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Motivating employees through internal communication satisfaction in the retail sector in Pune

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Abstract

Employees today are bombarded with useless information from multiple sources. The challenge, therefore, is ensuring connectivity in a rapidly changing environment. This is especially true of Retail Industry where there is a high attrition rate. The survey studies the internal communication systems of Retail organizations for motivating employees and for ensuring customer satisfaction. It studies whether the employees have access to accurate and relevant information necessary for performing effectively their job roles. Every company needs to “filter” the noise that leads to information overload. With the amount of data streaming in, it is difficult to drill down to the relevant information that needs to get out to employees and which will engage them and derive maximum productivity. The study showed that all employees prefer face-to-face interaction. Interpersonal, dialogic communication remains important throughout the organization.

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Like a human being, a company has to have an internal communication mechanism, a “nervous system” to co-ordinate its actions-----

Bill Gates ('Business at the Speed of Thought', p.19 of Introduction)

1. Introduction

Communication within any organization is necessary for its smooth functioning. It is the means with which people strive to attain organizational goals and objectives and ultimately the common core goal of profit and progress. Lack of effective communications may lead to misunderstandings, lack of information, lower performance and more employee rotation. When managers cannot communicate with their employees, it leads to poor performance. The same is true when employees do not trust their managers. Good communication may help to increase job satisfaction, safety, productivity, and profits and decrease grievances and turnover. Companies that attach higher importance to internal communication (such as setting up a separate ICC department) are known to have higher levels of employee engagement. Effective internal communication is thus a vital means of addressing organizational concerns.

The Indian retail industry is the fifth largest in the world. It is one of the fastest growing industries in India and consists of both organized 7 unorganized sectors. Initially, the retail industry in India was mostly unorganized; but with the changing preferences of the consumers, the industry is becoming more popular as well as organized.. With growing market demand, the industry is expected to grow at a pace of 25-30% annually.

2. Literature Review

Retailing consists of those business activities involved in the sale of goods and services to consumers for their personal, family, or household use. Retailing comprises of four elements namely, customer orientation, coordinated effort, value-driven, and goal orientation. The word "Retail" originates from a French-Italian word. Retailer---someone who cuts off or sheds a small piece from something. Retailing is the set of activities that markets products or services to final consumers for their own personal or household use. It does this by organizing their availability on a relatively large scale and supplying them to customers on a relatively small scale. Retailer is a Person or Agent or Agency or Company or Organization who is instrumental in reaching the Goods or Merchandise or Services to the End User or Ultimate Consumer. The total retail sales in India will grow from US\$ 395.96 billion in 2011 to US\$ 785.12 billion by 2015, according to the BMI India Retail report for the third quarter of 2011. Robust economic growth, high disposable income with the end-consumer and the rapid construction of organized retail infrastructure are key factors behind the forecast growth. Along with the expansion in middle and upper class consumer base, the report identifies potential in India's tier-II and tier-III cities as well. The greater availability of personal credit and a growing vehicle population providing improved mobility also contribute to a trend towards annual retail sales growth of 12.2 per cent. Indian retail

sector accounts for 22 per cent of the country's gross domestic product (GDP) and contribute to 8 per cent of the total employment.

In today's knowledge economy the most valuable commodity is communication. Communication plays a vital role in the conduct of business of any organization. Increasing growth in the retail industry and the ensuing competition has made it imperative for retail entities to manage relationships with different stakeholders like customers, investors, employees, and suppliers through corporate communication. Internal Communication is today as important as external communication, and is often a tool for motivating employees. Indeed, for many companies in mature or declining marketplaces a robust internal communication strategy offers one last source of competitive advantage in aiding the eternal drive for greater efficiency. Internal communication and training can help transform key employees into 'walking embodiments' of the core values, and key touch points into opportunities for fulfilling the brand promise.

Communication satisfaction has a positive relationship with job satisfaction and other imperative work outcomes. Internal communication is the bilateral exchange of information, ideas and feelings that generates positive dialogue and action throughout organisational ranks. Internal communication activities focus on better informing and engaging an organisation's workforce. The way in which such news and information is received, discussed and acted upon by employees will ultimately have a positive or negative influence on business performance. Employees who think they are better informed about their organisation become more personally involved in the business generating higher quality work.

