Evaluating the Effective Factors of Organizational Communications on Crisis Management in Bank Pasargad

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Abstract

Crisis management is created for extensive use of all effective factors for optimization of reduction of damages caused by crisis and confronting with this appeared crisis. Nowadays, organizational communication is one of the well-known strategies for crisis management. According to importance of crisis management in banks, purpose of this research is to evaluate how effective factors of organizational communication affect the crisis management. In this research, a questionnaire for evaluating the influence of effective factors of organizational communication was prepared and distributed among 200 personnel’s of Bank Pasargad of Tehran, and 192 correct questionnaire were received and final analysis was done by Lisrel8.5 software. Results of this research showed that all of the organizational communication factors affect the crisis management, and among this research parameters, feedback, complete information, adequate information, quick information, up to date information, correct information and communication channels have maximum and minimum effects respectively.

Keywords: Organizational communications, Crisis management, Bank
Introduction

Organizations face to various crises in different situations, and lack of effective management of these crises may cause horrible consequences.

News of small and great crises that occurred in each side of the world is reflected in communication devices every day. These crises may advance to some extent that threaten the interior or external benefits of communities or reputation of great organizations (Yaghinloo 2004; p.55).

Most organizations face to shock and crisis due to little attention to environment and lack of management and identification programs. Shock and crisis can disturb current activities of organization and compromise its future reputation. As a result, crisis management introduced as tools for maintenance of benefits and reputation of organizations in management field. Each small or great and private or government organization and specially one country escape from crisis risks. Therefore, today’s organizations should allocate enough time and resources to crisis management programs before facing to crisis (Bahramzadeh 2006; p.33).

Crisis is a category that all organizations face to it in more or less and with attention to their nature and activities. Organizations face to crisis in their lifetime many times, and managers and decision makers should think for provisions in order to constantly ready their organization to face crisis. The best action is effective application for crisis management. Crisis management involves all needed actions for quick and effective coping with crises and control of their destructive effects. Crisis management word is taken to consideration since 1982, when the Johnston Company faced to a great crisis that threatened its surviving (Iwar 2013). Actions which applied by this company for coping with crisis were start point for conducting researches in field of crises management.

Exact and adequate organizational communications reduce probable damages of crisis and maintains the assurance of persons especially organization personnel. Incorrect communications during a crisis may create a creation of doubt in the organization, and an image that drawn by many endeavors during long times may waste during a few hours (Koster & Norton 2004).

According to importance of crisis management of banks and probable positive effects of organizational communications on crisis management, this research tries to evaluate how influential factors of organizational communications affect the crisis management of banks.

Organizational communications

Communications consist of all speech, written and motion activities that applied for meaning and conception transfer from one person to another person or effectiveness and influence on others (Farhangi 1993).

In fact the purpose of organizational communication is creation and transformation or influence on actions for improvement and enhancement the organization (Herold kuntz 1992). Organizational communication is a process that can help to establishment a system for acquire information and exchange meanings to persons and other organizations of inside and outside of
organization environment (Rezaeian 2005). Existence of efficient organizational communications is one of the important factors of management success.

It is proven by experience that if there isn’t adequate organizational communications, workflow will be disturbed and works will be disordered. Planning, coordination, organizing, control and other tasks of managers are not achievable without effective communication system, and management of organization is impossible in lack of this system (Alwani 2005).

When facing to crisis, Organizational communication process plays a key role in management and control of crisis.

Exact communication and presentation of the correct information can play important role in crisis prevention, reduction of side effects of crisis and suitable decision making in this time. Crisis management should communicate to authorities, officials, population, crisis leaders, crisis protectors and friendly forces along in the crisis scenes along with know the crisis nature, aims and demands of crisis makers and properties of their audiences. Crisis management is a scheme for minimize crisis damages and in some cases can completely destroy probable (potential) crisis (Madzharov 2006).

Crisis communication management can play sensitive and key role in crisis management. Crisis communication management consists of plans and activities which enable organization (in conduit of news media and in a efficient way) to give real news to people. According to this definition, Crisis communication management is a part of international relationship and its appearance is directly related to informing way of news media and involves each organization inform people by events and their details and provide them with correct information (Kutzchuck 1984).

