

**EFFECTS OF COMMUNICATION TO THE
EFFICIENCY AND SUCCESS OF THE BANKING
INDUSTRY IN KENYA.
A CASE STUDY OF ABC BANK LIMITED**

BY:

MULARY JOHNSTONE. K / P / 40 / 7527 / 01

NGUGI ANTHONY KIRATU. K / P / 40 / 7548 / 01



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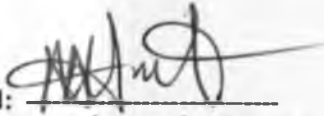
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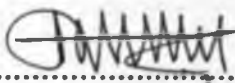
DECLARATION

This research project is our original work and has not been presented for a degree or diploma in any other university.

ANTHONY K. NGUGI
SCHOOL OF JOURNALISM
UNIVERSITY OF NAIROBI

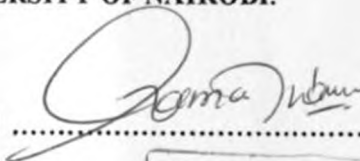
JOHNSTONE MULARY
SCHOOL OF JOURNALISM
UNIVERSITY OF NAIROBI

Signed: 
Date: 05/05/2004

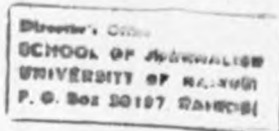
Signed: 
Date: 05/05/2004

This research project has been submitted for examination with my approval as University Supervisor

KAMAU MUBUU
SUPERVISOR
SCHOOL OF JOURNALISM
UNIVERSITY OF NAIROBI.

Signed: 

Date: 26/05/04



DEDICATION

1. Anthony Ngugi.

To my family; mum Janet, brother Wainaina and dad the late J Ngugi.

2. Johnstone Mulary.

To my late mum: Robai Amalemba

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ABSTRACT

The objectives of this study were to identify the effects of communication in relation to efficiency and success of the banking industry in Kenya. The study also intended to give insights into the factors that affect communication and their characteristics and also give recommendations on the way they can be refined.

The primary data was collected by use of structured questionnaire. The target population of the study was the banking industry in Kenya while the accessible population was Koinange street branch of ABC bank. The sample comprised twenty employees of the afore named bank.

The data was analyzed by descriptive statistics such as percentages frequencies and chi square was used to show dependence variables.

The study revealed that tools of communication that allow feedback tended to increase clarity in communication and hence greater efficiency.

The study found out that rising levels of computer usage as a tool of communication in an organization tended to fractionalize employees. Communication thus becomes more mechanistic and impersonal. This hinders social interaction which is a vital ingredient of effective communication.

The study discovered that employee motivation levels have an impact on communication.

The study also discovered that the nature and complexity of the banking task have a linear relationship with communication.

Lastly the research found out that leadership styles adopted by an organization influences communication. Lack of communication, Top down manner of communication and improper use of communication were found to be a big challenge to employee efficiency.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

The notion that communication plays a vital role in influencing efficiency in the banking industry all over the world is indisputable. International banks such as Standard and Barclays rely heavily on communication to enhance and sustain their efficiency. This is further reinforced by the fact that these banks use sporting activities like football to pass their messages across. Barclays at the moment is using Manchester United Football Club to advertise their ambitious Man U Barclay Card promotion with stunning success. Co-operative bank on the other hand sponsors the Jambo junior account holders to sumptuous retreat annually to promote their account by the same name.

New millennium has witnessed the banking industry in Kenya rushing to embrace electronic banking otherwise known as E-banking to enhance efficiency and maximize turnover limits. Leading banks now operate Visa cards both credit and debit while Family Finance bank has introduced Smart cards that enable her clientele to access and make use of their bank accounts from any of their branches countrywide. Leading banks issue certain amount of share to their member of staff to promote a sense of ownership among them consequently exploiting this renewed sense of dedication.

The above is a glimpse of intensive efforts to cultivate and nurture good working environment within and without the bank. Success can only be realized if proper and effective communication thrives.

This study investigated the factors that affect communication and how they influence efficiency and success in the banking industry in Kenya. It featured the specific case of ABC Bank Ltd

A bank is an institution that provides various financial services, for example keeping or lending money. These monetary services include; safe keeping of its customers' savings through saving accounts, providing loans, foreign exchange services, safe custody of customers valuable assets e.g. jewellery. It also allows its customers to open current accounts to cater for those who have regular withdrawals of cash and issuance of cheques, among other services.

In Kenya there are 42 banks. These include international banks such as Standard, Barclays, Habib, Bank of Baroda Zurich International, Inter – alia. There are also local banks such as

Kenya Commercial Bank, Cooperative Bank, Housing Finance, Equity Bank, Family Finance , National bank , Commercial Bank of Africa to name but a few. The success in the banking industry can be attributed to a number of factors chief among which is proper and effective channels of communication both lateral and vertical.

As much as decrease in productivity may be attributed to the general economic stagnation in the country in recent years, (Kenya recorded zero growth rate in 2001) this study seeks to isolate the bit that is caused by lack of effective communication.

This study seeks to find out whether lack of proper communication is a challenge to employee efficiency at the bank. Management style and employee attitude is to be examined in relation to communication and efficiency of staff at ABC Bank.

1.2. STATEMENT OF THE PROBLEM

According to the editor of Teller Magazine (June 2002), activities of the bank are usually many in number and in large volumes. Most of these tasks contain processes that are carried out by different people. For instance the processing of a banker's cheque. There is the front office staff who receives the instructions from the customers and finds out whether the customer is going to wait for it or will collect it some other day (this is usually very crucial information since it determines when the next person in the process is to be attended) The front office operative then forwards the instructions to the person in charge of banker's cheque who issues a cheque leaf which is to be written by one of his juniors who has been assigned this duty. After drawing the cheque the junior staff then records and takes it back to the in charge for signature after which it is given to the customer.

It may seem like a straightforward and easy process but if effective communication is not functional, the process can result to serious delays to the client and for that reason the efficiency and success of the bank suffers. For instance, if the front office staff does not bring up to date the in charge that the customer prefers to wait for the banker's cheque, the in charge might decide to keep it for processing the following day. This will cause the customer to complain.

Nature of the banking tasks can be a hindrance to effective communication. If the front office staff (in the above example), finds the in charge very busy or on phone with a customer, he/she will not be able to inform him/her that the customer prefers to wait and therefore the process is

likely to fail. It is significant then, to note that the volume of work in the banking industry can affect the effectiveness of communication unless effort is made to steer clear of this.