Internal communication leads to improved productivity; reduced absenteeism; increased levels of innovation; fewer strikes and reduced costs. Internal communication is a discrete and continuing task at every level within an organisation. Everyone from new recruits to the most senior director has a role to play in 'the communication network' of an organisation. Communication is a continuous function to be directed consciously. Within the context of this study, internal communication is seen as the operational function that exists to consciously facilitate and encourage an organisation's entire 'communication network'.

3. Objectives of the Study

- To understand the concept and importance of Internal Communication System followed in Retail Organizations
- To analyse the strategies used by some Retails for practising effective Internal Communication System.
- To determine the most effective strategies for managing Internal Communication System.
- To understand the role of Internal Communication System in managing employee relations and motivating them in the Retail Sector.

Internal communication can be seen as a "sense-making" activity that employs language genres (e.g. news, feature-writing) to capture and construct corporate brand identity. For the continued success of an organization, motivated employees are very important. In fact, looking at the business world, many corporations have managed to turn around their fortunes because of employee commitment and their motivation levels.

4. Research Methodology

4.1. Primary Research

Some select retail stores in Pune were taken for this study namely, Pantaloons, Big Bazaar, Archies, Esprit, More, Lifestyle. Interviews were conducted and some questions were asked regarding the day to day internal communication in those retail stores. Thus qualitative research is used as the effectiveness of internal communication in day to day business and motivating employees of retail stores can more effectively be studied through direct questions. So data received is through personal interviews.

4.2. Secondary Research

- a) Secondary research regarding internal communication and retailing was conducted
- b) Research Surveys conducted by the batch of 2011-2013 in partial fulfilment for the degree of masters in Business Administration in some retail stores in Pune

The researcher wished to find out whether internal communication in retail stores was used to motivate the employees and whether it really ended up in motivating them and helping them serve customers better.

5. Findings

5.1. Primary Sources

The survey conducted at all the six retail stores showed that

- Employees prefer regular face to face interaction with top and line management. It gives them both an opportunity to ask questions and get clarifications, and also makes them feel valued because of the time taken to personally interact with them. They don't like formats wherein they don't get an opportunity to question line managers. Top-down tools like e-mails and newsletters are used for reinforcing key messages. But employees would not like these to replace face-to-face contact for important messages.
- 84 percent agreed that they are briefed daily about the tasks to be done for that day.
- 80% stated that there is a proper reporting at the end of the day.
- 54 % of the employees agreed that they receive regular updates regarding the new tasks being done in the organisation and are updated frequently as the changes happen
- Top and line management agreed that it is necessary to make the vision clear to the employees so that they understand how their individual work fits in to the bigger picture.
- 90% employers said there is a need to talk to employees daily.

