

Effect of Organizational Communication on Organizational Climate and Organizational Effectiveness

Hanna Lannes

The University of North Carolina at Charlotte

Volume 31, No. 1 (2021)

Abstract

The purpose of the present study is to examine to what extent organizational communication correlates to organizational climate and organizational effectiveness. (H1) Clear organizational communication within the structure of a firm will be associated with a more positive organizational climate. (H2) Clear organizational communication within the structure of a firm will be associated with higher organizational effectiveness. To test these hypotheses, 33 participants completed a survey measuring the degree of organizational communication, organizational effectiveness, and organizational climate in a machine building company in North Carolina. Two correlations were performed to analyze both relationships. Results show a significant positive correlation for both organizational communication and organizational climate, and organizational communication and organizational effectiveness, $r(33) = .712, p < .001$ and $r(33) = .549, p < .001$. In conclusion, the present study contributed insight into the relationship between open, clear, non-retaliatory communication and the firm's organizational climate and its organizational effectiveness.

Key Words: Organizational communication on organizational effectiveness, organizational communication on organizational climate

Open, clear, non-retaliatory communication is essential within a business structure for the firm to enjoy an operationally successful process and practice throughout time and change (Husain, 2013). Another important, possibly even necessary, characteristic of a successful business is optimal productivity of the firm and a working environment for its employees that is positive, comfortable, and focused. How employees perceive their job and workplace environment has a very large impact on how motivated they will be to be productive and successful in that job (Cameron, Mora, & Leutscher, 2011). If an individual wakes up in the morning dreading their job, the likelihood of that individual presenting a positive attitude and high work ethic within their firm seems unlikely.

Therefore, for a firm to be successful, cultivating employees who have the desire to be a part of its organizational environment and be effective is ideal.

To what extent does organizational communication correlate with organizational effectiveness and organizational climate? Is good organizational communication a relevant factor when analyzing organizational effectiveness and organizational climate, or could a firm operate optimally without it? The present study will attempt to assess the relationship between open, clear, non-retaliatory organizational communication on organizational effectiveness and on organizational climate.

Organizational Communication

Kreps (1990) defined organizational communication “as the process whereby members gather pertinent information about their organization and the changes occurring within it.” (Husain, 2013, p. 44). In the present study, this variable also entails the communication that should take place within a firm such as pertinent information about tasks, delegation, deadlines, and all other information that one would need to perform in their position

successfully (Husain, 2013). Another important aspect of this variable is the communication of the expectations, regulations, and conduct necessary to fulfill the responsibilities of the job in a manner that is considered appropriate for that business' culture (Husain, 2013). Similarly, Carrière and Bourque (2009) define organizational communication as the practices consisting of a "full spectrum of communication activities, both formal and informal, undertaken by its members for the purpose of disseminating information to one or more audiences within the organization". The transmission of information throughout an organization is essential and can manifest in tangible benefits including greater productivity, less absenteeism, improved quality of goods and services, fewer strikes, reduced costs, and increased levels of innovation (Clampitt & Downs 1993). This variable will represent the independent variable in this study.

Organizational Effectiveness

Organizational effectiveness is defined as "the ability to exploit its environment in the acquisition of scarce and valued resources to sustain its functioning" (Yuchtman & Seashore, 1967, p. 393). This variable, in the present study, refers to the extent to which a business is fulfilling its current ability to produce and service. Although they are separate constructs, high organizational effectiveness is associated with high job performance as well as a lack of counterproductive work behavior (Cameron, Mora, & Leutscher, 2011). This could be indicated by a number of factors such as few employees showing unproductive behavior in regard to their job, level of technical skill, and utilization of resources (Lewin & Minton, 1986). These individual contributing factors are not evaluated in the present study, rather the present study evaluates the construct of organizational effectiveness to determine to what extent to which the employee produces or services to the best of their capacity. This variable will represent one of the dependent variables in this study.

