An Investigation of Internal Communication within the New Zealand Financial Sector

Kylie Horomia

A thesis submitted in partial fulfilment of the requirements for the degree of Master of International Communication
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Abstract

Internal communication in New Zealand is a relatively new field of research, particularly within the financial sector. Therefore, the purpose of this research was to investigate the internal communication of financial institutions. Three major themes were considered within the field of internal communication: internal communication management, the channels utilised within organisations for internal communication and whether measurement of the internal communication was evident.

The research followed a qualitative methodological approach where a semi-structured interview with a representative from each of the participating organisations was conducted, in order to gain the management perspective of internal communication. The findings of the interviews were then transcribed and discussed in accordance with the current academic literature.

The findings indicate that internal communication is a large area of research that differs between organisations with content, structure and management. Additionally, a range of communication channels were used in all of the participant organisations with intranet and emails the most predominant channels, while face-to-face communication was an often underutilised channel. One finding that was not anticipated was the lack of formal measurement undertaken by most of the participants. While informal channels were well accounted for, formal measurement was surprisingly minimal thereby contradicting the advisement of the academic literature.
Declaration

Name of candidate: Kylie Horomia

This Thesis/Dissertation/Research Project entitled:

An Investigation of Internal Communication within the
New Zealand Financial Sector

is submitted in partial fulfilment for the requirements for the Unitec degree of
Master of International Communication

CANDIDATE’S DECLARATION

I confirm that:

• This Thesis/Dissertation/Research Project represents my own work;
• The contribution of supervisors and others to this work was consistent with the
  Unitec Regulations and Policies.
• Research for this work has been conducted in accordance with the Unitec Research
  Ethics Committee Policy and Procedures, and has fulfilled any requirements set for
  this project by the Unitec Research Ethics Committee.

Research Ethics Committee Approval Number: .........................

Candidate Signature: ..........................................................Date: .................

Student number: ........................................
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CHAPTER 1: INTRODUCTION

The study of internal communication is arguably one of the fastest growing areas within the field of communication, with a 25-30 percent growth rate in the past five years (Donaldson & Eyre, 2000). In fact, studies indicate that organisations are pointing to effective internal communication as an influential factor in business success (Cees, Berens, & Dijkastra, 2005; Holtz, 2004; Quirke, 2000). Internal communication is defined as the “formal and informal communication taking place internally at all levels of an organisation” (Kalla, 2005, p.304). The general purpose of this research is to determine the extent to which organisations in New Zealand, specifically the financial sector, manage their formal internal communication. The main focus of the study is primarily on the management of internal communication, the channels used during internal communication and the measurement of effective internal communication.

Rationale

The rationale for this study is founded on a review of the literature which reveals a distinct absence of New Zealand based research into internal communication. This is in stark contrast to the increasing international studies that highlight the importance of internal communication (Asif & Sargeant, 2000; Johnson, 2001; Kitchen, 1997; Quirke, 2000; Welch & Jackson, 2007). Additional reasons for this study lie in the lack of academic research focusing on financial institutions. Although a few organisations in the financial sector have been conducting studies into their own internal communication (Asif & Sargeant, 2000; Moorcroft, 2006; Sablosky, 2005; Wadman, 2006), there is little published scholarly research available, which emphasises the importance of this study.
Research Structure

This research project is a level nine, 90 credit thesis which will provide partial fulfilment of the requirements for the Master of International Communication degree at Unitec New Zealand. The following sections of this thesis are divided into four main chapters. Chapter two consists of a review of the literature according to five main themes: internal communication, internal communication management, measurement, channels and previous communication research in the financial sector. These themes were chosen due to their importance within the field of internal communication and their influence on each other. This review of the literature provides additional justification for the purpose and direction of this study and highlights some of the major themes within internal communication research.

Based on the literature review, chapter three discusses the methodology and the design of this research. A qualitative method was chosen as the most appropriate approach due to the small sample size retained and the ability to collect detailed data from participants through semi-structured interviews. Additionally, the background of the participants and the ethical considerations and limitations are also discussed in this section. In accordance with the review of the literature and the research design, three questions were posited in order to provide the focus for this study:

How do organisations in the New Zealand banking sector manage their internal communication?
What channels do banking institutions in New Zealand utilise for their internal communication?

How do banking institutions in New Zealand measure the effectiveness of their internal communication?

Utilising the results of the literature review and the methodological considerations, chapter four explores the findings of the participant interviews and is divided into three themes: internal communication management, internal communication channels and measurement of internal communication.

Finally, chapter five concludes by summarising the main points of this thesis with consideration to all of the previous discussions. In addition the limitations of the study and areas of future research are explored.
CHAPTER 2: LITERATURE REVIEW

The main focus of this thesis is on the formal communication taking place within New Zealand banks across all levels of the organisation. Additionally, of interest are the channels utilised and the means by which organisations measure their internal communication. This chapter presents a review of the literature in accordance with four themes; the role and function of internal communication, its management, channels and previous research on internal communication in banks. This will then provide the foundation for the discussion and analysis of the research findings in later chapters.

**Internal Communication**

Research on internal communication is cross disciplinary, and the number of available definitions reflects this fact. Internal communication can be termed internal marketing, organisational communication, employee relations (Quirke, 2000), management communication, internal media, cross-departmental communication (Greenbaum, Clampitt, & Willihnganz, 1988), business or corporate communication (Kitchen, 1997), strategic communication (Argenti, 2007) or integrated internal communications (Kalla, 2005).

Today, much of the current scholarly literature is brought under the umbrella of internal communication, although as previously suggested, the use of the term, in practice, is dependent on the organisation and the scholarly approach. In its simplest form internal communication is “the exchange of information and ideas within an organisation” (Bovee & Thill, 2000, p.7) or the “formal and informal communication taking place internally at
all levels of an organisation” (Kalla, 2005, p.304). Welch and Jackson (2007) view internal communication from a stakeholder approach and define it as “the strategic management of interactions and relationships between stakeholders at all levels within organisations” (p. 183). Internal communication within an organisation is dependent on a number of factors including the type of industry; the structure of the organisation; organisational culture and managerial style (Kitchen, 1997; Quirke, 2000).

Historically, internal communication was constrained by the available budget (Asif & Sargeant, 2000) and was often limited to announcements from management and the packaging of messages for mass distribution to employees (Quirke, 2000). In fact, a study undertaken in the 1970’s showed that management erroneously thought the production of communication was enough to lead to actual communication and little consideration was given to audience perception or understanding of the message itself (Peterfreund, 1970 cited in Cameron & McCollum, 1993). Holtz (2004) noted that, in the past, company communication, typically in the form of publications, consisted of the four B’s: birthdays, babies, brides and bowling scores. In marked contrast, today, the function of internal communication includes the transmission of organisational goals, activities, new developments, achievements and personal contributions as well as strategic visionary messages (Welch & Jackson, 2007).

Welch and Jackson (2007) suggest the function of internal communications has four dimensions: (1) internal line management, (2) internal team peer communication, (3) internal project peer communication and (4) internal corporate communication (as noted in table 1).
These four dimensions emphasise that the content of internal communication has moved from the four B’s into all areas of the organisation including strategic goals and personal development. In addition to the content, the four dimensions also highlight the two-way relationship between employees and managers at all levels of the organisation and the importance of internal communication to organisational success (Asif & Sargeant, 2000; Hargie, Tourish, & Wilson, 2002; Quirke, 2000; Tourish & Hargie, 2000a; Zetterquist & Quirke, 2007) with effective internal communication leading to improved productivity, reduced absenteeism, increased levels of innovation, higher quality of services and products and reduced costs (Argenti, 2007; Clampitt & Downs, 1993).

The corporate acknowledgement of internal communication playing a vital role within organisations has become more evident in recent years with large companies reporting record budgets for internal communications (Johnson, 2001). Research undertaken in the United Kingdom suggests that 60 percent of communications departments are less than five years old with 76 percent of them having their own budgets, some topping £1
million with anticipated budget increases of up to 50 percent over the next three years (Johnson, 2001). This financial development is in marked contrast to previous years and can be attributed to a greater corporate understanding of the impact of effective internal communication, as noted in an extensive internal communication survey conducted by Karian and Box, a United Kingdom communication consultancy (Karian and Box, 2006).

**Internal Communication Management**

Literature spanning the last 10 years suggests that good internal communication management is one of the pivotal steps towards successful and productive communication within an organisation (Cees et al., 2005; Holtz, 2004; Karian and Box, 2006; Quirke, 2000; Tourish & Hargie, 2000a). Welch and Jackson (2007) state that internal communication management includes “participation in communication, its direction and the content of communication” (p.184). However, participation and direction of communication is strongly influenced by the hierarchical structure of the organisation where “issues of status, power, rank and prerequisites often cloud the form and content of upward communication” (Silburyte, 2004, p.192). Today, organisations are adopting flatter more dynamic structures which have more inclusive participation from all levels of the organisation (Silburyte, 2004) as well as varied content including new developments, organisational achievements, appraisal discussions and employee roles, noted previously in Welch and Jackson’s four dimensions of internal communication (refer to Table 1).
The modern structure of internal communication within organisations creates a myriad of issues as evident in the definition of internal communication and the management and boundaries of internal communication management within an organisation. Management of internal communication can be the responsibility of the corporate communication or human resources departments (Argenti, 2007) or can include the IT department as more organisations are utilising alternative technological channels for their internal communication (Gordon, 1998; Lehmuskallio, 2006). Therefore, Cheney and Christensen (2001) suggest that service organizations have difficulties maintaining a clearly defined “sense of self” (p.243) and that organisational boundaries in relation to communication are problematic with “internal” and “external” communications no longer considered separate fields of practice. This in turn complicates governance issues with marketing departments becoming involved in internal communication across the organisation.

Figure 1: Quirke (2000) – Different departments own pieces of the communication jigsaw (p.199)
Similarly, Quirke (2000) also suggests that internal communication can be shared across different organisational departments and likens it to a jigsaw where each section is responsible for a piece of the internal communication puzzle (see fig.1). This metaphor suggests that internal communication is more than the realm of corporate communication and is involved in all areas of the organisation, potentially leading to confusion as to who to report to for different issues. A 2002 study of internal communication in 100 leading blue-chip companies found that 38 percent of internal communication teams were governed by the human resources department (Quirke, 2003). Four years later a 2006 online survey of internal communications conducted by Melcrum, an internal communication research and training organisation, alternatively proposed that of the 1,149 respondents from different industries and locations, 44 percent state internal communication is the governance of the corporate communications department (Dewhurst, 2007).

Similar to Quirke’s (2000) jigsaw of internal communication, Kalla (2005) suggests that there are four domains of integrated internal communication – business, management, corporate and organisational.

\[\text{INTEGRATED INTERNAL COMMUNICATIONS}\]

\[\text{BUSINESS COMMUNICATION} \quad \text{MANAGEMENT COMMUNICATION} \quad \text{ORGANISATIONAL COMMUNICATION} \quad \text{CORPORATE COMMUNICATION}\]

*Figure 2: Kalla (2005) – Conceptual framework of integrated internal communications (p.306)*
Business communication addresses the communication skills of all employees, management communication focuses on the development of the managers’ communication skills and capabilities, corporate communication focuses on the formal corporate communication function, and organisational communication addresses more philosophically and theoretically oriented issues (Kalla, 2005, p.305).

Kalla describes internal communication as being closely interlinked within an organisation with variances in the focus of the communication as noted above, similar to Welch and Jackson (2007) who also suggest four domains of internal communication (fig.1); however, unlike Kalla (2005), Welch and Jackson (2007) suggest internal communication is firmly housed within the realm of corporate communication which reflects the Melcrum survey which revealed that internal communication was governed by the corporate communication function in 44 percent of participant organisations.

*Figure3: Welch and Jackson (2007) - The position of internal corporate communication within integrated corporate communication (p.192).*
In addition to the governance of internal communication, one major theme to emerge from the literature in relation to internal communication management is the importance of effective management and involvement at a senior level (Asif & Sargeant, 2000). Howard (1996) states that personal commitment and individual involvement from the executive level is imperative for good internal communication as senior management set the tone and climate for internal communications throughout the entire company. The relationship between the management structure and employees is a crucial one (Asif & Sargeant, 2000) and includes open communication characterised by supportiveness, warmth and a commitment to dialogue rather than monologue (Tourish & Hargie, 2000b). Supporting this view, Sims and Lorenzi (1992) in a study of leadership in management, state that effective leadership is reliant on communication tools that will build a common focus, create shared meaning and vision and share a focus for change. Reinforcing this perspective, Zetterquist and Quirke (2007), found that “leadership accounts for two-thirds of the impact on employees’ attitudes and behaviour” (p.19). This study supports the idea that improving the communication of the senior management with employees, in particular the CEO, could be the most “cost-effective way to improve employees’ satisfaction with communication in their organisations” (Gray & Robertson, 2005, p.26). In addition, studies by Pincus et al., (1991) suggest that it is the employees that hold a large proportion of information that could help the CEO and therefore the CEO should be seeking regular feedback from all levels of the organisation.

Unfortunately, support and the generation of feedback from senior management is not often the case and the CEO may consider internal communication limited to one-way announcements to employees, with their channel of choice being face-to-face meetings.
or speeches (Pincus, Rayfield, & Cozzens, 1991). In addition to one-way speeches, the literature suggests there are other barriers to management communication with employees including time, willingness, skills, and leadership style (Shaw, 2005). Time - the “most limited resource in organisations” (Quirke, 2000, p.32) combined with a lack of willingness to focus on internal communication or ineffective communication skills or leadership style can affect an organisation’s ability to retain staff (Quirke, 2001) and lead to dissatisfaction at lower levels of the organisation (Shaw, 2005).

Professionals and theorists agree that colleagues are an essential resource for an organisation (Dolphin, 2005). However, within organisations there is often distrust amongst employees towards management and they may not be regarded as a trustworthy channel for information (Zetterquist & Quirke, 2007). Therefore, an additional theme to emerge from the literature involving internal communication management is the importance of trust by the employees towards management – with trust evolving from good internal communication.

