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THE EFFECTS OF INTERNAL COMMUNICATIONS ON STAFF PERFORMANCE IN CORPORATE ORGANIZATIONS. A CRITICAL LITERATURE REVIEW

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Abstract

Purpose: The main purpose of this study is to examine the effect of internal communication on employee performance on large corporate organizations

Methodology: The paper used a desk study review methodology where relevant empirical literature was reviewed to identify main themes and to extract knowledge gaps.

Findings: On the effect of internal communication on staff performance, the study revealed that there was a significant positive correlation. For large firms, the relationship was positive and significant. Staff performance is interfered with when employees are not satisfied with how internal communications are being carried out because there is a direct relationship.

Unique Contribution to Theory and Practice: The study recommends that there is need to embrace more forms of techniques and technologies of Internal Communications so as to fill the IC gap that already exists. This will not only lift the employee's morale but also their performance.

Keywords: *Internal Communications, employee performance*

1.0 INTRODUCTION

Internal Communication (IC) has long been recognized as an important corporate governance mechanism for aligning the interests of managers and all stakeholders to an organization. The need to adopt the right corporate governance mechanisms for the purpose of such alignment is driven by the agency problem and the associated free-rider problem that makes it difficult for any single investor or stakeholder to bear the cost of monitoring managers. The central role of IC in this process has therefore been recognized and in recent years has gained significant attraction for at least a couple of reasons (Meintjes, 2015).

One, Smart organizations recognize that employees will always talk with each other, so it is better to set the agenda and informal discussion points than have them dictated by an uninformed staff. This is no different from external communications, where the role of the PR practitioner and business communicator is to engage with and reflect the position of the employer or business to that employer or business' larger group of 'publics' - that is, anyone who may have any impact on or be impacted by the organizations.

Two, events at organizations like KCB and several other large corporations suggest the need for policies to promote Internal Communication and other aspects of corporate governance. It is important to distinguish between communications on behalf of the organization and the day-to-day intercourse within work groups or between managers and subordinates. Wilson, (2015) talks about the fact that communications are intrinsic to the work of a manager -it is the very essence of work in many situations. There are a number of reasons why organizations should be concerned about internal communication. Importantly, there is commonly a legal requirement for organizations to communicate with their workers. In Europe, for example, the EU has made very specific provision about workers' rights to be informed and consulted.

Effective internal communication is one of the key drivers of employee engagement. It has proven to add significant value to organizations on all metrics from productivity to customer research. This is according to the UK government-sponsored MacLeod Report. As noted in Quirke (2017): "Traditionally, internal communications have focused on the announcement of management conclusions and the packaging of management thinking into messages for mass distribution to the 'troops'". Research indicates a limit to the value of this 'broadcasting' model of IC.

Srinivasan, (2015) also argue that without feedback loops and harnessing the active involvement and mediation skills of frontline supervisors or team leaders, broadcasting tends to be more effective at influencing senior and middle managers than frontline employees.

Ershadi, (2021) sees that as the IC function matures within the organization, then, it may come to play a wider role in facilitating conversations "upwards", "downwards" and "across" the organization, Organizations increasingly see IC as playing a role in external reputation management.

Joep Comelissen in his book Corporate Communications touches on the relationship between reputation and internal conversations. This trend reaches its full potential with the arrival of new 'norms' and customer expectations around social media, for example in the work of Scoble and

Israel, market researchers have likewise highlighted the effects of employee advocacy on an organization's external reputation.

1.2 Statement of the Problem

Internal communications (IC) are the function responsible for effective communication among participants within an organization. It is a subset of effective business communication, which is built around this simple foundation: communication is a dialogue, not a monologue. In fact, communication is a dual listening process.

So Internal Communication, in a business context, is the dialogic process between employees and employer, and employees and employees (Lemon, 2019). IC draws on the theory and practice of related professions such as Journalism, Knowledge management, public relations, Media relations, Marketing, Human Resources, Organizational studies, Communication theory, social psychology, Sociology and Political science. So many times, IC is forgotten by strategists and PR professionals - it should always be remembered that communication between employees is very often far more powerful than any communication from employer to employee.

Whereas the 'top-down', employer-driven communication is great for setting a communication agenda or discussion point, it is the peer-to-peer employee communications that determine the tone of the response back to the employer. How does internal communication affect staff performance? Also, is there a significant relationship between internal communication and staff performance? Conversely, what are the effects of internal communication on employee output, timeliness, and cost effectiveness, adherence to policy, personal appearance /grooming and appraisal?

This study seeks to examine the effect of internal communication on employee performance in large corporate organizations. Addressing this aforementioned objective is motivated by certain methodological issues commonly adopted in earlier research in other countries on the link between internal communication and staff performance in large corporate organizations.