**Literature Review**

Many researches about effect of communication management on crisis management were conducted inside our country (Iran) and foreign countries, and some of them will be described as follows:

Habibzadeh and Javadian (2010) have studied the media strategies for crisis management in their article. Purpose of their article is achieve to deep and correct understanding about crisis and it’s steps as well as role of international relationship during crisis and type of relationship between organizations and media during crisis times. In this article, necessity for codification of crisis communicative program, crisis management psychology, communicative principles during crisis, crisis rules and tasks of international relationships during crisis were considered.

Tashakkori dealt with to explanation of communications role when occurrence of crisis in his article with title as *communications in crisis* and he concluded that crisis management should act for relation to and inform people, groups, officials and institutions and design schemes and run some of them basis on situation at before, during and after crisis occurrence. There are two approach and strategies for control and coping with crisis: direct approach (application of force) and indirect approach (application of satisfaction and soft confronting. In the both approaches, crisis managers should constantly communicate with their own audiences include crisis leaders,
people, friendly forces, officials and authorities and they should make riots and crisis leaders to give up or adjust their demands and manners in addition to revealing nature of rioters and assuring to people and officials and making relaxation and elimination the concerns.

Iwar and his colleague dealt with relationship between organizational communications and crisis management in their article with title as *study of relationship between organizational communications and crisis management in governmental organizations*, and they concluded in their research that (1) there is a relationship between government organizations of Kerman and crisis management; (2) there is a relationship between up to date information and crisis management; (3) there is a relationship between adequate information and crisis management; (4) there is a relationship between correct information presentation and crisis management; (5) there is a relationship between complete information presentation and crisis management; and (6) there is a relationship between quick information presentation and crisis management.

The results of Choler (2001) and Maxwell (1991) research show that relationship of correct and reasonable risks can help to officials to prevent vain and fear-based reactions of people in confronting with serious crises such as distribution of unmoral diseases and terroristic raids by means of biologic weapon. In addition, correct application of risk relations cause to making assurance and self-confidence which both of them are critical during crisis.

**Theoretical Framework of the Research**

As described in literature review, studies about relationship between communications and crisis management were conducted in recent years, and evaluation of effects of factors of organizational communications on crisis management led to below model as presented in figure 1. Researchers provided evidence for protect eclectic model that describes that crisis management in some certain fields depends on organizational communications. The Research theoretical framework deals with to evaluating the dimensions of effects of effective communication management factors on crisis management in Bank Pasargad. Research conceptual model designed for evaluating the state of effective communication management factors on crisis management is presented in figure 1.

![Figure1: The research conceptual model](http://www.prj.co.in)
Descriptive data

In this section, individual attributes of studied people will be presented firstly.

Research hypothesis

This research includes seven hypotheses as fallow:
Up to date information is among of effective organizational factors on crisis management.
Adequate information is among of effective organizational factors on crisis management.
Correct information is among of effective organizational factors on crisis management.
Complete information is among of effective organizational factors on crisis management.
Quick information is among of effective organizational factors on crisis management.
Feedback is among of effective organizational factors on crisis management.
Communicative channels are among of effective organizational factors on crisis management.

Methodology of the Research

This research is a descriptive and survey research in terms of nature, applied purpose and data collection. Population of this research includes all staff, experts and connoisseurs of Bank Pasargad of Tehran at 2013 (1392) that it is selected as cluster according to population and attributes of population, and 200 questionnaires are distributed accordingly. There are many ways to determine the sample size. According to necessity for limitation of sample size, bellow equation can be used for determine the sample size:

\[ n = \frac{z^2 pq}{d^2} \]  
(Cochran formulation)  
\text{(equation 1)}

Where:
For reliability of %95: \( z = 1.96, p=q=0.5 \)
n: sample size (unknown)
d: error value = 0.07

According to error level of %7 and unlimited population, Cochran formulation result in at least 196 samples, and according to it, 200 questionnaires distributed among population and 162 correct questionnaires were collected and analyzed.

A realized questionnaire for measurement of organizational communication was used for data collection. Initial questionnaire is given to masters in order to narrative measurement, and necessary reformations are done according to the masters ideas. The cronbach alpha method with SPSS software is used for measurement of questionnaire stability. Value of cronbach alpha for this questionnaire was calculated as 0.84.