Albrecht and Travaglione (2003) define trust as “an expectancy held by an individual or a group that the word, promise, verbal or written statement of another individual or group can be relied upon” (p.78). Clichés from management that the staff are an organisation’s most valuable asset are often met with cynicism (Karian and Box, 2006; Quirke, 2000) and described as “one of the great lies in business” (Garratt, 2000, p.5). The suggestion is that if staff are the most valuable asset of an organisation “why are they not valued financially so that they appear on the balance sheet, not just as a cost in the profit and loss account” (Garratt, 2000, p.5). Robertson (2005) contends that modern corporations have
become “information gluttons” yet are “starving for the kind of communication that fills people’s need to share understanding and meaning and foster trust” (p.4)

Argenti (2007) suggests that events within the last twenty years, such as the bursting of the dot-com bubble, collapse of some of the most high profile firms in America (e.g. Enron) and the outsourcing of jobs to foreign countries, has “further necessitated strong communication channels between management and employees to win employee trust and loyalty” (p.54). In order to gain employee trust and loyalty, management needs to understand that as the literature suggests, employees prefer to receive their information from their direct supervisors rather than receive directives from the CEO or other upper management (Cees et al., 2005). But firstly it is necessary for management to ascertain trust levels as well as organisational discontent or other communication issues.

**Internal Communication Measurement**

In order to establish a clear picture of the current situation, measurement of internal communication needs to be undertaken by management (Hargie & Tourish, 2004). This is especially relevant in organisations that have increased their expenditure on internal communication (Johnson, 2001) and are facing the challenge of connecting communication results to an organisation’s “bottom line” (Robertson, 2000, p.9). The terms ‘measure’ or ‘measurement’ take on a variety of meanings within the communication discipline. Shaw (2004) identifies four different uses for the term ‘measurement’ within organisational communication: (1) measuring employees with regards to their needs and preferences, (2) measuring the communication department and the outputs with the desired outcome to justify the expense of maintaining a
communication function, (3) tracking the communication channels and their use and usability and (4) looking at the content and whether it has been received, understood and has prompted action.

A 2004 report conducted by Melcrum, stated that of the internal communication practitioners surveyed, 66% did not have a measurement strategy in place and did not consider a connection between communication performance and business goals (Melcrum, 2004). The report also found that newsletters, intranets, business TV, webinars (web seminars or conferences) and executive forums were the most common channels measured even though business TV and webinars are the least utilised channels. The most common channels used - email and team briefings - were found to be the least measured (Melcrum, 2004).

Measuring effective communication is dependent on what the organisation terms ‘effective’. Bovee and Thill (2000) suggest that effective communication only takes place when there is a shared understanding that prompts others to take action and encourages alternative thinking. This view is shared by Spence (1994), who considers communication to be effective only when a message has been received and understood and can then produce action. Communication performance within organisations has been considered an understudied area and therefore poorly understood (Pandey & Garnett, 2006) yet it is deemed a “central component of effective business operations” (Hargie, Dickson, & Tourish, 2004, p.5). Hargie et al., (2004) state that a lack of effective communication can contribute to a range of problems including “at one end of the continuum, job dissatisfaction and stress, through to damaging strikes, operating losses,
bankruptcies, production line injuries, shipwrecks, plane crashes and, at the other extreme, mass slaughter in the field of battle” (p.5).

The literature suggests that audits are well established tools for measuring internal communication (Chalmers, Liedtka, & Bednar, 2006; Pandey & Garnett, 2006). A communication audit is defined as “a comprehensive and thorough study of communication philosophy, concepts, structure, flow and practice within an organisation” (Emmanuel, 1985, p.50). Tourish and Hargie (2000a) suggest that communication audits have similar characteristics with more established audit practices in areas such as finance, medicine and accounting. Some of those characteristics include (1) the accumulation of information and (2) the creation of management systems. Within the financial sector an audit is used to sample a cross section of transactions to determine financial accounting procedures. Within the communication field a similar cross section approach is utilised to determine the flow of resources and information over a given period of time as well as the implementation of systems to develop best practice.

In addition to, or as an alternative to a comprehensive audit, employee satisfaction surveys are also utilised by organisations; however, the surveys usually focus on perceptions and attitudes and not levels of knowledge or understanding so are “not a direct measure of internal communication department performance and therefore are a poor indication of the function’s value to the organization” (Likely, 2004, p.14). According to Likely (2004) a recent upgrade from the satisfaction survey is the employee engagement survey which measures not only satisfaction of staff but also how committed employees are to the organisation, the brand and the values.
Focus groups are also used to gain information about the internal communication of an organisation and comprise of approximately six to twelve participants recorded during a one to two hour session to gather qualitative information (Quible, 1998). The information gathered may include feedback regarding a specific problem, impressions about a program or product, the generation of new ideas or general information (Quible, 1998). A critical role is that of the moderator, who promotes interaction and ensures that the discussion keeps on the topic. Walston and Lissitz (2000) note that the current technological environment enables computer-mediated focus groups, where a question appears on each participant’s computer from the moderator and participant’s responses appear on everyone’s screen, all based in real time like an internet chat room. Computer-mediated focus groups allow more candid discussions that may not be possible in face-to-face group settings and can be beneficial when the topic of discussion – personal health issues, personal opinions - may create embarrassment.

**Internal Communication Channels**

Fletcher and Major (2006) contend that the world is growing smaller as technology advances and the creation of more advanced technology introduces organisations to different channels of internal communication, spanning both time and geographical distance. Fletcher and Major (2006) suggest four basic channels are used in workplace communication (1) face-to-face meetings, (2) audio or telephone exchanges, (3) video mediated conferences, and (4) computer-mediated text transfers. In addition to those four, Charles (2005) notes organisational publications, such as the company newsletter, are also a channel for information.
Recent literature on communication channels almost exclusively focuses on media richness theory (Kahai & Cooper, 2003; Salmon & Joiner, 2005; Sheer & Chen, 2004). Markus (1994) defines media richness theory as a “prescriptive model in which achieving a match between information processing requirements (e.g., uncertainty and equivocality reduction) and communication channels (e.g., face-to-face interactions and written memos) was posited as essential for organizational effectiveness” (p.503). Essentially the premise is that lean media is used by managers for simple topics and rich media is for more complex topics (Sheer & Chen, 2004, p.79) so the focus of media richness theory is on the choices made by the managers, not necessarily the employees. According to this perspective there are four factors that influence media richness: “the ability of the medium to transmit multiple cues (e.g., vocal inflection, gestures), immediacy of feedback, language variety, and the personal focus of the medium” (Dennis & Kinney, 1998, p.258). Media richness theory typically places channels on a continuum from rich to lean media with face-to-face communication considered the richest followed by telephone, email and written documents (Salmon & Joiner, 2005). The media richness continuum places written documents as the leanest channel of communication. Sheer and Chen (2004) state that there are three separate categories of written documents within media richness theory: personal written text (letters, notes, memos); formal written text (documents, bulletins) and formal numeric text (computer output, statistical reports).

Face-to-face communication is considered the richest channel primarily due to the ability to give immediate feedback as well as the amount of information shared during the interaction in the form of verbal cues (tone of voice, pitch, volume…) as well as non-verbal cues(Kahai & Cooper, 2003). Non-verbal communication is defined in its broadest
sense as “communication that transcends the bare elements of the written or spoken word” (Gabbott & Hogg, 2000, p.386). According to Gabbott and Hogg (2001) there are four key channels of non-verbal communication including “proxemics (the use of personal space and distance); kinesics (body postures and movement); oculesics (the communicative aspects of eye behaviour such as gaze and movement) and vocalics (para-language such as vocal tone and intonation)” (p.6). In addition, Gabbott and Hogg (2000), emphasise that non-verbal communication takes place in every interaction, whether intentional or not, and can be impacted by three specific variables: gender, culture and personal traits. These factors can affect the interpretation of the non-verbal cues and often creating misunderstandings. Each of these four key channels of non-verbal communication are particularly important in the context of media richness theory, as the media richness varies depending on the strength and presence of nonverbal and verbal cues (Sheer & Chen, 2004).

The proponents of face-to-face communication suggest that it is the most preferred method of communication by employees (Quirke, 2000) with interactions between managers and staff widely commended as beneficial (Gamble & Kelliher, 1999) and more effective than information from a central communication department (Cees et al., 2005). Face-to-face team briefings are considered a vehicle for sharing the philosophy and values of the organisation, the strategy (Gamble & Kelliher, 1999) and “give people the opportunity to ask questions, offer opinions, and give and receive feedback – unique advantages over even the best print publications, video programs and e-mail messages” (Howard, 1996, p.12). Additionally, rich media can create a closer relationship between a manager and subordinate as well as a more personal focus (Sheer & Chen, 2004).
However, Berry (2006) suggests that although management literature examining communication uses face-to-face communication as the standard, the literature does not adequately consider time-related problems inherent in face-to-face communication. In fact, face-to-face communication relies on participants being in the same place at the same time (Hargie & Tourish, 2004) which is not always possible. In agreement, Quirke (2000) adds that time is “the most limited resource in most organizations, and better use can be made of precious face-to-face time which is too often used for the wrong purposes – to tell people things they could more easily read about, in meetings which are badly run and boring (Quirke, 2000, p.32). In addition to legitimate time constraints, Howard (1996) contends that the presentation skills of the supervisor to confidently articulate the company’s goals and plans, in face-to-face sessions, need to be considered when choosing this channel, something which is not addressed within the original premise of media richness theory.

According to media richness theory, the telephone is the second richest channel after face-to-face communication; however, Salmon and Joiner (2005) state that recent research suggests the telephone “as a mode of transmitting and receiving management information, has been superseded by the use of email, because of the superior functionality and usability features of email” (p.57). In agreement, Markus (1994) also notes that the telephone is not a good choice for equivocal communication with “refuses to answer the phone” (p.508).

Although media richness theory proposes emails as lean channels of communication (Salmon & Joiner, 2005), Shaw (2004) states that organisational intranets, team briefings,
e-mail and newsletters are the “bread and butter of modern communication” (p.22). In fact, O’Kane, Hargie and Tourish (2004) argue that traditional communication channels such as memos, letters and phone calls have been replaced by emails, the most preferred communication channel in the business world. The success of email is due in part to its asynchronous nature where the sender and receiver do not have to be present for the communication to occur (Thomas et al., 2006), as well as being able to cross “physical, social, temporal, and psychological boundaries at an astonishingly low cost” (Berry, 2006, p.352). In addition, research suggests that email reduces interruptions caused by face-to-face meetings and telephone conversations thereby improving managerial efficiency (Markus, 1994) as well as having the added advantage of being able be read around the clock (Thomas et al., 2006).

Our ability to communicate at any time in any place with anyone is increasing our opportunities for interaction. Using e-mail, instant messaging, and cell phones, a manager’s ability to stay engaged within the workplace is greater than ever before. In fact, multitasking has become synonymous with the communication technology-infused workplace of today (Turner & Reinsch, 2007, p.36).

Thomas et al., (2006) state that “compared with alternative channels such as the post office or the telephone, e-mail reduces transaction time by offering instant transmission almost anywhere in the world at relatively low cost” (p.257). Many organisations have employees that are geographically located in diverse areas; email enables information to be sent regardless of location and/or time zone (Salmon & Joiner, 2005, p.62).

Critics of e-mail suggest that the availability of new technology does not ensure effective communication, and instead it is the leadership and training in the use of the technology
that will ensure effectiveness (Berry, 2006). E-mail has now become the dominant force in written communication (O'Kane et al., 2004) and has made email processes such as deleting and not responding to messages, an acceptable communication process in the 21st century (Tassabehji & Vakola, 2005). In addition, e-mail does not allow concurrent feedback (Kahai & Cooper, 2003) and the informal style of emails has often lead to misunderstandings and spelling and grammatical errors (O'Kane et al., 2004). Emails can be sent quickly without serious thought given to the content or proofreading of the reply, resulting in a form of nonverbal identity, where the choice of informal or formal vocabulary or grammar describes the sender (Carter, 2003) in a manner similar to first impressions upon meeting. One of the largest challenges with e-mail is the concept of information overload. Thomas et al., (2006) states that e-mail overload can stem from “(a) the sheer volume of e-mail messages sent every day, (b) poorly written messages or messages that violate netiquette, and (c) the variety of ways that users use their email systems” (p.256). Within media richness theory, the inability for immediate feedback or ambiguity in messages as suggested by Thomas et al., (2006) is what defines e-mail as a lean channel of communication (Salmon & Joiner, 2005).

The leanest channel of communication as defined by media richness theory is the use of written documents. The company newsletter, memo or magazine require little interaction and exchange with employees and usually involve operational information about the company and not about critical decisions under review; therefore, employees can attend to them at their own convenience (Byrne & LeMay, 2006).
While many companies are moving to the convenience of electronic newsletters, there are still companies that recognize the importance of providing employees with a newsletter that they can hold in their hands and take home to share with their families (Charles, 2005, p.21).

Research suggests that employees have specific reasons for reading the company newsletter or magazine (Johansen, 1995); for example, an employee interested in career advancement may read for stories on research in the field or current business practices. Critics of organisation publications point to the expense that is incurred in an environment of cost cutting and redundancy; whereas, a black and white copy may be acceptable in times of budget cuts, a glossy four colour spread may create employee-management friction (Charles, 2005). There is little research to support the redundancy or worthiness of hard-copy organisational publications as the focus of current studies is on the area of computer mediated communication within organisations.