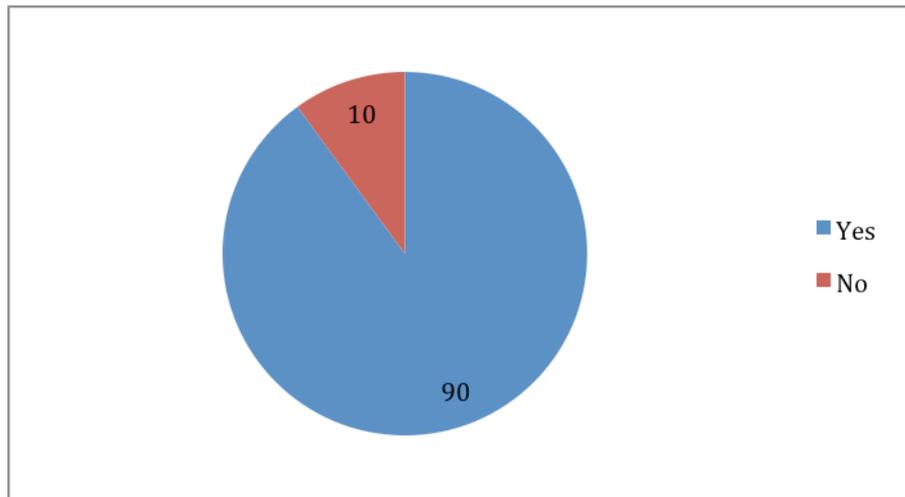


Figure 1: Need to Talk to Employees

- Line managers have to be actively involved in the day to day communications as the employees like to learn the news from them
- The communication has to be two way i.e both talking and listening to suggestions are important
- Feedback proves to be a very useful tool in motivating employees
- A large percentage of employees (73.33) stated that the interaction between seniors and subordinates is very effective and motivating whereas only 26.67 percent said that it is not. All managers also said that they get good results after motivating their subordinates.
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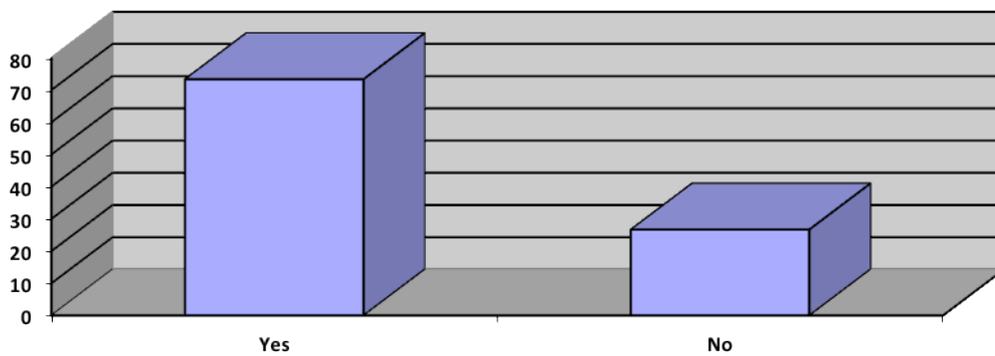
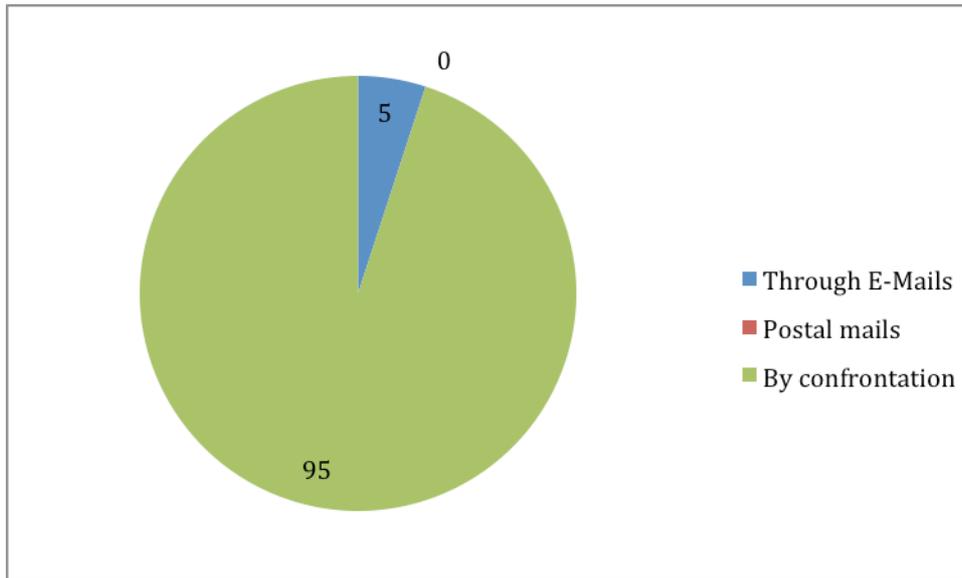


Figure 2: Interaction Between Seniors and Subordinates

- Most of the employees said that they give their suggestions face to face rather than through emails. No one sent their suggestions by post. ever



- Even when not giving suggestions, employees tend to communicate 65 percent of the time orally face to face and 10 percent of the time by phone

