

**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**



**The Effect of Effective Communication on Organizational  
Performance of A and E Garment Technology PLC**

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**A Research thesis Submitted to College of Business and Economics,  
Department of Management in Partial Fulfillment of the Requirements for  
the Award of the Degree of Master of Science in Management**


**Sept, 2024**  
**Addis Ababa, Ethiopia**

## DECLARATION

The undersigned, BEZAWIT GOSAYE, hereby declares that the thesis, "The effect of Effective Communication on organizational performance of A & E Garment Technology PLC," was completed in Addis Ababa and is my own creation. With the help and encouragement of my research advisor/ supervisor Dr. Demeke Chimdessa, I have conducted the study on my own. This research has not been submitted for credit toward a degree or diploma at this or any other school, and all references to materials utilized in the thesis have been referenced correctly.

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## CERTIFICATE

This certifies that the thesis in Addis Ababa, with the title “The effect of Effective Communication on organizational performance of A & E Garment Technology PLC,” has been completed. A Research thesis Submitted to College of Business and Economics, Department of Management in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Management at Addis Ababa University College of Business and Economics. The thesis is a record of original research conducted under my supervision by BEZAWIT GOSAYE, MSc GSE/7431/14, and no portion of it has been submitted for credit toward any other degree or diploma. The support and assistance that were provided during this investigation have been duly acknowledged.

As such, I suggest that it be approved as satisfying the requirements for the thesis.

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## LETTER OF APPROVAL

This certifies that the thesis, "The effect of Effective Communication on organizational performance of A & E Garment Technology PLC," written by BEZAWIT GOSAYE in Addis Ababa, is accurate. This Research thesis Submitted to College of Business and Economics, Department of Management in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Management the Addis Ababa University College of Business and Economics has submitted work that satisfies established standards for quality and originality while following university policies.

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## **ACKNOWLEDGEMENT**

Firstly, I would like to express my appreciation to the Lord for putting upon me the courage, strength, and wisdom that I require in this life. I am deeply grateful to my advisor, Dr. Demeke, for his prompt and constant encouragement in evaluating and offering helpful feedback.

Finally, I would like to thank my family, especially my dearest friends, for their encouragement and support during the preparation of my thesis.

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## **ABSTRACT**

*The primary aim of this study was to investigate the impact of effective communication on the organizational performance of A and E Garment Technology PLC. Based on literature studies, upward, downward, horizontal, and diagonal communication were identified as key variables influencing organizational performance. The study explored the relationship between these communication directions and organizational performance. Quantitative data was collected from employees, with 114 out of 120 respondents participating, yielding a 95% response rate. Participants were selected using a simple random sampling method, and the data was analyzed through descriptive, correlation, and regression analyses using SPSS version 23. The questionnaire employed a Likert scale for responses. Statistical measures such as mean, standard deviation, correlation, and regression were utilized. The findings revealed that all the communication variables positively and directly affect organizational performance, with upward and downward communication showing the strongest correlation. The regression analysis confirmed that all communication directions have a positive impact on organizational performance, particularly upward and downward communication. The study recommends that A and E Garment PLC enhance collaboration and cooperation among staff across different departments and levels to facilitate smoother communication. Improving communication flows within the organization could lead to better overall performance.*

**Key terms:** *Effective Communication, Upward communication, downward communication, Horizontal communication, Diagonal communication, Organizational Performance*

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Communication refers to the exchange of information from a sender to a receiver, with the implication that the receiver comprehends the message. It involves the transmission and reception of messages through symbols. In this regard, communication within an organization is a crucial aspect of the organizational climate (Drenth et al., 1998). Organizational communication, as described by Richmond et al. (2005), involves the process by which individuals create meaning in the minds of others using both verbal and non-verbal cues. This interaction is continuous and occurs across different levels, such as intra-individual communication (Keith, 2014). Furthermore, communication can take place both within an individual or between individuals and groups.

The objective of this study was to investigate the influence of communication on employee performance within the A & E Garment Technology PLC. Effective communication is essential for coordinating efforts within departments and between the organization and external parties, facilitating the achievement of organizational goals. Effective communication creates a network of relationships between individuals and helps build understanding through the process of encoding and decoding messages. About half of the success in organizational plans depends on how well communication is carried out between superiors and subordinates. However, communication is often overlooked in organizations.

Communication is defined as the process of transmitting information between individuals to create a shared understanding. The quality of communication depends on the various elements within the communication process, and any problems within these elements can reduce its effectiveness (Keyton, 2011). Proper message encoding and medium selection are critical due to potential communication barriers. Effective communication requires both the sender and the receiver to engage in a two-way exchange, and managers must recognize the importance of each role in the process.

Puth (2002) emphasized that organizational performance can be significantly enhanced through two-way information sharing and involving employees in decision-making processes. This practice improves employee satisfaction and productivity. Conversely, communication gaps between management and employees can result in employees feeling untrusted or undervalued. As employees are an organization's most valuable resource, it is crucial for managers to encourage open communication to maximize both organizational and employee performance.

Effective communication plays a pivotal role in enhancing organizational performance. Communication is the lifeblood of any organization, as it facilitates the exchange of information, promotes coordination, and fosters collaboration among employees, which directly impacts the achievement of organizational goals (Robbins & Judge, 2017). Organizations with strong communication practices experience improved decision-making, higher employee engagement, and better customer relations, all of which contribute to enhanced overall performance (Clampitt, 2013).

Research shows that effective communication fosters transparency, builds trust, and reduces misunderstandings, which can otherwise lead to conflicts and inefficiencies (Men, 2014). Moreover, effective communication channels improve employee morale by ensuring that staffs feel heard and valued, which in turn boosts productivity and performance (Tourish, 2019). Poor communication, on the other hand, can create barriers that hinder teamwork, slow down processes, and result in reduced organizational efficiency (DeKay, 2012).

In today's rapidly evolving business environment, where organizations must be adaptable and responsive, effective communication is even more crucial. As technology advances and teams become increasingly diverse and geographically dispersed, communication tools and practices must evolve to maintain high levels of organizational performance (Guffey & Loewy, 2020). Consequently, organizations that invest in improving their communication strategies are better positioned to achieve competitive advantage and sustain long-term success.

Communication is, therefore, essential at all organizational levels and among stakeholders. It also plays a pivotal role in coordinating and utilizing resources efficiently, while minimizing costs and maximizing quality. Communication helps raise awareness and promote products or services to target customers. Given the increasing complexity of organizational structures and technology, effective communication is vital for organizational success. It helps link various

departments and hierarchies, prevents confusion and delays, and facilitates the achievement of objectives. Moreover, it fosters strong workforce relationships.

The effect of communication on employee performance has been long acknowledged. Gray and Laidlaw (2002) recognized communication as a key factor influencing employees' performance. Employee communication refers to the sharing of information that is directly related to their job performance.

## **1.2. Background of A & E Garment Technology PLC**

A&E Garment Technology P.L.C is formed as a garment company specializing in providing services and to different Governmental institutions, non- governmental institutions and the society at large. It is fast establishing itself as one of Ethiopia's leading professional firms, providing garment and Embroidery solutions.

The company is established in June, 2015. Despite its short age, the company is able to establish many clients and maintained a good business relationship with different companies.

Its founders are professionals that have been working in the field for many years and have acquired a great deal of experience in marketing and trending the wave, in garment industry. Offers a significant business value to clients through the design and implementation of, solution accelerators, and cross-industry and industry-specific solution

### **Mission**

Our Mission is to offer a quality state of the art service at a competitive price and to develop client based and satisfying environment. A good way to attract and satisfy customers is a very high level of practical experience; know how, contacts, and confidentiality. Our company has a more professional, more effective and less expensive ways to develop new clients and to preserve the already existing ones. A&E Garment Technology P.L.C also able to maintain financial balance, charging a high value for its services, and delivering an even higher value to its clients.

### **Vision**

The vision of is:-

- ✓ To have a highly performing, reputable and vibrant Company that sets a national and continental example of excellence in imparting and integrated knowledge and skills, providing solutions to social needs and public services.
- ✓ To contribute to the advancement and implement of all forms of knowledge in line with internationally accepted standards of excellence.
- ✓ To contribute effectively to the improvement of access to, and relevance of, higher level education in general an industry based in particular, in the country through well designed, coordinated and controlled.
- ✓ To create a sense of entrepreneurship and public responsibility in the educated and to promote for learning and pursuit of truth.
- ✓ To serve governmental and non-governmental organizations in different company based and industrial service.
- ✓ To provide an enabling environment for the delivery of garment development.
- ✓ To provide garment and embroidery based services like designing system, supplying and implementing higher level and well structured environment and communication.

### **Keys to Success**

- ✓ Excellence in delivering on the promise of totally private, dependable, and trustworthy knowledge and services.
- ✓ Increasing visibility in order to produce new business leads.

### **1.3. Statement of the problem**

Franklin (2016) emphasized that communication is a vital element in organizations, crucial for fostering collaboration among employees and enabling efficient functioning. As a result, organizations worldwide prioritize effective communication. McKinney (2004) likened communication to the blood flow in the human body, asserting that it is essential for team performance. Organizations that recognize the significance of communication integrate it into their environment, using it as a critical tool for executing basic management functions, such as planning, organizing, staffing, directing, and controlling. Communication acts as a bonding force, aligning the workforce toward achieving the organization's common goals.

Chen et al. (2006) highlighted a gap in research on organizational performance with communication processes. They stressed the need to examine the relationship between

communication and organizational performance, as effective communication significantly impacts performance. For instance, activities such as observation, feedback provision, and performance appraisals are crucial for managing employee performance effectively.

In A&E Garment Technology P.L.C, decisions are often made without employee input (upward communication), and there is a lack of timely feedback for employees (downward communication). Additionally, diagonal communication within the corporation is weak. This study aims to explore how communication affects organizational performance in the A&E Garment Technology P.L.C and to investigate the extent to which these communication gaps influence performance. Failure to acknowledge the importance of various communication directions leads to the underutilization of the organization's most valuable resource: its workforce.

Hence the researcher is interested to study on this area since conflict is a threat to most organizations at current time which leads to negative results; however, when properly managed through effective communication, conflict may be a positive force and also organizational communication conflict obstacles and organizational performances in the Garment industry have not yet been thoroughly studied, Therefore, in the area under study in A & E Garment Technology PLC; this study was attempted to answer the following basic research questions which have relationship with the effective communication in organizational performance.