The detractors of media richness theory suggest that when discussing media such as letters and memos this theory adequately explains the effects of media choice. However, in today’s technological environment of emailing and intranet, media richness theory is deemed, by some, as “not a useful theory for explaining the effects of the use of the new media on task performance” (Dennis & Kinney, 1998, p.14). In addition, they suggest that the theory is not based on empirical research (Kahai & Cooper, 2003) and that managers surveyed have been asked which media would be the best choice for a theoretical situation rather than measuring the actual performance results of media use (Dennis & Kinney, 1998). The literature also notes that little empirical research has been undertaken regarding employee satisfaction and communication received via different channels or whether
employees perceive information to be of greater quality depending on the medium (Byrne & LeMay, 2006). Research now suggests that managers make different choices when choosing a channel to communicate information than those prescribed by media richness theory (Byrne & LeMay, 2006) and that consideration should be made for contextual factors such as the capabilities and appropriateness of using particular mediums (Watson-Manheim & Belanger, 2007). Furthermore, a particular medium may be deliberately chosen to slow things down. “A manager may deliberately choose a text based medium for emotionally laden information to allow the receiver time and privacy to respond appropriately to the information” (Dennis & Kinney, 1998, p.270).

There are several forms of technology that have not been considered in media richness based research, possibly due to their relatively recent introduction, including video-conferencing, blogging, instant messaging or video/DVD use. Based on the criteria for media richness, specifically the need for two way communication, organisational videos or DVDs could be, in fact, categorised as a lean channel of communication. Additionally, extensive research into recent academic literature has not unearthed any discussions on intranet usage in accordance with media richness theory, so uncertainty exists as to where on the channel continuum intranets would be placed. It may be reasonable to conclude; however, that the intranet is a lean channel on the media richness continuum due in part to the lack of feedback and synchronicity. Alternatively the intranet may also be considered a richer channel than email due to the amount of information it is possible to store and share. Lehumskallio (2006) defines intranets as “networks, built and maintained within the company firewalls, offering Internet technology and various contents for the exclusive use of the company staff” (p.291) and suggests that intranets are not only for information
storage and retrieval but also for enhancing communication within the organisation and information flow. An additional purpose is to increase productivity and the quality of work, connect departments located elsewhere (Bottazzo, 2005) as well as introduce the latest guidelines, tools and news through a simultaneous cost effective medium (Lehmuskallio, 2006). The centralisation of knowledge eliminates problems that are inherent to the Internet such as the over-availability of resources and the loss of time incurred searching through the information (Bottazzo, 2005).

Research suggests that intranets should be considered a mosaic of top-down and bottom-up communication with distributed ownership (Dasgupta, 2001). A blanket approach throughout the organisation, regarding regulations on intranet usage, may not be appropriate as different business units will have different requirements. Rather a collaborative and facilitative managerial style would acknowledge diversity and individual contributions (Dasgupta, 2001), thereby allowing individual units and teams to control their own information. Studies show that the versatility and multifaceted nature of intranets has seen an increase in research that is largely multidisciplinary (Lehmuskallio, 2006); however, research into the measurement of intranet effectiveness and perceptions of the employees towards the medium is still in its infancy and is seen as a fundamental shortcoming (Jacoby & Luqi, 2007).

Currently it is not academia but rather the organisations themselves who are initiating the greatest amount of research into intranet technology. One such example is a study undertaken by the internal communication team of Ikea, a worldwide home furnishing retailer. The study concluded that “it’s not just technology that makes or breaks an
intranet” (Gleba & Cavanagh, 2005, p.31). Their findings suggested that the focus of an intranet should be designed with the needs of the employees in mind, what information they require and how access can be made as easy as possible. In addition to intranet usage, recent research into new technologies and communication suggest that Instant Messaging may become a valid method of communication, in particular within teams, although it is currently not considered a professional means of communication in business (Tassabehji & Vakola, 2005). Research in the latest technologies including instant messaging along with blogging, video-conferencing and intranets is still in its infancy and should be considered for future study in relation to media richness theory as well as internal communication research.

**Previous Communication Research Involving Banks**

In an organizational sense, banking is a curious conglomeration of varying functions and needs. It is, by definition, obsessed with rules, procedures, cautions, and details, and at the same time, by practice, a retail, customer-satisfaction, “service-with-a-smile” type of operation. A successful balancing act between the machine bureaucracy and the personal approach, required by this mix, depends not only on information adequacy but on communication planning as well (Walther, 1988, p.79).

Literature specifically referring to the banking industry and internal communication is scarce; however, studies have been undertaken within the last seven years that suggest there is growing recognition of the importance of internal communication within this sector (Asif & Sargeant, 2000; Lennon, 2003; Moorcroft, 2006; Sablosky, 2005;
Kingdom clearing banks to explore a range of internal communication issues. The
majority of participants viewed internal communication as an information sharing tool
and did not consider it as part of a relationship building endeavour. Asif and Sargeant
(2000) consider the latter an area of potential focus, as stronger relationships throughout
the organisation could enhance team spirit and organisational identity. The results
highlighted the need for more horizontal communication as well as the creation of a
stronger organisational identity and team spirit.

Similarly, two independent audits on internal communication within Westpac Banking
Corporation in Australia noted that there was a need for a unified organisational identity
as well as a better understanding of the vision and values among the employees (Lennon,
2003). The result of the audit was the creation of an in-house communication consultancy
who forged close relationships with all areas of the bank and focused on the vision,
values, strategy, purpose and mission (Lennon, 2003). Both Asif and Sargeant’s (2000)
study as well as Lennon’s (2003) example, discuss the need for strong organisational
identity and reflect Tourish and Hargie’s (2000b) suggestion that employees are unable to
buy into shared meaning and vision if they do not know what they are or understand
them.

In 2004 the Royal Bank of Canada undertook a study where they assessed the
effectiveness of their employee communication, their return on investment and the
external trends affecting communication in general. Four key trends became evident
within the study: (1) technology and the speed of access have led to employee demands
for two-way communication and honesty; (2) resources allocated for communication were shifting towards “outcome” rather than “output” communication, creating initiatives to generate greater revenue or cut costs; (3) employees are more engaged when they have a clear “line of sight”, that is, when they see where their work fits within the organisation’s strategy and objectives (a similar result to the Westpac Australia study) and (4) with a “line of sight” there is alignment between formal communication and organisational actions (Moorcroft, 2006, p.31).

Of the 4,200 respondents in the Royal Bank of Canada study, 91 percent stated that online communication was their primary source of information with 79 percent requiring more information about corporate strategies and where they fit into that vision. One surprising result of the survey showed that the organisational magazine, which was the most expensive and labour intensive channel, was not very valued by employees as a source of information (Moorcroft, 2006). This latter result arguably makes sense in light of media richness theory that considers it the leanest of communication channels (Salmon & Joiner, 2005) and consequently less engaging and immediate.

In 2004, banking group ABN AMRO created an internal communication team to address the issue of employee engagement. Their findings showed that employees were critical of the lack of leadership communication, in particular face-to-face delivery, and were also sceptical as to whether the leadership team could deliver on their strategies (Wadman, 2006). Based on these findings the internal communication team organised more face-to-face meetings as well as clear milestones for strategies to enable employees to see the organisation goals, how they would be achieved and in what timeframe.
In the United States the First Interstate Bank, located in Wyoming and Montana, recognised that there were geographical issues with their internal communication; for example, e-mail broadcasts sent to staff resulted in a crashed computer system due to the amount of replies and attachments being sent to and from the various bank locations (Sablosky, 2005). To improve the internal communication First Interstate adopted new technology such as videoconferencing and an intranet to ensure all employees were well informed with information sent and received without major issues. One positive addition to the intranet was the inclusion of vendor links where individual branches could directly order supplies straight from the vendor, freeing up central administrative services and enabling more autonomy for each branch (Sablosky, 2005). This positive result from the use of the intranet echoes the suggestion previously mentioned by Bottazzo (2005) that the intranet increases productivity, connects disparate branches and thereby improves the quality of work.

In summary, research on internal communication is cross disciplinary which is reflected in the variety of academic sources as well as public and private studies. The literature notes that internal communication is vital to organisational success (Asif & Sargeant, 2000; Hargie et al., 2002; Quirke, 2000; Tourish & Hargie, 2000a; Zetterquist & Quirke, 2007) and that the basic function of internal communication is to inform employees on organisational issues (Welch & Jackson, 2007) which can then improve productivity, reduce absenteeism, increase levels of innovation and reduce costs (Argenti, 2007; Clampitt & Downs, 1993).
The literature also indicates that internal communication management is an important field of study but highlights the confusion in the corporate world as to which organisational department is ultimately responsible for the role of internal communication (Cheney & Christensen, 2001; Dewhurst, 2007; Quirke, 2000). It also raises the importance of senior level involvement within internal communication management (Asif & Sargeant, 2000; Howard, 1996) and reveals the employee cynicism evident with regards to management communication (Argenti, 2007).

Research suggests that there is an increase in expenditure on internal communication (Johnson, 2001) and that measurement tools such as internal audits, surveys and focus groups are utilised to determine the efficiency of internal communication (Hargie & Tourish, 2004; Likely, 2004) as well as link the effectiveness of communication with the economic bottom line (Robertson, 2000).

In addition to measurement techniques, a large body of literature involves communication channels which are an evolving field of research due to the ever changing technological environment (Fletcher & Major, 2006). The main focus of enquiry has been the communication channels in relation to media richness theory which seeks to determine how managers choose their channel of communication (Markus, 1994). For example, media richness theory has advanced the idea that channels of communication can be placed on a continuum between rich and lean media (Salmon & Joiner, 2005). However, there is some dispute within the literature over the legitimacy of media richness theory (Dennis & Kinney, 1998; Kahai & Cooper, 2003) and whether it applies to modern
technology and takes into consideration situational variables such as context and the skill level of participants (Byrne & LeMay, 2006).

Recent studies undertaken by sectors in the banking industry reflect the literature with regards to internal communication management and the utilisation of different channels (Asif & Sargeant, 2000; Lennon, 2003; Moorcroft, 2006; Sablosky, 2005; Wadman, 2006). Research highlights a need for further investigation into internal communication specifically in the area of computer mediated communication such as e-mail and intranet (Jacoby & Luqi, 2007). Additionally, a search of the relevant literature highlights a lack of research within New Zealand companies, which may or may not be interpreted to suggest internal communication’s fledgling importance within local organisations. The goal of this research thesis is to better understand the current internal communication climate within the New Zealand banking sector, what channels are currently being used and whether measurement of internal communication occurs. One important outcome of this research is to give an overview of the role and importance of internal communication within the New Zealand banking sector, thereby making it one of the few research papers on internal communication in banking to be based in this country.

The following chapter will discuss the design of the research project including a discussion of the rationale, methodological approach and the methods of data collection and data analysis that were utilised. Additionally, the following chapter will also introduce the participants as well as any ethical considerations and limitations.
Chapter 3: Research Design

Overview

This study was designed to investigate the management, channels and measurement of internal communication within New Zealand banking institutions. According to Donaldson and Eyre (2000) several trends have emerged within the communication field in the past five years with internal communication being the “fastest growing area of activity, with a growth rate of between 25-30 percent” (p.32) thereby giving justification for the direction of this research. In order to explore the management, channels and measurement of internal communication within the participating organisations, focused interviews were used to elicit the rich data necessary for this qualitative research. The data was then analysed in accordance with the current scholarly literature on internal communication with a particular focus on the banking industry. This chapter discusses the rationale, chosen methodology, data collection, and analysis of the findings, ethical considerations and the limitations of this research.

Rationale

As evident in the current literature, internal communication is a growing area of interest (Donaldson & Eyre, 2000; Johnson, 2001; Karian & Box, 2006), suggesting that research into the management and measurement of internal communication is becoming more widespread. The New Zealand banking sector was chosen as the focus for this study due to the researcher’s interest in service industries, in particular, those within the financial arena. According to Walther (1988), banks are a cross between “machine bureaucracy” with rules, procedures and cautions in conjunction with a retail, customer-satisfaction,
“service with a smile” aspect (p.79). Therefore, it is this dichotomy of behaviour which makes for an ideal research ground into the internal communication workings of the organisations.

In addition, the review of the literature revealed a distinct absence of research on internal communication in banking institutions within New Zealand; therefore, it is the researcher’s contention that pursuing this field of study will provide a unique insight into the workings of New Zealand banks and will significantly contribute to the greater body of work on internal communication provided by previous scholars. Therefore, the research questions providing the foundation for this study are:

*How do organisations in the New Zealand banking sector manage their internal communication?*

*What channels do banking institutions in New Zealand utilise for their internal communication?*

*How do banking institutions in New Zealand measure the effectiveness of their internal communication?*

**Qualitative Research**

There are generally two accepted paradigms or philosophies within scholarly research: positivistic and interpretivist (or phenomenological) (Collis & Hussey, 2003). In a positivistic paradigm the data collected is highly specific and precise, therefore
quantitative data is usually acquired through surveys, longitudinal studies, experimental studies and cross-sectional studies.

While a positivistic paradigm utilises large sample sizes, an interpretivist paradigm produces qualitative data by using small samples (Collis & Hussey, 2003). For this thesis, although the majority of banking institutions were approached, only a small sample of banks agreed to take part in the research. Therefore, an interpretivist paradigm, specifically, a qualitative approach, was deemed applicable. A qualitative approach tries to understand the participants’ perceptions of the world and the focus is on insight rather than statistical analysis (Bell, 1993). In addition, this approach utilises small samples of subjective data (Collis & Hussey, 2003) because it enables richer more detailed information to be sourced, which otherwise may not be possible using quantitative methods.

Scholarly research is underpinned by the researcher’s personal philosophy, experiences of the world, assumptions and their general approach to scholarly investigations (Collis & Hussey, 2003). However, for the purpose of this research efforts have been made to ensure the methodology for the study is dictated by the type of research question being asked and not the personal preference of the researcher (Weber, 2004). Therefore, based on the desired nature of information, this research used a qualitative approach utilising interviews as the method of data collection.
Methods of Data Collection

Interviews, observations and documents are all types of qualitative data (Patton, 2002); however, for the purposes of this research, in-depth interviews were chosen as the method for data collection. The choice of interviews for data collection was partly based on the suggestion by Millar and Gallagher (2000) that interviews are one of the central tools utilised within internal and external communication audits. The current study arguably parallels aspects of the communication audit process (Tourish & Hargie, 2000a) and additionally, interviews were considered most appropriate due to the type of rich data required from the participants in order to answer the research question.