A certain level of bureaucracy bears no ill but a lot is an undisputed precursor for inefficiency. Bureaucracy dictates that for a process to even start there has to be authorization from the relevant level(s) of authority. This could cause distortion of information from the first level through to the last. The kind of communication and how it is channeled impacts on the overall and individual efficiency levels. Employees who are denied opportunity to channel their opinions and suggestions on preferred issues of concern to their seniors will seldom be efficient. Good tools should encourage two-way communication. This cascades under managerial policy / styles of the organization determining the caliber of communication and ultimately efficiency. Staff attitudes engineer communication variously while the nature of work calls for diverse ways of communication, which may impact positively or negatively. Communication is therefore a major question that requests a lot of consideration in view of the fact that it determines the efficiency of staff.

1.3 OBJECTIVES OF THE STUDY.

The objectives of this study encompass-

To investigate the effects and challenges that communication poses on the efficiency of staff of ABC Bank.

1.3..1 Specific objectives

To determine if lack of proper communication is a challenge to employee efficiency at ABC Bank.

To establish whether tools used for communication are a challenge to communication and employee efficiency at ABC Bank.

To find the extent to which management style affects communication and efficiency of employees.

To investigate if attitude is a challenge to communication and efficiency of staff at ABC Bank.

To determine if the nature of banking tasks affect communication and efficiency of the staff.

1.4. RESEARCH QUESTIONS

The study was guided by the following research questions

1. What are the effects of communication to staff efficiency?
2. Is communication a factor to consider when determining the success of the bank?
3. What factors are affecting communication in ABC Bank?
4. What are the staff perceptions about the overall communication system in ABC Bank?
5. What is the nature of communication system in ABC bank?

1.5 SIGNIFICANCE OF THE STUDY

The study will;

- 1) Provide information to stake holders in the banking industry on the effects of communication towards enhancing efficiency.
- 2) Add to the general body of existing knowledge in the area.
- 3) Provide information that would enable the management provide favorable communication atmosphere necessary for vibrant growth in banking industry
- 4) It will help nurture understanding between senior and junior staff.
- 5) Help to predict the outcome with the each variety of communication favored.
- 6) Help to control any situation through engaging suitable communication.

1.6 PROBLEMS OF THE STUDY

In the course of the study the researcher anticipated the following constraints

- 1) Bureaucracy in the bank, which may delay the approval from the authorities for the research to commence the study.
- 2) Employees' fear of being victimized as a result of negative comments about the organization.
- 3) Time constraints – majority of the employees selected were busy and will have to sacrifice their free time away from the office.
- 4) There were difficulties in accessing staff records e.g. appraisal forms whereby they comment about communication in ABC Bank, which will serve as an important source of secondary data.

- 5) Difficulty in determining where effects of communication and lack of communication stop and where other factors start in contributing to reduced efficiency.

1.7 THE SCOPE OF THE STUDY

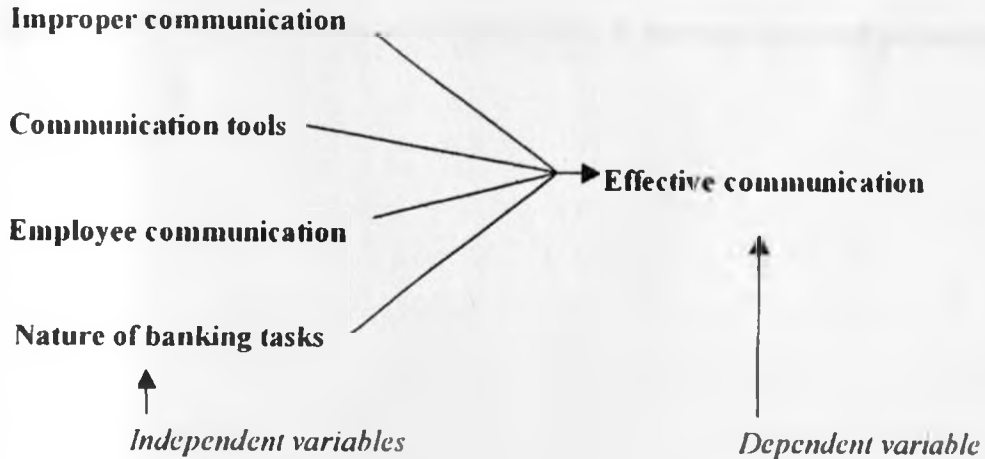
The study involved gathering information from a sample of ABC Bank staff. Due to financial constraints the study was restricted to only one branch of African Development Bank at Koinange Street in Nairobi.

1.8 HYPOTHESIS

- 1) Improper communication affects efficiency at ABC bank.
- 2) Communication tools greatly impacts on proper delivery of services at the bank.
- 3) Communication tools put in effect affect employee's attitude.
- 4) Nature of banking tasks determines communication and thus efficiency.

The chart below summarizes independent and dependent variables.

Fig 1.2: Conceptual framework



1.9 DEFINITION OF TERMS

1.9.1 Communication

It is the activity or process of passing information from sender (source) to receive (target). The source codes the message and the receiver decodes it and completes the cycle by giving

feedback. Any interference in the communication cycle is regarded as noise and is the main cause of distortion.

1.9.2 Morale

This is the state of mind as regards a particular task to be executed. It can further be said to be the amount of confidence and enthusiasm that a person or a group has at a particular time. Therefore it is that inner drive that prompts workers to perform a given task to the best of their ability.

1.9.3 Efficiency

Refers to quality of doing something well and thoroughly with no waste of time, money or energy. In other words it is maximizing production through the use of scarce resources and hence reducing wastage.

1.9.4 Population

Refers to an entire group of individuals, events or objects having common observable characteristics. In this case the total number of staff of the banking industry under investigation in this research..

1.9.5 Sample

A smaller group obtained from the accessible population to represent the entire population.

CHAPTER TWO

LITERATURE REVIEW.

2.1 INTRODUCTION

Communication is a very important tool in any business. Many organizations do not consider it as a major player in efficiency and thus ignore it with disastrous effects. A practical approach to communication is to view it as a pattern of interconnecting lines or networks. It is through communication that instructions are transferred from one level of the organization to another. Productivity is measured in terms of the amount and quality of work done by the employee and this is directly proportional to efficiency.