#### **1.4. Research Questions**

1. What are the current communication channels and the level of organizational performance at A & E Garment Technology PLC?
2. How do the different communication channels relate to organization performance of A & E Garment Technology PLC?
3. Do forms of effective communication impact organization performance?
4. What are the communication strategies those positively influence organizational performance of A & E Garment Technology PLC

#### **1.5. Research Objective of the Study**

##### **1.5.1. General Objective**

The general objective of the study was to examine the effect of communication on organizational performance of A & E Garment Technology PLC.

### **1.5.2. Specific Objectives**

More specifically, the research attempted to accomplish the following goals:

1. To determine the effect of effective communication on organizational performance of A & E Garment Technology PLC
2. What are the current communication channels and the state of organizational performance
3. To examine the relationship between directions of communication, and organizational Performance of A & E Garment Technology PLC
4. To identify communication strategies those positively influence organizational performance of A & E Garment Technology PLC

### **1.6. Hypothesis Formulation**

H1: There is significant and positive effect of effective communication on organizational performance of A & E Garment Technology PLC

H2: There is a significant relationship between organizational performance and upward communication

H3: There is a significant relationship between organizational performance and horizontal communication.

H5: There is a significant relationship between organizational performance and downward communication.

H6: There is a significant relationship between organizational performance and diagonal communication.

### **1.7. Significance of the Study**

This study is anticipated to have several key benefits. It will offer the organization practical recommendations to address communication challenges that affect organizational performance. Additionally, the findings may assist future researchers in conducting more extensive studies on the topic within the organization or similar areas. By conducting this research on A & E Garment Technology PLC, the researcher will gain deeper insights into the practical application of effective communication in relation to organizational performance. Furthermore, the study is expected to contribute to the existing theory on effective communication and performance, providing valuable information for policymakers and relevant stakeholders to navigate the evolving business environment.

### **1.8. Limitations on the Study**

Throughout the course of this study, the researcher encountered several challenges. The research faced limitations in terms of geographical scope, application, and its subjects. Specifically, the study was confined to a single office, which may limit the generalizability of the findings to other organizations. Additionally, the study focused only on current employees due to difficulties in accessing former employees, such as retirees or those who have left the company, who could have provided valuable insights. The inability to contact these former employees and some non-responses also posed challenges to the research.

### **1.9. Scope of the Study**

This research specifically focused on examining the role of communication in organizational performance. While communication serves multiple roles across various contexts and impacts organizational outcomes, the study sought to explore potential solutions for improving communication effectiveness within the organization. The researcher also distinguished successful communication from unrelated factors such as performance evaluations and rewards. However, due to time, financial, and other resource limitations, the study was restricted to the public sector, with a particular focus on A & E Garment Technology PLC.

### **1.10. Organization of the Study**

This thesis is organized in to five chapters. The first chapter is brief introduction which includes; Background, Statement of the problem, Objectives of the study, Research questions, Significance of the study, and Scope and limitations of the study. The second chapter is about literature review and conceptual framework of the study. The third chapter is methodology of the research which includes; Research design, Sampling design, Data collection procedure, Methods of data analysis, and ethical consideration. The fourth chapter is about the result and discussion and the fifth chapter will discuss about the summary of findings, conclusions and recommendations.

### **1.11. Definition of Terms**

- **Communication:** A two-way process of achieving mutual understanding, where participants exchange (encode-decode) information, news, ideas, and feelings, while also creating and sharing meaning.
- **Horizontal communication:** The exchange of information between departments or functional units as a way of coordinating their activities.

- **Vertical communication:** The flow of communication up and down an organization's hierarchical structure, starting from the general workforce, moving through middle management to higher management, and back down again.
- **Diagonal communication:** The sharing of information across different management levels within a business. For instance, diagonal communication might involve higher-level management conveying a change in organizational objectives to lower-level management, followed by discussions on how to achieve the new goals.
- **Barriers to communication:** Factors in the workplace that hinder effective exchange of ideas or thoughts. These barriers include status differences, gender differences, cultural differences, prejudices, and organizational environment.

## **CHAPTER TWO**

### **REVIEW OF THE RELATED LITERATURE**

#### **INTRODUCTION**

This chapter addressed the function of clear communication in organizational performance. The chapter reviewed research on effective communication in organizational performance, direction of communication, and types of communication in the organizations.

#### **2.1 Theoretical Framework**

The concepts and frameworks of communication, human relations, organizational communication, and cultural organization formed the foundation for this investigation. The 1930s and 1940s experienced developments that led to the Great Depression in America and gave rise to the human relations theory. After years of implementing Fredrick Taylor's scientific management, which saw people as cogs in a machine, individuals began to pay greater attention to social aspects that affected employees in their job in businesses in this era. The idea holds that group dynamics at the departmental level require the guidance of effective leadership (Markert, 2008). The idea behind the theory is that knowledge encourages informed employees to be more involved and, consequently, more productive. It centers on maintaining open lines of communication within an organization and making sure that employers and employees communicate regularly (Markert, 2008).

Based on the idea that creating and preserving dynamic, harmonious connections is the primary challenge facing all organizations, the Human Relations Theory was developed (Okumbe, 2007). Clifford Geertz and Michael Pacanowsky combined their talents to create the Cultural Organizational Theory. As per Griffin (2012), this theory posits that culture functions akin to a web, and the existence of shared meaning, comprehension, and sense-making is essential for culture to flourish. He goes on to say that sharing customs and language constitutes culture.

Griffin (2012) claims that Michael Pacanowsky was the one who put Geertz's ideas into the framework of organizations. Organizations build their own webs, according to Pacanowsky and Griffin (2012), and communication is the process of creating the web. This implies that a company's culture is formed through the shared meanings that its employees develop through communication with one another. The meanings are conveyed through stories that fall into three categories: personal stories, which are tales that employees tell one another about

themselves; corporate stories, which may contain information that management wishes to convey to staff; and factory stories, which staff members tell one another about (Galvan 2014). Positive or negative stories can be found in the latter ones. The two theories were relevant to this investigation since factories are groups of people who must collaborate to accomplish shared objectives. Employers and employees must communicate openly in order to accomplish the goals of the factory and reduce problems that arise there.

An essential component of an organization's and an individual's effectiveness within it is organizational communication. Members express their happiness and frustrations through this essential method, and the manager is aware of their interests. Organizational communication encompasses the medium that are employed as well as the messages' goal, direction, and flow. However, the Cultural Organizational Theory gives the researcher access to all available information about the employees, including their backgrounds, customs, and motivations for celebrating them (Galvan 2014).

For instance, a researcher would learn from the stories how important communication is to the organization and how to resolve employee disagreement through communication. Using this theory, the researcher also aimed to investigate the attitudes of workers, in this case bosses, toward communication and the resolution of conflicts inside their workplace (factory). Essentially, the theories allowed the researcher to establish a connection between the values, norms, and employer values of employees and how they manage communication, specifically with regard to labor conflict management. Theories and Models of Communication: The Effect of Hawthorne Words is not always necessary for communication. From the standpoint of organizational communication, the prevalent paradigm of systematic organizational conflict management offers recommendations for improvement. Specifically,

An interpretive view of corporate communication is combined with a fresh theoretical viewpoint on social complexity to analyze the conflict management systems (CMS) model at the macro level. In particular, the arena model and the dual role of communication are used as two models to highlight the shortcomings and opportunities for improvement in traditional CMS thinking. It was discovered that CMS only offered a narrow perspective on modern dispute resolution. Its foundation is a mechanistic understanding of organizational communication, which we contend is problematic from both a theoretical and practical organizational conflict management standpoint. A new paradigm for strategic conflict management is presented, along with a comparison of the CMS and social complexity approaches.

## **2.2 Empirical Framework**

### **2.2.1 Definitions of Communication**

The Latin word "communis," which denotes a shared or common understanding, is where the word "communication" first appeared. Determining a source and receiver's (destination's) commonality is hence a purposeful outcome (Schramm, 1965, quoted in Shonubi & Akintaro, 2016). According to Mensa (2010), communication is the sharing of ideas, information, and messages by two or more individuals at a certain time and place. To be deemed as having occurred, communication needs to be sought after and involve an exchange of meanings between two or more people. This suggests that relationships between individuals or groups should not be linear. Keyton (2011) defines communication as the process of using a media to spread knowledge and understanding among people.

The flow of information between a sender and a recipient, as well as the implication (perception) of meaning between the parties, constitutes communication. According to Kinicki and Fugate (2018), people analyze and make sense of the information they communicate through a dynamic, circular process. Communication is the practice of using symbolic messages to share or transfer meaning (thought, feeling, idea, experience, knowledge, and skill) for a specific purpose. This implies that communication has not occurred if no ideas or information have been shared. If perfect communication existed, when a conveyed concept or idea will be received by the receiver exactly as it will be envisioned by the sender, then perfect communication would be necessary for communication to be successful.

### **2.2.2 The Importance of Communication**

The ability of a manager to comprehend others is important for the success of the firm. When managers communicate effectively, they are able to understand the needs of their staff. Efficient communication within an organization is also necessary for achieving things like policy acceptability, people's cooperation, clear understanding of concepts and instructions, and the desired performance changes.

The following are some points made by Endalcahew, Yasichelal, and Tadiwos (2006) to underline the significance of communication in organizations:

1. Communication systems are essential for the smooth and effective operation of an organization: lack of communication is one of the main reasons of organizational inefficiency.

2. Decision-making starts with communication. The quantity and quality of information that managers in an organization have accessibility to through communication determines the importance of decisions made.
3. It makes effective interaction and planning achievable. Clear communication helps clear up misunderstandings.
4. Because it is necessary to raise staff morale and willingness to work, communication reduces productivity.
5. Encourage democratic administration: In the majority of the world's nations, democratization is rapidly gaining support. Members of the organization can therefore participate in a variety of activities thanks to communication.

### 2.2.3 Organizational Communication

Communication is the exchange of ideas between people or groups of people to create understanding. Because human beings are social, they share their thoughts and ideas through communication. According to Mensah, (2010) communication is a process of sharing ideas, information, and messages with other people in a given place and time. But for communication to be said to have taken place, there is the exchange of shared meaning which occurs between two or more parties and feedback is obtained. The interaction between individuals or groups is however not linear as it can be interfered with by noise.

Noise, according to Lunenburg (2010), is anything that distorts the message sent by the sender to the receiver. This noise could be: different views to the message, interruptions, language barriers, attitudes and emotions of the people involved in a communication process. As such, Mensah (2010) notes that communication does not entail just giving information but that it is the giving of information that can be understood and receiving and understanding the message given. Mensah (2010) terms it as a means by which thoughts are transmitted from one person to another.

