

Does Organization Communication Effect on Employee Performance?



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ABSTRACT: The purpose of this study was to determine the effect of organizational communication on employee performance at PT Bank XYZ in Bali. The population in this study is front office employees totaling 43 people with saturated sample technique. The data analysis technique used in this study is simple linear regression analysis with a 1-5 Likert scale questionnaire method. The results of this study are the positive and significant effect of organizational communication on employee performance at PT Bank XYZ in Bali. The theoretical implications of this study strengthen the organizational communication model by emphasizing the importance of integrated communication flow, as well as linking motivation theory with communication dynamics in the organizational context. It shows that good two-way communication can fulfill the psychological needs of employees, thus improving their motivation and performance.

KEYWORDS: Bank, Organization Communication, Employee Performance

INTRODUCTION

Organizational communication is an important element in the success of an organization. As an information delivery process, communication has a strategic role in creating collaboration between individuals, increasing productivity, and reducing misunderstandings in the work environment. In an organizational context, effective communication not only helps convey messages, but also becomes a tool to build harmonious working relationships, increase employee motivation, and support the achievement of organizational goals (Islami, Merry Fridha Tri, & Romadhan, 2021). In organizations, effective communication not only helps convey messages, but also becomes a tool to build harmonious working relationships, increase employee motivation, and support the achievement of organizational goals (Yuzrinda & Susanto, 2024).

Good organizational communication has a significant influence on employee performance. For example, research at PT Feva Indonesia found that organizational communication contributed 51.3% to improving employee performance (Islami, Merry Fridha Tri, & Romadhan, 2021). Clear and open communication can significantly increase employee motivation and productivity (Titang, 2016). Conversely, poor communication is often a major cause of misunderstanding and dissatisfaction in the workplace, which can ultimately hinder the achievement of organizational goals (Musheke & Phiri, 2021).

In banking companies, organizational communication has a very crucial role in improving employee performance. Banks as financial institutions not only function to manage and channel funds, but also must ensure that their employees operate in a supportive and efficient environment. Good communication within a bank organization can strengthen relationships between employees, facilitate proper information flow, and increase job satisfaction and productivity.

Banks often face challenges in maintaining effective communication, especially amidst the pressure to achieve financial targets and meet customer expectations. Research conducted at PT Bank XYZ in Bali shows that organizational communication and organizational culture contribute significantly to employee performance, with an influence of 58.4%. This confirms that when internal communication goes well, employees feel more involved and motivated to achieve common goals.

In addition, research at PT Bank Rakyat Indonesia (Persero) also revealed that an effective organizational communication strategy has a positive impact on employee performance. Employees who feel heard and valued tend to be more productive and committed to their work. Therefore, it is important for bank management to implement transparent and inclusive communication practices (Pratidina, Mulyawati, Seftiansyah, Sabila, & Salbiah, 2024)

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Poor communication conditions can lead to misunderstandings, conflicts, and decreased morale among employees. A study at the Representative Office of Bank Indonesia showed that low quality communication can result in a 56.8% decrease in employee performance. This shows how vital the role of communication is in maintaining a high work ethic in the banking environment.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

One of the factors that affect performance is the communication that occurs in the organizational environment. Organizational communication affects the implementation of employee work. Because all activities are certainly carried out smoothly if organizational communication is well established. Internal communication is communication that occurs between leaders and employees. This kind of organizational communication occurs when the head of the PT Bank XYZ in Bali gives instructions to employees, either when doing work or conveying messages during meeting activities. In this internal organizational communication, employees also can share their opinions with the leadership. Where they will tell the obstacles to their work and need to provide solutions so that the work can be completed properly.

The PT Bank XYZ in Bali establishes external communication relationships with the public or customers, government and every bank that allows cross-channel communication to occur. Because all employee work programs are also sourced from the external environment. Therefore, the internal and external environments are interrelated with each other to achieve open organizational communication. Employee performance in a company can be influenced by organizational communication. Good organizational communication will support employee performance even better. Pace and Don (2006: 201), revealed that employees who have better information will become better employees as well. Good communication will make employees become good employees too, meaning that these employees can do their jobs well.

H1: Organization communication has a positive effect to employee performance.

METHODS

The population in this study were 43 front office employees at PT Bank XYZ in Bali. because the population in this study does not reach the number 100 people, the entire population will be used as a sample so that this study uses a saturated sampling technique. In this study, before distributing, the questionnaire has been compiled and has referred to the variables to be studied. This is used to obtain accurate data using a Likert scale of 1-5. The data analysis technique used is Simple Linear Regression Analysis. Simple linear regression analysis refers to the linear relationship between the organizational communication variable (X) and the employee performance variable (Y).