If the right instructions are not given in the first place or they are given in an ambiguous manner, then the quality of the work will not be up to the required standard and thus communication affects efficiency.

On the other hand, if instructions are given correctly and clearly, then the quality and amount of work done will be up to standard. In this literature review, one of the purposes of communication is to control performance.

Over the years, many authors have recognized the importance of communication in organization effort. Chester Barnard, for example, viewed communication as the means by which people are linked together in an organization to achieve a common purpose. This is still the fundamental function of communication because coordination and change cannot be effected. Psychologists have also been interested in communication. They emphasize human problems that occur in the communication process of initiating, transmitting and receiving information. They have focused on the identification of barriers to good communication especially those that involve the interpersonal relationships of people. Sociologists and information theorists as well as psychologists have concentrated on the study of communication networks.

2.2 MAJOR STUDIES THAT HAVE BEEN CARRIED OUT IN THIS FIELD.

Management style of leadership affects communication in the organization. Stuart Mills (1980) in a major research study concerned with management of change and innovation in UK businesses, revealed that senior executives put employee communications almost top of the list

of criteria for success second only to leadership when asked to choose from a list of options that help facilitate the progress in their own companies.

In the same survey those same executives representing a range of businesses, put communications to supply a 'top of the mind' unprompted response on the factors that aid change in companies in general. Most organization have introduced, maintained or developed arrangement aimed at: -

2.2.1 Communication

Providing employees systematically with information on matters of concern to them as employees.

2.2.2 Consultation

Consulting employees or their representative on a regular bases so that views of employees can be taken into account in making decisions which are likely to affect their interest.

2.2.3 Financial Participation

Encouraging the involvement of employees in the company's performance through employees share scheme or some other means.

2.2.4 Common Awareness

Achieving common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

It has been said that management is concerned with the way jobs are done through other people. Communication therefore is the means whereby people in an organization exchange information regarding the operations of an enterprise. It is the interchange of ideas, facts and emotions by two or more persons by the use of words, letters and symbols.

Every aspect of management requires good communication but it is particularly important in directing. It is widely considered that the organizing element of management concern itself with the system and environment within which communication functions.

Management of the communications process requires not only attention to the media of communications, but to the personal inter-relations of people on the organization.

Chester Barnard (1990) stressed the need for communication to occupy a central place in organization theory because the structure, extensiveness and scope of the organization are almost entirely determined by communication techniques.

Communication can be regarded as the foundation upon which organization and administration must be built. Barnard again stressed that the first executive function is to develop and maintain a system of communication.

Communication is a process, which links various parts of a system and problems of communication have been divided into 3 aspects:

- ◆ The technical problems of how accurately the symbols can be transmitted
- ◆ The semantic problem of how precisely the symbol convey the desired meaning.
- ◆ The effectiveness issue. How effectively the received meaning affects conduct in the desired way.

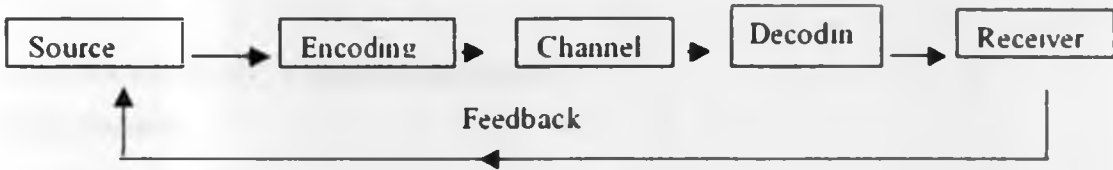
Formal communications are planned to meet the specific requirements of an organization but informal communications are very important. One informal channel is the 'grapevine', where ruinous passes quickly around. It is not an accurate method, but can be used to the advantage of management at times. It can be considered to serve the social needs of individuals in the organization.

According to Mills (1989) the key stages of effective communication can be summarized as follows:

- 1) Message conceived
- 2) Message encoded
- 3) Communication medium selected
- 4) Message decoded
- 5) Message interpreted
- 6) Feedback supplied

The process can be expressed in a diagram as follows:

Fig. 2.6: The communication process model



Key

Message flow.



Source: Stephen P Robbins (1979) *Organizational behaviour concepts, controversies and application*: Prentice Hall International INC: page 329

2.3 CONCEIVING MESSAGE

The first stage in the communication process is the decision made by a sender to communicate a message. Some messages are involuntary, some as a result of impulse and yet others are a result of external stimulus.

2.4 ENCODING THE MESSAGE

Before the message is sent to the recipient, the sender needs to encode it in an appropriate language, e.g. well written letter / report on non-verbal communication or gesture. Encoding is converting a communication message to symbolic form. The source initiates a message by encoding a thought. Four conditions have been described that affect the encoded message: skill, attitudes, knowledge and social – cultural system

2.5 SELECTING THE COMMUNICATION MEDIUM

The sender needs to select the right medium through which to transmit the message. There are various methods of transmission: these include;

- ◆ Oral – speech
- ◆ Written

- ◆ Signs
- ◆ Gestures
- ◆ Silence

2.6 CHANNELS OF COMMUNICATION

2.6.1 Formal

These include;

- 1) Time management (scalar chain)
- 2) Joint consultative committees
- 3) Discussion groups
- 4) Suggestion schemes, awards.
- 5) Company magazines and posters
- 6) Policy publication

2.6.2 Informal

- 1) Grapevine
- 2) Discussion with unions
- 3) Grievances and complaints

2.7 DECODING THE MESSAGE

Before a message can be absorbed acted upon, it first needs to be understood. Many messages are ineffective because the sender fails to realize that the language that he chose was beyond the ability of the recipient to comprehend.

Decoding has to do with retranslating a sender's communication message. The receiver is the object to which the message is directed. But before the message can be received, the symbols in it must be translated into a form that can be understood by the receiver. This is the decoding of the message. Just as his or her skills, attitudes, knowledge, and socio – cultural system, limited the encoder the receiver is equally restricted. Just as the source must be skillful in reading or listening, and must be able to reason. One's knowledge, attitudes and cultural background influence one's ability to receive, just as they do the ability to send.

2.8 INTERPRETING THE MESSAGE

According to Tony Warner (1996) the receiver needs to be able to interpret the message correctly.

Accurate communication can occur only when both the sender and the receiver attach the same or at least similar meanings to the symbols that compose the message. Thus it is obvious that a message encoded into French requires a receiver who understands French. Less obvious, and frequently overlooked, is the fact that a message in technical or professional jargon requires a recipient who understands such language.