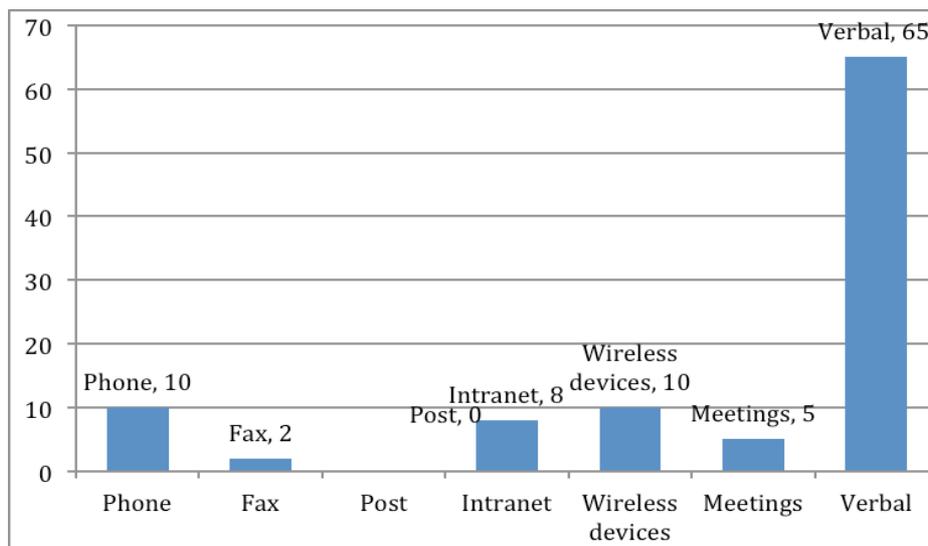


Figure 4: Various day to day communication techniques used in organisation

- Employees are updated about upcoming events mainly through group meetings and e-mails (about 30 %). They are sometimes informed by telephone or notice (20%)

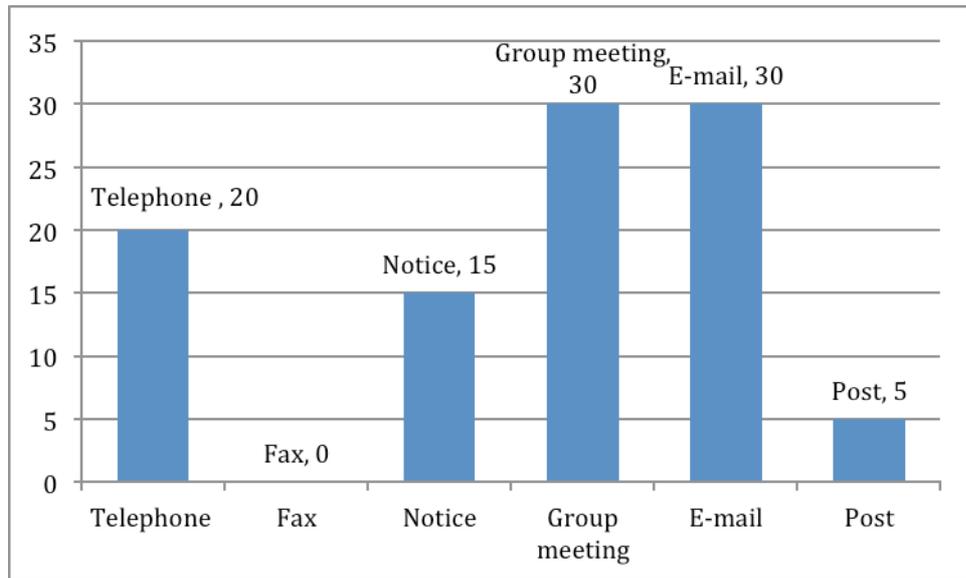


Figure 5: Ways of receiving/informing about upcoming events

- 50% of the employees agreed that their inputs were considered for decision making while 30% felt that sometimes their inputs were considered whilst taking decisions, and 20% said that their inputs were not taken before taking decisions.