Millar, Crute and Hargie (1992) define the interview as:

A face-to face dyadic interaction in which one individual plays the role of interviewer and the other takes on the role of interviewee, and both of these roles carry clear expectations concerning behavioural and attitudinal approach. The interview is requested by one of the participants for a specific purpose and both participants are willing contributors. (p.3)

The relative advantage of interviews, as used primarily in qualitative research, is the expectation that interviewees are more likely to speak openly with more detail in an interview situation, as opposed to structured questionnaires (Flick, 2006). Additionally, Fontana and Frey (2000) argue that through the interview technique, researchers are able to extrapolate not only the traditional ‘what’ of the research focus but also ‘how’, leading to “negotiated, contextually based results” (p.646).
Accordingly, there are several types of interviews (Flick, 2006); however for the purposes of this research a semi-structured format was utilised. Frey, Botan and Kreps (2000) suggest the key advantage of using a semi-structured interview approach is that the researcher is able to clarify questions that the participant may not understand (unlike questionnaires). Additionally, there is the opportunity for greater depth of response as well as the ability to encourage full participation by establishing a rapport (Frey et al., 2000). Semi-structured interviews generally use open-ended questions (Collis & Hussey, 2003) which “provide more information than closed questions about the particular perspectives of individual respondents and, thereby, allow people to respond with what is on their mind” (Frey et al., 2000, p.100).

Additionally, the questions used were sourced from previous communication audits, particularly the International Communication Association audit, which is the basis for most current audit research and includes a variety of semi-structured questions regarding measurement of internal communication, applicable to this research (Tourish & Hargie, 2000a).

The relative disadvantages of using interviews for data collection involve the competence of the interviewer in their ability to extrapolate required information (Flick, 2006). The interviewer’s competence can extend into how well he or she is able to gain the trust of the interviewee and establish a rapport –both of which are necessary to fully engage the participant (Fontana & Frey, 2000). In addition, the interviewer must be able to determine when questions have been answered satisfactorily and when it’s appropriate
to move onto a new topic highlighting the need for effective interview techniques (Flick, 2006). The disadvantages of using semi-structured interviews are primarily in the amount of time needed to complete the interview and the difficulty in keeping control of the topics (Collis & Hussey, 2003).

Despite the potential utility of including a questionnaire for data collection, the current study was designed on the basis that interviews enabled more flexibility in questioning by establishing a rapport with the interviewees (Fontana & Frey, 2000) as well as the ability to immediately ask for confirmation of facts (Flick, 2006). Ghoshal, Korine and Szulanski (1994) highlight the limitations of the questionnaire method in their study of communication in a multinational corporation, where their method of utilising a survey to gather data could be analysed for frequency but was limited when content or quality of the information was considered.

**Participants**

New Zealand currently has 16 registered banks listed in operation (Reserve Bank of New Zealand, 2007). Of those 16 banks, seven were invited in January 2007, via posted letter, to participate in this research. The seven banks were selected as the sample, due to their relative dominance of the New Zealand market and with consideration given to whether the size of the organisation affected the results. In addition, seven organisations were contacted initially to counter the possibility of refusals to participate.

Follow-up emails and phone calls were used during the months of February and March with those banks who had not responded to the initial letters. Of the seven banks invited,
six agreed to participate in this research and interviews were organised for a date and time at the participant’s convenience, with all six interviews conducted over a four week period (March/April). The researcher travelled to three regions in New Zealand conducting the audio recorded interviews at each participant’s place of business, concluding within 30 to 50 minutes. The interviews were then transcribed by the researcher over a four week period in order to begin analysis. Admittedly, transcription of data takes time and energy (Flick, 2006), nevertheless this researcher benefited from self-transcription by synthesising the information and noting emergent themes during the transcription process. Some participants were also contacted at a later stage via email for clarification purposes. Pseudonyms have been used and identifying characteristics removed where necessary to ensure anonymity and/or confidentiality for those participating.

<table>
<thead>
<tr>
<th>Name of participating bank</th>
<th>Approximate number of employees</th>
<th>Approximate number of branch and business units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfa</td>
<td>Over 6,000</td>
<td>300</td>
</tr>
<tr>
<td>Echo</td>
<td>Less than 5,000</td>
<td>130</td>
</tr>
<tr>
<td>Sierra</td>
<td>Over 6,000</td>
<td>180</td>
</tr>
<tr>
<td>Delta</td>
<td>Over 6,000</td>
<td>200</td>
</tr>
<tr>
<td>Victor</td>
<td>Less than 5,000</td>
<td>300</td>
</tr>
<tr>
<td>Lima</td>
<td>Less than 500</td>
<td>20</td>
</tr>
</tbody>
</table>

The interviewees were selected on the criteria that they had responsibility for or extensive knowledge of the internal communication within the organisation and as such, were situated at a senior level. Participants included internal communication managers,
communications managers, national business managers and corporate communications managers. The arguable disadvantages of senior level participants concern the extent to which the information obtained is limited to that individual’s knowledge, and the further possibility that such staff may focus on positive aspects of the organisation while downplaying the negative challenges. This was taken into consideration when analysing the data and every effort was made to attain a variety of information regarding organisational behaviour.

**Data Analysis**

Lindlof (1995) identifies four interrelated principles that should be kept in mind: process, reduction, explanation and theory, when analysing qualitative data. Data analysis should be viewed as an ongoing process throughout the study (Lindlof, 1995) through which the material is reduced to the most pertinent information is then discussed in accordance with the theory or literature. This thesis utilised an interpretative style of analysis. Patton (2002) defines interpretation as going beyond the descriptive data. This involves “attaching significance to what was found, making sense of findings, offering explanations, drawing conclusions, extrapolating lessons, making inferences, considering meanings, and otherwise imposing order on an unruly but surely patterned world” (p.480). This approach as suggested by Miles and Huberman (1994) gives well grounded rich descriptions and explanations of processes within the chosen context.

Additionally, the data was analysed according to three key themes – internal communication management, the channels of internal communication and the measurement of internal communication for effectiveness. These themes were developed
based on the findings in the literature which highlighted their importance to the body of internal communication research.

**Ethical Considerations**

Ethical considerations were taken into account throughout the research process including issues of informed consent, confidentiality, cultural and social sensitivity, and respect for intellectual and cultural property ownership. Each participant was given an information sheet that clearly explained the purpose of the research and what their participation required as well as sample questions before the interview stage. In addition, they were informed that participation was voluntary and that they would be able to pull out of the research within two weeks of the interview process. To maintain confidentiality, information on the participants’ names and places of employment were coded by utilising pseudonyms.

There was no conflict of interest as this researcher did not have any previous contacts in the banking industry and has never worked in the industry. This researcher does hold an account with one of the participating banks; however, this was deemed non contentious by the supervisors. This research was evaluated by the supervisors and the appropriate Unitec bodies to ensure the design would adequately cover all the necessary requirements for the Masters degree as well as any necessary ethical considerations.

**Limitations**

This research design endeavoured to take all possible eventualities into consideration; however, there are no certainties in any academic research. A primary limitation of this
study was that research was drawn primarily from only one participant in each organisation and therefore, their subjective perspectives did not necessarily reflect the entire bank, of which they were a representative. However, the information required was generally factual rather than opinion based and; therefore, it may be reasonable to conclude that the responses would have been similar regardless of how many participants at a similar level were interviewed from the one organisation. Acknowledgement is made however, for the very real possibility of variable results if lower level employees were asked the same questions.

An additional limitation may reside in the fact that participants were all from a senior level. As senior representatives of their organisation they were considered the most knowledgeable participants to interview, particularly in the area of internal communication within their bank. In light of their management position, many participants were surprisingly open about internal communication challenges their organisations experienced, thereby increasing the depth of this study.

The theme of internal communication, as noted in the literature review, is extensive and cross-disciplinary with tightly interwoven definitions of similar areas of study within the communication field. Thus, deconstructing and filtering only relevant data for this particular study was time consuming but enlightening. Furthermore, extensive research yielded no previous studies of the New Zealand banking industry; therefore, comparisons could only be made based on available studies of other international financial institutions.
The entire process of this thesis was personally conducted, analysed and documented by this researcher who is influenced by previous knowledge, experience and cultural background, a common occurrence in qualitative research (Denzin & Lincoln, 2000). This was taken into consideration during all stages and every effort was made to adhere to high standards of academic research.

The following chapter discusses the findings of the participant interviews in conjunction with the literature and other previous studies undertaken in the arena of internal communication. The findings specifically focus on the three key areas that provide grounding for this research - internal communication management, channels of internal communication and effective measurement of internal communication.
CHAPTER 4: FINDINGS AND DISCUSSION

The following chapter discusses the findings of the participant interviews in relation to the current literature. The findings in this chapter are divided into three categories - internal communication management, the internal communication channels utilised and measurement of internal communication. The results suggest there are more similarities than differences between the participating banks and this chapter highlights some of the key themes to emerge from the participant interviews.

Internal Communication Management

As discussed previously, the literature describes the cross-disciplinary nature of internal communication, in particular the governance factors whereby varying departments claim responsibility for internal communication. As suggested in the review of the literature, internal communication can be governed by the corporate communication department or human resources department (Argenti, 2007) or even the IT department (Gordon, 1998; Lehmuskallio, 2006). In fact, this multi-departmental variability was clearly illustrated in the findings of the participant interviews, whereby a range of different options emerged.

At Alfa and Echo, the corporate communication or corporate affairs department is responsible for the internal communication of the organisation. This structure reflects findings in the previous literature whereby governance of internal communication is mainly the responsibility of the corporate communication department (Dewhurst, 2007). In addition, Echo, within the corporate communication department, is strategically positioned within the marketing arena as it is considered the “most logical place for us to
sit” (Interview, March 27, 2007). Somewhat in agreement, Rafiq and Ahmed (2000) consider the relationship between the marketing department and employees to be a valuable alliance, suggesting that marketing managers and human resources managers would benefit from strategic discussions together regarding employee roles and employee motivation.

Similar to Echo and Alfa, the corporate relations department at Sierra is responsible for the internal communication. The term corporate relations is often indistinguishable from corporate communications and in fact has been known to be used interchangeably (Hutton, Goodman, Alexander, & Genest, 2001); however, an exhaustive search through literature over the past seven years reveals a distinct lack in the use of the term corporate relations; rather, a preference for corporate communication has been adopted.

Alternatively, at Delta the internal communication responsibility was previously held within the corporate affairs department; however, it is now part of the human resources department. The fact that Delta places internal communication in human resources is perhaps a bit old fashioned (Quirke, 2003) since recent studies indicate “over 80 percent of corporations in the United States place the responsibility for internal communications in the corporate communication area” (Argenti, 2007, p.140).

A surprising result was that of Victor, where the responsibility for internal communication is not in corporate affairs, human resources or marketing but the sales and service division; although both human resources and marketing run alongside this division within the operational management structure. This is an unusual configuration
and there is no indication reviewed literature to suggest the possibility that overall internal communication could be the responsibility of the sales and service department. In fact, this development was closely considered by the researcher during comparison of all of the participants to determine whether, being situated within sales and service, in some way influenced or created an alternative outcome to the other participants. This will be explored further in this chapter.

An additional surprise was the finding that Lima had no dedicated internal communication team or person responsible for the overall internal communication. As one of the smaller New Zealand banks, with less than 500 staff, Lima reportedly does not see the necessity for a formal internal communication division and there is no central source for information, which was an unexpected result. The implications for this finding will be discussed further in this chapter; however, as Vinten (1999) suggests, the size of an organisation is often in direct proportion to the consideration of formal communication structures.

As mentioned in the review of the literature, internal communication management includes “participation in communication, its direction and the content of communication” (Welch & Jackson, 2007, p.184) which is influenced by organisational structure (Silburyte, 2004) and dependent on variables such as the type of industry, organisational culture and managerial style (Kitchen, 1997; Quirke, 2000). Most of these variables were discussed at some point during the participant interviews and the major themes have been described and analysed in the following section.
Key findings from the interview with the Alfa representative suggest that, with regard to internal communication management, the division at Alfa holds three major areas of responsibility: internal communication support of the CEO/senior management, facilitation of strategic visionary messages from senior management to employees and facilitation of effective two-way communication between various business units.

According to the representative from Alfa, the main focus for the corporate communication team involves the support of the senior management, in particular the Chief Executive Officer (CEO). "We see our strategy as about supporting the CEO and building and maintaining his profile" (Interview, April 20, 2007).

The role of the CEO within internal communication is highlighted in the literature as a major factor in organisational success. In fact, Gaines-Ross (2003) contends that inadequate internal CEO communication can lead to uncertainty among employees as to their future with the company and confusion as to where their time and energies should be spent, possibly leading to “unethical conduct” (p.9) within the organisation. Additionally highlighting the importance of CEO communication, Murray and White (2005) propose that today’s CEO is under intense scrutiny both by internal and external stakeholders and the CEOs obligation is to lead by example as their personality traits define the way people see the business.

A second finding concerned the fact that at Alfa it is the corporate communication team’s responsibility for facilitating strategic visionary messages from the CEO and executive committee to the employees. The literature suggests that visionary messages and in fact
visionary leadership plays a vital role in effective communication and leadership (Howard, 1996; Levin, 2000), and encourages employee support by expressing the management challenges, responsibilities within the organisation and the overall direction and strategy which “makes goals clear, increases employee commitment, and energizes a team” (Spreier, Fontaine, & Malloy, 2006, p.80).

The disadvantages suggested in the literature, of the CEO not sharing visionary messages or ideas for success, are a lack of company direction, employee expectations or shared contributions, all leading to the creation of a meaningless organisational culture (Hamm, 2006). In fact, Murray and White (2005) assert that internal communication is the main way to persuade employees that the CEO has something to say that is genuine and “worth believing in” (p.356).

An additional internal communication management finding that emerged from the discussion with the Alfa representative was the facilitation of two-way communication between the various business units whereby the corporate communication team endeavour to ensure communication between the business units is efficient.