Organizational Climate

The researcher of the present study remains consistent with current literature in defining

organizational climate as the shared perception and experience of the organization's policies, practices, and procedures (Schneider, Ehrhart, & Macey, 2013). This variable represents the non-physical atmosphere that one experiences when they are a participant of or an employee of an organization. Schneider, et al. (2013) explain how this variable is similar to organizational culture, which is defined as "The different attributes of culture have been arranged on basis of norms and attitudes which help in differentiating one firm from another" (Awadh & Alyahy, 2013 p. 168). Organizational culture is developed by the beliefs, behaviours, norms, and values that are present within the business (Kotter and Heskett, 1992). Organizational culture refers to the characteristics of the business. However, organizational climate refers to the perceived psychological impact of that culture and atmosphere on its participants (i.e., employees). Moran and Volkwein (1992) emphasize that the formation of an organizational climate is the product of the interaction of its organizational members. As organizational communication is the communication activities undertaken by its members (Carrière & Bourque, 2009), it is reasonable to assume that changes in the quality of organizational communication could relate to the quality of the respective organizational climate. This variable will represent the other dependent variable in this study.

Organizational Communication and Organizational Effectiveness

A research study by Singh (2013) analyzed communication issues within an organizational and developed a model for the firm resulting in greater organizational effectiveness. Singh found that McKinsey's 7S Framework tailored to align strategy, structure, systems, shared values, style, staff, and skills within an organization improved organizational communication, interpersonal relationships, and organizational effectiveness (Singh, 2013). Results of this study support the assumption that organizational communication and organizational effectiveness are intertwined components of a firm. Organizational communication supports the dissemination of information horizontally or vertically throughout an organization to equip the designated audiences with

pertinent information to perform in their position successfully (Husain, 2013). A lack of pertinent information could relate to a less productive behavior and a lack of technical skill necessary to contribute to organizational effectiveness.

Further supporting the connection between organizational communication and organizational effectiveness; Klein, Wallis, and Cooke (2013) assessed the effect of leadership directly on organizational culture and indirectly on organizational effectiveness. Their sample size included 2600 participants from manufacturing and service industry firms. Researchers found that the more leaders facilitated interaction, tasks, and goals, the better the organizational culture and effectiveness (Klein, et al., 2013). As such, it is reasonable to assume that facilitating such communication could help with both organizational effectiveness and organizational climate.

Biswas, Giri, and Srivastava (2007) studied 357 employees from nine firms in India (manufacturing and service). Researchers recruited participants in senior, mid, and junior level positions; administering 90 question surveys with both researcher-created questions and questions derived from other sources that were designed to measure organizational culture, organizational communication, employee performance, and organizational effectiveness. Researchers found a significant correlation between organizational culture and employee performance, organizational culture and effectiveness, organizational communication and employee effectiveness, and organizational communication and organizational effectiveness (Biswas, et al., 2007). These findings suggest that organizational communication and culture significantly correlate to both organizational effectiveness and employee performance. Thus, the higher level of communication that occurs in a firm, the more interpersonal trust is cultivated among employees, correlating to higher organizational effectiveness and a more psychologically secure environment with minimal occupationally related stress (Biswas, et al., 2007).

Organizational Communication and Organizational Climate

The second relationship the present study will look at is the relationship between organizational communication and organizational climate. This relationship could have a correlation existent within a company that ranges from an employee's interpretation of the climate from very pleasant to very uncomfortable. How employees are psychologically impacted by the environment they work in is instrumental in the function of a firm due to the fact that the interpersonal relationships among employees, including the quality of communication, are the very basis of all coordinated vocational activity (Fainshmidt & Frazier, 2017). While organizational communication and organizational climate both appear in organizational literature quite often, they very rarely appear together. To this date, only Muchinsky (1977) has conducted a research study examining the relationship between organizational communication and organizational climate and job satisfaction. Notably, he found a significant correlation between organizational communications and the dimensions of climate including interpersonal milieu, affective tone toward management/organization, organizational structure and procedure, responsibility, and organizational identification (Muchinsky, 1977). This suggests that the more positive an individual evaluates the communication in the firm, the more positive that individual's perception is of their psychological atmosphere within the firm (Muchinsky, 1977). This information is the basis of further investigations that are necessary to better understand to what degree communication is associated with the psychological environment of a workforce.