So communication is incomplete unless it is understood. Understanding is in the mind of both the sender and the receiver. Persons with closed minds, the highly prejudiced will not completely understand messages, especially if the information is contrary to their value system.

2.9 PROVIDING FEEDBACK

The need for providing a feedback is a means of re-ensuring the sender that the message has been received, comprehended, correctly interpreted and the receiver is ready to respond.

Harold Koontz and Heinz Weihrich (1974) observed that, unfortunately, communication is affected by “noise”, which is anything – whether in the sender, the transmission or the receiver – that hinders communication. It is simply unwanted information. For instance;

- ◆ A noise or a confined environment may hinder the development of a clear thought.
- ◆ Encoding may be faulty because of the use of ambiguous symbols.
- ◆ Transmission may be interrupted by static in the channel, such as may be experienced in a poor telephone connection.
- ◆ Decoding may be faulty because the wrong meaning may be attached to words or other symbols.
- ◆ Understanding can be obstructed by prejudices.
- ◆ Desired change may not occur because of the fear of possible consequences of the change.

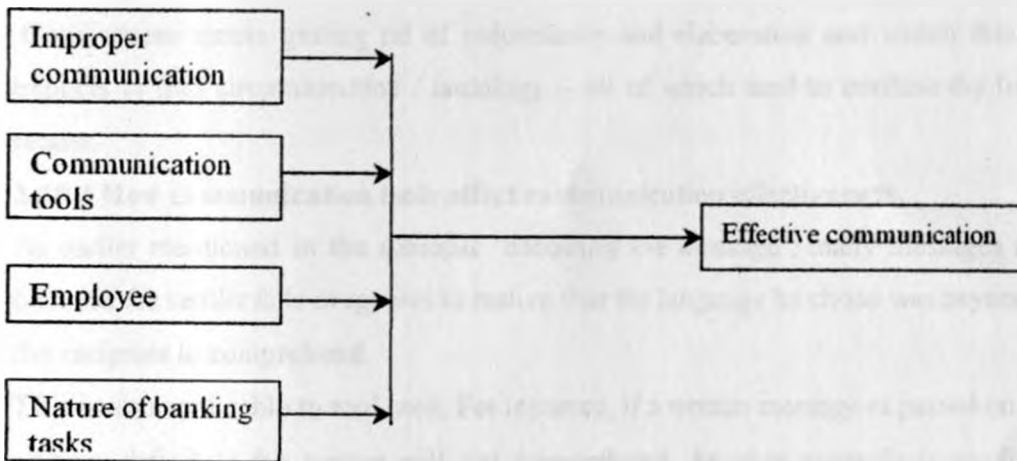
To check the effectiveness of communication, a person must have feedback. One can never be sure whether or not a message has been effectively encoded, transmitted, decoded and

understood until it is confirmed by feedback. Similarly, feedback indicates whether individual or organizational change has taken place as a result of communication.

2.10 CRITICAL REVIEW OF MAJOR ISSUES

Conceptual framework of our study.

Fig 2.2 Conceptual framework



2.10.1 How improper Communication / misunderstanding affects efficiency.

According to Lecturer Ochilo (UON 2003) there are countless ways in which communication can go wrong and become completely ineffective. The reasons may lie with the transmitter in the expression of the information or with the receiver in the reception of the message or both.

- Confusion caused by the transmitter;
- Education level and experience

A knowledge or estimation of the educational background and experience of the recipient is necessary if the message is to be understood. Lack of care in this respect could mean that the words or symbols are totally incomprehensible to the receiver.

- Verbal inaccuracies and inconsistencies
- Abstractions
- Technical jargon

Jargon, which can be unintelligible talk or a register. In the latter case, it may be the specialized vocabulary of a trade or commercial jargon used over the ages in the business correspondence.

- **Gobbledygook**

The emission of verbal nonsense without form, logic or substance, rather like the noisy, senseless gobbling of the turkey.

2.10.2 How to avoid misunderstanding

The simplest answer is to pick the appropriate words and be concise. This would apply to the oral and the written situation. Appropriate wording not only means the choicest vocabulary and its linkage within grammatical framework, but also register and tone.

Conciseness means getting rid of redundancy and elaboration and within this compass one expects to find circumlocution / tautology – all of which tend to confuse the listener and the reader.

2.10.3 How communication tools affect communication effectiveness.

As earlier mentioned in the subtopic 'decoding the message', many messages are ineffective because the sender fails or ignores to realize that the language he chose was beyond the ability of the recipient to comprehend.

This is also applicable to tool used. For instance, if a written message is passed on to an illiterate person, definitely the person will not comprehend. Another example is sending a message through e-mail and the person doesn't know how to operate a computer. That communication is bound to fail even if it was sent in the right language and at the right time, the tools used will render it ineffective.

2.10.4. How employee attitude affects effective communication

Attitudes and cultural background influence one's ability to receive information, just as they do the ability to send.

If the employee has a negative attitude towards the sender, the communication cannot be effective.

In his book, 'success in communication', Stuart Mills notes that, among other things that one of the barriers to communication is pre-conceived ideas and attitudes of the recipient.

2.11 CONCLUSION AND GAPS TO BE FILLED BY THIS STUDY

Michael B Goodman (1998) observed that communication is the one that governs the action of the recipient. When ideas and instructions are explained to the employee by the supervisor, in a clear and complete form, then the employee is bound to do the right thing at the right time. This reduces time wastage, which is (time), a scarce resource.

This increases staff morale since the employee feels valued and consequently more output is received.

In its broadest sense, the purpose of communication in an enterprise is to effect change – to influence action toward the welfare of the enterprise. Communication is essential for the internal functioning of enterprises, because it integrates the managerial functions.

Especially, communication is needed to:

- ◆ Establish and disseminate goals of an enterprise.
- ◆ Develop plans for their achievement.
- ◆ Organize human and other resources in the most effective and efficient way.
- ◆ Select, develop and appraise members of the organization.
- ◆ Lead, direct, motivate and create a climate in which people want to contribute.
- ◆ Control performance.

Communication not only facilitates the managerial functions but also that communication relates an enterprise to its external environment. It is through information exchange that managers become aware of the needs of customers, the availability of suppliers, the claims of stockholders, the regulations of governments and the concerns of a community. It is through communication that any organization becomes an open system interacting with its environment.