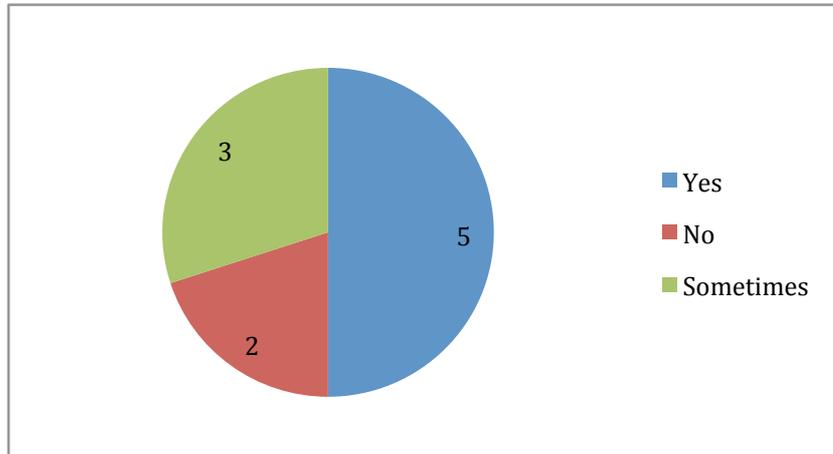


Figure 6: Employee Inputs Are Taken

5.2. Secondary Sources

The survey carried out by student managers of SIMS (Batch of 2011-2013) at **Big Bazaar** showed that 50% of the employees agree on the point that organization communicates a clear, consistent mission to employees. 50% also stated that their organization communicates promptly and regularly with its employees. 76% of the participants agree on the fact that their feedback is taken seriously by the management regarding the daily operation and they are actually implemented accordingly. 68% of the participants agree that their supervisors are approachable on queries. 40% of the participants strongly agreed that they are directly blamed for any communication gap, and that responsibility is not shared by the team. 56% of the participants agreed that they make inquiries about the new and daily operations that are being planned for the future by the organisation and show enthusiasm in learning about the new developments.

Another group from the same batch conducted a survey about the internal communication scenario at **Esprit**. There they found that the employees are quite satisfied with the way the organization communicated with them. The employees said that they were involved in the decision making up to some extent. E.g. they are consulted by the store manager when he wants to change the store layout. This in turn helps make the employees feel an integral part of the organization and this motivates them. Also, when the employees are hired, they are required to undergo a complete training program that helps them understand the vision and purpose of the organization which in turn helps them to contribute in a better way. During the training they are also taught the ways to deal with the customers i.e. how to communicate to the customers. 30% of the employees strongly agreed that they are allowed to use their creativity, remaining 30% agreed that they are given the opportunity to use their creativity, 20% of them did not really have any belief, and remaining 20% disagreed about being allowed to be creative.

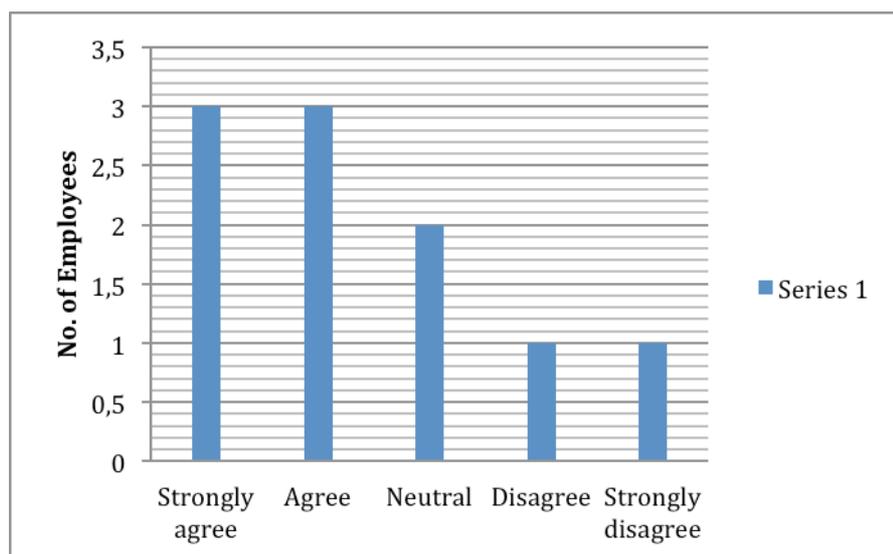


Figure 7: Employees' point of view

A third group of students of the same batch conducted a survey at **More** retail store to find out about their internal communication. The group found that majority of the managers at 'More' resort to direct confrontation to motivate

employees in their direct line of authority. The employees, in turn, were satisfied with the modes of communication used by employers to motivate them. To carry out day to day activities in More, the employers engage in a lot of direct communication with their employees daily to lay down goals and objectives. The employees are given participation to a great extent and the most common mode of communication is verbal communication. However, for formal notifications and mass broadcasts, Email is preferred. When asked as to how well in advance they come to know about upcoming events, 75% of the employees said that they get to know about events more than 7 days earlier. 15% said that they get to know it 2-7 days before.