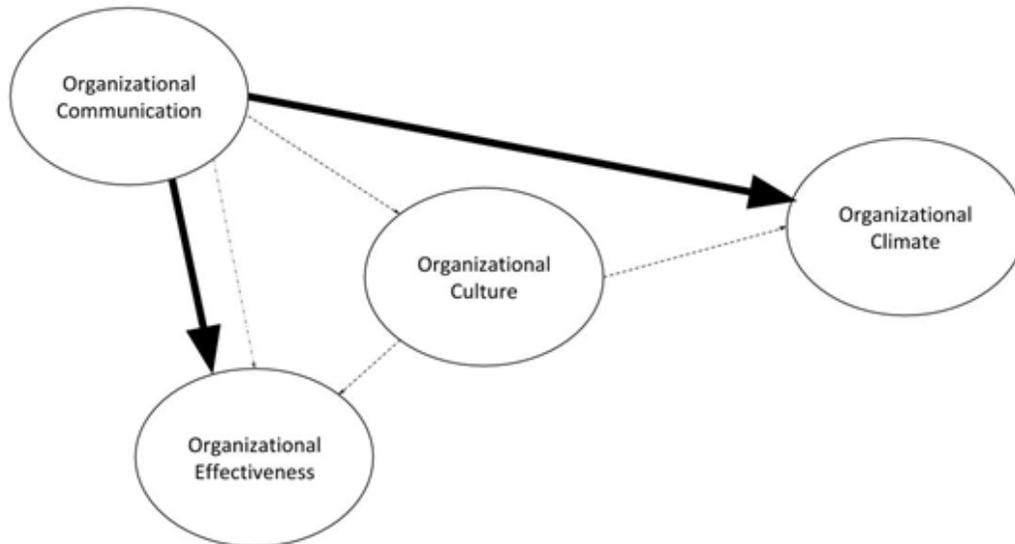
Present Study

The present study proposes the existence of a strong correlation between organizational communication and organizational climate and effectiveness. However, the relationship that is much more underrepresented in current research is that of organizational communication and organizational climate specifically, how that might relate to organizational effectiveness in the process, and to what extent. The present study, therefore, looks to assess to what extent organizational communication correlates with organizational climate and organizational effectiveness.

Hypothesis 1: Clear organizational communication within the structure of a firm will be associated with a more positive organizational climate.

Hypothesis 2: Clear organizational communication within the structure of a firm will be associated with higher organizational effectiveness.

Image 1:



Note: Dotted lines represent connections supported by previous research. Solid lines represent hypotheses of the present study.

Method

Participants

The present study assessed a participant pool of 33 employees out of the total of 53 employees working for the machine building company. There were 27 men and 6 women in the sample, and their average age was 43.7. Twenty-nine of the participants identified as Caucasian. The age, gender, and ethnic demographics of the participant pool are consistent with the larger company demographics. The inclusion criteria for this study stated that each participant must be a current employee of the machine building company and must be proficient in English. The purpose for implementing the inclusion requirement of being a current employee of the company was to retain the integrity of each participant's responses in regard to the shared organizational climate that exists in the company. There were no exclusion criteria.

Measures

Organizational communication. To measure organizational communication, the researcher used Roberts and O'Reilly (1974) measurement survey that contains 12 items ($\alpha = .59$) assessing the quality of communication within an organization as well as the different factors that affect communication such as trust, mobility, and influence. The median cronbach alpha for the 12 items was .59. These items were assessed on a 5-point Likert scale. Items were averaged, such that, higher scores represented better communication.

Organizational effectiveness. To measure organizational effectiveness, the researcher formulated 7 items in the form of statements for the participants to select their level of agreement with each statement. These items were created to reflect the definition of organizational effectiveness established in the literature of Yuchtman and Seashore (1967). Each item was assessed on a 5-point Likert scale with a higher score indicating a

higher level of agreement with each statement. Each item was formulated so that a higher score selected on the Likert scale represented a higher level of effectiveness.