It's a bit like having an intranet. You push a button and post it on the intranet or you send an email. It's easy to make an assumption that it's been received, read, understood and complied with, obeyed, acknowledged… we're trying to encourage other sort of behaviour... channelling communications more effectively (Interview, April 20, 2007)
Murray and White (2005) contend that in-house communications advisors should not be ‘doers’ but facilitators who help others to accomplish goals thereby creating a coaching style of facilitation. This coaching style may not be currently utilised at Alfa; however, the corporate communication team facilitate by ensuring overall messages across the whole organisation are effective and efficient although they are not responsible for operational messages, as those are filled within each business unit. This follows Young and Post’s (1993) suggestion that corporate communications should “address the broad issues and the local manager should address the local issues” (p.8) and that “..top management must be responsible for conveying the ‘big picture,’ but only the supervisor can link the big picture to the work group and to the individual employee” (Young & Post, 1993, p.8).

The relative disadvantage of a facilitator role, as suggested in the literature, is the assertion by employees that messages from the CEO are in fact manufactured by a communication expert rather than the CEO (Briggs, 2007) which can damage the credibility of future messages as well as the reputation of the senior leader (Briggs, 2007).

Echo
The interview with the Echo participant resulted in a number of key issues within internal communication management, of which two were most notable: The importance of employee satisfaction by encouraging inclusion and job development and the close relationship between the Echo corporate communication team and an external public relations firm.
The Echo corporate communication team work to enable employees to think and work strategically as well as feel included and developed. "We are trying to help people process, improve and innovate and think about what their audience actually wants to read" (Interview, March 27, 2007). Indeed, there is much to be said about employee involvement as Tourish and Hargie (2000a) argue that employee involvement is crucial to organisational success and “no organisation achieves high quality outcomes over an extended period of time if staff or customers feel uninvolved and alienated” (p.38). This direction of inclusion and value that Echo have undertaken is considered, in the literature, a positive step towards a financial competitive advantage (Papasolomou & Vrontis, 2006).

A second key finding expressed by the Echo representative concerned the close relationship between the corporate communication team and an external public relations company.

We’ve certainly got a business plan about how we are going to support the business units but it’s more of an add on. We look at what their objectives are and what they need to achieve over the year and we sit down and say now this is where we can add value and we brainstorm through that. So rather than us try and have a view, it needs to be really integrated (Interview, March 27, 2007).

This integrated form of communication ensures consistency of messages both internally and externally. In fact, Argenti (2007) contends that “regardless of where the internal
communications is positioned and whether or not an outside consultant is used, it must work closely in conjunction with external communicators to integrate the messages disseminated to both internal and external audiences” (p.142) thereby helping to ensure employees are well informed of what information the public receives ensuring that if significant changes are announced, the employees will be fully informed.

**Sierra**

A number of interesting issues emerged from the interview with the Sierra representative. Of particular relevance to internal communication management was the evolution of organisational culture, the integration of external and internal messages and the recognition by Sierra management of the importance of internal communication.

A lot of my job is thinking about the strategy of how we talk internally, very strong links with what we call our people and culture team, so looking at some of the big projects around culture, how we build culture, how we evolve (Interview, April 11, 2007).

This focus on culture is in line with recent literature that suggests that a healthy organisational culture is one of the defining characteristics of a successful company (Hamm, 2006). In fact, Argenti (2007) argues that twenty-first century internal communication is more than broadcasts, publications and memos but rather it’s about building a corporate culture that can adapt and drive organisational change. In a similar vein, Lok and Crawford (2004) contend that organisational culture can affect how
employees make decisions, “set personal and professional goals, perform tasks and administer resources to achieve them” (p.323).

The evident importance of the close relationship between the Sierra corporate relations team and the division responsible for external messages was highlighted by the Sierra participant. Through the relationship, integrated plans are conceived together as well as discussions on product launches. The integration of internal and external messages has arguably been an important factor in consistency of messaging (Argenti, 2007) and Dolphin (2005) concludes in his research that integrating internal and external messages is crucial, so the organisation is “speaking with a single voice” (p.184).

At Sierra, in order to maintain the integration of messages and evolve the organisational culture, management have also endeavoured to support the internal communication function. "They [the bank] see the value in it [internal communication] and at this point in time are willing to invest" (Interview, April 11, 2007). Young and Post (1993) suggest that for effective internal communication to be undertaken adequate resources need to be allocated. This comment, insofar as it represents Sierra’s investment in internal communication, is indicative of a trend toward increasing support within organisations for an effective internal communication function (Johnson, 2001). Nevertheless, Karian and Box (2006) recognise that budgetary support of internal communication is often cyclical and during economic downturns organisations looking to cut costs often focus on internal communication resources as unnecessary expenses.
The discussion with the Delta representative highlighted some notable findings related to international communication management. In particular, the creation of the ‘big picture’ for employees and the fostering of close internal relationships on all levels of organisation. The first finding suggests that employees are able to work more effectively when they are certain of where they fit within the organisation.

My role is to plan and develop communications for employees that help them understand what our four drivers are, support them and understand where they fit in terms of the bigger picture and how they can help achieve them and why are these so important for us (Interview, April 13, 2007).

The importance of the ‘big picture’ should not be underestimated and it was a key conclusion of the 2004 Royal Bank of Canada study, mentioned previously in the literature review, where employees worked better with a clear understanding of where they fit in the organisation (Moorcroft, 2006). This concept is also supported by Gay and D’Aprix (2007), who confirm that the creation of a big picture clearly establishes a link between strategies and the employees, thereby encouraging engagement and support of those strategies.

In addition to establishing the big picture for employees, a second notable issue to emerge from the Delta participant was the importance of the internal communication team forging close relationships with all levels of the organisation, in particular senior managers.
There are the senior people who it is very useful to know but there are other leaders in the business who aren’t necessarily in senior roles but are very influential and are able to give me a good idea of what the temperature’s like out there or how people are reacting…(Interview, April 13, 2007).

Quirke (2000) contends that relationship building, as noted by Delta, should be a focus of senior management, in order to build strong communication with company employees. In fact, Delta has determined that it is advantageous for the human resources communication team to relate with employees at lower levels of the organisation in addition to senior management, thereby giving Delta an overall view of communication within the business. One of the initial steps in building that relationship, as suggested by Droppers (2006) is to:

Create a communication role description for key layers of management: senior leaders, managers, supervisors, etc. Often, there is confusion about who should communicate what information. This confusion causes both overlap and omission, leading to a situation where some issues are over communicated and others get lost between the cracks” (Droppers, 2006, p.62).

It was unclear from the interview with Delta whether such descriptions of the communication management structure existed; however, the literature suggests that communication role descriptions are invaluable in decreasing miscommunication by clearly highlighting roles and responsibilities at the management level (Droppers, 2006).
Victor

The discussion with the Victor participant resulted in a range of significant findings concerning internal communication management. Most prominently among them is the importance of integrating internal and external messages and the gatekeeper role of the service and sales communication team in controlling information overload and compliance.

Like Delta, a significant focus for Victor is the importance of integrating external and internal messages in order to gain consistency of messaging. This is accomplished by the sales and service communication team working closely with the corporate communication team which, as noted previously, is advantageous to ensuring consistency of messages (Dolphin, 2005). In fact, such a collaboration of different departments can foster an environment for successful innovation (Lievens & Moenaert, 2000) as well as ensure employees are able to adequately respond to unforeseen external issues such as media interest or a business crisis (Argenti, 2007).

An additional notable finding at Victor is the emphasis on compliance and accuracy, managed through a gatekeeper role. In order to ensure accuracy and compliance, the Victor sales and service team has created language guidelines detailing the type of words and language use required in written documents, online and in emails as well as language to avoid. In fact, important documents that are disseminated company wide are then routed through the sales and service communication team who act as a “gatekeeper for information” (Interview, March 22, 2007). The accuracy of messages is also extended to customer service in the branches.
There is a high level of a need for compliance and accuracy because you’re dealing with financial transactions and other people’s money. It’s very important that there’s quite a bit of communication around correct procedure to handle people’s money and do things right (Interview, March 22, 2007).

The gatekeeper role, as described by the Victor representative, reduces the amount of information employees receive as well as arrange the most important information into manageable and understandable pieces. Indeed Droppers (2006) argues that one of the most common communication mistakes senior leaders make is to communicate with a complexity and perspective that is of importance to senior management but not considered essential by other employees “standing at ground level, trying to focus on what they need to do right now (p.64). Additionally, the Victor participant indicated the importance of managing the amount of information:

"It's always that there's too much information and we don't have time to read it all so a lot of the time we are reassuring them all and saying we are only telling you things that you need to know” (Interview, March 22, 2007).

The Victor sales and service division endeavour to create ground level information while at the same time ensure that overall management information is available via the intranet should employees wish to see it. Arguably, their intention is not so much censoring information as much as prioritising it. This concern is in accordance with the literature that suggests information overload is major issue in modern business communication. In fact Quirke (2000) contends:
Employees’ ‘brainspace’ – the time and attention they are willing to give to messages aimed at them - is shrinking. Their capacity to process the information they receive is also under attack. With more work being done by fewer people, there is less time for chatting and for social interactions that used to diffuse communication around organizations (p.17).

A review of the literature suggests information overload or brainspace has become a major research issue (Quirke, 2000; Thomas et al., 2006), mainly emerging from the adoption of computer-mediated communication within organisations as previously mentioned in the literature review chapter.

**Lima**

The interview with the Lima representative unearthed a variety of findings, including a lack of internal communication management as well as the challenge of sustaining the existing organisational culture. At Lima the branch managers are responsible for communicating necessary information. "In part it reflects the type of organisation we are, very fast on our feet responsive, not too rigid but it does rely on individuals taking of responsibility as far as sharing information" (Interview, April 17, 2007). Relying solely on individuals to share pertinent information is an unusual move expressed by the Lima participant, because is no guarantee that managers have the necessary communication skills required, such as listening, feedback, coaching and information sharing (Mayfield & Mayfield, 2002) all of which greatly impact on the organisation as a whole (Nemec, 2000).
Shaw (2005) states that communication skills as well as particular leadership styles influence the internal communication within an organisation and Quirke (2001) contends that current companies are “discovering the impact a supervisor’s communication style has on retaining new employees, making them feel part of a team, giving them a sense of purpose” (p.34). Lima’s reliance on the skill of individuals, without support from a central communication division, places the full responsibility on managers as well as employees to ask for feedback when required.

However, Lima has a very “localised and focussed communication” (Interview, April 17, 2007) which, in small businesses, is often a strength and “may take the competitive edge from larger firms because of their lack of bureaucracy and their more efficient, informal communications” (Vinten, 1999, p.114). Being a small bank has been a communicative advantage for Lima with informal discussions between employees and supervisors one of the best approaches to communication (Argenti, 2007); however this informal structure may not be adequate in the future as the organisation has plans to expand into other areas of New Zealand. Indeed, Street and Meister (2004) argue that small businesses need to anticipate growth and lay the foundation beforehand in that “as small business growth tests the capabilities of informal communication channels, formal systems become more essential to fulfil the information needs of an increasingly complex organization” (p.495).

As Lima does not have a formal system for their internal communication, this will be an area of challenge during their growth period. Vinten (1999) suggests that small enterprises operate in a reactive way and generally introduce more formal structures of internal communication when there is a breakdown or misinterpretation of
communication. In fact, it is a myth to assume “communication is adequately and completely fulfilled through informal means” (p.119).

Along with the potential future growth, an additional notable finding at Lima is in the sustainability of the existing company culture, “specifically service culture and the employment of people for new national offices” (Interview, April 17, 2007). Indeed, the literature suggests that employees need to be part of a company culture. Hamm (2006), a proponent of successful company cultures, asserts that:

In companies with healthy cultures, employees aren’t kept in the dark; rather they are supported in the belief that they are part of an exciting future. They come to work with a fire inside them, a result of clearly stated leadership and business practices that everyone explicitly understands. Every person in the company knows how to individually contribute to its future (p.123)

As mentioned previously, a healthy organisational culture is beneficial to organisational success (Hamm, 2006). Lima currently asserts that there is a healthy culture, where employees are aware of the brand and all that it entails; however, the Lima representative recognises that future plans to expand may present a challenge in the continuation of the current Lima culture. Argenti (2007) states that an effective culture should be able to adapt and drive organisational change, with internal communication playing a large role in that change- something that is currently informal and flexible at Lima.
Internal Communication Channels

There are a myriad of internal communication channels available to organisations including computer mediated channels such as email or intranet, hardcopy publications or face-to-face communication. The participants of this study utilise a range of channels with the most common method being the intranet followed by email and face-to-face communication. Emerging issues with respect to communication channels include information overload, the management of organisational intranets, and the retention of face-to-face channels. The following section discusses the internal communication channels utilised within each participant organisation in relation to the review of literature, and specifically, with reference to the theory of media richness.

Alfa

The Alfa interview suggests a variety of channels are utilised, with the intranet as the main tool. As reported, the intranet is used for “announcements, important events and news, and messages from the CEO. These may be complemented by direct email messages from the CEO, depending on the importance and relevance/urgency of the message” (Interview, April 20, 2007). This finding arguably contradicts the literature which proposes, under media richness theory, face-to-face communication is the best mode for urgent or important information (Salmon & Joiner, 2005). However, in an organisation of more than 6,000 employees like Alfa, talking to them face-to-face would be an insurmountable challenge for any manager.
In addition to the use of the intranet, emails are widely used at Alfa, although the corporate communication team try to implement controls on its use. “We have a pretty rigid policy in terms of usage… most of our staff are pretty well aware of the fact that email is a business tool, intranet is a business tool…” (Interview, April 20, 2007).

Monitoring and enforcing policies related to email usage is an important part of internal communication due to the amount of information that can be passed as well as the limited amount of ‘brainspace’ that employees have (Quirke, 2000). Quirke (2000) argues that organisations often confuse volume and value, therefore those organisations that do not monitor or measure the information content and flow, produce “toxic communication which consumes time while creating confusion” (p.11).

