Saimaa University of Applied Sciences
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Improving Business Communication in the Banking Industry. Case: Vyborg-bank Jsc

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Abstract

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The purpose of this thesis work was to study the importance of business communication and its influence on the company's performance. The main goal was to find ways to improve internal business communication in an organisation in the banking industry and to create a model for improvement for a specific case company.

The information for this study was gathered from appropriate literature, the Internet, by interviewing employees in the case company Vyborg-bank JSC face to face and in a questionnaire survey. The approach in this research was qualitative. The first stage included data collection from different sources related to the chosen topic. The second stage consisted of analyzing the interviews and questionnaire data.

Based on the findings, the author created a model for improvement and suggested specific steps that would lead the case company to better internal business communication. The results can be applied to a company in the banking industry. However, the outcomes may differ, depending on the organization in question.

Keywords: communication, internal business communication, communication process, models of communication, SWOT analysis

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1   Introduction

This chapter presents an overview of the background of the thesis, defines the objectives and delimitations of the study, and specifies the research questions that the author aims to answer.

1.1   Background of the study

Business communication has always been one of the most essential parts of a company's path to success and strength. There are many components of communication to consider when looking at such things as customer value, relationships between subordinates and between a subordinate and a supervisor, targeting customer groups, or searching for innovative solutions. As time passes, communication tools change and companies must keep up with the progress or otherwise they might fall behind, lose their strengths, and then lose customers as well.

When looking on the banking industry and analyzing all the communication channels that are involved, there is a crucial need to keep up with the pace of this world, since the world experiences progress every day and falling behind is never an option if a company wants to survive in the market.

The topic of this thesis work is "Improving business communication in the banking industry". The inspiration for this research came to the author during a practical training in a bank, which later served as the case company for this research. Also, appropriate literature sources are reviewed and applied in this thesis work.

After reviewing appropriate literature, collecting relevant sources of information, collecting data from the workplace, going through a thinking process and drawing subjective conclusions, the author puts the pieces of a puzzle together, aiming to introduce readers to the findings.

In the process of forming the research questions and the objectives for the study, the author realized that the topic is of current interest and relevant. Companies in the banking industry in Russia rarely look at improving business

communication as a way of strengthening the core of the company while creating stronger customer value at the same time. The other reason for choosing this topic is personal experience. The author wants to prove that communication inside the company has a strong effect on the company's performance. The arguments are based on observations and discussions on the mentioned subject with colleagues. Personal interest in this research motivated the author and stimulated to work hard.

1.2 Objectives

This thesis aims to prove that business communication affects a banking company's performance no less than any other aspect. Improving internal business communication will make an immense difference in the effectiveness and successfulness of a company, giving it a competitive advantage over other banking companies. A few business communication models will be introduced. The author will study the case company's internal communication and suggest a model for improvement.

1.3 Delimitations

This thesis work will be based specifically on companies in the banking industry in Russia. Conclusions will be drawn from the study of one case company and generalization is subjective and varies, depending on organizations. Also, the author will look only on the "internal" part of business communication among employees and between employers and employees. The topic will be approached from different points of view: language (i.e. style, strategies and efficiency), communication situations (i.e. spoken and written, public and private), forms of communication (business correspondence, business meetings), and types of business communication (monologue and dialogue). External communication with customers and partner companies is excluded from this research. The aim is to strengthen the core of the company, to improve the internal relationships and see how that will lead to a stronger place in the market, raise the competitiveness and attract customers.

1.4 Research questions

In order to structure the work and follow a specific plan, the author sets the following research questions, which are meant to be answered throughout the study:

I.   How is "business communication" defined in the banking industry?
II. What can be referred to as "internal" and "external" business communication?
III. What are the most relevant problems in terms of internal business communication in the banking industry?
IV. Which business communication models can be applied to internal business communication in the banking industry?
V.   Through which activities can banking industry companies in Russia improve internal business communication?

1.5 Research methods

The author uses a qualitative and descriptive approach in this work. It includes a literature review, data analysis and empirical research in the case company.

The literature reviewed in this thesis work aims to provide reliable and appropriate information on the following matters:

I.   a general look on business communication;
II. differences between internal and external business communication;
III. types, forms and models of internal business communication;
IV. how internal business communication influences the banking industry.

The literature review comprises the theory part of the thesis and answers the research questions one, two, three and four.

The empirical research is conducted during the author's internship in Vyborg-bank JSC, a bank in Vyborg, Russia. The internship is a part of the Bachelor's Degree at the Saimaa University of Applied Sciences. The empirical part has the following structure:

I.   research findings: processing and recording data
II.   data analysis
III.   results and findings.

The research has a qualitative approach and is based on interviews and questionnaires:

I.   total number of questions: nineteen
      a.   interviews: twelve
      b.   questionnaires: seven
II.   target group: employees from different departments
III.   method: critical approach.

The total number of respondents is forty employees of the case company: one group of twenty for the interviews and the other group of twenty for the questionnaires. The interviews are conducted orally and demand organizing meetings after working hours, taking around forty munities each. The questionnaires are distributed at the workplace during office hours, and taking around five minutes for a person to fill one. The empirical part of the thesis focuses on collaboration with the personnel of the case company.

The main goal of the research is to identify the influence of internal business communication on the performance of a company in a banking industry and suggest possible steps towards improvements based on a specific case company. Moreover, the author aims to answer research question five by creating a model of improvement after a thorough analysis of the findings.