Hooker (2008) in addition says that communication is vital in business because business is an activity that entails collaboration, with goods and services made and exchanged through coordination by many people. The coordination requires intense communication and specifications of the services or goods must be mutually understood (Hooker 2008). The implication of this is that for businesses or organizations to work successfully, staff members have to work as a team to achieve their set objectives. Armstrong (2006) asserts this saying

that to achieve organization objectives, good communications are required to achieve coordinated results. And since organizations experience change continuously, there is need to ensure that the effect of the changes on the employees is communicated to them (employees) in terms they understand and accept. Failure to do this can lead to conflict. To achieve feedback and organizational objectives, communication in an organization is usually not one way but open, where messages can be sent from below to the management or from the management to the employees, or among employees.

#### 2.2.4 Types of Communication in Organizations

People communicate with each other in a number of ways that depend up on the message and its context in which it is being sent. Therefore, there are variety types of communication. (Stewart and Sylvia;

According to H.G Field and Robert J. House (1995) There are two types of communication (verbal and nonverbal communication)

1. **Verbal communication:** - written and oral communication media have favorable and unfavorable nature
2. **Non- verbal communication:** Non- verbal communication is any message the sender communicates without using words.

As said by P.Robbins (1993) communication can be classified based on their channels, formal and informal communication.

1. **Formal communication:** Formal communication follows the chain of command and is recognized as official transfer of messages.
2. **Informal communication** Informal communication arises from the social relationships that evolve in the organization and they are not available or feasible through formal channels.

The Same author's classified communication based on its direction as upward, downward, lateral, and diagonal communication.

1. **Upward communication:** - Upward communication flows to a higher level in the group or organization. It is used to provide feedback to higher.
2. **Down ward communication:** - Communication that flows from one level of a group or organization to a lowest level is down ward communication.
3. **Horizontal communication:** -When communication take place among members of the same workgroup, among members of work groups at the same level, among managers

at the same level, or among any horizontally equivalent personnel, this all are described as lateral communications.

4. **Diagonal communication:** - While it is probably the least used direction of communication in organizations, diagonal communication is important institutions where member cannot communicate effectively through other direction.

### **2.3. Organizational Performance**

High organizational performance is achieved when supported by individual attributes, work effort, and organizational backing. Performance reflects an organization's actions in achieving job-related goals based on their role in the company. According to Gibson (1991), performance is the outcome expected from organization behaviors directly related to work tasks, completed to meet targets.

Factors influencing organizational performance in an organization include individual and environmental elements. The individual factor is the employee's inherent potential, while the environmental factor includes conditions that support their work, such as infrastructure and organizational resources. Although individual potential is often innate, organizations can enhance it through learning and training programs aligned with technological advancements.

Gorda (2004) defines performance as the contribution of an organization to their duties and responsibilities within the organization, shaped by their spiritual and emotional intelligence to overcome challenges, as well as their physical abilities to utilize organizational resources. This suggests that employees can achieve both quality and quantity in their performance by effectively fulfilling their roles and responsibilities.

Improving organization performance involves recognizing and rewarding their efforts, enhancing communication, and improving learning and working conditions. In public sector performance management, the focus is often on the "three E's": Economy, Efficiency, and Effectiveness (Akma, 2011).

Despite advances in information technology, ineffective communication remains an issue in organizations, negatively affecting managers, employees, and the overall organization. Poor communication can lead to subpar performance, strained relationships, and dissatisfied customers. For an organization to succeed and gain a competitive edge, managers at all levels must be skilled communicators (George, 2011).

Employee contributions are essential for organizational development and success (Korkaew & Suthinee, 2012). Rich et al. (2010) identified two types of performance crucial for organizational effectiveness: task performance and contextual performance. Task performance involves behaviours directly related to the organization's core processes and is tied to formal reward systems. In contrast, contextual performance refers to efforts beyond an employee's core duties, which contribute to the organizational, social, and psychological environment, ultimately supporting task activities (Werner, 2000).

Coordination among employees performing various roles is a key to organizational success (Macey & Schneider, 2008). Employees engage in diverse tasks such as production, marketing, finance, human resources, and public relations, all of which are interconnected to meet organizational goals. Effective organizational performance in these areas significantly impacts overall productivity and progress. Factors such as skills, training, motivation, benefits, and communication play crucial roles in encouraging employees to perform at their best (Korkaew & Suthinee, 2012). Management must recognize the importance of organization performance and work to foster it through sincere efforts.

#### **2.4. Empirical review**

Many scholars and theorists have explored the significance of communication in organizations and made discoveries that are applied in modern workplaces. Regarding effective communication, Femi researched "The Effect of Communication on Workers' Performance in Selected Organizations in Lagos State, Nigeria," highlights communication as a crucial part of organizational projects. He suggested that, with globalization, organizations increasingly rely on communication to meet their objectives with fewer resources. His study examined the relationship between communication and workers' performance in specific organizations in Lagos State, with data gathered from 120 respondents via a questionnaire. The results revealed a strong connection between effective communication and workers' performance, productivity, and commitment. Based on these findings, Femi recommended that managers maintain consistent and regular communication with employees to enhance commitment and performance.

Nebot et al. (2015) also found a significant relationship between effective communication and organizational performance. Their research demonstrated that organizations perform better when they are informed compared to those who are not. However, the lack of training on new

innovations and techniques left lecturers feeling insecure and overly cautious in performing their duties. These findings suggest that organizations should prioritize communication, as it significantly impacts organizational performance. Managers must ensure that organizations are well-informed and assess how communication influences organizational activities.

Nyakundi and Kemunto (2016) studied communication's impact on organizational performance within Kenya Power and Electric Company (KPEC) in South Nyanza Region. They found that downward communication was timely and appreciated by KPEC, enhancing organizational performance. Additionally, upward communication allowed management to receive feedback on performance and gave employees a platform to raise concerns, further improving performance. The study recommended focusing on effective communication systems to boost organizational performance, which ultimately benefits the organization's output while reducing input.

Chidiebere et al. (2015) examined the role of effective communication in organizational performance at Nnamdi Azikiwe University, Awka. Using a survey research method and chi-square analysis, they found a significant relationship between effective communication and organizational performance. Their results highlighted that effective communication is essential for efficient management and organizational performance.

Kibe (2014) examined the impact of communication strategies on organizational performance. His study concluded that open communication within an organization improves operational efficiency and performance. The research recommended that organizations adopt effective communication strategies to facilitate the flow of information internally and externally, leading to improved performance.

Wang (2005) investigated the roles of socio-emotional-oriented and job-related communication in enhancing institutional commitment in China. Using statistical methods to analyze data from 69 respondents, the study found that socio-emotional-oriented communication within departments positively influences performance. However, the study did not find a unique link between horizontal and socio-emotional communications. The conclusion emphasized that vertical and job-related communication helps employees in governmental agencies stay focused on organizational objectives.

Rajhans (2012) examined the relationship between communication, motivation, and organizational performance. He highlighted that the morale, motivation, and performance of organization reflect the way an organization communicates with its members. His study of communication and motivational practices at Vanaz Engineers Ltd., a large manufacturing company in Pune, supported his hypothesis regarding the interrelationship between communication and organizational performance.

Otoo Florence (2015) investigated the communication system at Ghana Revenue Authority and its effect on organization performance. Using primary data and random sampling to select 200 respondents, the study concluded that there is a strong relationship between communication and organization performance. Florence recommended minimizing communication barriers to ensure effective communication.

Abiyu Mekonen (2017) researched the impact of communication on organization performance at the Ethiopian Broadcasting Authority. Using primary data and a census method for 102 respondents, he found a positive relationship between communication and organization performance.

## Conceptual frameworks

This section presents the conceptual frameworks for the study. The dependent variable identified is organizational performance and independent variables are upward, downward, horizontal and diagonal communications at A and E garment technology PLC.

## Communication

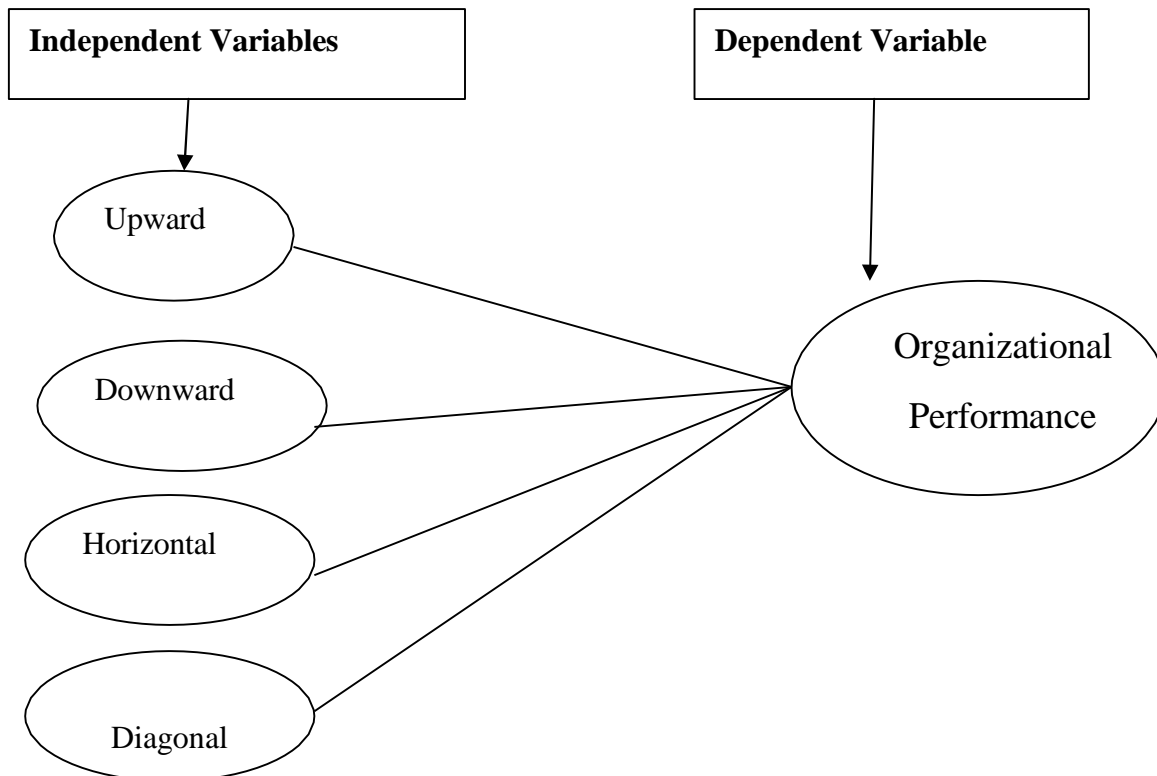


Figure 2.1 Conceptual framework

Source: compiled from different sources

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. INTRODUCTION**

The research design and technique that would be implemented to gather the study's data could be discussed in this chapter. It covered the research design, sampling strategy, sample size, data source, data collection process, and data analysis methodologies that might be applied in this study using descriptive and explanatory research methods. This was due to the study's selective description of the effect of effective communication on organizational performance as an analytical unit in relation to the factory's organizational communication effect. Closed-ended questioning techniques were used in the questionnaire responses.