Organizational climate. The present study used 3 items ($\alpha = .73$) from a 5-point Likert scale-based questionnaire developed by McCarrey and Edwards (1973) to measure organizational climate. Participants selected a number to reflect the intensity to which they agreed with the statement. These statements are designed to assess supervisory flexibility and atmosphere. The researcher also created 6 additional items for the survey to assess organizational climate to reflect the construct defined for the variable in the present study. The researchers' items were also based on a 5-point Likert scale. For both items from McCarrey and Edwards (1973) and the researcher, a higher score represents a more positive organizational climate. Lastly, the present study also collected demographic information on each participant's age, race, and sex.

Procedure

The researcher emailed the survey to the secretary of the company who then forwarded it to every employee, requesting it to be filled out. Participants took approximately five minutes to fill out this survey via the link provided to them in the email, and all of the response information was analyzed with IBM technology SPSS. The first prompt in the survey was an informed consent page that outlines confidentiality, the general idea of the study, and additional knowledge that participants had the ability to quit at any point in time throughout the survey. Participants could select "I accept" and continue with the survey, or select "I do not accept" and be taken directly to the debriefing page. At the end of the survey, the debriefing form provided each participant with a transparent explanation of what the survey was testing, ways in which participants can get in contact with the researcher, and a self-help hotline if the participants felt the need to speak with anyone about pursuing psychological help.

Plan of Analysis

This analysis was done with two correlation tests because there is one independent variable (organizational commitment), two dependent variables (organizational climate and organizational effectiveness); and therefore, two correlation coefficients needed analysis.

Results

The present study hypothesized that clear organizational communication within the structure of a firm will be associated with a more positive organizational climate. To test the hypothesis, a bivariate correlation was performed. On average, communication in the machine building company equated to 3.89 on a 1–5-point scale ($M = 3.89$, $SD = .418$), and the perceived climate averaged 4.23 ($M = 4.23$, $SD = .582$). Organizational communication was found to be significantly positively correlated with organizational climate, $r(33) = .712$, $p < .000$, indicating that the more clear communication there is within a firm, the more positive the organizational climate was rated (see Table 1). The present study also hypothesized that clear organizational communication within the structure of a firm will be associated with higher organizational effectiveness. To test this hypothesis, another bivariate correlation was performed. On average, organizational effectiveness was 4.52 ($M = 4.52$, $SD = .453$). Organizational communication was found to be significantly positively correlated with organizational effectiveness, $r(33) = .549$, $p < .001$, indicating that the clearer communication there is within a firm, the better the organizational effectiveness was of the firm.

Discussion

Organizational communication on organizational effectiveness. The present study sought to analyze the relationship between clear organizational communication within the structure of a firm on higher organizational effectiveness. These items measured the degree to which each participant perceived their working environment in terms of organizational communication, effectiveness, and climate. The results were expected to show at least a moderate, if not strong, positive correlation between

organizational communication and organizational effectiveness, and significant statistical power due to the evidence in literature supporting the correlations between organizational communication and effectiveness. The present study did indeed find that the relationship between the two variables is significant and showed a moderate positive correlation. These findings look very similar to previous studies in the literature that tested the same variables. In Biswas et al. (2007), results showed $r(357) = .46$, $p = .01$ when analyzing the relationship between organizational communication and organizational effectiveness. Moreover, the present study found a slightly stronger correlation, further contributing evidence supporting the correlation between these two variables.

Organizational communication on organizational climate. The present study also analyzed the proposed hypothesis that clear organizational communication within the structure of a firm would be associated with a more positive organizational climate. The researcher expected to find a moderate to strong positive correlation between these variables. To this date, only one previous research study has examined the relationship between organizational communication and organizational climate. However, the identified construct for organizational climate in the previous study differed from the present study's defined construct for the variable. In a previous study, Muchinsky (1977) concluded a correlation coefficient of $r(695) = .51$, and a statistical significance of $p < .001$. The findings of the present study align with Muchinsky's (1977) findings and even find a stronger correlation coefficient of $r(33) = .712$. Therefore, the present study offers additional insight with regard to the relationship between these two variables, and insight into the correlation of organizational communication and a version of organizational climate that was not previously studied in the literature.