2   Communication

The studies of the communication process address one of the most important problems in human communities. Erik Barnouw, leading theorist in the field of studies about mass communication, stated that the central position of communication in human history explains why different branches of knowledge, such as anthropology, art, education, ethnology, history, journalism, law, linguistics,

philosophy, political science, phycology and sociology, all strive towards studying communication processes deeper (The Industry Handbook).

In 1924, English literary critic I.A. Richards defined human communication as follows:

 "Communication takes place when one mind so acts upon its environment that another mind is influenced, and in that other mind an experience occurs which is like the experience in the first mind, and is caused in part by that experience".

In a broad sense, communication is the transmission of a message, exchange of thoughts or any information in general. During the communication process, an exchange of some content from one mind (collective or individual) to another happens. Communication is a social process. It performs a binding function in the society. However, communication happens not only in human social systems: some sort of communication is typical for animals (e.g. birds tweeting, bees buzzing). The term "communication" is also widely used for a set of technical tools, machinery and mechanisms (e.g. transport, telegraph and telephone signals, computer systems). (Haykin 2001.)

The classic formula for communication that one can meet in most sources is best reflected in the definition which was given by an American scientist Harold D. Lasswell in 1948: "Who says what to whom in which channel with what effect?" The entire process can be divided into different parts and studying the functions of each varies depending on the field. In addition, in a real life process, communication assumes the intersections among the functions and exchange of roles between the sender and the receiver.

3   Business communication

In our daily lives, business communication is one of the most important kinds of communication between people. For a long time, ethical norms used to be the main regulator of these relationships. They express very well people's views on good and evil, justice and injustice, and correctness or falseness of certain deeds. Business relationships rely on those views in one way or another and success very much depends on the sense that is put into those views.

Business Dictionary (2014) defines business communication as "the sharing of information between people within an enterprise that is performed for the commercial benefit of the organization". In addition, such phenomena as promotion of a product to customers, or any other way that the company shares information about its products is also called business communication.

According to McLean (2014), business communication is a process of speech interaction between people, which involves sharing activities, information and experience in order to achieve a certain result. Particularly, this process complies with established restrictions that are determined by cultural and national traditions, initiated on a given territory, professional ethical principles and among a given number of persons. Nowadays business communication penetrates all areas of social life in the society. Enterprises of all kinds of ownerships, individuals and entrepreneurs enter commercial, business areas.

In order to use business communication most effectively, various knowledge is needed; for example, psychology can help in identifying whether the relationships with a particular person could be effective and bring any value.

To ensure a higher level of communication, the leader must be able to use different techniques of communication. In partnerships, many different situations can occur, and each one would require a specific approach. Ability or inability to communicate can lead to either successful positive results or huge information losses (McLean 2014).

Narula (2006) states that competence in business communication is directly related to success or failure in each of these areas: science, art, manufacture, commerce, trade. As for managers, executives, chiefs, the management department and individual entrepreneurs, the competence in business communication is one of the most important components of the professional image that they want to portray. The ability to have an adequate reaction in any situation is essential.

According to Thill & Bovee (2014), business communication as a process assumes the establishment of a contact between the participants, exchange of certain information, creating partnerships and so on. Service contacts are built

on partnership beginnings, come out of mutual needs, and interests in common business. Certainly, such communication increases professional activity, creativity and is a very essential component of a successful business.

The ability to behave according to the social protocol of business life is one of the most important factors in achieving successful results in professional performance. Even in a technical or scientific area, success depends on the professional knowledge by 15% and on the ability to communicate with coworkers by the rest 85% (Narula 2006).

All in all, the difference between informal communication and business communication is that there are specific goals and aims in business communication, involving a certain decision-making and not allowing a participant to end the communication process with business partners until the decision has been made and the problem has been solved. In regular communication between friends, the problems that need to be solved or the wanted outcome of the talk are not set, so the conversation may be ended (when both parties wish) any time without a fear of losing the possibility of starting the process of communication again.

3.1 Forms of business communication

Business communication includes five forms: business conversation, business correspondence, business meeting, business negotiations, and public speech (Kajmakova 2008).

- Business conversation

Business conversation is a verbal contact, in which participants must have the authority for decision-making and fixing chosen positions. The aims of such conversations are solving certain tasks, communication between employees in one specific business area, supporting and developing relationships and business contacts.

- Business correspondence

Business correspondence includes business letters, official documents, requests, suggestions, claims, and any kinds of responses. It is a form of business communication that involves a lot of paperwork.

- Business meeting

Business meetings consist of discussions aiming to solve organizational tasks, collecting and analyzing information and decision-making. Types of business meetings are:

- by the form of organization
  - dictatorial (the leading role belongs to the leader)
  - segregational (reports of participants are planned in advance)
  - dedatable (free exchange of opinions and information with the following approval of the leader)
  - continuational (the continuation of another meeting)
- by the target setting
  - informational (report about current work)
  - goal-oriented (aimed on decision-making)
  - creative (looking for new solutions and development paths).

- Business negotiations

Business negotiation is business communication between interlocutors and involving elaboration of a common solution.

- Public speech

Public speech is a direct speech influence of the speaker on the audience. Depending on the goals, a public speech can be informative, inducing, or persuasive.