Research data was obtained by answers of participants to questionnaire which are designed according to Liker five grades spectrum, then analyzing of data was done by LISREL and SPSS.
software, and finally test suggested pattern was determined according to coefficients and supposed structural relationships.

**Hypothesizes test**

In this research, required data were coded after collection and coordination, and then they entered to SPSS. Both data analysis and research Hypothesizes test were done using Structural equations patterning method, and this research hypothesizes were evaluated by LISREL software.

**Path coefficients chart**

This chart shows general relationship between hidden and unhidden in a one pattern. The research path coefficients are presented in chart1. In this chart, the numbers on arrows are representative of respective path coefficients of variables. Circles are representative of variables and squares are representative of respective questions of variables.
Figure 2: in standard path analysis diagram
Figure 3: Path analysis diagram in significant

Chi-Square=644.27, df=343, P-value=0.00000, RMSEA=0.074
Chart 1: path analysis chart in standard status.

Chart 2: path analysis chart in meaningful status.

Hypotheses test:

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standard coefficient</th>
<th>significant</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to date information is among of effective organizational factors on crisis management.</td>
<td>0.85</td>
<td>8.05</td>
<td>confirm</td>
</tr>
<tr>
<td>Adequate information is among of effective organizational factors on crisis management.</td>
<td>0.88</td>
<td>8.79</td>
<td>confirm</td>
</tr>
<tr>
<td>Correct information is among of effective organizational factors on crisis management.</td>
<td>0.92</td>
<td>7.52</td>
<td>confirm</td>
</tr>
<tr>
<td>Complete information is among of effective organizational factors on crisis management.</td>
<td>0.88</td>
<td>9.06</td>
<td>confirm</td>
</tr>
<tr>
<td>Quick information is among of effective organizational factors on crisis management.</td>
<td>0.85</td>
<td>8.53</td>
<td>confirm</td>
</tr>
<tr>
<td>Feedback is among of effective organizational factors on crisis management.</td>
<td>0.93</td>
<td>9.69</td>
<td>confirm</td>
</tr>
<tr>
<td>Communicative channels are among of effective organizational factors on crisis management.</td>
<td>0.86</td>
<td>4.68</td>
<td>confirm</td>
</tr>
</tbody>
</table>

Hypothesis 1:

Up to date information is among of effective organizational factors on crisis management. As we can in chart 2, and according to significant of 8.05 which is out of range of -1.96,+1.96, therefore this hypothesis will be confirmed and we can say that “Up to date information is among of effective organizational factors on crisis management” with probability of 95%.

Hypothesis 2:

Adequate information is among of effective organizational factors on crisis management. As we can in chart 2, and according to significant of 8.79 which is out of range of -1.96,+1.96, therefore this hypothesis will be confirmed and we can say that “Adequate information is among of effective organizational factors on crisis management” with probability of 95%.

Hypothesis 3:

Correct information is among of effective organizational factors on crisis management. As we can in chart 2, and according to significant of 7.52 which is out of range of -1.96,+1.96, therefore this hypothesis will be confirmed and we can say that “Correct information is among of effective organizational factors on crisis management” with probability of 95%.
Hypothesis 4:
Complete information is among of effective organizational factors on crisis management. As we can in chart 2, and according to significant of 9.06 which is out of range of -1.96,+1.96, therefore this hypothesis will be confirmed and we can say that “complete information is among of effective organizational factors on crisis management” with probability of 95%.

Hypothesis 5:
Quick information is among of effective organizational factors on crisis management. As we can in chart 2, and according to significant of 8.53 which is out of range of -1.96,+1.96, therefore this hypothesis will be confirmed and we can say that “quick information is among of effective organizational factors on crisis management” with probability of 95%.

Hypothesis 6:
Feedback is among of effective organizational factors on crisis management. As we can in chart 2, and according to significant of 9.69 which is out of range of -1.96,+1.96, therefore this hypothesis will be confirmed and we can say that “feedback is among of effective organizational factors on crisis management” with probability of 95%.