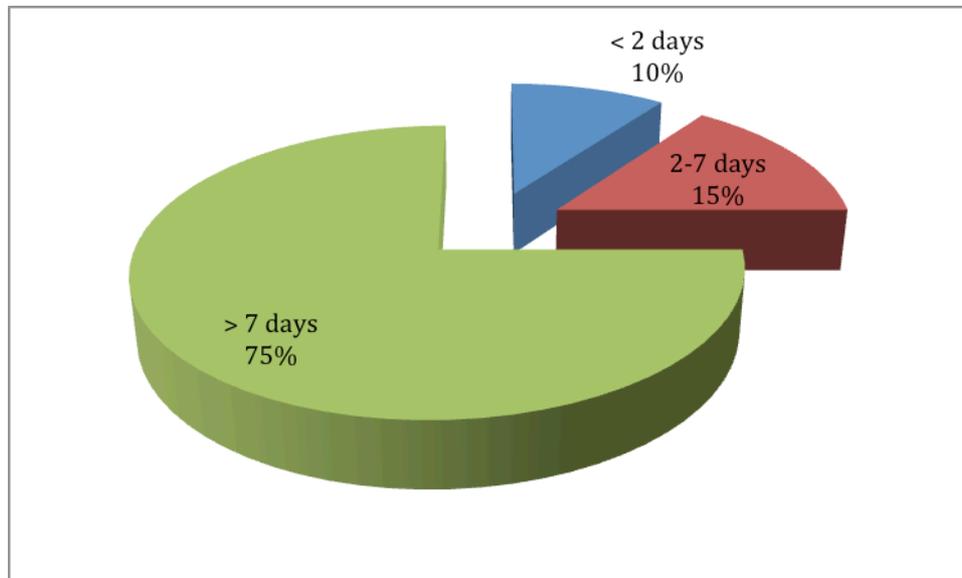


Figure 8: Awareness about upcoming events in advance

Still another group carried out a survey at **Lifestyle**. They found that most of the employees preferred to be updated on the changes in daily responsibilities and schedules by phone, which is not surprising as it is easily accessible and convenient. Notices on boards were the second choice. The students also found that most of the complaints forwarded by the employees to the superiors are serviced quickly a major part of the time. This speaks well of their communication system. The employees said that they find it very easy to reach out to other employees (co-workers and superiors) if they have to communicate something important during work. The survey showed that the communication of the **reward system** is fairly good. It was found that **interaction between seniors and sub-ordinates** is effective and motivating.

Another group of student managers conducted a survey at **Pantaloons** and found that 70% of the group meetings lasted at least for 20 to 30 minutes. The Stores Manager there attributed the smooth functioning of employees and business at Pantaloons to the time spent for group meetings. Though face to face individual communication is one of the most efficient & effective tools of communication & takes place informally, yet employee publications & notice boards play an important role in cherishing information regarding company & the employees. In Pantaloons, an important internal communications strategy has been developed for motivating employees to grow. First an internal audit is carried

out to find out the staff’s understanding of the Council and their role in it. Interviews are conducted with senior managers and members to get their perspective. The external perception of the Council is checked through inspection reports, residents’ surveys, focus groups, and youth or citizens’ panels. This audit gives the council a new angle for looking at the connectivity among employees in the store. On the basis of this an internal communications strategy is developed by the internal communications’ team wherein the internal communications objectives are set. The strategy involves a lot of two-way communication wherein the promise to **“listen to the staff”** is followed by concrete action. This has resulted in establishing of trust. To prepare the employees for the Comprehensive Performance Assessment, the Council conducted staff events like “Tea and Biscuits” Sessions, put information on intranet and weekly e-bulletins to staff, and produced posters. The management also ran a campaign to boost low staff morale and to improve the poor perception of the council internally as well as externally. Focus groups were set up to explore issues and an online question and answer forum was hosted by the senior management team. An annual staff celebration event ‘Its All About You’ was launched along with a new induction scheme namely a ‘Get to Know You’ session with the Chief Executive. The Council won Local Government Group Excellence in Communications ‘Best internal communications’ Award 2008

A sixth group of SIMS student managers of Batch of 2011-2013 conducted a survey at Archies. They found that the management follows high ethical communication standards with respect to the employees. The latter have an active role in developing objectives for themselves, their team and the company as a whole. Employees have high level of participation in day to day business operation, and are aware of their responsibilities toward the organisation.

