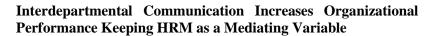
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# **Interdepartmental Communication Increases Organizational Performance Keeping HRM as a Mediating Variable**

#### **Abstract**

The current study addresses the importance of Human Resource Management (HRM) and implication of its widely used practices. We tested the relationship of Interdepartmental Communication with Organizational Performance using Human Resource Management (HRM) as a mediator. A cross-sectional study was conducted and data was collected through survey questionnaire method from 200 respondents in three different multinational organizations (Telenor, Silk Bank and CureMD). Using Linear Regression Model, we found HRM to be strongly mediating the relationship of Interdepartmental Communication and Organizational Performance. Further areas for future research and implications are also highlighted.

Keywords: Interdepartmental Communication, Organizational Performance, Human Resource Management

#### Introduction

There is no such sector prevailing in the market that does not rely or comprise of "Service" component. So, under such circumstances, employees have become highly significant asset of an organization, playing a vital role through their contributions and involvements in serving the organizations for their long term success (Dunne & Barnes, 2000). For this reason, (George, 1977) delineate that in order to have positive outcomes, organizations must have satisfied employees.

The dilemma of today's contemporary organizations is that they emphasize more on how to retain and make happy the existing workforce with the changing conditions, in spite of thinking more seriously about how they communicate with their employees (Argenti, 1996). Several mid to large sized organizations are comprised of different departments, in order to keep the different operations separated and handled by the skilled mavens in each particular area. But, in order for a business to be successful, organizations need to implement and maintain the effective interdepartmental communication. One of the major reasons today that organizations fail is due to the lack of internal coherence and proper communication systems among various departments. Interdepartmental communication breakdowns can have a severe impact on the efficiency of an organization and increases the stress level among employees, ultimately resulting in poor performance.

Internal communication in organizations has been the subject of significant debate in the literature on organizations. But still the research studies conducted to measure the several aspects of organizational communication are limited (Landsberger, 1961).

Organizations are composed of social components that come together for production, designed by individuals with diverse opinions and awareness to accomplish a common goal. Most of the organizations do not give the due attention on providing the employees with intra-organizational cooperation and collective sense for performing their jobs. Consequently, employees remain unfamiliar with the vibrant, competitive and ambiguous situations in the external world. Therefore, a well-designed and effective communication system is essential for organizational and managerial tasks, and also sharing the necessary information inside and outside of organization.

Internal communication system among different functions of the departments allows the organizations to attain the set organizational goals (Hindi et al. 2004). Businesses without an effective and proper communication system would stumble, if it has no proper directions or guidelines to follow. Individuals and groups in an organization get connected with each other through a communication phenomenon. Moreover, an appropriate organizational structure can be determined as a result of a proper and effective communication system (Mumby and Stohl, 1996). Besides, mutual corporeality can be fostered among the employees through effective communication and helps to disseminate the vital information regarding the goals and objectives of the organization among individuals and groups and ways to achieve them. It also allows the organizations to deliver shared organizational values and believes among individuals (Demirel, 2009).

The main question arises that, who is responsible in an organization for the implementation of an effective communication system in order to get better outcomes? Research indicates that human resource department in an organization is responsible for the effective implementation of internal communications because of several reasons. One of the main reasons organizations poses internal communications under the human resource department is the thinking that HR department "has the best understanding of what the community inside an organization needs and wants" (Buffington, 2004). HR is considered as a central hub in an organization that is in charge to focus mainly on the links between employees behavior and business outcomes. It is also liable to put emphasis on the leadership styles along with the understanding that good leaders need to be good communicators. Besides, developing "an integrated view of people" is also fostered by HR department (Anonymous, 2002). Sims, (1994) also acquiesces with this concept, stating that human resource management is responsible for the effective functioning of communication processes and it must be the prime medium for open and integrative communications processes within an organization. Moreover, Farrant, (2003) is of the view that "contemporary internal communications work towards winning people's participation and involvement in the enhanced achievement of the organization's goals" which is the ultimate goal of an organization. Research indicates that communication is the key to get your workforce become more productive (Argenti, 1998). Hence, it is evident that implementation of effective communication system in an organization is the goal of HR as shown by several HR experts (Wright et a., 1994; Boxall& Purcell, 2000; Khandekar& Sharma, 2005).

However, HR departments and human resources managers have to reconsider their role in organizations, as to advance cooperation within all the departments of the company. This is very much essential nowadays for the survival of the organization along with its vital contribution to the organizations bottom line. The current research study proposes that HRM practices play a vital mediating role, in execute the effective interdepartmental communication system for better organizational outcomes. Therefore, identification of the specific mechanisms that mediates between communication system and organizational performance is considered as a central issue in this line of research.

In today's rapidly changing and competitive business environment, it is significantly vital for human resource management to emphasize broadly on developing and strengthening excellent managerial skills (Politis, 2004) to foster effective communication system among different functioning of departments. Programs aimed to improve and develop employees' performance fails because of one

simple reason that they lack a strong communication system. That is why it is imperative to set up a preemptive management team, developing a list of specialists with advanced guidance facilities for improvements (Gupta, 2005).