3.2 Types of business communication

Business communication can be divided into different subcategories. According to the book "Business Communications" by Lobanov & Pokrovskaya (2008), the possible divisions are introduced in Figure 1.
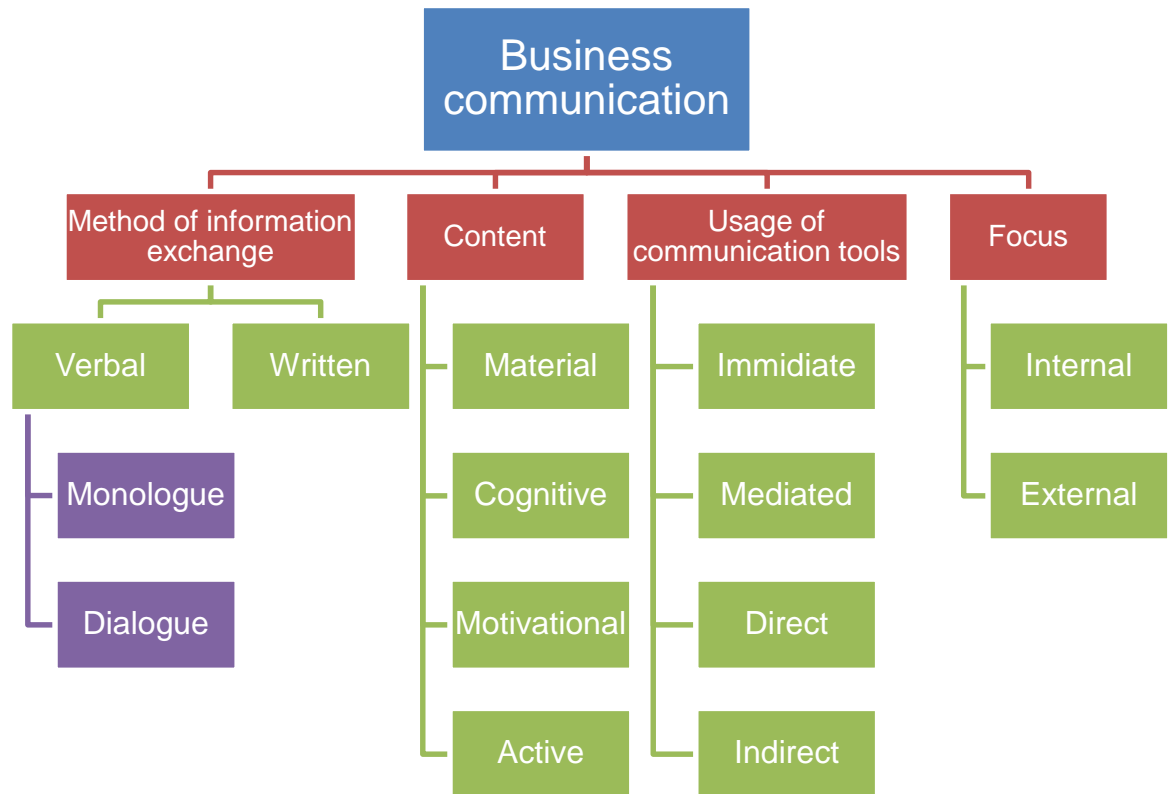
Figure 1. Types of business communication (Lobanov & Pokrovskaya 2008).

3.2.1 Verbal / written business communication

According to Lobanov & Pokrovskaya (2008), verbal communication can be divided into monologue and dialogue forms of communication. Examples of monologue are:

1) greeting speech
2) commercial speech
3) informational speech
4) report (i.e. in a meeting).

Examples of dialogue are:

1) business talk – short contact, mostly based on one topic

2) business conversation – long exchanging of data, opinions, points of view, often comes with decision-making

3) business negotiations – discussion with an aim to reach an agreement concerning a certain issue

4) interview – a talk with a journalist, intended to go into a newspaper, radio or television channel

5) discussion

6) business meeting

7) press-conference

8) contact business conversation – direct, face to face dialogue

9) telephone conversation – distant.

In direct contact, the most important factor to look at is verbal and none-verbal communication. The most popular and common forms of communication of this kind are direct conversation or one on the telephone. The difference is in directness of the contact and a wide variety of methods to use. Direct contact helps to combine business (formal) and personal (informal) parts of communication.

Written business communication, or business correspondence, includes much documentation, such as business letters, protocols, reports, certificates, staff reports, explanatory notes, figures, statutes, instructions, decisions, orders, decrees, and powers of attorney.

3.2.2 Material / cognitive / motivational / active business communication

The content can divide business communication into four different categories. Material business communication focuses on exchange of goods, whereas cognitive communication focuses on exchange of knowledge. Motivational business communication includes exchange of believes, goals, interests, needs and motives. Active communication focuses on exchange of actions, operations, skills and abilities between employees. (Lobanov & Pokrovskaya 2008.)

3.2.3 Immediate / mediated / direct / indirect business communication

Depending on the usage of communicative tools, business communication can be either immediate or mediated. Immediate means that it is carried out with the

use of natural organs, such as hands, head, body, and voice. Mediated communication, again, requires the usage of special tools such as computers, paper, wiring materials, or telephone. The other two types of business communication are direct and indirect. Direct communication includes personal contacts and direct perception of the communicating parties of each other. Indirect communication is carried out with a mediator, who can be a third party person. Direct communication can often be more productive due to emotional impact and impressing. (Lobanov & Pokrovskaya 2008.)