#### **3.2. Research Design**

The researcher was decided to use a descriptive and explanatory design in order to investigate the effect of effective communication on organizational performance in the context of A and E Garment Technology plc. This is because investigations that focus on characterizing the traits of an individual or group of individuals are known as descriptive research studies and an explanatory research design in order to determine the nature and extent of the relationship between the independent and dependent variables. On the other hand, this study was carried out using a mixed-approaches research methodology. The goal of using a quantitative method is to collect data from a variety of sources.

#### **3.3. Research Approach**

A quantitative research approach was employed in this study as it is well-suited for quantify Research Approach.

A quantitative research approach was employed in this study as it is well-suited for quantifying variations to determine the extent of a problem or issue. This approach helped to assess the relationship between change management and organizational performance by measuring variations and answering the research questions through a controlled deductive process. Quantitative research allows for the collection of numerical data, prediction, measurement of variables, and use of statistical procedures to analyze and draw inferences from the data.

In descriptive research, the study provided a detailed description of relevant aspects of the situation, offering a numerical representation of the phenomena. A descriptive research design was used to describe the facts and characteristics of effective communication and organizational performance in the study area using variations to determine the extent of a problem or issue. This approach helped to assess the relationship between effective communication and organizational performance by measuring variations and answering the research questions through a controlled deductive process. Quantitative research allows for the collection of numerical data, prediction, measurement of variables, and use of statistical procedures to analyze and draw inferences from the data.

In descriptive research, the study provided a detailed description of relevant aspects of the situation, offering a numerical representation of the phenomena. A descriptive research design was used to describe the facts and characteristics of effective communication and organizational performance in the study area.

### **3.4. Description of study area**

The Research was conducted in Addis Ababa town, Kebena subcity, at the A & E Garment Technology PLC factory.

### **3.5. Types and Sources of Data**

Both primary and secondary data were collected to achieve the study's objectives. Primary data was obtained directly from the staff members working across different departments of A & E Garment Technology PLC factory. The research study used primary data sources from structured questionnaires and secondary data source. The primary data was collected from staffs through structured questionnaires in relation to the many aspects of effective communication and to examine how they affect organizational performance. On the other hand, the secondary source of the data also gathered from different books, articles, journals to support the primary data.

### **3.6. Target Population of the study**

The target population of the study was 120 employees of A and E factory which were categorized as general manager, assistant general manager, finance manager, department heads, team leaders, experts and operators.

### 3.7. Sampling Size and sampling technique

#### 3.7.1. Sample size

To ensure a manageable population size, the researcher chooses 120 individuals from 10 different departments to conduct data collection at A & E Garment Technology PLC. The researcher additionally includes one subject in addition. Using Slovin's formula, a sample of 120 employers and employees in A & E Garment Technology PLC were selected from the sample frame of 171.

$$n = N \div (1 + Ne^2),$$

Where n = number of samples,

N = total population, and

e = error tolerance (e = 0.05).

$$n = 171 \div (1 + 171 \times 0.0025) = 120$$

Table 3.1: Proportional sample size allocation

<b>Target Population Distribution</b>			
<b>Divisions</b>	<b>Number</b>	<b>Percentage %</b>	<b>Sample size</b>
General Manager	1	0.6%	1
Assistant General Manager	1	0.6%	1
Finance Manager	1	0.6%	1
Department heads	10	5.8%	7
Team leaders	10	5.8%	7
Experts	3	1.8%	2
Operators	145	84.80%	102
<b>Total</b>	<b>171</b>	<b>100%</b>	<b>120</b>

#### 3.7.2. Sampling technique

The entire research population consisted of A & E Garment Technology PLC employees in Addis Ababa, Ethiopia. The whole workforce of A & E Garment Technology PLC would be used to compute the sample population. To avoid sample bias and ensure the results are accurate enough to be generalized, simple random sampling was employed to make sure that each employee had an equal chance of being chosen.

### **3.8. Data Collection Tools**

The research study employed a structured questionnaire as its primary data collection tool. The questionnaire consisted of three main sections designed to gather information on respondents' personal profiles, communication, and assessments of organizational performance.

The first part of the questionnaire collected demographic characteristics of the respondents, including gender, age, marital status, work experience, and educational level. This section aimed to provide background information about the respondents and enable the researcher to analyze the results based on different demographic variables.

The second section of the questionnaire focused on the communication channel and their perceived effect on organizational performance. Respondents were asked to rate their agreement with statements related to these constructs using a Likert scales ranging from strongly disagree to strongly agree (i.e. strongly disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, and Strongly Agree = 5).

### **3.9. Data Analysis and Processing**

The purpose of this study was to examine how the dependent variables (organizational performance) were affected by the independent variables (Effective communication) performance measures. To achieve the research objective, multiple linear regressions model was deployed to analyze the combined effect of forecaster variables (independent) on dependent variables, to test the research model and predict operational effect of effective communication dimensions on organizational performance.

For this study quantitative method of data analysis was used to identify the factors affecting the success and failure of effective communication in A & E Garment Technology PLC. Quantitative data was to analyze using multiple linear regression model, ANOVA and correlations coefficients and others to test hypothesis. The collected data was analyzed using IBM SPSS statistics Version 26 or other latest statistical tool and updated computer programmer version.

The regression equation was defined as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \epsilon.$$

Where: Y = Organizational Performance (OP)

$\beta_0$  = Constant Term

$\beta$  = Beta coefficients

X1 = upward communication (UC)

X2= downward communication (DoC)

X3 = horizontal communication (HC)

X4= diagonal communication (DiC)

$\varepsilon$  = Error Term

### 3.10. Reliability and Validity Testing

The questionnaire used in this paper was adopted from previous studies and review of relevant literature. In addition, the advisor and researcher discussed the questionnaires before their distribution in order to ensure the study's validity. Therefore, by reviewing the literature and modifying the instruments from other investigations, this study addressed the content validity.

The most frequently employed measure of internal consistency was the Cronbach's alpha coefficient. Only variables with multiple measurement questions were eligible for the measurement of Cronbach's alpha, an index of reliability linked to the variance that accounted for the true score of the underlying construct. A value of 0.5 is sufficient, while a value of 0.7 and above is more appropriate.

As shown in Table 3.2 the Cronbach's alpha value of 0.904 demonstrates that the survey instrument has good internal consistency, This indicates that the items used to measure the constructs of effective Communication and organizational performance were reliably related, thus ensuring that the data collected is strong and dependable for further analysis.

Table3. 2: Reliability Statistics

Reliability Statistics		
Variables	N of Items	Cronbach's Alpha
Upward communication	6	0.771
Downward communication	6	0.66
Horizontal communication	8	0.37
Diagonal Communication	5	0.678
Organizational performance	7	
<b>Overall</b>	<b>32</b>	<b>0.904</b>

### 3.11. Data Processing and Analysis

To conduct a study, the data was collected from primary sources, the utilization of descriptive and inferential statistics, as well as econometric analysis, were employed. Prior to the collection of data, an assessment of the explanatory variables was conducted to identify any issues of

multi-collinearity through the utilization of collinearity diagnostics within the context of linear regression analysis in the Statistical Package for Social Sciences (SPSS). The researcher employed both descriptive and econometric methods to analyze the primary data.

In order to address the objective of the study, the data was encoded and analyzed utilizing descriptive statistics such as frequencies, percentages, mean, and standard deviation. Furthermore, the association between the independent variable and dependent variables was tested through the implementation of correlation analysis. Specifically, a linear regression econometric model analysis was employed to examine and establish relationships between independent variables and dependent variable.

### **3.12. Ethical Consideration**

Prior to data collection in the field, the researcher obtained research and ethical permission from the Addis Ababa University. The participants were asked to consent before participating in this study. The researcher also ensured that all respondents voluntarily participate in the study. Those who wish to decline to participate were not forced. The right to privacy of respondents was maintained through confidentiality. Names of the respondents were not mentioned in this research.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### 4. Introduction

This chapter discusses the analysis of study findings. Data was collected from employees of A and E garment technology PLC. The data was entered into SPSS version 23 for analysis. To summarize the demographic data, frequency distribution tables for various demographic variables were used. To identify the strength and direction of relationships between the (upward communication, downward communication, horizontal communication, diagonal communication) and the dependent variable (Organizational Performance) using Pearson correlation.

To examine the impact of multiple independent variables on the dependent variable, regression coefficients, R-squared values, and significance levels were used to determine the predictive power and significance of each construct.

#### 4.1. Respondents Profile

##### 4.1.1. Respondents' response rate

Table 4.3: Respondent's response rate

Total sample size	120
Appropriately filled and returned	114
Not appropriately filled	4
Not collected	2
Appropriate for data analysis	114
Response rate	95%

Source: Own Survey Result, 2024

The total number of people who were targeted or invited to participate in the survey were 120. Out of the total sample, 114 respondents filled out and returned the survey forms correctly. These responses were completed in a manner that allows them to be used for data analysis. There were seven responses that were returned but were not filled out correctly. These could include incomplete responses, inconsistent answers, or errors that make the data unusable. It confirms that 114 responses are valid and usable for analysis. The table suggests a high level of participation and quality in the responses collected, with a very small proportion of responses being unusable or not collected.