With regard to senior management communication, at Alfa an annual roadshow is held where the CEO and senior management team travel to various national locations and meet with employees to discuss key issues. This showcases the profile of the senior team, particularly the CEO, and enables face-to-face contact with a range of employees. Alfa acknowledge that not all of the 6,000 plus employees will meet the CEO during the roadshow tour; however, they recognise the value of face-to-face communication from the senior management and endeavour to create as many face-to-face opportunities as possible. Nevertheless, Quirke (2000) disagrees with the roadshow approach and argues that “a one-off roadshow by the chief executive may give employees a temporary awareness of the strategy, but their re-entry into the pressures of the next day’s workplace may relegate the presentation to a fond, but irrelevant, memory” (p.34). To evaluate any potential benefits, or lack of benefits as argued by Quirke (2000), measurement of the effectiveness of the roadshow would need to be taken by employees.
At Alfa the main form of face-to-face communication is through regular staff meetings where managers brief their employees on training, new products and new initiatives. This reflects the literature which suggests direct supervisors are the best source for information and the most preferred by employees (Cees et al., 2005; Gamble & Kelliher, 1999; Quirke, 2000). The benefits of face-to-face meetings include immediate feedback and a sharing of ideas in a team environment (Howard, 1996), which fosters a closer relationship between a manager and subordinate (Sheer & Chen, 2004). With regular branch meetings the employees at Alfa are able to keep up to date on operational information as well as solicit feedback of any concerns. This emphasises the skill and value of the managerial role to be able to elicit quality feedback and institute any necessary changes as suggested by the employees if warranted (Howard, 1996).

In addition to the face-to-face channel, three times a year a DVD from the CEO is sent out to the business units as well as four videos per year from the managing director. These initiatives provide a means for discussing strategic changes or other key issues. Donaldson and Eyre (2000) contend that traditional video programs are unlikely to disappear from organisational use as the video “remains the mainstay for most production companies for the time being” (p.32) and indeed, the authors suggest that good visual communication can inform, inspire and empower employees. The relative disadvantage of DVD’s and videos, is that they are arguably a lean channel of communication confined to one-way communication with no access to immediate feedback. The only determinant of success or failure of this channel is through feedback and measurement which will be discussed further in this chapter.
An additional lean channel utilised by Alfa is a quarterly magazine, distributed organisation-wide, which discusses Alfa employees and events. In the more rural branches, some managers have also created their own newsletters aimed specifically at their local issues. The convenience factor of publications has been discussed previously, the key advantages being that employees are able to read them in their own time and in their own location (Byrne & LeMay, 2006); however, the cost of such publications has also been noted in the literature as prohibitive (Charles, 2005).

**Echo**

At Echo, email and the intranet are the major communication channels utilised internally, with the intranet being fairly extensive. "We've got an intranet and then we've got intranets off that" (Interview, March 27, 2007). The extensiveness of Echo’s intranet has created admitted challenges where it is currently hard to navigate due to the large amount of information stored in it; although, the Echo corporate communication team is currently looking at improved navigation tools. “One of our aims is to make the navigation of the search engine a lot better so it's a lot easier to shove in a word and it will give you five options” (Interview, March 27, 2007). Additionally, the Echo intranet is also closely monitored. “It's [the intranet] pretty heavily policed. It's not a blog site. We police it really heavily (Interview, March 27, 2007).

The large amount of information held within Echo’s intranet is a concern where the danger of information overload, as suggested in the literature, is a possibility, with employees sorting through large amounts of information, taking time and energy (Quirke,
In addition, intranets may be considered a lean channel of communication due to the lack of feedback; although this has yet to be confirmed in recent literature, and the amount of information that can be stored and presented in an intranet far exceeds anything that could be done via face-to-face communication. Quirke (2001) argues that intranets should not be considered a replacement for face-to-face communication. Specifically he contends that, of the three challenges that businesses are trying to achieve via internal communication – providing information and accessibility to information, demonstrating leadership and direction and building a sense of community and collaboration - only the first challenge is able to be met using the intranet while the other two require face-to-face channels.

At Echo, face-to-face communication is limited as it is considered time consuming unless there is a specific project or focus where actions are a result.

I think the bank has got very good at not doing FYI meetings. A lot of companies you see they sit there and churn, it's a lot of keeping everybody informed and we've actually really cut down on those because nobody has the time to do it and if there's a productive outcome then we can do that by email and keep each other updated and you read it if it's relevant to you (Interview, March 27, 2007).

The previous literature review suggests a range of positive reasons why face-to-face communication is vital within an organisation (Gamble & Kelliher, 1999; Kahai & Cooper, 2003): specifically the ability to ask questions, give feedback and opinions on key initiatives in face-to-face sessions, which have “unique advantages over even the best
print publications, video programs and email messages” (Howard, 1996, p.12). However, Echo’s argument that FYI meetings are time wasters is supported by Quirke (2000) who argues that:

Time is the most limited resource in most organizations, and better use can be made of precious face-to-face time which is too often used for the wrong purposes – to tell people things they could more easily read about, in meetings which are badly run and boring (p.32).

In addition to the intranet and limited face-to-face meetings, rural units at Echo have their own newsletters which are aimed at their local news. Company wide; however, the corporate communication team release a quarterly 20-minute video which is an “update from the managing director and the different business heads about what's happening in their area, what's the main area focus, which challenges they have had…”(Interview, March 27, 2007). As mentioned previously, the use of visual communication such as videos and DVDs to share information has been proven successful in empowering and inspiring employees to succeed (Donaldson & Eyre, 2000). But recent feedback from Echo employees about the video suggests that the video/DVD has become dated and not relevant to everybody; therefore, new technology options are currently being evaluated for suitable implementation to replace the videos.

**Sierra**

One of the major channels utilised at Sierra is the intranet which has a mixture of news and operational information. "We have a number of channels but the intranet is a big
communication channel for us and has almost been a victim of its own success in a lot of ways in that it's grown into quite a big beast" (Interview, April 11, 2007). The amount of information held within an intranet or other channels is a valid concern with internal communication as, mentioned previously, information overload via the intranet or other computer mediated communication channels which are able to hold large amounts of information (Quirke, 2000), can have detrimental results on the effectiveness of employees (Thomas et al., 2006).

To combat the size and success of the intranet, Sierra has incorporated processes for expiring content to ensure information does not stagnate and is removed when it becomes dated. A large part of monitoring the information at Sierra is to simplify.

A big part of going forward for me is about simplification and I think companies are very good at sticking stuff out there and they evolve things, which is great, but they never necessarily take stuff away (Interview, April 11, 2007).

As successful as the intranet has become, Sierra also recognises the risks of only utilising computer-mediated forms of communication. "I think there's always a danger of relying too much on technology and not thinking about the downstream implications of it" (Interview, April 11, 2007). This is a valid reflection which surprisingly is not adequately discussed in recent literature with the focus currently on new technology and the future of technology rather than the potential impact or the future of historically established forms of communication such as face-to-face.
On a quarterly basis Sierra hold a one-day forum for senior management and team leaders as well as a monthly teleconference. The forum is hosted by their CEO, who is an advocate for face-to-face communication. These one-day forums may be akin to roadshows which, as discussed previously, may not necessarily have long-lasting effectiveness (Quirke, 2000) although measurement would need to be taken to ascertain the effectiveness.

Surprisingly at Sierra there are no hardcopies of organisational newsletters, as all news is posted on the intranet, where each business unit has their own homepage. "I think that newsletters as a communication tool done well can be very engaging. I think the reason, [or] part of the reason, they became unpopular was simply a cost issue as opposed to an efficiency or effectiveness issue"(Interview, April 11, 2007). The idea of high costs and lack of effectiveness is also discussed by Charles (2005); who notes, there is little empirical evidence to suggest the validity of hardcopy publications or their future place in organisations.

Like the previous participants, Sierra also sends 15-minute DVDs to their employees on a bimonthly schedule. This has proven popular with the frontline staff who do not spend as much time in front of computers or on the intranet. Argenti (2007) notes that in large corporations keeping employees in touch with recent information can be a challenge and often depends on the job position of the employees, where some may have no or limited access to email and therefore would miss valuable information. Therefore, the DVD can be a useful tool for certain types of employees. An additional bonus of the Sierra DVD is that it fosters team building where the teams will watch it together and discuss items they
have watched. "I've really tried to get our thinking out of the ops stuff and use it as a storytelling tool because I think it has a lot of scope with supporting our culture in terms of demonstrating behaviours that we're looking for" (Interview, April 11, 2007). Sierra has indicated a possible future direction for the DVD in the use of online streaming tools such as podcasts; however, a concern is that streaming “becomes very individualistic” (Interview, April 11, 2007) where employees sit at their computers to watch rather than in a group environment, which is not the intention or the aim of the communication team.

**Delta**

Delta utilises a range of channels although none have been suggested as a dominant method. At Delta, the use of the intranet has a somewhat chequered history where employees have not been enthusiastic about using it or information has been outdated or missing from pages. The internal communication team updates the news page on a daily basis; however, the rest of the site is still in need of reconstruction. "A strategy has been put forward for updating the whole thing and figuring out gatekeepers...Getting some consistent guidelines" (Interview, April 13, 2007). As suggested in the literature review, research into intranet effectiveness is lacking (Jacoby & Luqi, 2007); however, one of the few sources discussing intranet strategy (White, 2006) does suggest that governance and maintenance of the intranet is a valid concern in relation to internal communication effectiveness.

With regards to email usage in Delta, it is not generally used for company-wide communication; however, within departments and teams there is a great deal of communication disseminated and “only urgent news will go out via email for company
wide [distribution]” (Interview, April 13, 2007). Sending urgent news via email conflicts with media richness theory which posits that urgent news should be disseminated through the richest channel, face-to-face communication; however with staff numbers exceeding 6,000 that approach would not be logical or possible. By constraining the majority of emails to team or departments, it may be reasonable to conclude that Delta somewhat curb the possibility of information overload (Thomas et al., 2006).

With regard to face-to-face communication, the CEO of Delta has a regular monthly presentation in Auckland which is video-linked to employees in Wellington, Hamilton and Christchurch. In addition, twice yearly the CEO and general managers will embark on a roadshow to the main centres where the employees hear what's happening. As mentioned previously, Quirke (2000) suggests that roadshows give temporary awareness of strategies; however, they are soon forgotten upon returning to the office. In accordance, Smythe (2004) somewhat negatively argues that roadshows are a type of “egotainment” where “middle managers are flattered to get a day off to massage the giant egos of corporate captains at costly events which have as much lasting impact as most off-site training” (p.27).

In addition to the roadshows, Delta employees are able to see a quarterly magazine-style DVD which "covers messages from our chief executive and will cover some great success stories and what's going on in the community…” (Interview, April 13, 2007) and has garnered positive anecdotal feedback from Delta employees, reflecting the literature suggesting visual media can be a successful tool for information sharing (Donaldson &
Eyre, 2000) although as noted previously the inability to give immediate feedback limits it to a lean channel of communication.

Organisational publications in Delta, considered the leanest channel in media richness theory, are confined to a bimonthly glossy magazine that “talks about what's going on in our international banks and anything we need to know about head office over there or the group…” (Interview, April 13, 2007), as well as a 10 to 12 page weekly information pack that provides a summary of operational information. There is nothing company wide that is informal or ‘chatty’; however, regional managers are able to have their own personalised newsletters.

**Victor**

Victor uses a myriad of channels depending on the type of information. However, the biggest challenge suggested by Victor currently is the intranet – specifically document control and content management.

> We have a very big sprawling intranet and it's one of those things that was developed some years ago and it's had pieces tacked on and content added and they are just going through a process … so we will have some consistency about management [of the intranet] (Interview, March 22, 2007).

Management and effectiveness of the intranet is a valid concern, as discussed with Delta, and entails the use of a formal strategy to keep control (White, 2006) in order to create the most effective channel for internal communication. This involves the need for
measurement to determine what is working effectively and which areas need work (Hargie & Tourish, 2000).

With regards to face-to-face communication, each business unit at Victor has regular meetings as well and store managers are able to attend a yearly annual conference in Auckland, Rotorua, Wellington and Christchurch.

We bring all the store managers together and we talk about the vision, where we are going and it’s very much the high level picture of what we do. It doesn’t get down to the detail but it’s about this is what we said we were going to do last year, this is what we delivered against that, this is what we’re going to do next year and it’s very high level (Interview, March 22, 2007).

Victor suggests that the conferences are a chance for employees to get involved in workshops and interactive sessions in order to learn and give feedback on a variety of specific issues. These conferences are in line with a roadshow style of presentation which, as stated previously by Quirke (2000) may not be the best avenue for sharing information; however, Victor asserts that they want to make them as interactive as possible so that employees are able to play an active role in the event.

One of the largest channels that Victor uses is organisational publications. There is a printed weekly copy of short articles and key summaries sent to every branch, as well as an email link to the intranet. There is a fortnightly publication dedicated to in-store marketing and promotional activity as well as two or three corporate publications.
published fortnightly and monthly that are issued company-wide and focus on key financials and Victor employees. As stated in media richness theory, organisational publications are the leanest channels to use due to their lack of feedback (Salmon & Joiner, 2005) and the cost of publishing publications can be exorbitant (Charles, 2005). This suggests that even though employees may be well informed, their ability to provide feedback is reliant on other channels of communication.

Lima

The main channel utilised at Lima is face-to-face communication noted as the richest channel of communication (Salmon & Joiner, 2005). Being one of the smaller participants, Lima is able to organize a great deal of face-to-face communication to discuss key issues with employees. In fact, Howard (1996) suggests that face-to-face communication gives senior executives of organisations the opportunity to “hear firsthand what is on their employees’ minds – the good as well as bad concerns that, raised and resolved quickly, can avoid becoming major problems” (p.13). The meetings at Lima are in groups, teams and various shapes and meetings can be “on the spur of the moment and arranged. It's quite fluid” (Interview, April 17, 2007). This fluid arrangement in smaller groups has proven to be productive, as suggested in the literature, where managers find “employees are more forthcoming when not in a large group setting. Smaller groups are also more conducive to resolving specific problems” (Argenti, 2007, p.145).