Human resources endure to stabilize the requirements of various diverse tasks like: corporate escort, private adviser, operative and managerial professionals and both manager and subordinates advocate (Clampitt& Downs, 1993). This might look like typical business functions that are not expected to make an uncontrolled haste of HR individuals preparing themselves for the future. Nevertheless very little interdepartmental communication is found that might result from personal conflicts, erroneous hiring and lack of interest from the top management (Brown, 2008). The enduring challenge for organizations is to determine novel deliverables and to maintain durable relationships with consumers (Brown, 2008).

Employees in the organization often believe that the flow of communication among the different departments in their respective organizations is poor, which results in decreased quality of products and services delivered by the organization (Katcher, 2008). For instance situations like: individuals conflicts with department executives, delayed communication processes, communication being not a part of standard operating procedures, physical separations and stereotyping any many more. All of the above mentioned situations exist around us in our everyday professional life. Hence, as a consequence they affect the organizational performance and customers shifting to other brands. The fundamental problem can be the human resource department in the company, which is the central processing unit of an organization. The main aim of interdepartmental communication in an organisation is basically about connecting people in the organisation for better organizational outcomes. However, it is not necessary that employees will perform well only when they are aware of their duties, responsibilities and rights and have an opportunity to share their issues and problems with the management that might affect them. Good communications is crucial to the organization and is essential to the management of organisational change. Departments can no longer work in isolation as the global need for internal communication has increased in order to sustain the competition. Consequently, the need for interdepartmental communication has also increased. Effective communication is the lifeblood of a successful organization. It strengthens the organization's vision, connects employees to the business, advance process improvement, facilitates change and drives business results (Kingsford, 2009).

Hence the core objective of this paper is to analyze the concepts of internal communications (IC) and human resource management (HRM) for enhancing organizational

performance (OP). Researches so far have dealt with dyads of those concepts. For instance, the likelihood of human resources and internal communications synchronization (Buffington, 2004), amalgamation of human resource and marketing components (Glassman & McAfee, 1992), and using marketing tactics to develop internal communications (Spitzer &Swidler, 2003) were studied. The use of HRM practices to foster internal communications for better organizational outcomes is a subject that requires scholarly attention. The drive for such scrutiny came as well from the corporate world. To date numerous research scholars have been illuminating the concept of human resource practices depending on their specialization. However, a holistic approach is missing and therefore a new direction is needed.

#### **Literature Review**

## **Interdepartmental Communication**

Communication is a vast concept and internal communication is a sub category of communication that perceives how individuals communicate in an organization. It also observesthe quality of successful communicatingmethods within organizations (Grunig et al., 2002). In general, individuals are not only contented or disgruntled with communication; however they can articulate the changing levels of satisfaction regarding diverse characteristics of communication (Clampitt & Downs, 1993).

Internal communication is basically about developing relationship between individuals and groups, working at different levels in different areas of specialization within an organization (Frank & Brownell, 1989). The concept of organizational communication is defined by different authors. For instance, Bovee and Thill (2000) attributed communication as "exchanging knowledge and opinions in the organization". As perArgenti, (2003) it is "creating a atmosphere positive for allemployees organization". Kalla, (2005) states it as "all formal and informal communication taking place internally at all levels of an organization." Whereas, Orsini, (2000) describes it as: "the full range of ways that people communicate with each other within the organization".

Hence, different definitions of communication make it a broader dimensional notion instead of only information circulation in isolation. In organizations the relevant business information must be disseminated from top to bottom i.e. from managers to employees and then from employees to other individuals. As organizations have become developed and more dense, organizational communication turn out to be harder and the need for eminence organizational communication increases (Kalla, 2005). Goldhaber, (1990) is of the view that communication process in an organization involves creating and sharing information among the dependent relations network. Chen et al., (2005) describes organizational communication as

"transmitting news about the work from organization to employees and through employees" (Phattanacheewapul and Ussahawanitchakit, 2008). Therefore, considering several characterizations of organizational communication mentioned above, an overall and broad definition of organizational communication can be as: "It is a social process provides contact and information exchange between both departments and units of organization and organization's environment for the purpose of operation of organization and accomplishment of the organization's objective" (Kocabas, 2006).

So, internal communication is said to be a process that integrates different roles, to develop and embrace collectively all sort of relationships between individuals, groups and organizations (Durgun, 2006). Effective communicating methods in an organization allow the employees to recognize the roles and functions that are expected from them. Moreover, the main aim of the organization is also well understood among the employees that result in better organizational outcomes. Therefore, internal communication facilitates assistance in areas like: encouraging people to work in teams, reinforcing decision processes and eradicating the obstacles between different departments (Ada, 2007).

The fundamental role of internal communications is to "build and nourish employee relations, establish trust, providing timely and reliable information and thereby contributing to general motivation, particularly in times of change and stress" (Dolphin, 2005). As per Spitzer and Swider, (2003) effective internal communication among different levels of organization must fulfill three core objectives in an organization: (1) the information communicated to the employee audience, must be fully comprehended and accepted in terms of its content, intent, significance and quality of the message; (2) the aim of the communication in terms of encouraging, guiding, updating, or gaining participation among the employees audience, must be attained by majority of the employees; and (3) the outcomes of an effective internal communication must result in enhancing one or more of the key success factors i.e. quality of the product, sales, productivity, employees performance and contentment, and finally customer satisfaction.