1.3 Objectives of the Study

The main objective of this paper is to examine the effect of internal communication on employee performance on large corporate organizations.

1.4 Significance of the Study

The results of this study will benefit the investigation and recording the impacts of internal communication on staff performance in large corporate organizations. The results will be documented for future studies and for reference.

2.0 LITERATURE REVIEW

2.1 Internal Communications

The literature on the effect of internal communication on staff performance in large corporate organizations has registered significant growth, buoyed mainly by studies of large and to a lesser extent some small organizations. The rapid growth in the literature is perhaps motivated by the

realization that left to itself; the process of internal communication does not have the capacity to address the problems staff performance. However, it is in order to present an overview of what the literature says about the main ways in which IC has focused on the announcement of management conclusions and the packaging of management thinking into messages for mass distribution to the employees. (Quirke, 2017)

Management conclusions and management thinking provides an incentive for employees to promote negative IC that may be injurious to the organization as a whole (Baumann, 2015). This may also be advantageous in its own way and especially in the organizational information comes directly from management to employees and it is received well. Then here, the hypodermic needle model of communication can be adopted. A typical organization's structure will have three levels of management. There is the senior management, middle management and lower management and/or other organizational employees.

People at work communicate regardless of the intention of their leaders. There is communication on behalf of the organization and there is the day-to-day intercourse within work groups or between managers and subordinates. It should be noted that communication between employees is very often far more powerful than any communication from employer to employee. This is reinforced by Rajhans, (2015) who emphasizes interpersonal communication in an organization. Large organizations have a long history of promoting a sense of unity among the employees of a company. This therefore encourages diagonal communication. It is the one with least negative criticisms from the concerned parties.

Given the weakness of how large organizations are structured, a broad spectrum of how organizational information can be conveyed has been suggested as effective mechanisms for promoting internal communication. The literature surveyed below is divided into two categories, the first concerning internal communication, and the second on indicators of staff performance.

2.2 Internal Communications and Employee Performance

Schein (2016) recently surveyed the literature on how internal communication affects staff performance or vice versa, so the survey here is brief. Prior studies of the effect of internal communication on staff performance generally adopts an approach which involves how organizational information affects the employees' behavior and in turn their performance. This approach can involve tractable data, which makes it easier for researchers to find statistically significant results. But it doesn't tell us how employees' behavior towards IC affects the organizational size and structure. For example, in a large organization that is divided into divisions and these divisions are further divided into units, employees fail to know what is happening in the organization especially if it is not directly linked to their unit. This can be seen as a communication lapse that fails the organization in the long-run because if this employee is queried about this issue by an external party, they would not have an idea about it. This can build a negative reputation of the organization by the external party.

2.3 Empirical Review

Muchiri (2021), who conducted a study on human resource management practices and employee performance in Canon Chemicals Limited in Kenya. The study was conducted at Canon Chemicals

Limited in Mavoko Sub County, Kenya. The general objective of this study was to determine if employee performance was impacted by managing different aspects of human resource management practices such as compensation, workers participation, internal communication systems and employment security. The specific objectives determined the effects of compensation, workers participation, internal communication systems and employment security, while the dependent variable was employee performance. The study utilized descriptive research design. A sample of 40 participants was selected using the total census technique since the population at Canon Chemicals Limited was small. A structured questionnaire was used to collect data from the study participants, and all the distributed questionnaires were duly filled and returned. Descriptive analysis utilized frequencies and percentage distribution, while inferential analysis utilized correlations, regression and ANOVA. The results of the study showed that there is a moderate relationship between HRMPs and overall employee performance. Contrary to expected results, regression analysis did not show a significant relationship between HRMPs under consideration and employee. Therefore, HRMPs should not be generalized to enhance employee performance; rather, other confounding factors that are out of scope in this current study may play a significant role in overall employee performance. The result of this study is an indication that Canon Chemicals Limited should improve on all the aspects of human resource management practices that include employee compensation, employee participation, internal communication, and employee security to spur overall employee performance.

Kamanda (2014), who conducted a study on the influence of internal communication channels on effective management of University Academic Programs: a case of Aga Khan University, Kenya. The study investigated whether face to face communication, telephone communication, written communication and computer mediated communication improves effective management. The study relied mostly on primary data sources where computer software SurveyMonkey was used to send out a web link hosting the questionnaire to the targeted respondents. Data collected was quantitative and qualitative which was analyzed using descriptive statistics and content analysis. Of the Internal communication channels available at AKU-N majority showed a preference to receive information through Computer Mediated Media 90.48%, while use of written communication seemed almost obsolete at 13.10%. The results of the study showed that AKU-N handled its communication with staff by utilizing formal communication channels that allowed for information to be exchanged from top management to lower-level staff and across departments that were necessary for any organization to function.