3.2.4 External / internal business communication

External business communication refers to the way the company communicates and builds relationships with its partners, customers, or any entity outside the company organization. The main purpose is to keep the world aware of the company's business operations or about the products and services offered. Strong external communication improves public credibility, the overall profit and the corporate image. It can help to expand the boundaries of business and to strive to be number one on the existing market. (McLean 2014.)

According to Johnson (2014), external communication includes:

- mass media (commercials, radio, television, magazines)
- electronic media (Internet, email, newsletters, social media)
- financial record keeping
- public relations.

Internal business communication includes all communication processes within an organization. Lehman & DuFrene (2010) also call it employee communication. It influences the overall performance of a company on many levels. If employees are on good terms with each other, the teamwork will be productive, oriented towards one result that benefits everyone and will raise the company performance. Good internal communication increases the work satisfaction of employees, their safety and mood. Internal communication is a great tool for strengthening a company's brand image and reputation. When the atmosphere in the company is positive, it will spread out and affect the external communication as well (Melcrum 2014).

As described by Lehman & DuFrene (2010), there are three internal business communication types:

1. Horizontal communication

Horizontal communication involves the exchange of information between employees of one rank. The information normally circulates so that employees can collaborate with each other better. It is essential for solving common problems and improving teamwork. Effective information circulation inside the company increases the awareness of each employee of the current tasks and helps to achieve common goals faster.

2. Upward communication

Upward communication includes all the information that flows from the bottom of the managerial hierarchy to the top, for example from subordinates to managers. It gives employees the opportunity to offer suggestions or ideas, to give feedback which is essential for making improvements, and to know that they are encouraged to show enthusiasm and think outside the box. If upward communication in a company is impaired, employees in different organizational ranks will not be able to cooperate properly and this jeopardizes the company's integrity and unity.

3. Downward communication

Downward communication refers to information that flows from the top to the bottom. Managers, supervisors and any superiors must communicate to subordinates about the company's mission, vision, aims, strategic goals, policies, regulations, rules, corporate values and many more. One example of downward communication could be giving instructions on completing a certain task. In addition, if a manager wants to get an employee to do something, he would need to motivate and encourage the employee with some sort of a reward system. That could help to improve the work efficiency of the employee and, at times, to achieve wanted results faster. (Lehman & DuFrene 2010.)

4 Business communication process

The following chapter is based on the book "Communications in an Organization" by Kajmakova (2008). Business communication processes can be broken down into six components: sender, message, channel, receiver, noise and feedback.
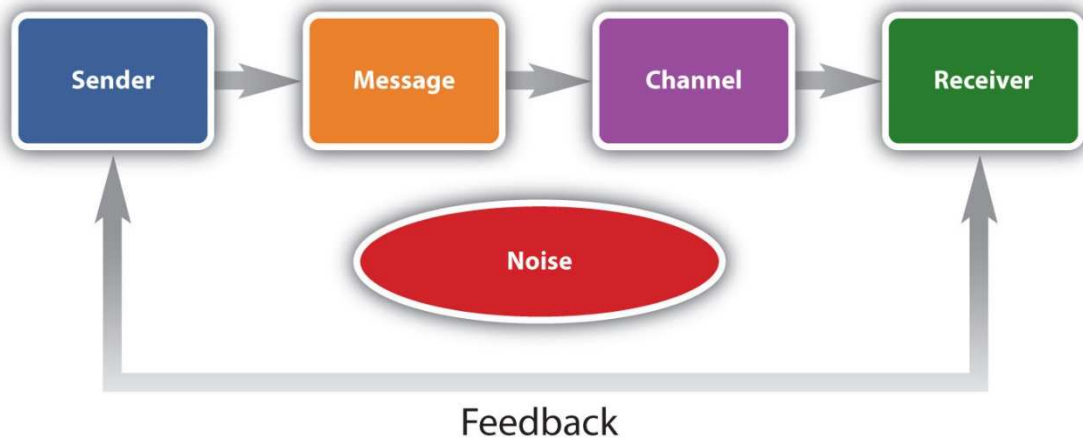

Figure 2. Process of business communication and its components (Notes Desk 2009).

The importance of each component cannot be overstated. When a pitfall in business communication occurs, the easiest way to find the reason would be to look at those components and see which one caused it.

4.1 Sender (source)

Sender is the person with whom the whole communication process begins. He creates / sends the message. He could be a public speaker or an encoder in business correspondence. In order for the message to be understood by the receiver, it has to be decoded with the help of symbols and pictures. However, there are more tools that help to send a message than just words and images. The clothes one wears, the body language one uses, the voice tone and the facial expressions – all these things can make the receiver understand the message the way that the sender wants to.

4.2 Message

A message is the information that the encoder sends to the receiver. As mentioned earlier, it can be either written words or orally spoken ones. The content of the message is essential. The sender must decide what the main point of the message will be, what should be said or written first and what saved till the end of the transition. One important fact about the message to remember is that the receiver needs to get the message as close to its original idea as possible. That is why the sender has to take into consideration the possible ways of how the receiver might interpret the message and adapt it accordingly.

4.3 Channel

Channel is a mean through which the sender and receiver exchange information. The choice of the channel depends on the context of the message and on the relationships of the sender and receiver. In addition, the sender must choose whether he wants his message to be documented and filed or whether words would be just enough. Normally, the oral channel takes much less time and reaches the receiver faster. Also, it gives more guarantee that the receiver got the message right, because the sender can receive immediate feedback. It is more risky with written communication, as there are less ways to make sure that the message is being received with the same meaning as it was sent with.