## 4.2. Demographic Characteristics of the Respondents

Table 4.4: Socio-demographics characteristics of the respondents

Variables		Frequency	Percent
Age category	18-25	58	50.9
	26-30	35	30.7
	31-40	16	14
	41-50	3	2.6
	51 and above	2	1.8
Gender	Male	42	36.8
	Female	72	63.2
Educational qualification	<12	57	50
	12 completed	27	23.7
	Diploma	23	20.2
	Degree	4	3.5
	Masters and above	3	2.6
Work Experience	<1 year	58	50.9
	1-3 years	48	42.1
	3-4 years	7	6.1
	5 and above	1	0.9
Working position	Manager	3	2.7
	Dept head	10	8.8
	Team leader	10	8.8
	Expert	3	2.6
	Operator	88	77.2

The demographic breakdown of the respondents reveals that the majority, 50.9%, fall within the age range of 18-25 years, followed by 30.7% in the 26-30 age groups, and fewer participants in older age brackets, with only 1.8% aged 51 and above. In terms of gender, females make up a larger proportion of the sample at 63.2%, compared to 36.8% males. Regarding educational qualifications, half of the respondents (50%) have less than 12 years of formal education, while 23.7% have completed 12 years, 20.2% hold a diploma, and a small percentage (6.1%) possess a degree or higher qualifications. Most respondents, 50.9%, have less than one year of work

experience, while 42.1% have worked for 1-3 years. Only a few (7%) have more than three years of experience. In terms of job roles, the overwhelming majority (77.2%) are operators, with smaller percentages holding managerial (2.7%), department head (8.8%), team leader (8.8%), or expert (2.6%) positions. This data indicates a relatively young and predominantly female workforce with limited work experience and a concentration of employees in operator roles.

### 4.3. Perceptions of respondents by upward communication

Table 4.5: perception of respondents by upward communication

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	Std. Deviation
I can easily share my thoughts with my direct supervisor.	114	1	5	2.97	1.379
I can submit documents and offer suggestions about work to my superiors.	114	1	5	2.48	1.434
My efforts to communicate with my bosses are welcomed.	114	1	5	2.37	1.325
I am able to effectively convey my ideas to higher-level managers.	114	1	5	2.78	1.444
My superiors consistently take my feedback on work into account.	114	1	5	2.59	1.268
In my workplace, I feel free to express my concerns to organizational leaders.	114	1	5	3.02	1.303

The descriptive statistics reveal mixed perceptions of communication between employees and their superiors. On average, respondents moderately agree that they can easily share their thoughts with their direct supervisors, with a mean score of 2.97, but there is considerable variation in these experiences (standard deviation of 1.379). When it comes to submitting documents and offering suggestions, the mean drops to 2.48, indicating less confidence or more challenges in this area, with a high degree of variability (1.434). Similarly, respondents feel less welcomed in their communication efforts with bosses, as reflected by a mean score of 2.37, again showing significant variation in experiences (standard deviation of 1.325).

When it comes to conveying ideas to higher-level managers, the mean score is 2.78, reflecting moderate confidence, though the standard deviation of 1.444 suggests diverse experiences. Additionally, respondents feel somewhat neutral about whether their superiors take their feedback into account (mean of 2.59), with variation present across the group (1.268). However, respondents feel relatively more positive about their freedom to express concerns to organizational leaders, with a mean of 3.02, though this perception also varies significantly (1.303). Overall, the data suggests that while communication with direct supervisors and higher management is moderately positive, there is notable room for improvement, especially regarding the reception of feedback and the ability to submit suggestions or ideas effectively.

#### 4.4. Perceptions of respondents by downward communication

Table 4.6: perception of respondents by downward communication

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	Std. Deviation
I can effectively communicate my ideas to my subordinates with ease.	114	1	5	3.20	1.358
I have no difficulties sharing my ideas with my team members.	114	1	5	2.23	1.227
I have developed efficient methods for communicating with my subordinates	114	1	5	3.20	1.291
The downward communication from the operations department has fostered rapport and motivated employees	114	1	5	3.24	1.154
Due to the efficiency of downward communication, daily meetings are no longer necessary in our organization.	114	1	5	3.24	1.154
Our organization effectively uses downward communication through various meetings.	114	2	5	3.53	1.024

The descriptive statistics provide insights into how respondents perceive communication with their subordinates and the effectiveness of downward communication within the organization. On average, respondents feel moderately confident in their ability to communicate ideas effectively to subordinates, with a mean score of 3.20 and a standard deviation of 1.358, indicating some variation in experiences. Similarly, respondents report having developed efficient methods for communicating with their subordinates, reflected in a mean score of 3.20 with a slightly lower variation (standard deviation of 1.291).

However, there seems to be some difficulty in sharing ideas with team members, as shown by the lower mean of 2.23 and a relatively smaller standard deviation of 1.227, indicating that some respondents face challenges in this area. The impact of downward communication from the operations department is viewed more positively, with a mean score of 3.24, suggesting that it fosters rapport and motivates employees, though there is some variation in perceptions (standard deviation of 1.154).

Respondents also believe that the efficiency of downward communication has made daily meetings unnecessary, with the same mean score of 3.24 and a standard deviation of 1.154. Furthermore, the organization is perceived to effectively utilize downward communication through various meetings, as indicated by a higher mean score of 3.53 and a lower standard deviation of 1.024, implying greater agreement among respondents. Overall, the data reflects a generally positive view of downward communication, though challenges in peer-level communication remain.

#### **4.5. Perceptions of respondents by horizontal communication**

Table 4.7: perception of respondents by horizontal communication

<b>Descriptive Statistics</b>					
Variables	N	Minimum	Maximum	Mean	Std. Deviation
In our organization, communication within the same work group is effective.	114	1	5	3.38	.999
I collaborate well with my peers at the same level in the organization.	114	1	5	2.49	1.066

There is strong peer-to-peer communication within the organization	114	1	5	2.82	1.154
Management recognizes peer-to-peer communication as a key way to strengthen team spirit and teamwork.	114	1	5	2.43	.902
The organization provides ample opportunities for peer-to-peer communication.	114	1	5	2.96	1.237
Horizontal communication aids in the successful implementation of top-level decisions.	114	1	5	2.89	1.087
It is common in our organization to see communication happening between colleagues and peers at the same hierarchical level.	114	1	5	2.62	.999
Horizontal communication is also encouraged in our organization for collaborative problem-solving.	114	1	5	3.31	1.065

The descriptive statistics offer a detailed view of how respondents perceive communication within the same work group and peer-to-peer interactions in the organization. Overall, communication within work groups is viewed as relatively effective, with a mean score of 3.38 and a low standard deviation of 0.999, indicating a moderate level of agreement among respondents. However, collaboration with peers at the same hierarchical level is rated lower, with a mean score of 2.49 and a standard deviation of 1.066, reflecting some difficulties in peer-level collaboration.

When it comes to strong peer-to-peer communication within the organization, the mean score is 2.82, indicating that there is room for improvement in this area. Management's recognition of peer-to-peer communication as a key element for building team spirit and teamwork is rated even lower, with a mean of 2.43, suggesting that employees do not strongly feel that management emphasizes or supports this aspect of communication.

Respondents perceive that the organization provides moderate opportunities for peer-to-peer communication, with a mean score of 2.96 and a higher standard deviation of 1.237, indicating varied experiences. Horizontal communication, which aids in implementing top-level decisions, is rated slightly higher with a mean of 2.89 and a standard deviation of 1.087, showing a moderate level of agreement.

It is somewhat common to see communication occurring between colleagues and peers at the same hierarchical level, as reflected by a mean score of 2.62 and a low standard deviation of 0.999, suggesting a relatively consistent view among respondents. Finally, horizontal communication for collaborative problem-solving is rated positively, with a mean score of 3.31 and a standard deviation of 1.065, indicating that employees feel this type of communication is somewhat encouraged in the organization. Overall, while horizontal communication is generally viewed as effective, there are clear opportunities to strengthen peer-to-peer communication and collaboration across the organization.

#### 4.6. Perceptions of respondents by diagonal communication

Table 4.8: perception of respondents by diagonal communication

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	Std. Deviation
There is efficient communication between employees from various departments	114	1	5	3.31	1.065
Cross-department communication is utilized in our organization whenever necessary.	114	1	5	3.31	1.065
Employees from different departments interact smoothly.	114	1	5	3.31	1.065
I feel confident in my ability to communicate effectively with any department within the organization	114	1	5	3.25	1.273
Regarding work matters, I have a positive communication experience	114	1	5	3.02	1.389

with employees from other departments and all levels of management					
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The descriptive statistics provide insight into cross-department communication within the organization. Employees perceive communication between departments as generally efficient, with a mean score of 3.31 across several items, including efficient communication between employees from different departments, the use of cross-department communication when needed, and smooth interaction among employees from various departments. The identical mean score (3.31) for these items, along with a standard deviation of 1.065, suggests a consistent perception of moderately effective cross-departmental communication.

Respondents also feel somewhat confident in their ability to communicate effectively with any department, as indicated by a mean score of 3.25 and a slightly higher standard deviation of 1.273, reflecting some variation in experiences. When it comes to work-related communication with employees from other departments and management levels, the mean score is slightly lower at 3.02 with a standard deviation of 1.389, indicating a generally positive communication experience but with greater variability. Overall, the results suggest that while communication across departments is generally effective, there is room for improvement in enhancing interdepartmental interactions and ensuring more consistent communication experiences for all employees.

#### **4.7. Descriptive Statistics**

The researcher employed descriptive statistics to present quantitative descriptions in a manageable form: each descriptive statistic reduces lots of data into a simpler summary. The key descriptive measures include the mean, standard deviation, minimum, and maximum values of the variables. The descriptive statistics provide a detailed overview of the main variables, showing the mean scores, variability, and the range of responses. Based on Poonlar Btawee's 1987 work, the researcher employed a measuring scale with specific intervals to interpret descriptive data. According to Btawee, mean scores between 4.51 and 5.00 were classified as "very good," scores from 3.51 to 4.50 were considered "good," scores ranging from 2.53 to 3.50 were "moderate," scores between 1.52 and 2.50 were "fair," and scores from 1.00 to 1.50 were deemed "poor."

Table 4.9: Descriptive statistics of the variables

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	Std. Deviation
Upward Communication	114	1.00	5.00	2.7018	.92928
Downward Communication	114	1.33	5.00	3.1053	.73381
Horizontal Communication	114	1.75	4.00	2.8618	.43121
Diagonal Communication	114	1.00	5.00	3.2368	.81385
Organization performance	114	1.29	5.00	2.8835	.91178

The descriptive statistics provide an overview of different communication types within the organization and their relationship with organizational performance. Upward communication, which reflects the flow of information from subordinates to superiors, has a mean score of 2.70 with a standard deviation of 0.93, indicating that employees perceive upward communication as moderately effective, though there is considerable variability in their experiences.