Muchimuti (2013), who conducted a study on factors influencing internal organizational communication and its role in organizational performance: a case of the Kenya commercial banking sector. The aim of the study is to discuss the strategic role of internal organizational communication in the management and development of organizations. The study sought to investigate the influence of internal organizational communication on organizational performance with a focus on the banking sector in Nairobi. In terms of methodology a largely quantitative research design was adopted for the study. In the process of determining the findings in relation to the effects of internal organizational communication on organizational performance with a focus on Commercial Banks in Nairobi. The sample for study was drawn from 150 top, middle and low-level managers and general staff working with Kenya Commercial Bank and Barclays Banks of Kenya headquarters in Nairobi. The sampling technique applied was stratified random sampling for inclusiveness. A sample of 40% of the population of 150 was sampled to come up with 60

respondents. Questionnaires and interview schedules were used as the main data collection tools. The results of the study showed that internal organizational communication is a key component in effective organizational management and that it influences its performance to a great extent. It was, however, notable from the findings that commercial banks are yet to fully embrace the fact that internal organizational communication is an indispensable tool in their management functions and hence for effective organizational performance which should be taken seriously and given priority.

2.4 Research Gaps

A knowledge gap occurs when desired research findings provide a different perspective on the issue discussed. For instance, Muchiri (2021) who conducted a study on human resource management practices and employee performance in Canon Chemicals Limited in Kenya. The general objective of this study was to determine if employee performance was impacted by managing different aspects of human resource management practices such as compensation, workers participation, internal communication systems and employment security. The specific objectives determined the effects of compensation, workers participation, internal communication systems and employment security, while the dependent variable was employee performance. The study utilized descriptive research design. The results of the study showed that there is a moderate relationship between HRMPs and overall employee performance. Contrary to expected results, regression analysis did not show a significant relationship between HRMPs under consideration and employee. On the other hand, our current study focuses on the effects of internal communications on staff performance in corporate organizations in Kenya.

In addition to that, a methodological gap can be identified from the research, for example, in Muchiri's 2021 study on human resource management practices and employee performance. The study utilized a descriptive research design. A sample of 40 participants was selected using the total census technique since the population at Canon Chemicals Limited was small. A structured questionnaire was used to collect data from the study participants, and all the distributed questionnaires were duly filled and returned. Descriptive analysis utilized frequencies and percentage distribution, while inferential analysis utilized correlations, regression and ANOVA. The results of the study showed that there is a moderate relationship between HRMPs and overall employee performance. Contrary to expected results, regression analysis did not show a significant relationship between HRMPs under consideration and employee. Our current study adopted a desk study review methodology where relevant empirical literature was reviewed to identify main themes.

3.0 METHODOLOGY

The study adopted a desktop literature review method (desk study). This involved an in-depth review of studies related to the effects of internal communications on staff performance in corporate organizations. Three sorting stages were implemented on the subject under study in order to determine the viability of the subject for research. This is the first stage that comprised the initial identification of all articles that were based on the effects of internal communications on staff performance in corporate organizations. The search was done generally by searching the articles in the article title, abstract, keywords. A second search involved fully available publications on the

subject effects of internal communications on staff performance in corporate organizations. The third step involved the selection of fully accessible publications. Reduction of the literature to only fully accessible publications yielded specificity and allowed the researcher to focus on the articles that related to effects of internal communications on staff performance in corporate organizations which was split into top key words. After an in- depth search into the top key words (social media, social network, social networking sites), the researcher arrived at 3 articles that were suitable for analysis.

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Muchimuti (2013), who conducted a study on factors influencing internal organizational communication and its role in organizational performance: a case of the Kenya commercial banking sector. The results of the study showed that internal organizational communication is a key component in effective organizational management and that it influences its performance to a great extent.

4.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The main objective of this paper was to examine the effects of internal communication on staff performance in large corporate organizations. On the effect of internal communication on staff performance, the study revealed that there was a significant positive correlation. For large firms, the relationship was positive and significant. Staff performance is interfered with when employees are not satisfied with how internal communications are being carried out because there is a direct relationship.

4.2 Recommendations

The study recommends that there is need to embrace more forms of techniques and technologies of Internal Communications so as to fill the IC gap that already exists. This will not only lift the employee's morale but also their performance. The more the channels of Internal Communication available, the more there will be communication to staff and consequently a higher staff

performance. Also, with excellent lines of IC, the staff will feel like they are part of the organization.

It also recommended that there needs to be a review on the methods used to measure employee performance. This is because even if IC lines are amended but the methods of measuring employee performance are still the same then the true picture of the effect of IC on staff performance will not be realized.

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