Hypothesis 7:
Communicative channels are among of effective organizational factors on crisis management. As we can in chart 2, and according to significant of 4.68 which is out of range of -1.96,+1.96, therefore this hypothesis will be confirmed and we can say that “Communicative channels are among of effective organizational factors on crisis management” with probability of 95%.

Goodness of fit test
When a model has a suitable theoretical support, therefore in next step, fitness of model with collected data is evaluated. So, some goodness of fit tests was done for this research data and model in order to evaluation of the fitness. There are many factors for determine the goodness of fit indexes, and they are presented in table 2.
Table 2: Value of fitness indexes

<table>
<thead>
<tr>
<th>No</th>
<th>Fitness index</th>
<th>Acceptable value</th>
<th>Model value</th>
<th>Fitness result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$x^2/df$</td>
<td>Excellent, if it is less than 2 Sufficient, if it is more than 3</td>
<td>1.87</td>
<td>excellent</td>
</tr>
<tr>
<td>2</td>
<td>RMSEA</td>
<td>Excellent, if it is less than 0.06 Sufficient, if it is less than 0.8</td>
<td>0.074</td>
<td>excellent</td>
</tr>
<tr>
<td>3</td>
<td>NNF1</td>
<td>More than 0.9</td>
<td>0.97</td>
<td>Sufficient</td>
</tr>
<tr>
<td>4</td>
<td>AGFI</td>
<td>More than 0.9</td>
<td>0.93</td>
<td>Sufficient</td>
</tr>
<tr>
<td>5</td>
<td>GFI</td>
<td>More than 0.9</td>
<td>0.91</td>
<td>Sufficient</td>
</tr>
</tbody>
</table>

According to the results of table 2, we can say that fitness pattern had a good estimation of real world.

Conclusion and Suggestions

The purpose of conduction of each research is to answer the research questions and concluding about research hypothesizes in order to finally we can conclude about research subject and study problem. Principally all of the research steps are towards achieving knowledge in order to conclusion about research hypothesizes. Main purpose of this research is evaluating the effects of effective organizational factor on crisis management. Crises are created by events and natural or unnatural factors and they impose damages on sets or human society. Crisis management needs to experience, skill, speed, intelligence and creature for confronting with surprising and unexpected events. Crisis management is a planning and operating process which seeks to tools for reduction of crisis consequences by means of systematic observation of crises and analyzing them. Scientists agree that organization manager is under the most pressure during crisis. So organization manager needs to preparing and training of their talent in order to good confronting with crisis (khorasani, 2005; p. 43). One of the effective factors on crisis management is organizational communications. Existence of effective organizational communications is one of the vital tools for any social participation. It is proven by experience that if there isn’t adequate effective organizational communications, workflow will be disturbed and woks will be disordered. Coordination, planning, organizing, control and other tasks of manager is not achievable without existence of effective organizational communications and handling of organization is impossible in lack of this system (Alwani 2005; p. 169).

Results of this research with seven hypothesize are:

- Up to date information is among of effective organizational factors on crisis management.
- Adequate information is among of effective organizational factors on crisis management.
- Correct information is among of effective organizational factors on crisis management.
- Complete information is among of effective organizational factors on crisis management.
- Quick information is among of effective organizational factors on crisis management.
- Feedback is among of effective organizational factors on crisis management.
- Communicative channels are among of effective organizational factors on crisis management.
In this research, statistical calculations show that dimensions of effective organizational communications on crisis management have favorable situation and by proving of the research hypothesis, organizations should improve their organizational communications in order to they can prevent probable crises and identify and control crisis in first hours of crisis occurrence if it occurs. In lack of attention to organizational communications or existence of incorrect communications, Crises harm organization so that effect of that harm remains for many years.

In this research, according to standard coefficients and significant, it is obvious that variables of feedback, complete information, adequate information, up to date information, correct information and communication channels have the maximum and minimum effects respectively. So, according to this conclusion, it is suggested to that banks that take their attention and focus on feedback and complete information which have the most importance and the most effect on crisis management among another factors. Also, taking consideration that correct channels have the worst situation respect to above factors, it is suggested that Bank Passargad pay more attention to these parts in order to they can satisfy these dimensions same as other organizations and provide a suitable field for better crisis management in organization.

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