The gaps to be filled by this study are as follows:

- 1) It is aimed at helping the management of ABC bank limited to understand their juniors better and vice versa. This contributes to the smooth running of all operations.
- 2) Misunderstanding will be minimized or completely eradicated.
- 3) This study is bound to correct the communication processes that are faulty which in turn will increase efficiency at ABC bank limited.

CHAPTER THREE

METHODOLOGY

3.1 RESEARCH DESIGN

This study adopted a descriptive research design that was used in order to provide an accurate picture of communication effects on efficiency using a reasonable and representative sample. Quantitative data collection technique namely survey was used. Semi structured questionnaires was used to collect primary data. Secondary data was also used.

3.2 POPULATION OF STUDY

The population of interest comprised of employees of the banking industry. It consisted of staff ranging from top management, middle level management to clerks and subordinates employed in the banking industry.

3.3 SAMPLING FRAME

Population was a list of bank human resource at African Development bank Koinange street branch in Nairobi

3.4 THE SAMPLE SIZE

The sample size consisted of twenty staff members of the ABC bank Nairobi.

3.5 THE SAMPLING METHOD

Design for the study was stratified random. This is the most appropriate for this study since the population contains different categories (strata). Table 3.1 shows how sample was distributed and the expected response rate

Table 3.1 Sample distribution and expected response rate

SAMPLE DISTRIBUTION	FREQUENCY	PERCENT
Top Management	1	2.8
Mid Management	7	35.0
Subordinates	12	60.0
Expected response	20	100

3.6 DATA COLLECTION INSTRUMENTS / PROCEDURES

Administering semi-structured questionnaires enabled collection of primary data. Secondary data was sourced from the Internet and by referring to relevant books and previous research work available.

3.7 DATA ANALYSIS

Raw data from data resources was edited and quantitative data was analyzed. Primary data obtained from the field survey was compiled, tabulated and presented in the form of bar graphs, frequencies and percentages. Tables were used to explain the results. The researcher opted to use these methods as compared to others like Chi square, regression and analysis of variance because the latter requires complex statistical analysis.

CHAPTER FOUR

THE FINDINGS

4.1: INTRODUCTION

The presentation is organized as follows. Sample characteristics are discussed as per results tabled in table 4.1. Following this is a discussion of the description of communication characteristics, analysis of tools of communication and challenges to effective communication. Employee attitude and nature of banking tasks have also been evaluated.

4.2 SAMPLE CHARACTERISTICS

The variables analyzed here include position in the management hierarchy, this refers various levels in the organization. For the purpose of this study there has been established three levels namely top management, middle and finally the subordinate, which happens to be the lowest level. Work experience in ABC bank, gender (female / male) and education levels of the respondents were equally analyzed.

4.2.1 Position in managerial hierarchy

Table 4.1 shows that 64.2% of respondents were subordinates while the lowest 7.1% belonged to top management. Middle management comprised 28.5 %

4.2.2 Work experience of the respondents.

The above analysis shows that considerable number of the staff at ABC bank have worked with the organization for between 1-5 years. These people account for 42.8 % of the total respondents while those who have worked in the bank for more than five years account for 57%

4.2.3 Gender of respondent

From Table 4.1 we discover that male respondents comprised of the highest number at 64.3% while female were trailing with 35.7%

4.2.4 Education background

Majority of the respondents had acquired college level education. Graduates and post graduate accounted for 35.6%. It was however found that there was no respondent with below secondary education.

Table 4.1 Sample characteristics

SAMPLE CHARACTERISTICS	FREQUENCY	PERCENT
Position		
Top management	1	7.1
Middle Management	4	28.5
Subordinate	9	64.2
Total	14	100
Work experience		
1 – 5 years	6	42.8
6 –10 years	4	28.5
> 11	4	28.5
Total	14	100
Gender		
Female	5	35.7
Male	9	64.3
Total	14	100
Education level		
Primary	-	0
Secondary	1	7.1
College	8	57.1
University	4	28.5
Post graduate	1	7.1
Total	14	100

4.3 TOOLS OF COMMUNICATION.

4.3.1 Analysis of the major tools of communication used in ABC bank

Table 4.2 Tabulation of major communication tools used in ABC Bank

TOOL	FREQUENCY	FREQUENCY
Memo	13	32.5
Letters	4	10.0
Telephone / e- mail	12	30.0
Face to face	6	15.0
Meetings	5	12.5
TOTALS	40	100

(SOURCE AUTHOR 2003)

The above table indicates that memos and telephone/ e- mail are the major communication tools used in ABC bank being in use 32.5 and 30 percent respectively. Use of letters as tools of communication was least used with only 10 percent. Face to face and meetings both comprised a total of 27.5 percent.

4.3.2 Tools of communication that promote efficiency

Table 4.3. Tabular expression of tools of communication in relation to efficiency of employees.

TOOL	FREQUENCY	PERCENT
Memo	2	7.1
Letters	2	7.1
Telephone/ e- mail	6	42.8
Face to face	14	50
Meetings	6	42.8
Total	28	100

From the table above it is clear that the respondents preferred face-to-face mode of communication to any other tool. Face to face as a preferred tool of communication had 50 percent. Meetings and telephone/ e- mail as tools of communication ranked second with each 42.8 percent. The respondents least preferred use of letters and memos.