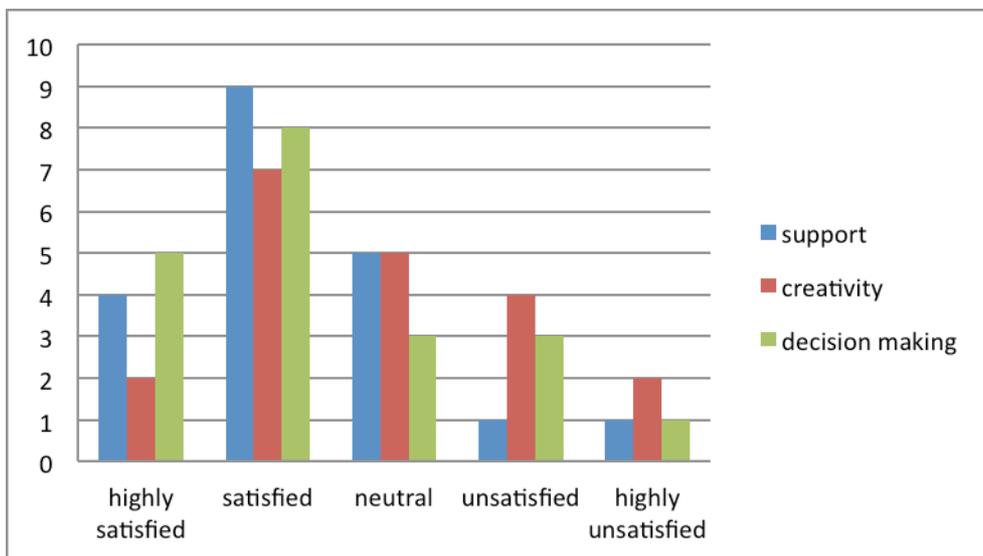


Figure 9: Support from Superiors

Consequently, employees said that they were motivated to work despite comparatively lower salary packages than other retail stores.

6. Conclusions

It is clear from both the primary research as well as the surveys conducted by SIMS student managers of Batch of 2011-2013 that internal communication plays a very important role in motivating employees to perform better and to attend to customers which in turn increases customer footfalls. The findings show that there has to be daily communication between employees and line managers as also regular communication between the employees and top management. When the vision and the employees' role in fulfilling it is made clear to them, employees are motivated to work towards its attainment. Taking the employees' inputs before taking decisions is indeed important for making the employees take ownership for the decisions that are finally taken by the management and making them successful. Giving feedback to employees also is very important as they know what is correct and what needs to be improved and they can work accordingly. It was also found that the communication has to be largely oral either face to face or telephonically for greater effectiveness while key messages can be reinforced through e-mails and newsletters namely through the written medium. The findings also emphasize the fact that it is important for the management to develop an internal communication strategy for motivating employees to grow and also to feel appreciated. Internal communication is seen as a "sense-making" activity that employs language genres (e.g. news, feature-writing) to capture and construct corporate brand identity. Wherever employees felt they were being communicated every major thing, they experienced what may be termed as "communication satisfaction". This communication satisfaction in turn was found to have a positive correlation with job satisfaction and other key organizational variables like organizational identification and organizational commitment, satisfaction with work relationships.

Recommendations

It is very important to engage employees in the **vision** and the **short and long term objectives** of the organization. It is also important to have a good **action plan** that will tie in directly with the strategy, and will set out the activities, targets, deadlines and resources needed to implement each element of the strategy. The Action Plan should ideally be a working document that is updated and revised as targets are met and new objectives are identified. It is equally important for management to be **transparent** in their communication, and to give the employees both the good as well as the bad news. Retail stores should also **celebrate the achievements of employees** as this will motivate them to remain longer with the respective store and help curb the attrition rate in this sector. It is also important to have **staff events** as these help communicate cultural change programmes or council achievements or priorities. They are instrumental in bringing staff together that may not have much contact normally and raising the visibility of senior managers. They act as some form of workshop or breakout sessions so that less confident people have a smaller, 'safer' environment where they are more likely to participate actively.

Evaluation of internal communications should be built into the strategy and action plan right at the start so that activity is regularly monitored and evaluated to measure its success. Key stakeholders like managers, staff and members, should be surveyed regularly to give feedback on the methods and impact of the internal communications methods. If, for example, in the staff survey, satisfaction ratings show no significant increase after the first year of a cultural change programme, the programme itself is ineffective and will need to be reassessed. Individual communication methods should be monitored and evaluated regularly. Feedback should always be acted upon as this improves employees' confidence

In short, a good internal communication system works in the interests of both the employees as well as the retail organization.

Limitations of the Study

The survey was restricted to retail organizations in the city of Pune (Maharashtra State, India). Further, the employees were sometimes too busy attending to customers and their daily responsibilities, and it was difficult to get them to answer the questions properly.

The Way Forward

There is a clear need for further empirical research. Views of customers may be taken to understand the effectiveness of internal corporate communication on employee brand performance in order to see whether the customers' perceptions are similar to those of employees.

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