An additional important factor of face-to-face meetings between supervisors and employees is the ability for the employees to ask questions of management in an open
forum (Argenti, 2007) which Lima has created in their company culture. Arguably the biggest disadvantage of employing face-to-face as the major channel of internal communication at Lima, involves the time factor (Quirke, 2000) and the need for all participants to be available at the same time (Hargie & Tourish, 2004).

Lima also utilises emails, written memos and an intranet, which is not considered a main form of internal communication. In the past there was an organisational newsletter but it is no longer being issued. In accordance with media richness theory, Lima is the only participant that utilises mostly rich channels for internal communication indicating that employees are able to give regular feedback and opinions. This may be due to the size of the organisation or the organisational culture that has been established, with a preference from Lima management to maintain communication at a face-to-face level. Nonetheless, future consideration on integrating new technology was not fully discussed during the interview.

Measurement of Internal Communication

As discussed in the literature review, measurement of the internal communication within organisations is fundamental to understanding the overall picture of the organisation as well as changes that need to be made and future strategies (Hargie & Tourish, 2004). Of the six participating banks in this research, only one utilised a regular measurement tool dedicated to the internal communication of that particular organisation; whereas, the other participants used a myriad of adhoc focus groups, anecdotal feedback and surveys where some of the questions were related to internal communication.
Alfa

Alfa admittedly does not do enough measurement of their internal communication and the majority of feedback is anecdotal and informal. Because there is no formal measurement of their communication channels, in particular the intranet which was reported as the main channel for internal communication, it may be reasonable to conclude that a lack of management knowledge exists regarding Alfa’s internal communication effectiveness or employee perception of the communication channels. Hargie, Dickson and Tourish (2004) suggest that like a car, an organisation runs at it’s best when it is regularly serviced and that managers cannot rely on “their own perceptions, or upon what others tell them, to give them a comprehensive, objective and true picture regarding the current state of communications” (p.425)

In fact, potentially one of the few formal measurements undertaken of the internal communication within Alfa is via an engagement survey. "Every year there's a whole block of the engagement survey that has to do with communication about how informed you feel and how much you understand… how well do you feel that you understand the banks strategy…”(Interview, April 20, 2007). Bernthal (2005), a proponent of engagement surveys, notes:

Engagement surveys, in their current form, represent the next generation of macro-level measures of WLP [workplace learning and performance] success. Through proven statistical relationships to outcomes – such as turnover, productivity, and profitability – engagement surveys are an obvious lead measure of organizational outcomes (p.54)
Although engagement surveys have been noted in the literature as being utilised throughout organisations, there is limited academic literature available on the possible effects. Vance (2006) states:

To date, much employee engagement research has been conducted by consulting firms. Owing to their proprietary status, these studies validating engagement models have yet to appear in refereed scientific journals. Most of this research is unavailable to detailed outsider scrutiny (p.19)

As noted previously, the intranet is the main form of communication at Alfa which suggests that measurement of the effectiveness of Alfa’s intranet is paramount to determining where any challenges may lie. Hathi (2007) suggests that “monitoring and evaluating the level of user satisfaction should be a key element of any intranet measurement program” (p.31) which highlights the need for regular measurement protocol to be established. In an organisation with over 6,000 staff spread throughout New Zealand, measuring whether the internal communication is effective and gaining feedback from employees is vital. In fact, audits and other measurement tools “can effect profound improvements in communication, internally and externally (Tourish & Hargie, 2000a, p.40) and measurement allows management to connect with employees and gain critical feedback on all areas of the organisation (Baron, 2005).

Alfa recognises the need for “rigid policy in terms of usage” (Interview, April 20, 2007) of their email; however, with few measurement protocols in place, arguably it may be
reasonable to question how the corporate communication team know that policy is being adhered to or in fact that employees are even aware of what the policy indicates.

Echo

As opposed to Alfa, Echo has undertaken a fair amount of measurement practices to determine the effectiveness of their internal communication, although not necessarily on a regular basis. "We've just finished an internal communications research programme and it's really good because our department is still relatively new and we are still finding our feet and what areas do we need to dig into and give some help and support to" (Interview, March 27, 2007). The research involved an e-survey, invigilated and interpreted by an external company to gain objectivity. The results were fairly positive for Echo.

Basically we were sitting in our comms team thinking it’s easy to sit here in head office and think - well how are people in Dunedin finding this and how’s a rural manager in Invercargill, how’s a mobile manager in Palmerston North, how do these people find the intranet, what are they using, what do they find rubbish … Basically the really good news was that it’s not broken. They are actually pretty happy with it (Interview, March 27, 2007).

The positive results from the internal research undertaken by Echo have enabled them to continue with their current strategy and in some areas make changes dependent on the feedback received. This finding highlights the necessity for undergoing measurement of internal communication. Prior to the recent e-survey research, Echo undertook a similar measurement activity approximately ten years ago; however, this was before the
popularity of the intranet and email was still relatively new, with the organisation being more paper based at the time. Consequently in the last ten years, Echo relied on general feedback to gain insight into employee perceptions of the internal communication which, as previously suggested, is not necessarily an accurate nor reliable form of internal communication measurement (Hargie et al., 2004). The growth of the organization has impacted significantly on the measurement of internal communication.

    We have grown so quickly… ever few years we double our asset base…. We are growing … we’ve been going so busy keeping this big engine rolling and getting bigger but nobodies sat down and said hang on hang on… it’s like an octopus. There are all these things out here and we need something to pull it all together and say is this the best way and actually have a bit of thinking around that process (Interview, March 27, 2007).

Echo does not intend to undertake an e-survey every year although their intention is to carry out a series of focus groups, related to changes being undertaken, to ensure that those changes are understood and satisfactory to the employees. “We want to be very sure that any changes we do make, do make things better. Because it's really easy for us to sit here and think "ooh that's perfect!” (Interview, March 27, 2007). Dickson (2000) suggests that focus groups can provide a richness of knowledge that surveys cannot.

In addition to the focus groups, Echo is also involved in the Gallup organisation that runs international surveys on staff satisfaction. “We just constantly top their charts as far as staff satisfaction goes. It’s a really good gauge. And if we don’t then that’s promising too
as we need to know where we aren’t going well” (Interview, March 27, 2007). Overall Echo acknowledges the importance of measuring the health of their internal communication and endeavour to utilise surveys, focus groups and research for a prognosis in the future.

**Sierra**

At Sierra measurement on internal communication was undertaken a few years ago but at present the reliance is on informal discussions with employees, gaining anecdotal feedback, to find out if there are any issues. "We haven't done an official audit but I always make a point of talking to people and getting anecdotal feedback and stuff” (Interview, April 11, 2007). As highlighted previously, there is little reliability on informal anecdotal feedback (Hargie et al., 2004) and in fact Tourish and Hargie (2000a) argue that formal feedback is a key issue in business success where examinations of performance aren’t necessarily negative but can garner positive evaluations towards management, the organisation and the company culture which “should be published, celebrated and built upon” (p.37).

Feedback on internal communication channels as well as general feedback should be a key part of corporate strategy to gain insight into the market and improve employee morale (Kling, 2000). In fact regular feedback through measurement tools such as surveys can give quantifiable information that may not be possible through informal channels thereby giving a fairly accurate gauge of company performance over a period of time (Kling, 2000)
At Sierra the measurement of internal communication has not been a focus; however, it is being considered for the future.

I think a lot of our tools have been in place for quite a while and one of the big things for me to do is think about another audit. Think about evolution. They've served us real well but there are a whole lot of new emerging technologies for us to be thinking about (Interview, April 11, 2007).

**Delta**

Delta has endeavoured to engage an annual employee survey which contains a few questions on communication; however, notably the last e-survey was completed approximately 18 months ago where “no changes appeared from the results” (Interview, April 13, 2007). Reliant on informal feedback, one area that Delta has received anecdotal evidence around is the annual roadshow with senior management with suggestions managers appreciate the face-to-face time. Recently Delta has also run focus groups as part of a broader channel review to gauge the perceptions of the employees on all of their communications. Initial feedback has been mixed with some areas of the internal communication adequate and others, such as the intranet, needing work.

An additional concern for Delta is the concept of internal communication being difficult to measure. "Internal comms can sometimes feel a bit nebulous… how do you measure that?" (Interview, April 13, 2007). In agreement Argenti (2006) states that “the value corporate communication brings within a company has been difficult to determine” (p.365); however, even with the difficulty of quantifying the success or failure of internal
communication, Zetterquist and Quirke (2007) note that “internal communication departments that don’t examine the value they add, will soon find themselves being examined by the finance function who, while they may not understand communication, do understand the cost and value” (p.18).

**Victor**

Victor was the only participant to undertake regular measurement of their internal communication – both content and channels. A sample of employees at Victor undergo a formal e-survey on a yearly basis “measuring relevancy, the timeliness, accuracy and just the amount of information and then we get some feedback and some freeform feedback” (Interview, March 22, 2007). In the initial stages Victor researched a variety of surveys and survey tools to adapt and create one that fits Victor’s business requirements.

The e-survey has proven successful in measuring how employees feel about the information they receive – usefulness and amount, the channels used to receive the information – hardcopy or electronic and any changes or preferences the employees have. Kling (2000) contends surveys can be:

> Valuable tools even when day-to-day communication between managers and employees is good. Sometimes you want the sort of quantifiable information that you can’t get informally, and a regular ongoing feedback mechanism can give you a gauge of company performance over time (p.1)
Victor contends that the survey is a measurement tool for not only the internal communication of the company but also the work of Victor’s sales and service communication team in evaluating their usefulness. Argenti (2006) argues that the majority of communication assessments measure quantity or efficiency of output rather than changes in performance outcomes; however, Victor has created a survey that “measures not only my performance- it's part of one of my performance measures, but also it gives us some good feedback in time to make any changes or tweak anything we need for the next financial year” (Interview, March 22, 2007). Initial feedback from the most recent survey indicates that employees like the publications they receive; however, the amount of publications may be changed in the future reflecting that of the six participants in this study, Victor has the most organisational publications (approximately five) disseminated to employees.

In addition to the annual e-survey, Victor also receives anecdotal feedback from all parts of the business via telephone calls as well as emails and, like Delta, consider internal communication a challenge to measure and quantify the value of in that it’s "intangible to match the happy people to the business results" (Interview, March 22, 2007).

A survey can do it but what you're measuring is very much about how people feel about what they get, which is a great measure and is very important measure for us, obviously people feel engaged and they know what's going on, but in terms of what it's worth to the business... it's very difficult to put a figure on (Interview, March 22, 2007).
Even with the intangibility as described by Victor, Likely (2004) contends that it is possible, through evaluation of communication effectiveness, to link communication with the bottom line thereby determining return on investment although admits that this is still an under-researched field requiring more definitive study.

**Lima**

Lima was the only participant who did not have a formal communication department responsible for overall governance. Additionally they do not undertake surveys or measurement of their internal communication. "We don't research that kind of thing, we don't audit… on the face of it things aren't broke" (Interview, April 17, 2007).

Hargie, Dickson and Tourish (2004) propose that:

> Just because things seem calm on the bridge and the ship is moving ahead, it does not mean that the journey will be smooth. The Titanic operated successfully for most of its only voyage. It is better to chart and circumvent the icebergs than to hope that your ship will miss them (p.423).

As Lima does not measure their communication channels to test for effectiveness, it is reasonable to conclude that there is no current overall picture of what is working or not working efficiently although informal feedback is received. As noted previously (Argenti, 2007; Vinten, 1999), smaller businesses have a distinct advantage over larger operations with internal communication able to be done informally; however, this does not mean that small businesses should not measure the effectiveness of their internal
communication or that the current structure will be able to handle future growth, in fact, the groundwork should be done prior to any organisational growth (Street & Meister, 2004). Tourish and Hargie (2000a) argue that:

The job of management is not to preside over complacency and inertia. It is to improve the organisation’s efficiency and effectiveness. This means seizing every opportunity to identify those areas where it is possible for everyone, including top managers, to do better (p.37)

Even with no measurement undertaken or currently planned, Lima admittedly sees a few challenges with feedback and state "I think we could do better on the two way front" (Interview, April 17, 2007). Tourish and Hargie (2000c) argue that “open communication without feedback is like a ladder without rungs. It will never move organisations from where they are to where the marketplace tells them they need to be” (p.313).

In addition, Hallowell, Schlesinger and Zornitsky (1996) contend that organisations must identify, measure and manage the internal communication in order to deliver high levels of customer satisfaction; therefore, without feedback from Lima employees it would be difficult to identify the current internal communication, measure it for effectiveness or determine what areas of the organisation need addressing. The key result of an audit or other measurement technique is the chance for employees to give feedback which Tourish and Hargie (2000b) argue should be “institutionalised into organisational decision-making, in order to avoid the emergence of a ‘collective’ consciousness characterised by drab uniformity – and profits which sink in tandem with staff morale” (p.12)
As mentioned previously, the reliance at Lima is on individual unit managers to adequately inform employees about strategies, changes or any other pertinent information. One of the ways to determine the success of management communication is by measurement tools such as surveys. Sinickas notes:

> If supervisors are expected to communicate well and frequently in your organization, using surveys to measure their current effectiveness can be helpful – not only to the supervisors and their own employees, but also to your training department in order to help them develop priorities and agendas (p.12).

Lima does not have current plans for measurement techniques on their internal communication; however, with expansion plans being considered and underway this may be an area of future consideration. Overall, the participant interviews revealed a myriad of findings related to the channels used for internal communication within each organisation, specifically how internal communication was managed, what channels were utilised and what measurement was undertaken for effectiveness. The results suggest that most participants relied on informal forms of measurement such as anecdotal feedback to gauge effectiveness which, as noted in the literature, is arguably an unreliable tool to rely on (Hargie et al., 2004). However, two participants, Echo and Victor, both use established measurement channels, with Victor’s a regular annual event. The implications of the overall results will be explored further in the next chapter.
CHAPTER 5: CONCLUSIONS

The purpose of this thesis was to investigate three key aspects within the field of internal communication: internal communication management, the channels used for internal communication and measurement tools used to determine effectiveness of internal communication. In order to research dimensions of international communication practices within organisations, six participants were recruited from the New Zealand banking sector, providing the basis for the findings of this study. This chapter will summarise the major findings according to the three key research themes mentioned previously and discuss future research implications as a result of those findings.