4.3.3 Analysis of the extent to which communication tools used in ABC bank affect employee efficiency.

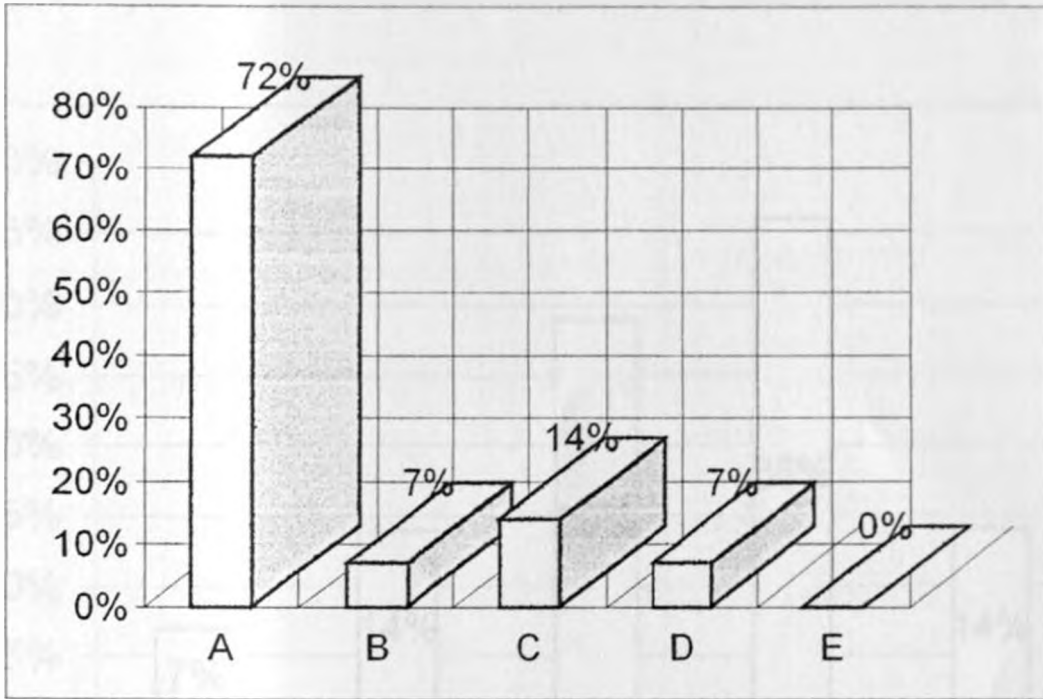
Table 4.4. *How communication tools used in ABC Bank affect employee efficiency.*

VARIABLE	NUMBER	PERCENT
A very great extent	10	72
A great extent	1	7
To some extent	2	14
To some extent	1	7
It has no effect at all	0	8
TOTAL	14	100

(Source-Author 2003)

It is apparent that the communication tools used in ABC bank affect employee efficiency. 79% (72 + 7) of the respondent felt that communication tools affect employee efficiency to a great extent. 14 percent of the respondents felt that it affected to some extent while 7 percent of the respondent felt that tools affect efficiency to a very small extent. None of the respondents disagreed with the fact that communication tools used do have some degree of effect on employee efficiency.

Fig 4..1 *Effects of Communication tools on efficiency expressed as a bar graph*



(Source Author 2003)

Key

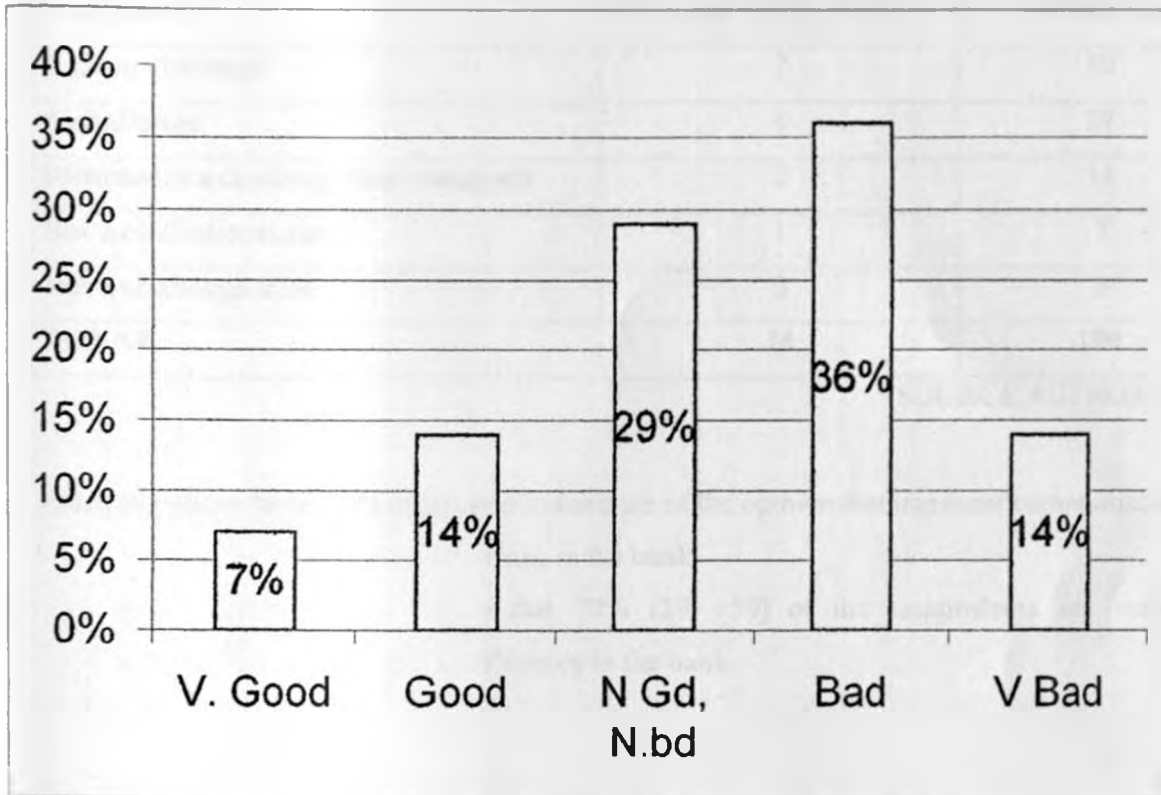
- A** – *To a very great extent*
- B** – *To a great extent*
- C** – *To some extent*
- D** – *To a very small extent*
- E** – *It has no effects at all.*

The above table and pie charts shows that 79% (72 + 7) of the respondents are of the view that the tools used in ABC bank affect communication and subsequently has an effect on employee efficiency. 14% felt that the tools affect efficiency only to some extent. The remaining 7% were of the opinion that tools affect efficiency to a very small extent.

4.4 COMMUNICATION CHARACTERISTICS

4.4.1: Analysis of nature of communication in ABC bank.

Fig. 4.2 Respondents' view of communication processes in the bank as a bar graph



(SOURCE-Author 2003)

KEY

X – Axis - Percentage Employees

Y – Axis – The Variables

From the above table and graph, it is apparent that majority of the employees think that the nature of communication in People Bank is neither good nor bad. That is an indication that it can neither be classified as good nor can it be classified as bad. It shows that communication in this institution needs a bit of improvement.