4.4 Receiver

Receiver (or decoder) is the one who receives the information. He may either read or hear the message, depending on the specific message components and the chosen channel described above. The receiver might interpret the message based on personal attitude, temperament, beliefs and views. However, the receiver must know how to put personal characteristics aside and objectively receive the information without judging it based on personal opinion or belief.

4.5 Feedback

Feedback is a reaction of the receiver to the message. It is the last stage in the communication process, which comes back to the sender of the message and completes the cycle. It allows the sender to see whether the message went

through the communication cycle effectively, what information reached the receiver and what got lost on the way due to noise.

4.6 Noise

Noise is anything that disrupts the message's meaning. It can be anything from the thoughts of the sender and receiver to physical actual noise that interferes with the path of the message in the communication process. It is usually a threat for the process because the intended meaning of the message gets lost or impaired, and it cannot reach the receiver as holistic as it was in the beginning.

4.7 Application to the banking industry

Figure 3 below presents the application of the business communication process described above to a company in the banking industry.
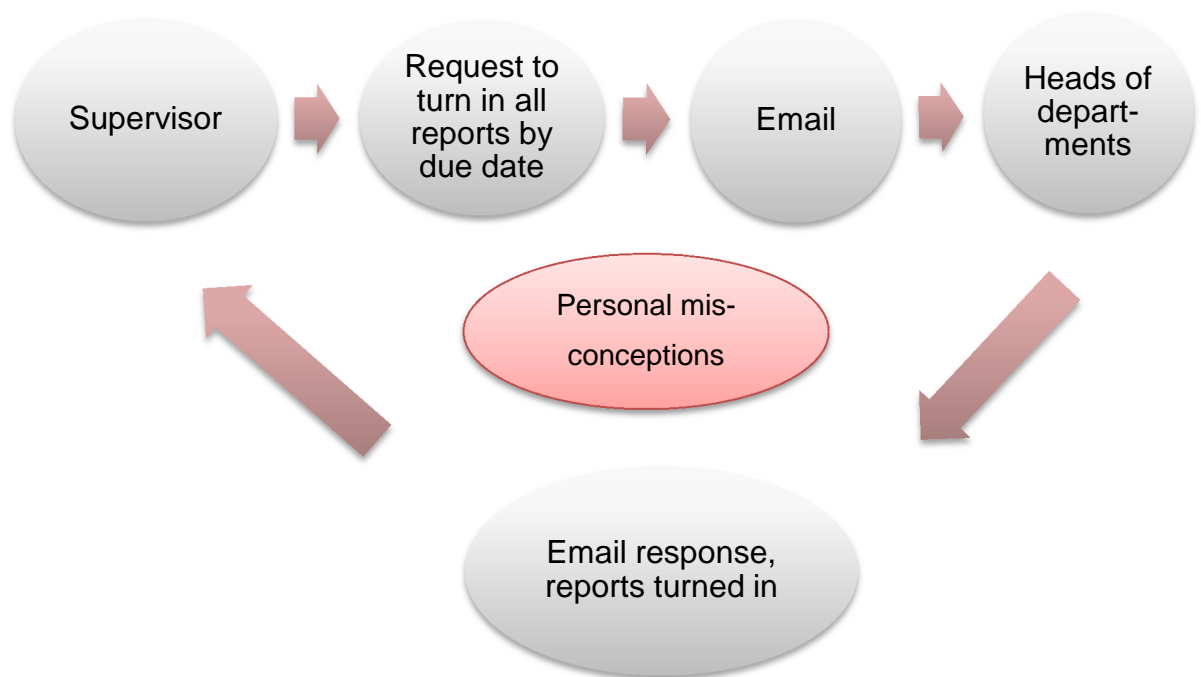

Figure 3. Internal business communication process applied to a company in the banking industry

An example of the internal business communication process in a banking industry company would be when a supervisor gives managers a specific task. He writes a corporate email that states that every department must turn in the final reports by a specific due date and time and sends it to the head of each department. The supervisor plays the role of the sender. The emails he sends out are the message. In this case, email is the channel of communication. Each head of the department is the receiver. When a head of a department responds to the email of the supervisor, saying that the task is undertaken, that would be an example of the first step of feedback. The second step is the act of the head turning in the report. If that step is taken according to the instructions (date, time, correct format of the file), then the message went through the communication process without any noise affecting its path. If misunderstandings, misinterpretations or any other deeds that are done not according to the instructions happen, then some noise affected the communication process. Possible personal misconceptions that might occur during this communication process include:

- inattentiveness of employees to the task of the supervisor due to any personal reasons (mood, lack of skills, distraction);
- incorrect functioning of the email system (emails not sent to all employees, wrong email address, any other errors in the system);
- sender miscoded the message, which led to confusion and misunderstandings (wrong date typed, spelling mistakes);
- assumptions and stereotypes (These happens when the receiver gets similar messages in a period of time, and expects in advance to receive the same one. The receiver might carelessly look through the message without paying close attention and not pay attention to what it actually consists of).

5 Internal business communication models in Russia

In the following, the research is focused on the internal aspect of communication due to the author's objective to create a model for improvement of internal business communication in a case company. In addition, because the case

company is Russian, the research narrows down to Russian models, and the literature it is based on was chosen accordingly.