Strengths and Limitations

The present study contributed to sparsely existing knowledge on organizational communication and organizational climate, and further supported existing work suggesting a relationship between organizational communication and organizational

effectiveness. Furthermore, the results that the present study presents have reasonable internal validity due to its moderate sample size ($N=33$), and to all participants belonging to the same company translating to more accurate evaluations because all participants evaluated the same conditions in the same environment. This gave a diverse array of responses of the same situation, which contributed to the present study's external validity because it is an accurate depiction of how each individual perceived an environment differently, reflecting a real-world scenario. Also contributing to the present study's external validity was the diverse age range of participants ($R = 23-63$). Another strength pertaining to this study was the usage of previously validated surveys and questions.

There are also multiple limitations to this study; it was conducted in a tight 5-week schedule, which limited the time allotted for historical research and experimental design, and there were no previously validated surveys in existence that the researcher could use in their entirety. For each variable other than organizational climate, the validated surveys contained questions that did not wholly align with the constructs presented here. Therefore, the researcher had to filter the questions and edit them, limiting the guaranteed criterion validity that the original validated survey offered. Also challenging criterion validity, for organizational climate, there were no previously validated surveys available in the literature that assessed organizational climate by itself. Unfortunately, the researcher committed an error in survey cultivation; the initial survey did not include a section that measured organizational effectiveness. It was later added, and the survey was administered once again. However, due to the limited time available for the survey to be available to participants, this mistake may have lowered the sample size if all sections were available from the beginning of the survey-taking window. Also, in relying on self-report, exaggerated survey answers could reflect an extraneous variable that contributed to the present study's results. A factor that limits external validity in the present study pertains to the proportions of participant race and gender. Six out of thirty-three participants were female, and 85.3% of participants identified as Caucasian. These figures do not accurately represent the population of the general U.S. workforce due to their reflection of

a single company in a single industry. Furthermore, the present study only evaluated one firm in a specific market of heavy machinery. To confidently generalize results to the general U.S. workforce, multiple firms in a multitude of industries would be ideal to reflect possible differences resulting from differing organizational structures.

Interpretations

The results of the present study reflect the expected results, and also align with previous research studies in the literature. However, the correlational results of the analyses run were higher than those of previous literature; this may point to participants exaggerating their evaluations in areas such as organizational effectiveness. Another consideration that may have contributed to the results of this study is the lack of distinction in the possible bidirectionality of the variables. This could be possible, for example, by theorizing that climate could affect communication, just as communication could affect climate.

Implications

It is important to understand the conditions that are conducive to a positive, comfortable, productive workplace and workforce. The present study extended the preexisting knowledge on the relationships between organizational communication and organizational effectiveness, and organizational communication and organizational climate. A key point in the present study is the additional knowledge of how organizational communication correlates with organizational climate. Without a positive and comfortable working environment, its employees may not be psychologically able or motivated to communicate and significantly participate in their workplace, which could contribute to organizations effectiveness. These deficits might not only be associated with a negative impact on the firm, but also the psychological state of the employees. It is important to work in an environment where employees feel comfortable being present, and feel that they are able to communicate professional concerns and strategies to their co-workers. Therefore, the knowledge that open, clear, non-retaliatory communication positively relates to

both organizational climate and effectiveness is important information. These variables likely affect almost all workplaces and therefore have the potential to improve every workplace, no matter the type of firm.

Future Research

To further explore the relationships presented in the present study, research involving a multitude of different firms that compete in different markets (manufacturing, consumer, financial, legal, marketing.) would be greatly beneficial to this field of psychology, due to the different industries possibly attracting different kinds of personalities. This would allow the researchers to examine the relationships in the general workforce, significantly increasing external validity with a comprehensive perspective of variation in individuals regarding racial, gender, and age representations. Also, with a longer timeline, testing materials such as surveys should be validated with psychometric testing. To most accurately represent organizational effectiveness, future research could conduct performance evaluations on each employee and the firm as a whole. This would increase internal validity when compared to self-report of effectiveness. As stated previously, there is a significant gap in knowledge pertaining to organizational climate. Therefore, this hypothetical research study testing climate specifically would be largely beneficial to the field.