Downward communication, representing communication from management to employees, has a higher mean score of 3.11 with a standard deviation of 0.73, suggesting that downward communication is perceived as somewhat more effective and consistent compared to upward communication.

Horizontal communication, which refers to communication between employees at the same hierarchical level, has a mean score of 2.86 with a standard deviation of 0.43. This relatively low standard deviation shows that horizontal communication is fairly consistent across the organization, though it is still not perceived as particularly strong.

Diagonal communication, involving cross-hierarchical interactions between different departments, is perceived as the most effective, with a mean score of 3.24 and a standard deviation of 0.81, indicating moderate effectiveness with some variability in perceptions.

Lastly, organizational performance is rated with a mean score of 2.88 and a standard deviation of 0.91, suggesting that employees see organizational performance as moderate, with diverse views on its effectiveness. Overall, while some forms of communication, particularly diagonal and downward, are perceived as more effective, there is room for improvement, especially in upward and horizontal communication to potentially enhance overall organizational performance.

#### 4.8. Correlation Analysis

Correlation analysis is an explanatory design used to determine if there is a significant relationship between independent variables and the dependent variable, which is organizational performance. The Pearson correlation coefficient and its associated p-values were used for measurement. According to Almaquist et al. (2016), a correlation coefficient of 1 or -1 indicates a perfect relationship, -0.9 to -0.7 (or 0.7 to 0.9) is considered strong, -0.6 to -0.4 (or 0.4 to 0.6) is moderate, and -0.3 to -0.1 (or 0.1 to 0.3) is weak. Based on these criteria, the correlation analysis was conducted as follows.

Table 4.10: Correlation Analysis between independent variables with organizational performance

		<b>Correlations</b>				
		UC_mean	DoC_mean	HC_mean	DiC_mean	OP_mean
UC_mean	Pearson Correlation	1	.641**	.405**	.542**	.765**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	114	114	114	114	114
DoC_mean	Pearson Correlation	.641**	1	.478**	.523**	.735**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	114	114	114	114	114
HC_mean	Pearson Correlation	.405**	.478**	1	.484**	.552**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	114	114	114	114	114
DiC_mean	Pearson Correlation	.542**	.523**	.484**	1	.674**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	114	114	114	114	114

OP_mean	Pearson Correlation	.765**	.735**	.552**	.674**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	114	114	114	114	114
**. Correlation is significant at the 0.01 level (2-tailed).						

UC: Upward communication, DoC: Downward communication, HC: Horizontal communication, DiC: Diagonal communication, OP: Organizational performance

The correlation analysis provides insights into the relationships between different communication types (upward, downward, horizontal, diagonal) and organizational performance. All correlations are statistically significant at the 0.01 level, indicating strong associations between communication patterns and organizational performance.

Upward communication shows a strong positive correlation with organizational performance (OP) ( $r = .765$ ,  $p < .01$ ), suggesting that effective communication from employees to their superiors is highly associated with improved organizational performance. It also has moderate to strong correlations with downward communication ( $r = .641$ ), horizontal communication ( $r = .405$ ), and diagonal communication ( $r = .542$ ), indicating that upward communication is interconnected with other forms of communication within the organization.

Downward communication also demonstrates a strong positive correlation with organizational performance ( $r = .735$ ,  $p < .01$ ), showing that communication from management to employees is crucial for enhancing performance. Additionally, it is strongly related to horizontal communication ( $r = .478$ ) and diagonal communication ( $r = .523$ ), suggesting that clear communication from management is linked to better communication across various levels.

Horizontal communication has a moderate positive correlation with organizational performance ( $r = .552$ ,  $p < .01$ ), showing that peer-to-peer communication contributes to overall performance, but not as strongly as upward or downward communication. It is also moderately correlated with diagonal communication ( $r = .484$ ).

Diagonal communication shows a strong positive correlation with organizational performance ( $r = .674$ ,  $p < .01$ ), indicating that cross-departmental communication across different hierarchical levels significantly impacts organizational success. It is also positively correlated

with other communication types, especially upward ( $r = .542$ ) and downward communication ( $r = .523$ ).

In summary, all forms of communication (upward, downward, horizontal, and diagonal) are positively related to organizational performance, with upward and downward communication showing the strongest associations. Effective communication at all levels appears to be a critical factor in enhancing organizational performance.

#### 4.9. Multiple regression assumption test

In this study, multiple regression analysis was employed to examine the effects of various communication components on organizational performance. Specifically, the components considered were upward, downward, horizontal, and diagonal communication. The dependent variable was organizational performance. Here’s how the analysis was structured and the necessary assumptions tested before performing the multiple regression analysis.

##### 4.9.1. Multicollinearity test

Multicollinearity occurs when independent variables (predictors) in a regression model are highly correlated with each other. This can make it difficult to estimate the individual regression coefficients accurately. To detect multicollinearity, we use two primary diagnostics: Pair-wise correlation, Tolerance, and the Variance Inflation Factor (VIF).

Table 4.11: Result of Multicollinearity Test

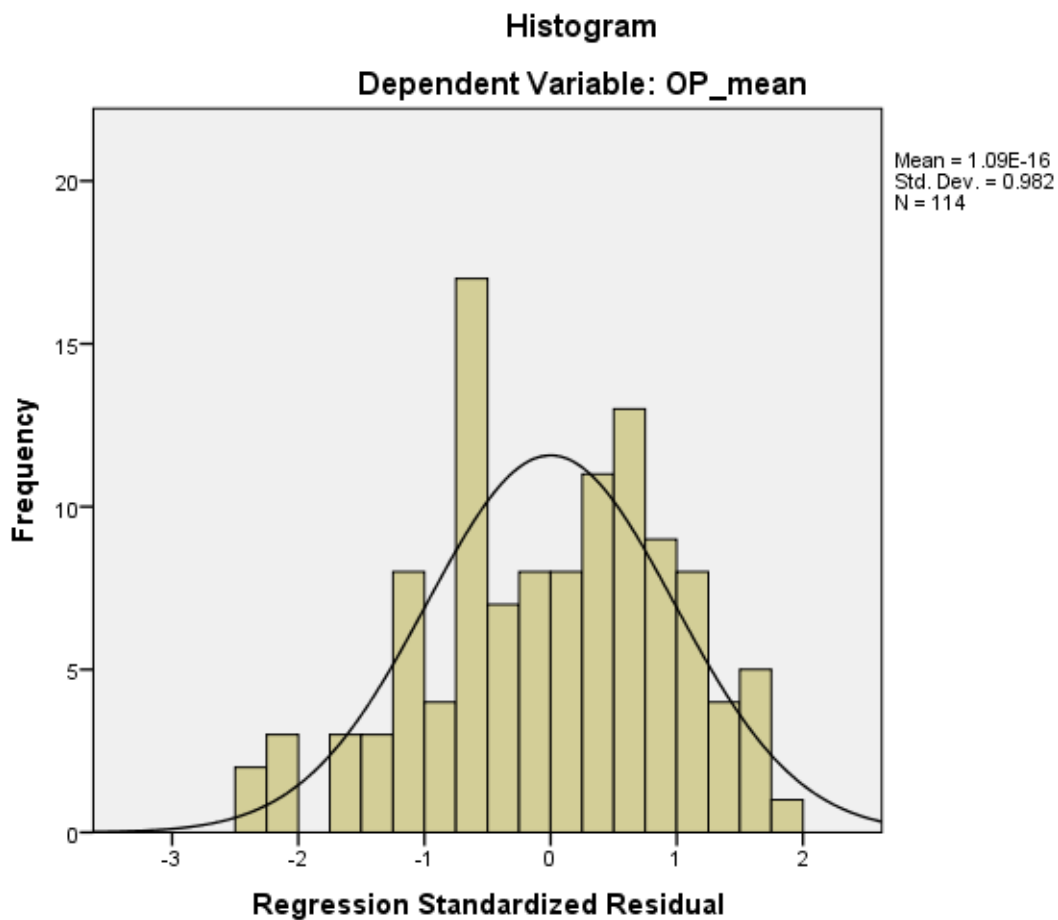
Model	Collinearity Statistics	
	Tolerance	VIF
Upward communication	.529	1.889
Downward communication	.514	1.946
Horizontal Communication	.694	1.440
Diagonal Communication	.601	1.664

Source: Own Survey Result, 2024

Since all tolerance values are above 0.1 and all VIF values are below 10, we can conclude that the predictors are sufficiently independent of each other. Therefore, the regression model can be considered reliable and the regression coefficients can be interpreted without concerns about multicollinearity distorting the results (table 4.14).

#### 4.9.2. Homoscedasticity Test

The histogram of the standardized residuals suggests that the residuals from the regression model are approximately normally distributed. This supports the normality assumption necessary for valid inference in multiple regression analysis. Given the bell-shaped curve centered around zero and the lack of significant skewness or outliers, we can conclude that the model's residuals do not deviate significantly from normality. Thus, the regression model is likely to produce reliable and valid result (fig 4.1).