4.5 CHALLENGES OF COMMUNICATION

4.5.1 Analysis of challenges of improper communication to the efficiency of the bank.

Table 4.5: Analysis of whether improper communication is a challenge to employee efficiency

VARIABLE	NO. OF EMPLOYEES	PERCENT
A great challenge	7	50
A challenge	4	29
Sometimes a challenge Sometimes not	2	14
Not a challenge as such	1	7
Not a challenge at all	0	0
TOTAL	14	100

(SOURCE AUTHOR 2003)

From the above table, 50% of the respondents are of the opinion that improper communication is a great challenge to employee efficiency in the bank.

The above graph shows clearly that 79% (29 +50) of the respondents see improper communication as a challenge to efficiency in the bank.

4.6 EMPLOYEE ATTITUDES AND COMMUNICATION IN THE ORGANIZATION

4.6.1 Analysis of whether employee attitude affects communication in the organization.

The question: Do you think employee attitude affects communication effectiveness?

Referring to the table below(Table 4.6) the results of the research shows that all the clerks/subordinates and the top management interviewed were of the view that attitudes affects communication. One middle management differed with the others and had the opinion that attitude does not affect communication. The below analyses, 95% of the total population are of the view that employee attitude affects communication in ABC Bank Limited

Table 4.6: Attitude and communication in ABC Bank.

VARIABLE	STAFF	FREQUENCY	PERCENT	TOTAL percent
Affects	Top Mgt	1	7.1	78.4
	Mid Mgt	4	28.5	
	Subordinate	6	42.8	
Doesn't affect	Top Mgt	0	0	7.1
	Mid Mgt	1	7.1	
	Subordinate	0	0	
Don't know	Top Mgt	0	0	14.2
	Mid Mgt	0	0	
	Subordinate	2	14.2	
	Total	14	100	100

(SOURCE-AUTHORS 2003)

4.7 QUALITATIVE ANALYSIS

4.7.1. Does the nature of banking task affect communication and efficiency of employees of ABC bank?

The researcher found out that majority of the staff members see the nature of banking tasks as a great challenge to communication and consequently their efficiency. Banking tasks are

characterized by complex entries that have to be passed from one person to the other, either for checking or for authorization or for processing

Due to computer networking these entries are posted via computer. Respondents expressed fear that computers were creating alienation in the office and face-to-face communication was greatly hampered. Communication was also partly carried on the computers, instructions and assignments were given on the computer and respondents felt this was mechanizing communication.

4.7.2: Does the management style adopted in ABC bank affect communication and efficiency of employees?

According to the views of the respondents, majority of them see the management style adopted by the management of ABC bank as a catalyst to good communication and consequently to the efficiency of the employees. They feel that in most cases, the management style is compatible with effective communication.

There is credible evidence, in view of the respondents' views, that the management style in ABC bank is a proponent of efficient communication and needs to be nurtured in order to cultivate effective communication. However a need for assessing feedback through request for opinions and suggestions was articulated while top - down communication strategy was discordant with efficiency of the employee.

4.8 CONCLUSION

From the data analysis, the researcher concluded that communication does affect employees' efficiency to a great extent in the banking industry.

On the other hand, communication itself is affected by various factors, which were found to be. -

- ◆ Employee attitude (both junior and senior)
- ◆ Communication tools in use
- ◆ Management styles adopted by the management
- ◆ Nature of banking tasks

The above factors determine if the communication is effective or not. Effective communication is of great importance especially in a service providing industry like in this case, ABC bank

limited. If internal communication is improper, it will affect employee output and subsequently the bank's overall financial performance and success.

INTERNAL COMMUNICATION, EMPLOYEE MOTIVATION AND PRODUCTIVITY

INTERNAL COMMUNICATION

Internal communication is a process of conveying information within an organization. It is a two-way process that involves the exchange of information between employees and management. It is a key factor in the success of an organization.

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CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1: SUMMARY OF FINDINGS.

After data analysis, it was found out that communication is a very important tool in the banking industry. Whenever an industry is concerned with customer service, communication has to play a major role towards the effectiveness of the service offered

The results of the study indicated that the general condition of communication in ABC Bank is wanting. This was found out through the various factors that affect communication that the researcher tackled in this project. These included -

To determine if lack of proper communication is a challenge to employee efficiency at ABC Bank.

The study gathered that lack of proper communication is a challenge to employee efficiency. This is mainly seen in the issue of effective customer service whereby if information is not transmitted by one person to the other exhaustively, the customer is not likely to get quality service which is the gauge that measures employee efficiency.

To establish if tools used for communication is a challenge to communication and employee efficiency at ABC Bank.

The analysis of the data collected from the employees of ABC bank shows that the most used tool of communication is Memo and telephone/ e- mail. When dealing with customers, information has to flow continuously and in a speedy manner. This cannot be achieved by a memo which will take a bit of time to write, be signed and be detailed in order to seal all the loopholes that might bring about failure. As much as the telephone/ e- mail will transmit information in time, it might not be possible to give all the details especially if the transaction is complicated.

To find the extent to which management style affects communication and efficiency of employees.

According to the study carried out, 51% of the respondents are of the view that the management style in ABC bank is not compatible with effective communication

To investigate if attitude is a challenge to communication and efficiency of staff at ABC Bank 95% of the respondents indicated that attitude of the employees is a challenge to communication and efficiency in ABC Bank Ltd. Only one respondent felt that attitude does not affect communication.

To determine if the nature of banking tasks affects communication and efficiency of the staff. According to the results of the study, it is apparent that the nature of banking tasks affects communication and subsequently determines the efficiency of the staff at ABC Bank Ltd

5.2 ANSWERS TO RESEARCH QUESTIONS.

At the beginning of this study, the researcher had research questions whose answers were going to be found from the research work

Q1: what are the effects and challenges of communication to staff efficiency and subsequent success of ABC Bank Ltd?

A: Communication in ABC bank affects efficiency of the staff negatively. The employees feel that there is need for improvement in the existing communication set up of the bank in order for them to yield more output.

Q2: Is lack of communication a factor to consider when determining the success of the Bank?

A: According to the research finding, the respondents felt that communication plays a major role in contributing to the success of the bank. It is through communication that customers are served satisfactorily and also prospective customers are attended. The aim of the bank is to have as many customers as possible and to retain them. Lack of communication definitely frustrates these efforts and it also causes staff turnover.

Q3 : What perceptions does the staff have about the overall communication system in ABC bank?

A: The research carried out shows that the staff of people bank is of the view that the communication system can be enhanced further.

8 out of 14 respondents were of the view that communication in ABC bank is good. This accounts for 57% of the total number of respondents while the rest indicated that communication is bad.

Q4: what factors are affecting communication in ABC bank?