Argenti, (1998) is of the view that the main goals of internal communication with respect to its significant role in an organization are: (1) to develop a mutual sense that employees are the vital asset to the organization; (2) to boost employees morale and foster benevolence among workers and management; (3) to update workers regarding internal alterations; (4) to enlighten compensation and benefit plans; (5) to enhance employees understanding of the organization and its products, organization, ethics, culture, and external environment; and (6) to encourage

employees in order to become more productive, quality oriented, and entrepreneurial.

Internal communication entails different responsibilities or activities like: planning and implementing effective internal communication systems. For instance, determining employees' perspectives and executing on such feedbacks, widely held information sharing among employees and providing senior management visibility. Moreover, protecting and supporting the anticipated corporate culture and confirming a championing and enduring role by the HR department. In addition to this; empowering employees, fostering self-managed teams, examining and constantly advancing measurement appraisals and enhancing reward and recognition systems. Furthermore, improving internal relationships and learning among employees to talk to managers and recognize examples of successful practices (Dalton & Croft, 2003).

Interdepartmental communication plays a vital role in an organizations success, and organizations need to fill the gaps between what the customers expect and what they deliver (Chaffee & Tierney, 1985). Lack of communication among departments occurs as everyone involved believes that they are too busy to informally inform, update and question others. They have their own goals and objectives to accomplish in a timely manner (Diamond, 2000) and they consider communication as hindrance to their performance. In large business organizations, many individual departments are confronted with the daily challenge of communicating successfully with internal shareholders (Kahn, 1996). The arena of business communications has become known as a significant source for organizational management, to describe and regulate the organizational identity in the eyes of external consumers. Though, little consideration has been given in the literature to analyze the concept of interdepartmental communications as a strategic activity (Chaffee & Tierney, 1985). Contemporary business communications professionals act as a team and collaborate with organizational management to enable the execution of a wide business vision through both adaptive and interpretive strategies (Cornelissen, 2004).

### **Organizational Performance**

Performance is a comparative notion which is described in terms of some referent, engaging in a multifaceted set of time-based measurements to generate future outcomes (Corvellec, 1995). In several research studies, organizational performance has developed as a key measure in determining employees' performance (Wall et al., 2004). Although, performance is often measured by financial records however, it can also be assessed by analyzing the expected behaviors and task related facets of individuals (Motowidlo, 2003). Moreover, performance that resides on a certain value or comparative conclusions might reveal a wide-ranging dimensions of organizational performance (Gomez-Mejia et

al., 2007; Wall et al. 2004). Wiedower (2001) and Pincus (1986) emphasized that performance measures which are based on performance appraisal items, generates high consistency in assessing performance. Performance is studied as an important measure which has a positive correlation with the organizational consequences and success. In organizational behavior studies, it is often viewed as a vital multidimensional construct. However, in the past performance was related to task performance only; but in recent research studies performance is documented as an important characteristics of employees' work that do not fall into the area of task performance only. Several organizations believe that their people can be a major source of competitive advantage, and hence they add to the organization's performance. Individuals play a fundamental role in attaining organizational success (Collis and Montgomery, 1995). Hence, employees' performance is revealed to have a substantial constructive effect on organizational performance (Collis and Montgomery, 1995). One of the main drawbacks in an organization happens, when senior managers consider that their companies are continuously working at the utmost level of competence, or that they don't need ideas and input from their workers (Foot and Hook, 1999).

However, organizational performance is mainly affected by the quality of the employees at all the echelons of the organization. Moreover, research has acknowledged that human resources can play a vital role in attaining a competitive advantage for an organization (Brewster et al., 2003). For organizations to achieve their goals, they must constantly search for value-added methods to organize and carry out their work. Today organizations believe that the major source of competitive advantage is attained from an organization's human resources. Though, this was not always the case, as human resources were usually perceived as a cost in the past (Brewster, et al., 2003). But today organizations have a great opportunity to enhance organizational performance by effectively utilizing their human resources.

## **Interdepartmental Communication and Organizational Performance**

For any organizational operation effective communication is the key. Research shows that communication has a direct relation with several organizational outcomes i.e. employees commitment, performance, social responsibility behaviors and satisfaction. On the other hand, ineffective communication might leads to many negative workplace outcomes such as anxiety, workplace frustration, little conviction, low commitment, job loss intent and absenteeism (Miller et al., 1990; Rodwell et al., 1998; Malmelin, 2007; Bastien, 1987) consequently, affecting employees efficacy adversely (Zhang and Agarwal, 2009). Moreover, literature shows that extreme anxiety and pressure resulting from contemporary world, results in

enhanced harmful communication such as: condemnation, shouting, autocracy, and clash. Aggressive testimonials and interactive violent deeds such as initiating rumors regarding others and rejecting phone calls at workplace gradually increase (Chory and Hubbell, 2008). All the above mentioned negations are the result of unhealthy communication which clearly depicts that communication is very significant for organizational success. Effective communication is also considered as an essential and key contributor to carry out the organizations' strategic plans. Well thought-out, preemptive and effectual communication that is employed at strategic planning level has an imperative role in attaining organizational goals (Kuchi, 2006).

In organizational communication along with the exchange of information it is also vital that the sender has a temptation desire for receiver (Kelly, 1999). There are three formal types of communication in relation to organizing form in an organization, which are top-down communication, bottomup communication and horizontal communication. Topdown communication is related to the decisions and procedures that are communicated in tapping instructions. On the other hand, bottom-up communication entails information and outcomes that are communicated to Hence. managers tapping orders. horizontal in communication permits synchronization and information sharing between different departments (Adler and Elmhorst, 1996).