In spite of the individuality and uniqueness of people, there are a few models of internal business communication. Each model has its advantages and disadvantages, which can be used for reaching the goals that are set during business communication.

According to the study book "Business communications" by Lobanov & Pokrovskaya (2008), the main eight models of business communication that occur the Russian culture are:

- Montblanc (dictating model). An interlocutor who uses this model can show the following characteristics:
    o detachment from the partner, which can be explained by the presence of a psychological barrier
    o people are seen as a faceless mass
    o keeps a big distance
    o communication has exceptionally informational character.
- Chinese wall (non-contact model):
    o unwillingness to cooperate
    o emphasizing ones social status, age
    o condescending attitude towards a partner
    o intimidation
    o pressuring the partner
    o absence of any feedback.
- Locator (differenciated attention):
    o collocutor orients on not all listeners, but only a part.
- Grouse (hypo-reflective model):
    o restraint from other collocutors
    o absence of reaction on what the partner says
    o absence of the dialogue itself (listens only to himself)
- Hamlet (hyper-reflective model):

- o concerned not with what the partner says and or what he wants to achieve at the end of the conversation, but with how the others perceive him and what they may or may not say about him
  - o suspicious
  - o sensitive
  - o inadequate reactions most of the time.
- Robot (inflexible reactions):
  - o communication is based on a program thought out beforehand
  - o harsh logic
  - o insensitivity to the changes in a situation or in the mood swings of a partner
  - o feedback is not accepted
  - o no dialogue.
- Me myself (authoritative):
  - o aims to make himself the main person in the conversation
  - o does not let the others to have a word
  - o puts himself higher than the rest
  - o believes that his opinion is the obvious truth
  - o no feedback.
- Union (active cooperation), which is the most effective model in business communication:
  - o one leads the dialogue
  - o listens to others attentively
  - o catches the changes in the mood and behavior of the colleagues and reacts adequately
  - o aims to reach the decision with cooperative efforts
  - o direct connection and feedback take place.

6 Case company

Vyborg-bank JSC has been chosen as the case company to apply the theories that have been discussed earlier. This chapter will create a profile, look at the existing communication models, point out the room for improvement and suggest appropriate ways for this.

The history of Vyborg-bank takes back to November 1990, when the first bank on a sharing basis in the Vyborg and Leningrad region was formed. Nowadays, JSC Vyborg-bank is the only independent business bank in the town of Vyborg.

JSC Vyborg-bank has the General License of the Central Bank of the Russian Federation # 720 dated 04 November 2002. This is the perpetual license of professional stock market participant for depository, broker and dealer activities. The bank is a party to the deposit insurance system, and associate member of the international payment system VISA. (Vyborg-bank 2014.)

The bank has branch offices in the cities of Moscow, St. Petersburg, Rostov, Primorsk, Svetogorsk, Roshino and the southern district of the city of Vyborg. There are also network-operating offices in the region of Vyborg and Vyborg district. Availability of correspondent accounts in Russian and foreign banks guarantees the transfer of funds around the world in no time for the clients of the bank. (Vyborg-bank 2014.)

The customer policy of the bank consists of building long-term, stable financial relationships based on mutual trust and respect. The bank provides a wide range of services, taking into account customers' interests. Quality and prompt service is a high-set standard for the bank when serving customers. (Vyborg-bank 2014.)

Vyborg-bank today is a modern, multipurpose bank with an extensive branch network in the region of Vyborg and Vyborg district, offering corporate and private clients a full range of financial services. The motto of the bank is "Vyborg-bank and you – is safe and permanent" (Vyborg-bank 2014).