A: The researcher found out that the factors affecting communication in ABC Bank is, attitude of the employees, the tools used in communication, the management style applied by the senior staff and the nature of banking tasks.

Conclusion

In conclusion, it is apparent that the communication situation in ABC bank is not up to standard. The management seems to have a list of suggestions as to how their juniors should reform so as to facilitate effective communication. On the other hand, the junior staff blames the management for their woes as far as communication is concerned. They feel that the style of management, the tools used, the nature of banking tasks have all contributed to lack of proper communication in the bank.

5.3: IMPROPER COMMUNICATION.

From the research carried out, it is evident that improper communication is a challenge to employee efficiency at ABC Bank.

79%(50+29) of the respondents felt that improper communication affected efficiency. The remaining 21% were of the view that it is challenge but not so much. None of the respondents were of the view that improper communication is not a challenge to efficiency at ABC bank.

5.3.1: Communication Tools

The researcher found out that the most used tool of communication in ABC bank is Memos and telephone/ e- mail. They accounted for 72%. Face to face came second, with 14%. Letters and meetings are not very commonly used, these only carried 7% each

Face to face being the most effective tool of communication, and it only carried 14%, then this is likely to affect the efficiency of the staff. Memos and telephone/ e- mail don't give the communicators a chance to see the non-verbal communications e.g. gestures, facial expressions. These are very important if workflow is to be improved in ABC bank.

5.3.2: Management Style

The results of the research indicated that the management style adopted by the management of ABC bank is compatible with effective communication. 10 out of the 14 respondents were of the view that in most cases, the management uses relatively good style of management, which does give room for consultations and feedback. This is a milestone to effective communication, which in turn yields positive effect to employee efficiency.

5.3.3: Attitude

According to the research carried out, employee attitude affects communication in ABC bank Ltd. 13 out of the 14 respondents indicated that there is a relationship between attitude and communication effectiveness. Only one respondent felt that there is no relationship whatsoever between attitude and communication.

When an employee has a negative attitude towards the sender of the information, the response will definitely be influenced by the attitude, unlike in a case whereby he/she doesn't hold anything against the sender. In the former case, there's a high likelihood that effective communication will not take place. This will in turn affect the efficiency of the parties concerned.

5.3.4: Nature Of Banking Tasks

The nature and the complexity of banking task, as the researcher found out, is a major challenge to effective communication in ABC bank.

Banking tasks are numerous and most of them involve complex processes whereby the documents have to be passed from one person to another (often being handled by more than 3 people). Due to these factors, it becomes impossible to utilize the most effective methods at times to communicate since all these activities have to be done very fast.

5.4: RECOMMENDATIONS

The researcher recommends the following to the ABC bank community if effective communication is going to be achieved.

5.4.1: Staff Turnover

ABC bank should set up an investigation as to why many employees are leaving the organization.

The analysis of the work experience of the respondents shows that 43% of them have worked for the organization for 5 years and below. This represents almost half of the workforce. Only 14% have worked for the organization for between 16-20 years. This indicates that majority of the employees are relatively new and this shows that the number of people leaving the company is high.

The management should find out what reasons are behind this level of turnover and seek ways of improving the working conditions of the employees. This will ensure staff retention.

5.4.2: Change Of Attitude

The junior employees have to change their attitude towards the management and refrain from blaming them for all the communication problems in the bank.

They should try and see what they can do in-order to correct the situation. The management also should also change their attitude towards their juniors and stop seeing them as the source of inefficiency in communication. They are the policy maker and therefore should ensure that the communication policies they make are implemented and yield favorable results.

5.4.3: Teamwork

Communication is transmitting of information from one person to another. There's no communication that involves one person only, there has to be 2 or more people. The employees

should work towards improving their relationship with each other and with the management and vice – versa. Once relations are improved, it will be possible to work as a team and this will yield more output for ABC bank

5.5: SUGGESTION FOR FURTHER STUDY

The researcher was only able to research on the effects of communication on employee efficiency and the success of the bank from an internal point of view. However, there is room for more research especially in broader terms that will include external community i.e Customers, Suppliers, Other banks and the general public

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APPENDICES 1

RESEARCH BUDGET

BUDGET	Kshs.
a) Cost of proposal	
Typing and printing expenses	1,500.00
Xeroxing	300 00
Binding	300.00
Traveling expenses	2000 00
	<u>4,100.00</u>
b) Projected cost of Project	
Stationary	2,000.00
Photocopying	3,000.00
Typing	3,000 00
Transport	1,000 00
Binding	2,000 00
<u>Contingency</u>	<u>2,000 00</u>
Total	20,100.00

APPENDICES 2

QUESTIONNAIRE:

TO _____

Contact. P.O. BOX: _____ Tel: _____

KINDLY AVAIL THE FOLLOWING DETAILS OF YOURSELF FOR PURPOSES OF ANALYSIS.

Years of service

- (A) 1- 5 (B) 6-10 (C) 11-15 (D) 16-20

Gender

- (A) Male
(B) Female

Position

- (1) Top Management (2) Middle Management (3) Clerk

Education background

- (a) Primary
(b) Secondary
(c) College
(d) University
(e) Post graduate

1. How would you describe communication in ABC Bank?

- a. Excellent (5)
- b. Good (4)
- c. Average (3)
- d. Poor (2)
- e. Very poor (1)

2. Do you think improper communication is a challenge to employee efficiency?

- a. It is a great challenge to efficiency. (5)
- b. It is a challenge to efficiency (4)
- c. It is sometimes a challenge sometimes not. (3)
- d. It is not a challenge to efficiency as such. (2)
- e. It is not a challenge to efficiency at all. (1)

3. What is your Major means of communication in your department?

- a. Memo
- b. Letters
- c. Telephone/ e- mail
- d. Face to Face
- e. Meetings
- f. Others-Please explain _____

4. To what extent do you think the tools used in (7) above effect communication and employee efficiency

- a. To a very great extent (5)
- b. To a great extent (4)
- c. To some extent (3)
- d. To a very small extent (2)
- e. It has no effect at all (1)

6. Identify two tools of communication that you consider most effective for efficiency

- a. Memo
- b. Letters
- c. Telephone/ e- mail
- d. Face to face
- e. Meetings
- f. Others specify _____

14. In your opinion, what does the organization require to have effective communication?

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15. What areas in communication do you think need improvement?

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16. Are there any suggestion on these improvements?

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