**Internal Communication Management**

The primary focus of this research was to investigate the internal communication of organisations in the financial sector. Interviews with participants drawn from six New Zealand banks highlighted a range of key issues involving internal communication management. Specifically the diverse range of departments responsible for internal communication was a key result as was the emphasis on cross-collaboration between internal/external departments. Additionally, the importance of senior management involvement in internal communication and the significance of organisational culture on internal communication were also key findings.

The results of the participant interviews suggest there is no unanimity across organisations regarding which department should have overall responsibility for internal communication. This finding reflects the current literature that also indicates a lack of
conformity in the governance of internal communication (Kalla, 2005; Quirke, 2000). It seems unlikely at this stage that a move towards a business consensus regarding responsibility for internal communication will be made. However, based on the findings of this research and recent literary studies, the corporate communication department seems the most popular option with three of the six participants from such departments.

There were two rather unique findings in the area of internal communication governance. One was the responsibility of internal communication at Victor, placed within the sales and service division, a resulting structure not cited in the literature nor reflected in the other participant organisations. There are no clear implications as to whether this configuration enhances or detracts from the effectiveness of internal communication. However, the findings from the Victor interview did reveal a strong measurement focus that, arguably, could be attributed to the sales and service background of those responsible for internal communication.

The second unique result regarding internal communication management was at Lima, who did not have a person or department responsible for the overall internal communication management. The literature clearly highlights the importance of internal communication management and the extent to which organisational success is tied to internal communication (Hargie et al., 2002; Zetterquist & Quirke, 2007), yet this was not an acknowledged major focus for this organisation. Nevertheless, Lima has indicated a pattern of successful growth which contradicts in many ways the evidence of the literature. This confounding result may in part be due to the strong organisational culture that has reportedly been created and the use of rich, face-to-face communication channels.
that seems prevalent within the organisation. However, as noted in the literature the
challenge for most small businesses is being able to sustain effective communication
during a growth or change period (Street & Meister, 2004; Vinten, 1999), something that
Lima is currently undergoing.

One of the strongest themes reflected in the findings for nearly all of the participants
(excluding Lima), was the integration of internal communication with other departments
or those responsible for external communication (external public relations firms). This
parallels the literature which suggests a relationship-building approach to internal
communication should be utilised with external and internal communicators and
employees on all levels of the organisation (Argenti, 2007; Dolphin, 2005; Droppers,
2006; Quirke, 2000). The implications for a lack of cross-departmental communication
can arguably include the effect on the external communication, including the possibility
of miscommunication between branches around customer accounts. Interestingly, the
Asif and Sargeant (2000) study of two major clearing banks in the United Kingdom,
found that internal communication was considered an information tool rather than a
relationship building tool, which was not the case in this study as most participants
emphasised relationship building and not just information sharing.

The major issues for each participant ranged widely, highlighting the diverse nature of
internal communication. Two participants, Sierra and Lima, were strongly interested in
the evolution and retention of organisational culture. This priority featured widely in the
literature, particularly evidenced in previous studies of financial institutions (Asif &
Sargeant, 2000; Lennon, 2003). The recognition of the importance of internal
communication on organisational culture has been noted in this research and the
literature; however, it has only been reflected in two of the six participants, although arguably, the other participants may also consider organisational culture a concern; however did not mention it during the interview.

Surprisingly the issue of trust, a strong theme within the literature, did not emerge in the participant interviews. This could be interpreted to mean each organisation implicitly assumes the employees have trust in their management or, in fact, there is little interest in determining if trust is prevalent or not. In addition to trust, further exploration into the importance of internal and external integration of communication messages may be a possible area of future study, considering its strong presence in this research.

Investigation of the internal communication management provides a clear indication that there is no template for the governance, structure and content of internal communication. In light of the literature and the participant findings, the future implications suggest there may never be unanimity across organisations; although, similarities such as those found in this study may exist.

**Internal Communication Channels**

A second question of interest to internal communication concerned the channels used by the banks. The results clearly indicate the main channel utilised by the participants in this study was the intranet. All of the participants utilise an intranet, although there is apparently no agreement between the participants on management, content or structure. The academic research on the effectiveness and use of intranets is still to be fully explored (Jacoby & Luqi, 2007); however, based on the interest from the banks in this
study, and the widespread use of intranets in other financial organisations (Bottazzo, 2005; Sablosky, 2005), further research may surface in future academic publications.

Overall, there were two major challenges with respect to the use of internal communication channels with most participants. The first was the challenge of effectively utilising face-to-face communication in light of the advances in technology and size of the organisations. Effective face-to-face communication was an expected challenge for the larger organisations that were geographically dispersed throughout New Zealand; although surprisingly Lima, who also has employees in different regions, did not seem to have any major challenges with retaining face-to-face communication. The initiatives used by many of the participants included roadshows or conferences, showcasing senior management and organisational visions. These were often limited to senior employees or those able to attend, although, as measurement was limited in most organisations the success or failure of the roadshows is yet to be determined. Additionally, all of the organisations established regular branch or unit meetings; however, it appeared that the only cross-departmental communication derived mainly from those employees responsible for internal communication.

The second major finding with respect to the use of internal communication channels was the effective use of current technology and the possible adoption of new technology. Most participants in this study expressed a desire to investigate new ways to communicate information and research the potential that new technology may offer. For example online streaming was mentioned by a few of the participants as a potential new direction. The discussed advantages of streaming included the cost savings of not using
videos/DVDs or the expense of sending them out to each branch. One suggested
disadvantage, posited by the Sierra representative, was the individualistic nature of online
streaming. Instead of the whole team watching and discussing the DVDs together, which
is the current practice at Sierra, staff members may end up sitting at their desk to watch
without any real discussion with other members about the content.

Even with the expressed interest in online streaming from some of the participants,
adoption of communication technologies such as blogs, podcasts and instant messaging,
may be adopted more slowly. Whether this is due to budgetary concerns, technological
skill or whether the organisation feels the need for such advanced technology remains an
issue to be explained.

**Internal Communication Measurement**

Overall this study highlighted the lack of measurement currently undertaken within the
sample banks, which lead to the generalised conclusion that banking organisations and
potentially others do not currently test the effectiveness of their internal communication.
Many participants discussed an organisational requirement for effective communication,
or having policies or procedures in place for particular communication areas; however,
without measurement it was unclear as to how they could determine the success of those
policies. Admittedly, most of the participants did undertake some form of informal
feedback or in the case of Echo, focus groups and intermittent research. However, only
one participant, Victor, annually measured the effectiveness of the content and the
channels for internal communication, via a self-designed research survey, in order to
compare activities with performance results and business goals. Interestingly, Victor was
also the only participant whose internal communication was managed by the sales and service division, which may possibly have some bearing on the result.

Despite the literature on the importance of measurement and the international studies concluding that internal communication measurement is vital to organisational performance (Asif & Sargeant, 2000; Lennon, 2003; Moorcroft, 2006), there is still a lack of awareness within organisations of the importance of effective internal communication. This lack of awareness also extends to the determination that effectiveness can only be achieved through adequate measurement. As indicated, the relative implications of ineffective internal communication are numerous and can include high staff turnover, low quality of service, increased absenteeism and low levels of innovation (Argenti, 2007; Clampitt & Downs, 1993; Hargie et al., 2002; Quirke, 2000). Arguably, regular effective measurement practices may indeed reduce the possibility of the aforementioned results.

**Limitations**

Most research, this one included, is influenced by various limitations. Most notably the methodological approach chosen, the participants of the study and the form of analysis utilised. The qualitative design of this project required subjective data to be collected and analysed which in itself can be the challenge of a qualitative approach where there are no specific rules about how to analyse the data, as opposed to quantitative data (Collis & Hussey, 2003). Through a qualitative approach the amount of data collected can be fairly substantial and in fact the task of reducing that data towards the final conclusions is entirely dependent on the subjective nature of the researcher.
The limitations of the participants have been previously acknowledged; however, in most cases this study was able to obtain valuable rich data of which was able to be analysed in accordance with scholarly literature in order to satisfactorily answer the research questions.

**Future Research**

There are several areas within this study which could be considered for future research including the new innovations in technology, the efficacy of face-to-face communication in light of new technology and internal/external integrated communication. Of these the most notable is perhaps the influence of future technology on internal communication. The current literature suggests that the future direction of internal communication may in fact be the area of podcasting (Vogele & Townsend-Gard, 2006), wikis, blogs and instant messaging within teams (Holtz, 2006). In fact, Vogele and Townsend-Gard (2006) indicate the rapid growth in technology by highlighting the increased interest in podcasts. They refer to a September 2004 Google search on the word ‘podcasts’ resulting in just 24 hits and a following search in August 2006 resulting in 44.9 million hits. Today, August 11th 2007 a similar Google search undertaken by this researcher on the term ‘podcasts’ resulted in 126 million hits. This is a phenomenal speed for new technology adoption and clearly illustrates the possibility for future research regarding the application of such technology in the internal communication environment.

**Conclusions**

This research project investigated the use of internal communication within organisations in the banking sector. More specifically, the focus of this research was on the internal
communication management, the channels of internal communication utilised and the measurement of effective internal communication. As a result, it has been determined that internal communication is a growing area of interest, both in academia and within international organisations which are reliant on effective management, effective channels and effective measurement of communication. This study suggests that even with international interest, all of these areas remain somewhat misunderstood within the New Zealand context and require further scholarly research in order to fully understand the implications on New Zealand businesses.
References


Appendix 1

Interview Schedule

This is a general interview schedule for participants who agreed to be interviewed. Additional questions were asked dependent on the direction of the discussion.

- Could you give a brief background of your organisation with regards to employee numbers and locations

- How do you see your role as the “Internal Communication Manager” in the organisation?
  - Where in the organisation is your position / department situated?
  - What do you consider your main responsibilities?

- What are the main channels used to communicate within your organisation?
  - Intranet?
  - Internet / email?
  - Face-to-face meetings?
  - Newsletters?
  - Organisational meetings (whole teams / bonding)?
  - Online Streaming?

- How does your organisation measure the effectiveness of your internal communication? Surveys? Audits? How often?

- How does your organisation see internal communication fitting within the organisational structure?

Is there anything else you would like to tell me?
Information for Participants

THE MANAGEMENT AND MEASUREMENT OF EFFECTIVE INTERNAL COMMUNICATION

*Tena Koe, Talofa Lava, Hello!*
I am a final year Master of International Communication student at Unitec. Part of my degree programme involves a thesis on a subject of my choice. My research topic looks at the management and measurement of internal communication in the banking sector. I am doing the research at your organisation and have the preliminary approval of the organisation to carry out the research.

*What I am doing*
I would like to find out how different banking organisations manage their internal communication and how they measure for effective internal communication.

*What it will mean for you*
I would like to interview you and talk about:
- A brief background of your organisation with regards to employee numbers and locations
- How you see your role within the organisation
- The channels used to communicate within your organisation and their effectiveness
- How your organisation sees internal communication fitting within the business plan
- Key goals for your organisation with regards to internal communication.

The interview will last between 35 and 45 minutes and I will audio record the interview which will be transcribed later. All features that could identify you or your organisation will be removed and the information on the tapes used will be erased, once the transcription is done.

You are free to withdraw from this project for whatever reason within two weeks of the interview.

*What will I do with this?*
The information I receive will be written up as part of my thesis research.
Consent
If you agree to participate, you will be asked to sign a consent form. This does not stop you from changing your mind if you wish to withdraw from the project. You can also ask to be withdrawn. However, because of my schedule, any withdrawal must be done within 2 weeks after I have interviewed you.

Please contact me if you need more information about the project:
At any time if you have any concerns about the research project you can contact my supervisor:

Kylie Horomia
Khoromia@unitec.ac.nz, 021 036 2404

At any time, if you have any concerns about the research project you can also contact my supervisors:

Dr Donna Henson
School of Communication
Unitec New Zealand
(09) 815-4321 ext 8119
dhenson@unitec.ac.nz

Diana Mead
School of Communication
Unitec New Zealand
(09) 815-4321 ext 8542
dmead@unitec.ac.nz

Confidentiality
Your name and information that may identify you will be kept completely confidential. All information collected from you will be stored on a password protected file and the only access to your information is myself and my supervisors.

Thank you!
This study has been approved by the Unitec Research Ethics Committee from (March 2007) to (August 2007). If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretariat (Ph: 09 815 4321 ext.7254). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.
Appendix 3

Consent Form
THE MANAGEMENT AND MEASUREMENT OF EFFECTIVE INTERNAL COMMUNICATION

This consent form will help us get information for a research project looking at the management and measurement of effective internal communication within a banking organisation.

I have had the research project explained to me and I have read and understand the information sheet given to me.

I understand that I don't have to be part of this if I don't want to and I may withdraw within two weeks of the interview process.

I understand that everything I say is confidential and none of the information I give will identify me or my organisation and that the only persons who will know what I have said will be the researchers and their supervisor. I also understand that all the information that I give will be stored securely on a computer at Unitec for a period of 5 years.

I understand that my interview with the researcher will be audio taped and transcribed.

I understand that I can see part of the finished research document.

I am aware that I may contact the Supervisor, Dr Donna Henson at Unitec, (09) 815-4321 ext 8119 if I have any queries about the project.

I have had time to consider everything and I give my consent to be a part of this.

Participant Signature: ………………………………………… Date: ………………………

Participant Name: ………………………………………………………………………………

Project Researcher Signature: …………………………. Date: ………………………

Project Researcher Name: ………………………………………………………………………

This study has been approved by the Unitec Research Ethics Committee from (March 2007) to (August 2007). If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretariat (Ph: 09 815 4321 ext.7254). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.