6.1 Organizational structure

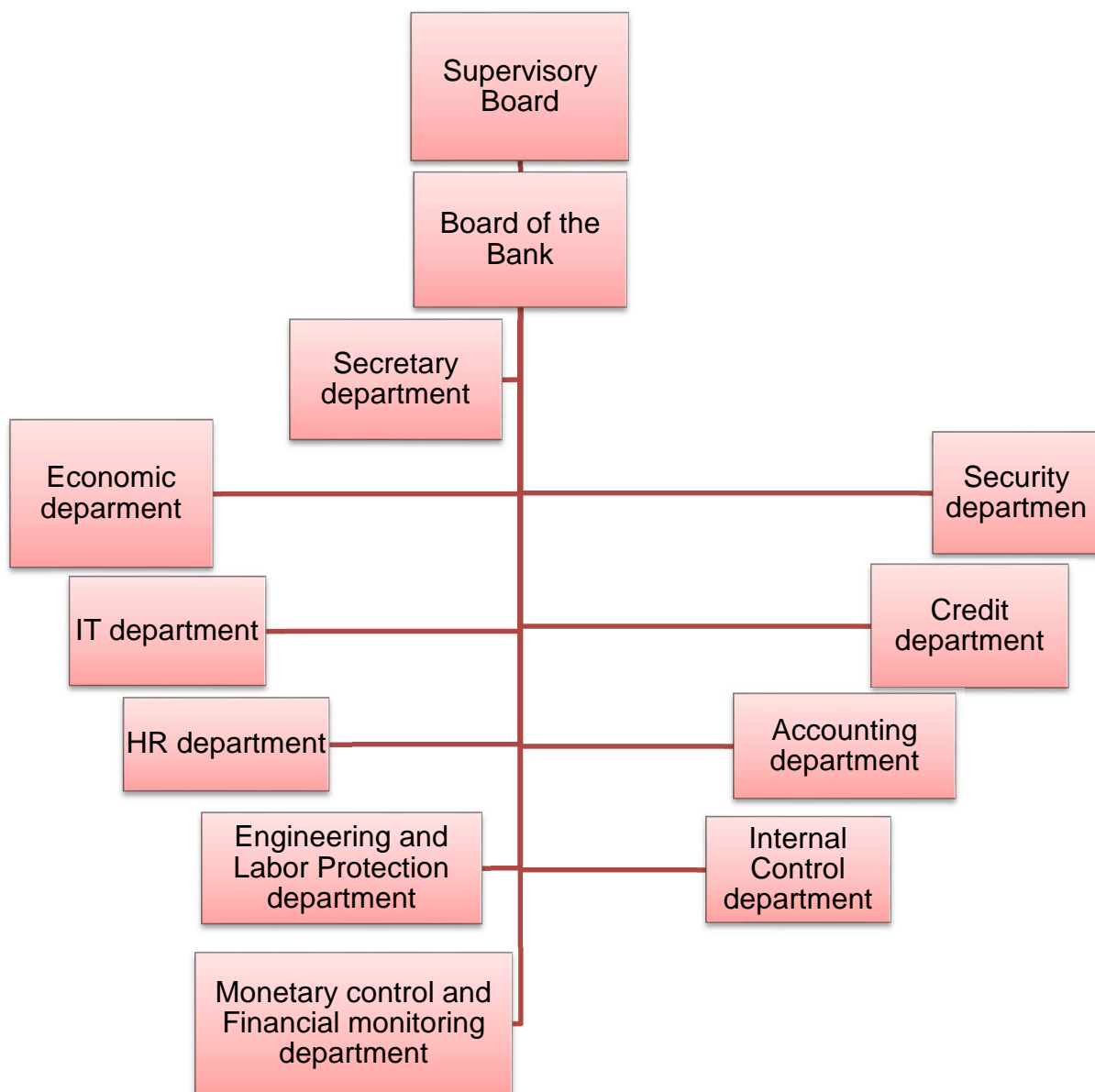Vyborg-bank hierarchy can be summed up as follows, see Figure 4:

Figure 4. Hierarchy of the departments of Vyborg-bank JSC

The main position in the bank belongs to the Head of the Supervisory Board, Mr. Dmitry Dervoed. Besides him, there are six more members in the Supervisory Board. One of them is the Head of the Board of the Bank, Mrs. Alla Tuchina.

6.2 Code of ethics

The bank has developed and approved a "Code of Ethics of Vyborg-bank." (Code of Ethics of Vyborg-bank). The employees are a valuable asset, and the efficiency and shareholder value of Vyborg-bank increases with their help in many ways. It is important to remember that every employee is a face of the company, whose reputation and prestige are supported a lot through their work and behavior. In this regard, the Code of Ethics - a set of rules and regulations of individual and collective behavior for all the company's employees with no exceptions - has been designed and implemented.

The Code of Ethics is an important tool for creating a sustainable corporate culture and a harmonious system of corporate values. The world is constantly changing, and no one can foresee all possible changes. However, the Code allows one to create "the bank path"; it sets the direction, which allows preserving the unity and integrity of the company in a changing external situation.

The bank has 300 employees with different levels of education, training, experience and value systems. The Code aims to facilitate mutual understanding and mutual respect of employees. It intends to promote an inspiring working environment, in which every employee will be able to feel responsible for the performance and reputation of the bank and, at the same time, rely on the company's attention to one's personality in one's performance.

The intercity staff of the Vyborg-bank, operating in different cities of Russia, is valuable for its diversity. The bank respects and ensures the rights of any employee, no matter what nation, religion or culture he belongs to. The bank has achieved real equality of employees, who are given an equal opportunity to implement their work and creativity. Any discrimination in the bank, based on gender, age, race or ethnicity, religion, political beliefs, or any other factor, is unacceptable.

The company needs a high level of professionalism of its employees and contributes to its development. It creates all the conditions for those who are not indifferent to the level of their training but are ready to keep pace with the times to learn new knowledge and technologies. The company develops innovative abilities and creates the conditions for the exchange and dissemination of best practices, new knowledge, innovative ideas, projects and developments.

The strong point of the bank is a powerful corporate spirit, combining an integrated team of different people - from the managers of the bank to the ordinary worker - striving to reach a common goal and defining common ways to achieve it.

The relationship of managers towards subordinates bases on the following principles:

- transparency of managers towards staff;
- providing equal opportunities for each subordinate to perform one's duties;
- supporting the initiative of subordinates;
- understanding the specifics of employees' work and the division of responsibilities for the results of their work;
- objective and fair evaluation of the work of subordinates.

The relationship of subordinates towards the managers builds on the following principles:

- respect, discipline and respect for the chain of command;
- diligent performance of direct duties and other tasks not mentioned in the job descriptions, but directly related to the field and the specific activities of the bank.

Vyborg-bank recommends that workers report the presence of potential conflict of interest to their immediate supervisor, or the Department of Human Resources.

The bank's relationship with customers, business partners and representatives of state and municipal authorities are based on the principles of integrity, hones-

ty, professionalism, mutual trust and respect, the priority of the client's interests, the inviolability of obligations, and full disclosure required by the applicable laws of information.