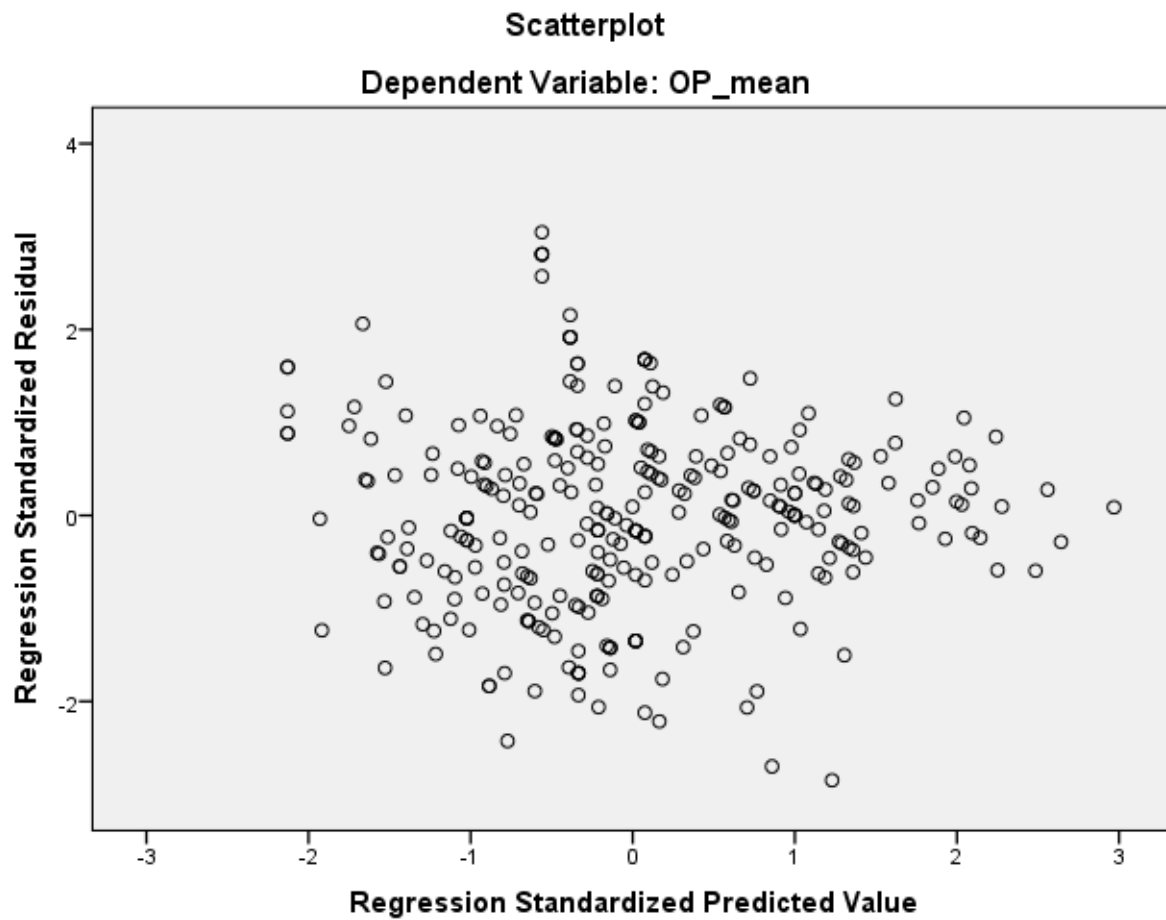


Source: Own Survey Result, 2024

Fig 4.2: Histogram of variables

The scatterplot of standardized residuals versus standardized predicted values shows a reasonably random distribution of points, indicating that the assumptions of homoscedasticity, linearity, and independence of errors are likely met. There were no visible signs of significant patterns or outliers that would raise concerns about the validity of the regression model. This

supports the conclusion that the regression analysis results are reliable and the model is appropriately specified (fig 4.2).



Source: Own Survey Result, 2024

Fig 4.3: Scattered plot of variables

#### 4.9.3. Autocorrelation Test

The Autocorrelation test is a statistical tool used to examine the degree of correlation between values of a data series at different time interval and the covariance of the error terms over time is zero. Hence, Durbin-Watson test was employed by the researcher to determine whether autocorrelation existed in the study.

Table 4.12: Autocorrelation test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.868	0.753	0.744	0.4614	2.214

Source: Own Survey Result, 2024

The Durbin-Watson statistic tests for the presence of autocorrelation (independence of residuals) in the residuals from a regression analysis. The value ranges from 0 to 4, where, 2 indicate no autocorrelation. Values closer to 0 suggest positive autocorrelation and values closer to 4 suggest negative autocorrelation. Therefore, Durbin-Watson statistic in this study (2.214) suggests no significant autocorrelation in the residuals (table 4.12)

#### 4.9.4. Normality test

Table 4.13: Normality test

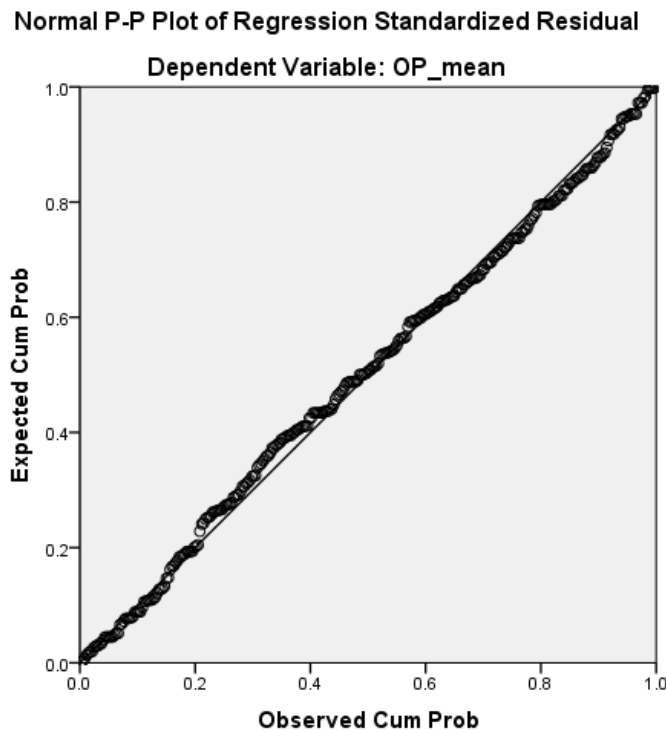
Tests of Normality						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Studentized Residual	.077	114	.095*	.982	114	.12
*. This is a lower bound of the true significance.						
a. Lilliefors Significance Correction						

Source: Own Survey Result, 2024

The table 4.13 presents the results of the Kolmogorov-Smirnov and Shapiro-Wilk tests for normality, which are used to determine whether the residuals from the regression model are normally distributed. Both the Kolmogorov-Smirnov and Shapiro-Wilk tests indicate that the residuals of the regression model do not significantly deviate from a normal distribution. The p-values for both tests were greater than 0.05, meaning we fail to reject the null hypothesis of normality. This supports the assumption of normality of residuals, which were important for the validity of the regression analysis and subsequent inferences.

Fig 4.4 displays a normal probability-probability (P-P) plot of the regression standardized residuals. This plot was used to assess the normality of the residuals, which was one of the assumptions in multiple regression analysis. The Normal P-P Plot of Regression Standardized Residuals indicates that the residuals from the regression model are approximately normally distributed. The data points closely follow the diagonal line, with only minor deviations. This

supports the assumption of normality, which is crucial for the reliability of the regression analysis.



Source: Own Survey Result, 2024

Fig 4.4: Norma P-P plot of variables

#### 4.10. Multiple Linear Regression Analysis

Multiple linear regression analysis was used to analyse the relationship between multiple independent variables and dependent variables simultaneously. It provides a more comprehensive understanding of how multiple factors affect the outcome variable, which can lead to more accurate predictions and better decision making. Therefore, the researcher employed multiple linear regressions analysis to explore the effect of change management components such as upward, downward, horizontal, and diagonal communication and on the dependent variable (organizational performance).

Table 4.14: Autocorrelation test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.868	0.753	0.744	0.4614	2.214

Source: Own Survey Result, 2024

**R (Multiple Correlation Coefficient):** This statistic measures the strength and direction of the linear relationship between the dependent variable (Organizational Performance) and the independent variables (upward, downward, horizontal, and diagonal communication). An R value of 0.868 indicates a strong positive linear relationship.

**R Square (Coefficient of Determination):** R Square represents the proportion of the variance in the dependent variable that is predictable from the independent variables. In this case, 75.3% of the variance in Organizational Performance is explained by the model, indicating a moderately strong explanatory power of the predictors.

**Adjusted R Square:** It adjusts the R Square value for the number of predictors in the model, providing a more accurate measure when multiple predictors are involved. Here, the adjusted R Square is 0.744, slightly lower than the R Square, which accounts for the number of predictors and the sample size. This suggests that the model still explains a substantial portion of the variance even after adjusting for the number of predictors. The model summary indicates that the regression model has a strong positive relationship between the independent variables and the dependent variable, explaining a substantial portion (75.3%) of the variance in organizational performance. The adjusted R Square confirms the model's robustness after accounting for the number of predictors (table 4.14).

Table 4.15: ANOVA of regression analysis

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	70.735	4	17.684	83.062	.000 <sup>b</sup>
	Residual	23.206	109	.213		
	Total	93.941	113			
a. Dependent Variable: OP						
b. Predictors: (Constant), UC, DoC, HC, DiC						

Source: Own Survey Result, 2024

The ANOVA table indicates that the regression model is significant. The independent variables (upward, downward, horizontal, and diagonal communication) collectively have a statistically significant impact on the dependent variable (Organizational Performance). The very low p-value (Sig. = .000) suggests that the likelihood of the observed F-statistic occurring by chance is extremely low, affirming the overall fit of the model (table 4.15)

Table 4.16: Linear regression analysis on organizational performance and independent variables

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.987	.298		-3.312	.001
UC	.384	.064	.391	5.977	.000
DoC	.362	.083	.291	4.382	.000
HC	.289	.121	.136	2.389	.019
DiC	.273	.069	.244	3.975	.000

UC: Upward communication, DoC: Downward communication, HC: Horizontal communication, DiC: Diagonal communication, OP: Organizational performance

Source: Own Survey Result, 2024

The linear regression analysis shows the impact of different types of communication (upward, downward, horizontal, and diagonal) on organizational performance. The model's constant is -0.987 with a significant p-value of 0.001, suggesting that, without considering the communication variables, organizational performance would be negatively impacted.

Upward communication has a positive and significant effect on organizational performance, with a standardized coefficient (Beta) of 0.391 and a t-value of 5.977 ( $p < .001$ ), making it the strongest predictor among the variables. This indicates that as upward communication improves, organizational performance increases significantly.

Downward communication also has a significant positive effect on organizational performance with a Beta of 0.291, t-value of 4.382 ( $p < .001$ ). This suggests that effective communication from management to employees plays a vital role in enhancing performance.

Horizontal communication shows a smaller but still significant positive impact on organizational performance, with a Beta of 0.136, t-value of 2.389 ( $p = .019$ ). This implies that communication between peers is beneficial but less influential compared to other forms.

Diagonal communication also positively affects organizational performance, with a Beta of 0.244 and a t-value of 3.975 ( $p < .001$ ). This demonstrates that effective communication across different levels and departments contributes to improved organizational outcomes. Overall, the

results show that all communication types positively and significantly influence organizational performance, with upward communication having the greatest effect.

#### **4.11. Discussion of related findings**

The findings of this study align with previous research that emphasizes the critical role of upward communication in enhancing organizational performance. Upward communication involves the flow of information from subordinates to superiors, allowing for the transmission of feedback, concerns, and suggestions, which can enhance decision-making and organizational effectiveness (Roberts & O'Reilly, 1974). The standardized coefficient (Beta) of 0.391 and significant t-value of 5.977 ( $p < .001$ ) in this study corroborates the assertion that organizations that prioritize upward communication tend to experience higher levels of performance.