RESULT AND DISCUSSION

Simple Linear Regression

Regression analysis is used to determine the effect that occurs between the two variables and also serves as a guide to the direction of the relationship that occurs between the dependent and independent variables. To see whether there is an effect of organizational communication on employee performance at PT Bank XYZ in Bali, simple linear regression analysis is used. This research discusses organizational communication (X) on employee performance (Y). Then calculations are carried out using SPSS to obtain the values of a and b with the following notation $\hat{Y} = a + bX$. The regression equation is as follows:

Table 1. Simple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error	Beta	
1	(Constant)	18.798	7.809	
	Org. Communication	0.890	0.129	0.554

Primary Data, 2024

From the results of the calculation of regression analysis with SPSS, a constant of 18.798 and a regression coefficient of 0.890 are obtained so that the regression equation obtained is $\hat{Y} = 18.798 + 0.890X$ with a significant value of 0.003. From the regression equation, it can be explained that the coefficient of the organizational communication variable (X) has a positive effect on the employee performance variable (Y) at PT Bank XYZ in Bali or it can be explained that if variable X increases by one-unit, variable Y increases by 0.798. Where the better the organizational communication is carried out, the higher the employee performance.

Coefficient of Determination (R²)

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To calculate the strength of the relationship between organizational communication and employee performance, correlation analysis is carried out, in the form of the degree or depth of functional relationships that explain the relationship between variables, expressed by the coefficient symbolized by r . The value of r can be seen through the table as follows:

Table 2. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.780 ^a	0.589	0.618	4,30630

Primary Data, 2024

The coefficient of determination R Square 0.589 is obtained, which means that the high and low employee performance can be explained by 58.9% by organizational communication, the remaining 41.1% is explained by other factors not discussed in this study.

Managerial Implications

Research on the effect of organizational communication on employee performance makes a significant contribution to the development of organizational communication theory. One of the main theoretical implications is the development of an integrative organizational communication model. The findings suggest that effective communication flow, both vertically (upward and downward) and horizontally, contributes positively to employee productivity. Thus, the classic communication model needs to be refined by incorporating coaching elements and structured feedback, which can increase the effectiveness of communication within the organization.

In addition, this study also integrates motivation theory with communication dynamics. The link between employees' psychological needs and communication effectiveness shows that good two-way communication can fulfill affiliation and recognition needs. This enriches the perspective of Self-Determination Theory in the organizational context, where employees feel more motivated when they have channels to express their opinions and get feedback from superiors.

From the practical side, this study offers a number of recommendations that can be implemented by organizations to improve employee performance through better communication. First, the importance of a structured feedback system that includes a digital complaint box, regular coaching sessions, and interdivisional discussion forums. The implementation of these mechanisms is proven to significantly increase communication transparency, so employees feel more involved and valued in the decision-making process.

Furthermore, communication competency training for employees is also an important step. Training programs that focus on effective instruction delivery techniques, performance report preparation, and interdivisional collaboration strategies can improve communication skills at all levels of the organization. Research in several companies shows that after attending such training, work efficiency increases significantly.

In addition, optimizing the role of management in creating an open communication climate is necessary. Management must be consistent in conveying organizational policies and responsive to employee aspirations. By implementing an open-door policy and transparency of strategic information, companies can reduce employee turnover rates and increase job satisfaction.

Finally, the development of an organizational culture that supports good communication is also a crucial factor. Implementing reward mechanisms for productive communication initiatives and integrating cloud-based technology can create a more collaborative work environment. With these measures, companies will not only improve employee performance but also build a foundation for sustainable long-term growth.

CONCLUSION

Research on the effect of organizational communication on employee performance shows that effective communication has a significant impact on productivity and job satisfaction. The theoretical implications of this study strengthen the organizational communication model by emphasizing the importance of integrated communication flow, as well as linking motivation theory with communication dynamics in the organizational context. It shows that good two-way communication can fulfill the psychological needs of employees, thus improving their motivation and performance.

From the practical side, this research provides concrete recommendations for organizations to improve employee performance through structured feedback systems, communication competency training, optimization of management roles, and development of a supportive organizational culture. By implementing such measures, companies can create a more collaborative and transparent work environment, which in turn will contribute to overall improved performance.

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Overall, this study confirms that effective organizational communication is not just a tool for conveying information, but also a vital element in building harmonious relationships between management and employees. Thus, investing in a good communication strategy will bring long-term benefits to both the organization and the employees.

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