communication and its visual identity, and communication consists of both organisational communication and uncontrolled communication. In their study on the role of communication in the identity of modern organisations, Melewar, Bassett and Simoes (2006) emphasized that the identity of an organisation goes beyond the logo and name and includes any form of internal and external communication, thus turning the identity of the organisation into a competitive advantage. Meanwhile, in the same paper communication in the corporation is divided into elements such as: management, marketing and organisations as a whole, where communication at the managerial level is of particular interest. This element is defined as the way in which managers communicate to their employees various, both administrative and substantial, information concerning the goals and vision of corporations.

**Figure 1: Organisational identity – a model**



Source: (Melewar & Jenkins, 2002)

Internal communication often turns into a real challenge for companies and senior executives, who understand problems of this type belatedly, especially in cases when there is no proper control system of internal communication. It has also been observed that communication creates the conditions for greater engagement (Foy, 1994). Foy has pointed out this result in his work on empowerment of employees at work. Other before and after him have studied the relationships between employees, their dedication and work environment (Katz & Kahn, 1978), (Meyer & Allen, 1997). Management can stimulate a higher commitment and seriousness, creating a more quality communication about tasks assigned to them, ensuring that the right information is directed to the right position (De Ridder, 2003). According to Postmes et al, "...employees were very dedicated when they received the right information to perform their duties. This information was provided through official bureaucratic channels rather than through informal ones. Communication with colleagues and direct superiors brought less engagement than communication with senior management, and the emotional content of communication provided less assurance on employee engagement..." (Postmes, Tanis, & de Wit, 2001).

Performance at work is one of the most important factors, which shows interest in every field: educational, social, governance and in the community as a whole. It shows the work productivity of employees in the institutions where they work. In any institution / organisation

the way employees perform at work is very important as it shows the progress of the institution / organisation as a whole. In school institutions, the way teachers perform is important because it directly affects the academic performance of the younger generation. Performance measurement has been one of the main goals of many organisations / institutions. Interest in measuring performance at work has always been growing in recent years in many countries. It is thought to have started around the 1980s or early 1990s. Self-interest in the effectiveness or performance of institutions / organisations, whether public or private, is related to the simple fact of answering the question of how well employees have performed their work (Talbot, 2010). Performance is not a simple solution of a result, but rather a consequence of a comparison between the result and the goal, of an excellent result to an action, of the result of an action, be it of a high level or not (Burz, 2013).

### **3. Methodology**

#### *3.1 Nature of the study*

Study is a systematic and methodical process of a research with the sole aim of increasing knowledge in certain fields. In order to achieve the objectives set, the study will explore, test and look for the relationship that exists between the variables (Hite, 1987). This analysis describes and highlights the elements for conducting research and also helps to design a careful, detailed, and demanding approach to conducting research. It sheds light on the main and related questions and addresses suggestions for problems encountered in the field of study. The study is a framework that shows how the work of a study should be organized, based on literature, principles or similar assumptions. Based on the stages that will be followed in this paper, through statistical instruments measuring the level of engagement between culture and communication, we can say that the study uses the quantitative method, with conclusions to be drawn from a complete analysis of data collected through questionnaires, graphs and statistics (Saunders et al, 2007). The data collected through the quantitative method enable us to identify key findings and to provide managerial suggestions. The quantitative study was preceded by a long study and observational analysis in the financial sector, focusing more on banks, where attention was paid to the study of human resource practices, namely whether the concept of employee engagement was part of them and whether special attention was devoted to them. Joint meetings with managers were then held, focusing on the importance and role of employee engagement.

#### *3.2 Methodology*

The methodology used in this study initially tends to determine the constituent structure of the financial sector, thus also determining which will be the target group of the study. The size of the sample will then be determined in such a way as to allow the author to construct and evaluate the hypotheses raised.

Sample determination: The study focuses on employees of the financial sector. In the study the analysis for the selection of the sample has started from the analysis of concepts: what do we call enterprises under Albanian legislation for the purpose of calculating the sample; what is the number of employees in an enterprise in order to have the full number of employees, and we also give the definition of economic activity according to the NOME Nomenclature of Economic Actions, which is a statistical tool for classifying enterprises according to their economic activity and serves for processing of statistical data (NACE Rev2). The ultimate goal of these precursors is to ultimately come up with what the concept of the financial sector is and what it includes.

**Enterprise:** An enterprise is the smallest unit of combination of the legal unit with the unit of production of products or services which has decision-making independence, especially for the use of its material and monetary resources. An enterprise may exercise one or more economic activities.

**Number of Employees:** The number of employees includes all persons working in the enterprise, including owners, paid employees and unpaid family members.

**Economic Activities:** The classification of enterprises is done according to the Nomenclature of Economic Activities, NACE. It is a statistical tool for classifying enterprises according to their economic activity and it serves for the processing of statistical data.