Conclusion

Altogether, the present study's results supported its hypothesis, aligned with the literature, and further provided more information on the relationship of organizational communication on organizational climate and organizational effectiveness. This knowledge is pertinent to the future cultivation of positive, comfortable, and effective workplace. Moreover, it is essential to further analyze these relationships in future research on a larger scale to better represent the multitude of different companies within the general population. This will not only further the knowledge within the field of industrial-organizational psychology, but could also improve the psychology within a workplace.

Acknowledgments

This research was supported by Dr. Hannah Peach from the Department of Psychology at the University of North Carolina at Charlotte. Correspondence concerning this article should be addressed to Hanna Lannes, Department of Psychology, University of North Carolina at Charlotte, Charlotte, NC 28223. Contact: hlannes@uncc.edu

References

- Awadh, A. M., & Alyahya, M. S. (2013). Impact of organizational culture on employee performance. *International Review of Management and Business Research*, 2(1), 168.
- Biswas, S., Giri, V. N., & Srivastava, K. L. (2007). Assessing the impact of organizational culture and communication on employee performance and organizational effectiveness. *Psychological Studies*, 52(1), 20-28.
- Cameron, K., Mora, C., Leutscher, T., & Calarco, M. (2011). Effects of positive practices on organizational effectiveness. *The Journal of Applied Behavioral Science*, 47(3), 266-308.
- Carriere, J., & Bourque, C. (2009). The effects of organizational communication on job satisfaction and organizational commitment in a land ambulance service and the mediating role of communication satisfaction. *Career Development International*.
- Clampitt, P. G., & Downs, C. W. (1993). Employee perceptions of the relationship between communication and productivity: A field study. *The Journal of Business Communication* (1973), 30(1), 5-28.
- Fainshmidt, S., & Frazier, M. (2017). What Facilitates Dynamic Capabilities? The Role of Organizational Climate for Trust. *Long Range Planning*, 50(5), 550-566. doi:10.1016/j.lrp.2016.05.005
- Husain, Z. (2013). Effective communication brings successful organizational change. *The Business & Management Review*, 3(2), 43-50
- Klein, A. S., Wallis, J., & Cooke, R. A. (2013). The impact of leadership styles on organizational culture and firm effectiveness: An empirical study. *Journal Of Management & Organization*, 19(3), 241-254. doi:10.1017/jmo.2013.34
- Kreps, G. L. (1990). *Organizational communication* (2nd Ed.). United Kingdom: Longman.
- Kotter, Heskett, & Heskett, James L. (1992). *Corporate culture and performance*. New York: Toronto: New York: Free Press; Maxwell Macmillan Canada; Maxwell Macmillan Intern.
- Lewin, A. Y., & Minton, J. W. (1986). Determining organizational effectiveness: Another look, and an agenda for research. *Management science*, 32(5), 514-538.
- McCarrey, M. W., & Edwards, S. A. (1973). Organizational Climate Inventory. *Psychtests*, doi:10.1037/t20670-000
- Moran, E. T., & Volkwein, J. F. (1992). The cultural approach to the formation of organizational climate. *Human relations*, 45(1), 19-47.
- Muchinsky, P. (1977). Organizational communication: Relationships to organizational climate and job satisfaction. *Academy of Management Journal (pre-1986)*, 20(4), 592.
- Roberts, K. H., & O'reilly, C. A. (1974). Measuring organizational communication. *Journal of Applied Psychology*, 59(3), 321.
- Schneider, B., Ehrhart, M. G., & Macey, W. H. (2013). Organizational climate and culture. *Annual Review of Psychology*, 64, 361-388.
- Singh, A. (2013). A study of role of McKinsey's 7S framework in achieving organizational excellence. *Organization Development Journal*, 31(3), 39-50.
- Yuchtman, E., & Seashore, S. (1967). A System Resource Approach to Organizational Effectiveness. *American Sociological Review*, 32(6), 891-903. Retrieved from <http://www.jstor.org/stable/2092843>

Appendix

https://docs.google.com/forms/d/e/1FAIpQLSfoLq6WT8USYv4Ehq8IVxL_4EQym6aSRh868Lyist6Z4qFWog/viewform