Bell Martin. (2008)termed and organizational communication as a fundamental aspect of organization as "horizontal, vertical, below or above information exchange and meaning transfer through official and non-official channels to reach managers' objectives". Organizational researchers and administrators like Reinsch, (2001); Yates and Orlikowski, (1992); Fulk and Boyd, (1991) deemed communication as an essential part of organization's success (Paulraj et al., 2008). Organizational communication entails providing facts and figures to workers regarding organization's official rules and regulations, monetary outcomes, individual and group triumphs and consumers' criticism. Administrative management can disseminate the tidings regarding organizations through methods like control, group conferences, pamphlets and circulars, assignment pronouncement (Soupata, 2005; Argenti, 1998) and firm's web site (Ng et al., 2006).

The aim of internal communication is to foster organization's goals and policies among all personnel. Also to make them feel that they are well-thought-out significant at workplace by enhancing collaborations between individuals functioning in different departments. Consequently, fostering job satisfaction, maintaining operations of organization and achieving organizations core aims and objectives. Without effective communication there

is no efficiency of an organization (Demirtas, 2010). Authentic and effective communication styles between employees in an organization enable them to internalize organization's goals and objectives within the organization. Hence, employee working in such a supportive working environment results in enhanced employees' commitment and increased job satisfaction also contributing to the organization's success (Tosun, 2009).

Higher levels of ineffective communication in an organization might leads to misunderstanding among employees and spread to whole organization hence resulting in difference of opinions. Moreover, communication barriers interrupt the organizational activities and several organizations have inadequate capabilities to arrange for the necessary information because of lacking resource, money and time. Furthermore, the inadequacy of establishing required relations among resources and receiver is another stumbling block (Johnston and Joyner, 2005). Developing and creating participative spirit among employees, leads to effective communication system in an organization. Research shows that human resources management fosters bottom-up communication in an organization. This entails participative administration, or we can say that establishing psychological association among employees management (Bicioglu, 1992). Champoux, (1996) is of the view that for developing effective internal communication system, commonly held culture among the sender and receiver is highly significant. Moreover, individuals' exhibit both interactive and transcribed capabilities and provide their feed backs and reactions, so he emphasized that it is essential for the receiver to comprehend the information carefully sent by the resource. Information conveyed by resource must be precise, vibrant, simple comprehensible for effective communication. Technological advancements should be exulted in communication for enhanced organizational communication system within organization (Bolarinwa and Olorunfemi, 2009).

However, currently communication is considered as a significant aspect of organizational activity. In today's rapidly changing business environment, organizations call for employing effective communication to encounter the needs with lower resource. communication system in such a turbulent working environment will certainly lead towards failure. Hence, organizations must eradicate the obstacles communication and develop well-organized, participative and crystal clear communication channels. Continuously evolving innovative technologies exhibit that organizations must have an open and accurate communication system in order to prosper (Hindi et al., 2004). Summarizing the above mentioned studies, a significant relation between interdepartmental communication and organizational performance is suggested; hence following hypothesis is set

**H1.** Interdepartmental Communication increases the Organizational Performance.

## **Human Resource Management**

Nowadays, human resource management (HRM) is no longer related to executing personnel strategies only. However it has developed into a wide-ranging business partner role. Now, the key focus is on the establishment and advancement of HR solutions, managerial engagement and important performance indicators (Casey, 2001). Due to the continuous increase in the number of personal policies, the significance of HRM has also increased (Russ et al., 1998). Until 1970s and 1980s human resource management was deemed as affecting on administrative enactment (Pfeffer, 1994). Today, attracting and retaining global endowment, operational plans and distribution of corporate particular activities and programs have become of most important concerns (Casey, 2001). Human resource management serves as a source of competitive advantage, when managed effectively by harmonizing distinctive internal procedures with external opportunities and needs (Arthur, 1994; Huselid, 1995). The key of a high-quality organizationalemployee association is to identify and capitalize on the common welfares of utmost contentment and monetary yields (Filene, 1919). Therefore, organizations are obliged to achieve the aims of employees and organization, in order to achieve collaboration, believe, faithfulness and hard work between employees (Follett, 1925; Kaufman, 1993; Tead, 1931).

If an organization has a high-quality internal reputation, it will have positive effects on external image of an organization. This image will attract progressive employees and will bring in benefits in terms of goals achievement (Scherer, 1980). Literature shows a strong correlation between HRM practices and organizational performance, and has discovered three different points of views. First prospect is a system approach that observes the effect of comprehensive set of human resource practices on organizational performance (Delaney & Huselid, 1996). Second prospect is the vital role of HRM in executing strategic plans (Colbert, 2004) and finally the third prospect is HRM and organizational performance in the resource based prospect of the organization (Barney, 1991; Lado& Wilson, 1994).

Scholars have emphasized extremely on how alterations in HRM practices influence individuals' enactment or contentment, and how organizational settings form HRM practices (Hambrick and Snow 1987). Inter-organizational HRM practices are based on two primary assumptions: 1) HRM practices are the most important source of describing, collaborating and gratifying expected task related comportments. 2) Expected task related attitudes and behaviors are the vital function of organizational physical characteristics (Naylor et al. 1980). HRM describes the

methods through which obligation and power are assigned and job practices are conducted by managerial representatives (Blau, 1970; Dewar &Werbel, 1979; Germain, 1996; Gerwin&Kolodny, 1992).