Several related studies have highlighted the importance of upward communication for organizational success. For example, Femi (2014) found that effective communication, especially from subordinates to managers, significantly affects workers' performance and overall productivity. This mirrors the current study's results, suggesting that the open flow of information between employees and management leads to a more responsive and adaptive organization.

In another study, Ruck and Welch (2012) examined how upward communication fosters employee engagement and contributes to improved performance outcomes. They argued that when employees feel their voices are heard by management, their sense of ownership and commitment increases, leading to enhanced organizational outcomes. The current research further confirms this, as upward communication was identified as the strongest predictor of organizational performance.

Similarly, Chen et al. (2006) concluded that upward communication is essential for organizational adaptability and innovation. Their research showed that organizations with strong upward communication channels are better equipped to respond to market changes and internal challenges. This finding supports the notion that upward communication positively impacts performance, as seen in the current study, where upward communication was the most significant contributor to organizational success.

While many studies support the positive effects of upward communication, there are a few that suggest limitations. For instance, Downs and Adrian (2004) argued that while upward communication is beneficial, it is often hindered by barriers such as organizational hierarchy and fear of reprisal, which can limit its effectiveness. In contrast, the current study finds that upward communication has a highly significant impact on performance, suggesting that in this context, such barriers might be minimal or well-managed.

Furthermore, some researchers, like Singh and Vohra (2009), contend that the impact of upward communication may vary depending on organizational culture. In more hierarchical or bureaucratic cultures, upward communication may not flow as freely, potentially limiting its impact on performance. This contrasts with the current findings, where upward communication is shown to be highly effective, possibly indicating that the organizational culture in this study supports open communication.

Many studies corroborate the positive effects of downward communication. For example, Femi (2014) concluded that effective downward communication, where management provides clear instructions and feedback, significantly enhances employee performance and organizational success. The current study reinforces this view by showing that downward communication is a strong predictor of organizational performance.

Similarly, studies on diagonal communication highlight its role in breaking down silos within organizations. Otoo (2015) found that diagonal communication is essential for fostering collaboration across departments and hierarchy levels, which ultimately improves organizational effectiveness. This aligns with the current study, which demonstrates a significant positive relationship between diagonal communication and performance.

On the other hand, while horizontal communication has a positive effect, its weaker impact compared to upward or downward communication is also supported by previous studies. Kibe (2014) observed that while peer communication improves teamwork and operational cohesion, it may not have the same level of influence on performance metrics as communication from management or across hierarchical levels.

## CHAPTER FIVE

### SUMMARY, CONCLUSION, AND RECOMMENDATIONS

#### 5.1. Summary

The correlation analysis demonstrates significant relationships between four types of communication—upward, downward, horizontal, and diagonal—and organizational performance. Upward communication ( $r = .765$ ,  $p < .01$ ) and downward communication ( $r = .735$ ,  $p < .01$ ) exhibit the strongest correlations with performance, indicating that open communication between employees and management is essential for enhancing organizational outcomes. Horizontal communication ( $r = .552$ ,  $p < .01$ ) and diagonal communication ( $r = .674$ ,  $p < .01$ ) also have positive associations, though they are slightly weaker compared to upward and downward communication.

The multicollinearity test shows that the independent variables are sufficiently independent of each other (all VIF values  $< 2$ ), ensuring the reliability of the regression model. Homoscedasticity, autocorrelation, and normality tests were also satisfied, confirming that the regression results are valid and meet necessary assumptions.

Multiple linear regression analysis further reveals that upward communication is the strongest predictor of organizational performance, with a standardized coefficient (Beta) of 0.391 and a t-value of 5.977 ( $p < .001$ ). Downward communication follows closely with a Beta of 0.291 ( $t = 4.382$ ,  $p < .001$ ). Diagonal communication (Beta = 0.244,  $t = 3.975$ ,  $p < .001$ ) and horizontal communication (Beta = 0.136,  $t = 2.389$ ,  $p = .019$ ) also have significant positive effects, though they are less influential compared to upward and downward communication.

Overall, the regression model explains 75.3% of the variance in organizational performance ( $R^2 = 0.753$ ), with the adjusted  $R^2$  of 0.744 confirming the robustness of the model. The ANOVA test further supports the significance of the regression model, with an F-statistic of 83.062 ( $p < .001$ ), indicating that the independent variables (various communication types) collectively have a strong and statistically significant impact on organizational performance.

#### 5.2. Conclusion

The study concludes that effective communication across all levels of an organization is critical for improving organizational performance. Among the various communication types, upward

communication (communication from employees to management) is the most significant driver of performance, followed by downward communication (from management to employees). Both forms of vertical communication are essential in creating a feedback loop that fosters organizational growth, employee engagement, and better decision-making processes.

Diagonal communication, which involves cross-departmental interaction across different hierarchical levels, also plays an important role, promoting collaboration and reducing silos. Horizontal communication, or peer-to-peer interaction, has a positive but lesser impact on performance, reflecting its importance in teamwork and knowledge sharing.

The findings reinforce that an organization's communication strategy should not be isolated to one direction but should be multi-dimensional, ensuring that employees at all levels can share information and collaborate effectively.

### **5.3. Recommendations**

**Enhancing Upward Communication Mechanisms:** Since upward communication has the strongest impact on organizational performance, organizations should invest in creating structured feedback channels where employees feel comfortable sharing ideas, concerns, and suggestions. This could include employee surveys, suggestion boxes, and regular one-on-one meetings with management. Additionally, cultivating an organizational culture that encourages open dialogue can lead to innovative solutions and higher employee morale.

**Strengthening Downward Communication from Management:** Clear and consistent communication from leadership is essential for aligning employees with organizational goals. Management should focus on ensuring transparency, providing regular updates on strategic initiatives, and clearly defining roles and expectations. Regular town hall meetings, newsletters, and performance reviews can help reinforce organizational objectives and improve employee understanding.

**Fostering Cross-Departmental Collaboration:** The strong correlation between diagonal communication and organizational performance suggests that, organizations should encourage cross-functional collaboration. This can be facilitated through project teams that span multiple departments, joint problem-solving initiatives, or platforms where different units can share insights and resources. Breaking down silos can lead to more innovative and comprehensive solutions to organizational challenges.

**Improving Peer-to-Peer Communication:** While horizontal communication had the weakest correlation with performance, it is still a key contributor to teamwork and the smooth flow of information across departments. Organizations should focus on developing communication skills among teams and encouraging knowledge sharing. Collaborative tools, training sessions, and team-building exercises can strengthen peer communication and increase overall efficiency.

**Monitoring and Continuously Improving Communication Channels:** Organizations should regularly assess the effectiveness of their communication channels through feedback from employees and performance metrics. This includes keeping track of how well communication supports decision-making, innovation, and employee engagement. Continuous improvement strategies, such as periodic communication audits and training programs, can help refine communication processes to align with organizational goals.

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**APPENDIX**  
**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MSC IN MANAGEMENT**

**Research Topic: The Effect of Effective Communication on Organizational Performance of A and E Garment Technology PLC**

**Dear respondents**

This research study examines the effect of effective communication on organizational performance of A and E Garment Technology PLC. Your contribution is a very important part of this research. Thus, I would like to express my deep appreciation for your generous time and honest and prompt responses.

**Objective**

This questionnaire is designed to collect data about the effect of effective communication on organizational performance of A and E Garment Technology PLC. The information that you offer will be used as a primary source in the research that is being conducted as a partial requirement of the MSC in management at Addis Ababa University under the College of Business and Economics. Therefore, this research is analyzing the contribution of a common understanding of the effect of effective communication on organizational performance and its contribution to improvements in the area.

**General instruction**

- Do not write your name on the questioner.
- Please answer the whole questions .If you have a question you can ask.
- Please, put (√) Mark for the correct answer inside the box.

## Section I– Background information

### 1. Sex

Male  Female

### 2. Age

18-25  26-30

31-40  41-50

Above 51

### 3. Qualification

Less than 12 completed  12 completed certificate

Diploma  First degree

Master & above

### 4. Work experience

Less than 1 years  1-3 years

3-5 years  5 and above

### 5. What is your position in the organization?

General Manager  A. general Manager  Finances Manager

Department head  Team Leader  Operator

Expert

Part Two

Questions related to effect of communication on organizational performance please put the mark “√” to the option that best reflects your opinion.

No.	Upward Communication	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1	I can easily share my thoughts with my direct supervisor.					
2	I can submit documents and offer suggestions about work to my superiors.					
3	My efforts to communicate with my bosses are welcomed.					
4	I am able to effectively convey my ideas to higher-level managers.					
5	My superiors consistently take my feedback on work into account.					
6	In my workplace, I feel free to express my concerns to organizational leaders.					

No	Downward Communication					
1	I can effectively communicate my ideas to my subordinates with ease.					
2	I have no difficulties sharing my ideas with my team members.					
3	I have developed efficient methods for communicating with my subordinates.					
4	The downward communication from the operations department has fostered rapport and motivated employees.					
5	Due to the efficiency of downward communication, daily meetings are no longer necessary in our organization.					
6	Our organization effectively uses downward communication through various meetings.					

No.	Horizontal Communication	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	In our organization, communication within the same work group is effective.					
2	I collaborate well with my peers at the same level in the organization.					
3	There is strong peer-to-peer communication within the organization.					
4	Management recognizes peer-to-peer communication as a key way to strengthen team spirit and teamwork.					
5	The organization provides ample opportunities for peer-to-peer communication.					
6	Horizontal communication aids in the successful implementation of top-level decisions.					
7	It is common in our organization to see communication happening between colleagues and peers at the same hierarchical level.					
8	Horizontal communication is also encouraged in our organization for collaborative problem-solving.					

No	Diagonal Communication					
1	There is efficient communication between employees from various departments.					
2	Cross-department communication is utilized in our organization whenever necessary.					
3	Employees from different departments interact smoothly.					
4	I feel confident in my ability to communicate effectively with any department within the organization. E					

5	Regarding work matters, I have a positive communication experience with employees from other departments and all levels of management.					
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### Organizational Performance

s/n	Organizational Performance	1	2	3	4	5
1	Balanced score card in the organization clarifies and translates strategy in to action					
2	The organization has capacitated itself in human and material resource					
3	Balanced score card links the organization mission and strategy with objective measures					
4	My organization in good position to deliver its short and long term targets/plans					
5	Employees are satisfied in the overall activity of the organization					
6	The work environment is conducive for the organization operations					
7	Overall, the company is at good performance					