**Financial Sector:** It includes enterprises operating in the following activities (NACE Rev2):

- Financial services activities (banks);
- Insurance, reinsurance and financing of pension funds (insurance Institutions);
- Other financial activities.

The target group of the study (Belson, WA 1981) includes all full-time employees working in the financial sector. The reason that the population of organisations selected focuses on full-time employees is that the culture in the organisation and communication practices has a greater impact on employees in this segment and that company policies focus on this. In addition, part-time employees also occupy a small percentage in these organisations, and it includes two main categories: mothers on maternity leave and contractors hired for short-term projects.

**Table 2.** Population of organisations in Kosovo

Section	Description	No. Of enterprises
Total		111,083
A	Agriculture, silviculture and fisheries	1,690
B	Extractive industry	684
C	Processing industry	9,014
D	Provision of electrical energy, gas and steam, and with air condition	279
E	Activities with warm water, sewage, waste management and regulatory ones	356
F	Construction	4,819
G	Wholesale and retail. Repairing of vehicles and motorcycles	44,878
I	Accommodation and food service activities	17,825
H	Transport and storage	8,024
J	Information and communication	2,495
K	Financial and insurance activities	765
L	Real estate activities	453
M	Professional, scientific and technical activities	5,590
N	Administrative activities and support services	1,865
O	Public administration and defence. Mandatory social security.	720
P	Education	1,071
Q	Healthcare and other social activities	2,342
R	Arts, entertainment and recreation	1,373
S	Other service activities	6,776
T	Home services	37
U	Activities of international organisations	27

Source: Kosovo Agency of Statistics

In order to calculate the sample size that is representative of the population in the study we need the following: probability of finding an employee working in the financial sector i.e. with the same characteristics as the individuals we want to survey. Out of the data available the probability that we may find an employee working in the financial sector is

$p=9916/500000=0.02$  (9,916, the number of employees in the financial sector, is indicated in the relevant table). The size of the sample is calculated using the following formula:  $n = \text{Sample size}$ ,  $z = \text{Standard deviation}$ ,  $\alpha = 0.05$  (1. 96),  $p = \text{Probability of finding an employee with the characteristics of the sample wanted}$ ,  $m = \text{Level of error of the data obtained}$ ,  $\text{Deff} = \text{Sampling Effect}$ . Following initial calculations it turns out that the size of the sample is 565 employees working in the financial sector. This number would be sufficient for the results of the study to be statistically significant and reliable for the whole of Kosovo. However, given the fact that every study faces non-response to the survey, we also consider the degree of non-response or rejections. A normal non-response rate studied by employees is about 10%. (Thomsen and Siring, 1983). So, in order to avoid these problems, the size of the sample was increased by 10%, and thus it will be 630 people working in the financial sector.

#### 4. Results

**Table 3.** Chi-Square Tests: Communication and interaction

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	202562.486	10672	.000
Likelihood Ratio	53462.841	10672	.000
Linear-by-Linear Association	2892.359	1	.000
N of Valid Cases	9916		

Based on the data in the table above, we conclude that there is a statistically significant correlation between organisational communication and interaction of employees at work. So we can conclude that:

*Organisational communication has a significant impact on the energy forecast of employees; this correlation will affect their engagement with the organisation.*

Organisational communication has a significant impact on predicting employee commitment,  $r=0.652$ ,  $\text{Sig}=0<0.05$ . The correlation shows a strong positive link between organisational communication and commitment.

For employees working in a bank organisational communication and dedication have a statistically significant linear relationship,  $r=0.541$ ,  $\text{Sig}=0<0.05$ .

For employees working in other firms there is a stronger correlation (between organisational communication and commitment) than for employees working in banks or insurance companies.

For employees working in insurance companies there is statistically significant linear correlation, which is shown as follows:  $r=0.666$ ,  $\text{Sig}=0<0.05$ .

For employees of other companies, there is statistically significant linear relationship between organisational communication and commitment,  $r=0.928$ ,  $\text{Sig}=0<0.05$ .

#### 5. Conclusions

The important conclusion of this study is the following: organisational culture has a statistically significant impact on employee engagement in the financial system. Organisational

communication, which includes dimensions such as organisational integration, supervisor communication, personal feedback, corporate information, communication climate, horizontal and informal communication, media quality, subordinate communication, the model proposed by Downs & Clappitt (1988) has been empirically tested, analyzed and adapted for this study. The dimensions of organisational communication measured in the three subdivisions of the financial sector present a Mean that is above average.

Organisational communication has almost twice as important as the impact of organisational culture on predicting employee engagement. The study concluded that there are differences in the engagement of employees with different demographic profiles (such as gender, education and experience in the organisation) and the activity they perform, in addition to gender, which was an element that did not affect their engagement. Employees of insurance companies turn out to be employees with the highest level of commitment. The research also concluded that gender does not affect employee engagement. Educational level, age and work experience have an impact on employee engagement (positive correlation). Lower and middle level managers turn out to show higher engagement rates than top level managers.

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