Ulrich, (1998) demonstrates that: "The activities of HR appear to be and often are disconnected from the real work of the organization". He deems that HR "should not be defined by what it does but by what it delivers". Therefore, highly advanced HR functions, aims to attain the strategic assimilation and consistency in the creation and setup of HRM policies and employment practices. Organizations must have a viable competitive edge like: organizational culture, workers morale and employee's devotion invigorated via HRM practices, which are more challenging to copy as compared to industrial processes or cost management tactics (Barney, 1991) for the long run survival of the organizations. Hence, in today's business world HRM departments are deemed as playing an essential role to the triumph of an organization.

## The mediating role of HRM

Contemporary research studies done on the topic of human resource management vary extensively from the previous researches. Past studies emphasized on the administrative problems of selecting individuals, evaluating performance, reimbursement, coaching, and consent with legitimate working obligations. Whereas, recent studies focuses on how HRM functions might possibly be utilized to work for the purposeful wellbeing of an organization, and by what means HRM practices can enhance the capability of employees.

However, the above mentioned two different areas of scrutiny has emerged simultaneously; limited or no research studies have analyzed, how these two organizational facts might be associated with each other. Both interdepartmental communication and HRM practices are found to have significant effects on employees and organizational performance. Nevertheless, the quality of the association remains ambiguous as they might possibly an independent phenomenon. In the current research, an alternative which we explore is to some extent less intuitively evident proposition that communication and HRM practices might function collectively to boost employees and organizational enactment. Hence, we assume that most of the outcomes of communication are mediated by HRM practices, along with any direct impact of communication on end results. We expect HRM practices to mediate the association between and organizational performance communication subsequent mentioned following the techniques. Organizations must have an effective HRM policies and plans to implement the successful interdepartmental communication system for the clear understanding of where the organization is currently going and where it wants to be in the future. This will result in a considerably better-quality

business and/or an enhanced mode of operating an organization. Managers should develop an environment to encourage and facilitate new ideas, faithfulness, able to articulate the needed information and share it with other individuals, so that they have confidence in it and feel obliged. Human resource management plays a vital part in this communication process among the employees of the different departments in an organization. For the effective diffusion of organizational goals and objectives, human resource management practices are extremely vital. Organizations have to be dependent on human resource management for the efficient performance of an organization. Managers have to be responsible for providing individuals with a proper planned guidelines on how to attain the desired goals, and how to benefit individuals to become zealous and enthusiastic about it.

Literature emphasizes the significance of human resources management and communication capabilities and that they must be combined together in order to gain the strategic edge (Dolphin, 2005). Buffington, (2004) also endorses this idea of strategic collaboration, who clearly states that human resource department must "direct the schedule and the substance of what has to be released, but the communications department makes sure the language is in an appropriate style for the audience and decides the medium it will use for delivering the information". Preferably, human resource departments must make sure that someone is in charge of communications to employees (Argenti, 1998).

Furthermore, Marlow and O'Connor (1997) stated that virtuous relations among members can be enhanced by cumulative sharing and communication in all directions, and by overwhelming obstacles to information sharing. Grunig, (1992) documented that HRM and communication are highly correlated with an individual contentment, which is considered as one of the vital relational outcomes. Open communication within the organizations is found to have positive affect on satisfaction (Suckow, 1995), relationships among members, participation and excellence (Mohr &Sohi, 1995), and involvement in decision making process (Wheeless et al., 1984). Pincus et al., (1990) analyzed the association regarding communication and several business outcomes. Communication environment is termed as how individuals communicate in an organization. It is the level to which employees perceive organizational communication to be helpful, and their personal capabilities acknowledged by the insights of business communication. Research has revealed a significant relationship between employees' perceptions of organizational communication and their perceived organizational outcomes (Pincus et al., 1990). Process understanding is linked to a person awareness of both the strategic procedures and the departmental interdependencies essential to carry out the particular functions. And it is determined by both the employee awareness and the level to which an organization has properly classified the links within the strategic processes. Integrative strategies signify the organization's managerial activities to properly create an environment for integration. Effectiveness of communication is determined in terms of revealed problem solving competencies, individual's experiences and presence, and through the proper devotion of time for developments. Communication implies to both formal and informal relations among different functions, for purpose of advancing process performance. Effectiveness of communication is determined through the amount, excellence, and difficulty involved. Moreover, organizations consign rewards and accountability on the performance of interdepartmental integration measures. Measurements of effective communication entail the level to which interdepartmental integration is incorporated in the employee's performance evaluation. Besides, the level of regard held by the organization for those employees performing integrative tasks for better outcomes. Furthermore, the effectiveness is analyzed in terms of the level of conflict resolutions, the degree of cooperation, perceived justice, and the way issues are handled. Hence, it is recommended that the consequences of the interaction among different factors affecting communication represents the effectiveness of cross functional integration. So, for the purpose of current study, interdepartmental communication is demarcated as "the quality of the state of collaboration that exists among departments that are required to achieve unity of effort by the demand of the organization's strategy' (Lawrence and Lorsch, 1967).

Therefore, in order to encourage trust, commitment and mutual satisfaction among all the key stakeholders of the organization, communication must be fostered strategically among all the functions of the organization (Stroh, 2002). Specially, in today's turbulent, intense and changing business environment, open communication and information flow is very vital, so that systems are more adaptive to environmental changes (Stroh, 2002). Research has revealed that, organizations who involve individuals to take part in decision making, results in high degree of job commitment (Boshoff&Mels, 1995). Based on the broad analysis of the outcomes of participation on performance, Wagner, (1996) determined that involvement of employees might have statistically an important influence on both enactment and contentment. Therefore, it is proposed that HRM mediates the relationship between interdepartmental communication and organizational performance.

**H2.** HRM mediates the relationship between Interdepartmental Communication and Organizational Performance.

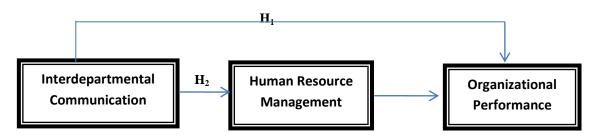


Figure 1: Theoretical Framework

## Methodology

## **Study Design and Sample**

A cross-sectional study and data collection method design was used to study the hypothesis relationships. The sampling technique used for the study is Area Non-Probability Sampling. The rationale behind the selection of this technique is that it is a Purposive Sampling, employed to access a specific sub category of individuals. It begins with a purpose in mind and the sample is therefore selected, to involve individuals of interest and neglect those who do not match with the purpose of the study. The sample in this research was taken from three Multinational Companies in which HRM Practices are applied. Contemporary advances in research on internal organizational facts, requires more defined and highly crafted statistical measures, as companies are hierarchically interconnected organizations (House et al., 1995). They are multilevel by nature as employee's work in groups and teams within organizations that are interconnected with each other (Klein et a., 1994).

A sample of 200 respondents was selected for this study. The data was collected from city Lahore using previously validated scale. Surveys were conducted from three different Multinational organizations (Telenor, Silk Bank and CureMD) situated in capital cities of four prices of Pakistan such as Karachi, Lahore, Peshawar and Quetta. Samples were extracted with uneven probability from every organization. All employees were provided with the survey questionnaire by hand allowing them to return them in a specific time period. All responses were confidential and the results were then collected at different times. Respondents' answers to the surveys were recorded and content analyzed to ensure the validity and reliability of the data. Finally the analysis was made through linear regression model (LRM), a detailed cross industrial analysis was done to generate results and interpret the validity of results and findings.

### **Participants**

The participants for the current research were selected from three distinctive private organizations situated in four cities such as Karachi, Lahore, Quetta and Peshawar. The targeted organizations had an average of 300 or more employees. These three selected organizations were Telenor, Silk Bank

and Cure MD. The employees of these organizations were surveyed having a total population of 800. Among the 200 respondents (144 male, 56 female) answered the survey questionnaire, specially designed on the defined scales of the variables. 65 respondents were from Telenor; 70 respondents were from Silk Bank and we got 65 respondents form Cure MD.

#### Measures

To measure internal communication and HRM practices, the IABC questionnaire (Grunig et al. 2002) was adopted and used as the standardized set of questions. This questionnaire consisted of an open-ended fractionation scale, which entailed an absolute zero value to represent the entire absence of a particular attribute of an individual and 100 as an average total of any characteristic practiced by an individual. The scale being used was having an absolute value on the higher limit, letting individuals to select as high a number as they wanted. Usage of this scale offered a great statistical precision and better diversity in the data. Although, in the current research, considering somewhat unusual use of the fractionation scale, we modified it into a 5-point Likert scale coding for all the items, anchored by Strongly Disagree as 1, Disagree as 2, Neutral as 3, Agree as 4 and Strongly Agree as 5. Further, for measuring organizational performance, we adopted Chenhall et al., (2007) measure items that are found to be valid measures of relationships. In order to develop reliable and effectual measures of relational outcomes, this scale wasalso modified into a 5-point Likert scale coding for all the items, anchored by "strongly disagree" and "strongly agree." Cronbach's alpha test was conducted, to measure the reliability and internal consistency of the data. Linear regression model was applied to test the relationship between the hypotheses.

#### **Data Analysis**

**Table 1: Reliability Statistics** 

| Cronbach's Alpha | No. of Items |  |
|------------------|--------------|--|
| 0.786            | 3            |  |

The results in Table-1 show that Cα is 0.786 which means that the data is reliable and sufficient for survey research.

Correlation matrix was used to analyze the relationship between all the variables of this study as shown in Table-2. Hence, the correlation table shows that there is a strong positive relationship between IC and HRM (r=0.800, p= 0.000) depicting that HRM practices have a great influence in enhancing interdepartmental communication, whereas IC and HRM are found to have moderate relationship with OP but are highly significant at 0.01 level showing that both these factors plays a vital role for the success of an organization.

**Table 2:Correlations (N=200)** 

|     |                        | IC      | HRM     | OP      |
|-----|------------------------|---------|---------|---------|
| IC  | Pearson<br>Correlation | 1       | 0.800** | 0.567** |
|     | Sig. (2-tailed)        |         | 0.000   | 0.000   |
| HRM | Pearson<br>Correlation | 0.800** | 1       | 0.522** |
|     | Sig. (2-tailed)        | 0.000   |         | 0.000   |
| OP  | Pearson<br>Correlation | 0.567** | 0.522** | 1       |
|     | Sig. (2-tailed)        | 0.000   | 0.000   |         |

<sup>\*\*</sup> Correlation is significant at the 0.01 level (2-tailed).

Sum of Mean Squares Df F Model Square Sig. Regressi 5.225 2 2.612 49.576 0.000° on Residual 10.380 197 0.053 15.605 199 Total

a. Predictors: (Constant), HRM, IC

Table 3: ANOVA<sup>b</sup>

## b. Dependent Variable: OP

The Regression Model significantly was tested. In Table-3 the ANOVA table shows that the p-value is 0.000 that means the model is significant for the use of regression analysis.

**Table 4: Descriptive Statistics** 

| Tuble 4. Descriptive Statistics |         |         |        |                |     |  |
|---------------------------------|---------|---------|--------|----------------|-----|--|
|                                 | Minimum | Maximum | Mean   | Std. Deviation | N   |  |
| Predicted Value                 | 1.33    | 5.00    | 4.4234 | 0.1620         | 200 |  |
| IC                              | 1.50    | 8.10    | 4.0530 | 0.6638         | 200 |  |
| HRM                             | 2.22    | 8.33    | 3.5504 | 0.7052         | 200 |  |
| Std. Residual                   | 1.72    | 4.89    | 3.6354 | 0.4710         | 200 |  |

Dependent Variable: OP

Table 5: Coefficients<sup>a</sup>

| Model |            | Unstandardized Coefficients |            | Standardized<br>Coefficients | t-value | Sig.  |
|-------|------------|-----------------------------|------------|------------------------------|---------|-------|
|       |            | В                           | Std. Error | Beta                         |         |       |
|       | (Constant) | 3.217                       | 0.141      |                              | 22.868  | 0     |
| 1     | IC         | 0.225                       | 0.052      | 0.417                        | 4.303   | 0     |
|       | HRM        | 0.07                        | 0.036      | 0.189                        | 1.947   | 0.004 |

a. Dependent Variable: OP

Table-4 shows the descriptive statistics for all the variables involved in the study. The mean values for all the variables indicated their average response across three sectors involved in the study. The response for Interdepartmental Communication was towards "Agree" on average. For

HRM was "Strongly Agree" and for role Organizational Performance was "Agree" on average. We applied one-way ANOVA to each variable and compared means for the three sectors. ANOVA showed that variances were homogenous regarding all the variables.

Table-5 shows the significance of the coefficients of the independent variables in the model. Interdepartmental Communication (p-value=0.000) was found significantly related to all of relationship outcomes and the associations were positive. This result indicated that in a company where the interdepartmental communication was used, employees had much commitment, trust and satisfaction which leads to increase in organization performance. Thus, found support for hypothesis 1.The p-values of each demonstrated that Interdepartmental Communication (p-value=0.000) and HRM (p-value=0.004) were found to be significantly effecting on our response variable Organizational

Performance. Moreover, the results showed that the Interdepartmental Communication ( $\beta$ =0.417) and the mediating variable, HRM ( $\beta$ =0.189) having positive value showed positive relation with Organizational Performance i.e. response variable.

For our hypotheses of mediation to be supported, both the path from the interdepartmental communication to the mediator and the path from the mediator to organizational performance must be significant. The path from interdepartmental communication to HRM was significant; and HRM was significantly related to organizational performance (See Figure-2). Therefore, Hypotheses 2, that HRM mediates the relationships between interdepartmental communication and organizational performance is found to be supported. Companies where HRM practices are widely used and foster the interdepartmental communication results in an increase in organization performance.

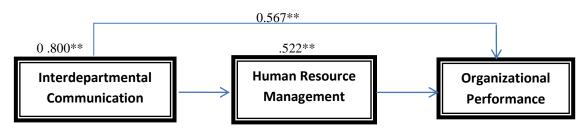


Figure 2: Significant Completely Standardized Path Coefficients from the Partially Mediated Model

## **Discussions and Conclusion**

The aim of the current study was to test the vital role of HRM in fostering the interdepartmental communication for better organizational outcomes. We hypothesized that high involvement of HRM practices will be positively related to organizational performance. However, the result of the study reveals that high involvement of HRM practices are positively related to organizational performance. This means that organizations with a well-established HR practices are more likely to have strong interdepartmental coordination and employee empowerment for higher performance.

The outcomes of the research derived from the employees working in different multinational companies in Pakistan, generally indicate a foremost theoretic connotation of the research discoveries. The conceptualization interdepartmental communication is to develop employeeorganization relationships that ultimately results in enhanced organizational performance. For this reason, the mediating role of Human Resource Management practices is also examined on the firms' outcomes. The output of the analysis supported the hypotheses, that internal communication and HRM practices are strongly associated with the increase in organizational performance. The study shows that communication occurs within a climate characterized via conviction, devotion and contentment.

The outcomes indicate the vital role of HR department in establishing effective internal communication system in order to build and maintain quality relationships with employees. Internal communication usually enhances the likelihood that, individuals will be more contented with their professions and with the organization as a whole.

The results of the current research study provide comparatively a strong support, for the existence of positive association between HRM practices and the performance of the organization. HRM practices are found to have a strong mediating effect on enhancing inter-organizational communication. HR department in an organization is responsible for the attainment of its vital objectives and goals. Hence, captivating and providing guidelines and support on all the essential matters related to the employees for better organizational outcomes. HR is in charge to ensure that organizations develop effective HR strategies, policies and practices that cater the needs and concerns regarding the employees' development. Besides, it is also liable to make sure that strong association and coordination

exists between the management and employees. HR plays a vital role in the creation of an environment that allows the workforce to make the best usage of their skills and abilities. Consequently, allowing them to realize their potential, in order to benefit both the organization and themselves in the long run.

One of the major reasons that organizations lack interdepartmental communication is that employees involved in different departments thinks that they are very busy to informally inform and question others. Every department has their own goals and objectives to be achieved in a timely manner. Several managers demand that all the communication must go through a proper chain of command instead of through cross functional teams as they want to control all the decisions made at the top and then disseminate it down the chain. Individuals' decision making styles, varying intellectual capabilities, conflict handling techniques, differ greatly from person to person. Since people try to opt their professions based on their relative personalities but still there is a huge difference across different functioning of departments. Everyone has their own way of looking things at different situations and feels that the other is wrong which results in suspicion for other's intensions. Changes made in one department might affect another department. If that department does not communicate those changes, it will lead to confusion, frustration and anger among employees hence affecting the Therefore, without performance. interdepartmental communication organizations can end up in chaos resulting in lack of motivation among employees and absence of trust and respect among departments.

To cope up with all such problems prevailing in organizations that hinder the performance of an organization, it is essential to have a proper setup that organizes and coordinates things effectively among different departments. The only solution for such kind of problems is that organizations must have a well-established HR department which is responsible for the attainment of organizational goals. HR must develop a vibrant and trusting corporate culture that fosters effective internal communication between the departments for the smooth and profitable functioning of an organization. It must ensure that all the departments are on the same page as work situations changes. The results of the study also reveal that it is possible to have an effective interdepartmental communication properly implemented through department. HR is liable to make sure that all the employees in an organization are well informed, can make changes when and where, they are necessary and feel comfortable confronting issues when they arises between the departments.

HR department provides the assistance and services that allows the organizations to get things done through people.

Exploiting HRM practices results in firms performing better. The HR practices need to be linked with the firm's strategy to enhance the internal communication. HRM practices develop employee behaviors that consequently have an impact on business performance.HR must focus on making organization structure that encourages devolution, because it leads to diffusion of knowledge and decision making in an organization. Employees should be encouraged to participate in decision making because sharing is specifically related to communication as it enhances the likelihood of organizational outcomes. Extensive implementation of rules and regulations restricts both novelty and communication therefore organizations should be less formalized. Communication benefits organization by bringing together its employees through both upward and downward flow of communication, and it should be encouraged among individuals for better outcomes. Hence, internal communication and human resource management is viewed as key activities for better organizational outcomes. This should, indeed, be the leading viewpoint in organizations, as organizations cannot survive in isolation from other functions. HR must be organized as a function which is common in organizations, but its practices and policies are spread throughout the organization. It helps in building strong association and coordination among departments by imposing inter-functional several dependency hence resulting in improved and effective outcomes.

The present study provides evidence for positive relation of Interdepartmental Communication with Organizational Performance. It also signifies the effects of HRM practices communication and increase in organization performance. Our findings illustrate the important role of HRM in generating more positive results among the employees of an organization. Finally, the outcomes of the current study add value to the existing body of knowledge, from which multinational organizations can be benefited, by significance of interdepartmental communication and HRM practices and what sort of plans and policies to cultivate in order to succeed communication and organizational performance. Inclusively, the outcome of the research revealed that organizations can have eminence relations with their colleagues by instituting HRM practices and effective communication systems. It is highly recommended that management invests time and resources towards discovering how HRM practices might be managed for better organization performance, as well as for the general well-being of employees.

## Limitations of Study and Suggestions for Future Research

However the outcomes of the research evidently add significant value to our understandings of communication and HRM practices, and there influence on organization performance, the research does have some limitations. First

of all the sampling technique used was Area Non-Probability Sampling. This covered the population of Karachi, Lahore, Quetta and Peshawar cities. The outcomes of the research represent the characteristics and responses of only three organizations. It is imperative to take into consideration that these organizations were unique in their organizational mission, structure, communication systems, and management style. A larger sample of employees and supervisors would have allowed for more accurate results and increased confidence in the results generalizability. A comprehensive study involving a considerable larger sample, exploiting all of the main types of organizations is suggested for later researches. For more valid outcomes random sampling must have used, so that results can be more generalized over population of Pakistan. Secondly, Structure Equation Model would have been more appropriate to test our hypothesis and derive more valid results. This would help in studying the mediating role of HRM in relation with Interdepartmental Communication and Organizational Performance.

Based on the above-mentioned analysis and evaluation, and the strong point and drawbacks of the former researches done on HRM practices, some guidelines for theory and research in this field can lead to vital and useful streams of work. Though, several studies have been focused at individuals and organizations, HRM practices can be examined equally effectively at the department or sub-unit level of analysis as well. HR department signifies vital problems that have been ignored to date. Nonetheless it has great capacity to significantly add to our understanding of the roles, status, and positioning of HR departments in organizations today and in the upcoming future. This research study will boost more theory and research in this significant field of scientific analysis.

Although, there have been dearth of research studies regarding the impact of internal communication on several organizational outcomes. The relationship between communication, HRM practices and organization performance has received far less attention, there has been little research conducted on these relationships. Yet, some revolutionary activities can be uncovered. Further research studies are needed to explore the nature of organizational dimensions i.e. administrative and communication styles, managers and employees' relations, critical thinking, individuals' criticism, work ethos, and organizational devotion.

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