6.3 SWOT analysis

In order to understand how internal business communication in Vyborg-bank JSC can be improved, it is necessary to understand what weaknesses there are and what threats the bank faces. The author created a SWOT analysis based on the interviews with colleagues, the results of which are summarized in Figure 5 below. The total number of interviewees was 20.

	HELPFUL	HARMFUL
Internal	**Strengths** • Division of responsibilities • Common respect • Encouragement • "Big family" atmosphere	**Weaknesses** • Bureaucracy • Criticism • Gossip • Few communication channels
External	**Opportunities** • Implementing new technologies • Communication conferences • Creating innovative strategy	**Threats** • Competition • Protecting privacy • Lack of expertise

Figure 5. SWOT analysis of internal communication in "Vyborg-bank" JSC

6.3.1 Strengths

• Division of responsibilities

In Vyborg-bank, the responsibilities of employees, managers, heads of departments are divided strictly. Each person working in the bank has to sign the "Job description" document, which specifies his / her rights, responsibilities, duties,

possible tasks, as well as who is the subordinate and who is under supervision. That can be considered as a strength because every employee understands his place in the company and can divide his colleagues into different categories. For example, it is acceptable to talk to the colleagues in your department in a more informal way, even when the age difference is big, when agreed so. However, It is important to remember to show respect and still use the formal "you" when addressing someone who is positioned above you on the professional ladder.

- Common respect

As a personal observation, the author found all signs of respect and was treated accordingly during the professional practical training in the company. Respect towards each other leads to respect towards employees of the partner companies, towards the company's clients and anyone who has any relation to the company.

- Encouragement

Every employee is a member of a big team and the spirit of encouragement exists together with the positive atmosphere. More than half of the respondents claimed that they feel supported and encouraged at their workplace, and try to show kindness towards their colleagues.

- "Big family" atmosphere

Irina Muravjova, the head of HR department and the author's supervisor during the professional practical training, said: "I have been working in the human resources department for almost 20 years now and I can say that this is my second family. We spend so much time at work, and this is the place where I spend all that time with pleasure." The author supports every word, because working in the company for three months can already prove her right.

According to the interviewees, the company values teamwork and internal communication. However, searching for ways to improve communication was not considered as a good idea. In their opinion, the bank needs to work on im-

proving the quality of the services it offers, relationships with customers and partner companies, but not the internal communication, since it does not affect the company as much.

6.3.2 Weaknesses

- Bureaucracy

One fact that every employee admits is that there is too much paperwork and documentation flow. That can be considered as a weakness in internal communication because of the excessive amount of formality. Sometimes it is hard to ask an employee to do something without an official memo signed by the chairman or the vice chairman. That slows down the process of communication and irritates employees.

- Criticism

Despite the encouraging and supportive atmosphere in the company, criticism is an unfortunate part of internal relationships. Some colleagues shared that most of the criticism comes from the managers and the heads of departments. It is important to understand that work can be evaluated, but together with the negative points must come the positive ones. Criticizing a supervisor is never an option for one if he wants to keep his position in the company. However, managers and heads of department sometimes confuse criticism and evaluation. Criticism is judging one and looking only on the negative side of one's work, when evaluation includes encouragement as well.

- Gossip

Gossip is something the author faced often during the time when working in the company. Gossip jeopardizes the safety of personal information and privacy. Seventeen out of twenty interviewees mentioned that they felt they could not share anything personal with colleagues without the whole head office finding out. In order to improve internal communication in the company, this has to be fought and put an end to at the very core. The Code of Ethics states: "Personal information of an employee is valuable and is protected strictly". However, em-

ployees tend to forget about the bank secrecy, despite the fact that each person signs a document stating that one is obliged to keep the secrecy.

- Few communication channels

Vyborg-bank focuses on innovative ideas in the services they offer, trying to use the latest technologies in internet banking, atm machines, transferring money all over the world. However, when it comes to internal communication, the technologies used have not been updated for a long time. For example, in order to receive and send email to the Central Bank, the old telephonic system is set up and it takes around fifteen minutes for one email to be sent or received. Employees communicate by phone most of the time, rarely by email. There are no common chats or other systems, no cloud computing. It is apparent that the bank is falling behind in their internal communication systems, because too much time is wasted in information sharing every day.

6.3.3 Opportunities

- Implementing new technologies

In order to improve internal business communication, the company needs to use available modern technologies. The first step, as many employees confirm, would be to implement cloud computing. The next step would be setting up a communication platform. Much less time would be needed for sharing documents, reports, and memos. The third step could be setting up a single telephone line for all the branch offices in different cities (Moscow, St. Petersburg, Rostov). That would help to reduce the time of dialing long numbers and waiting for the operators to connect the offices.

- Communication conferences

Every single respondent stated that he / she had never attended any seminar or conference on the topic of communication, even the head of human resources. That shows that even though teamwork is valued in the company, no one was ever taught how to communicate and build relationships inside the company, which is a definite loss. There are many conferences taking place in St. Peters-

burg that could help both subordinates and supervisors to work on communication skills and improve internal communication.

- Creating innovative strategy

As mentioned earlier, the aim of this thesis is to create a model of improvement for internal business communication. The model will show each employee specific steps of modifying one's behavior. Each step is strategic, working towards one goal – improved internal communication among the bank's employees.

6.3.4 Threats

- Competition

According to this research, there are two banks in Vyborg that have stated "teamwork" as their core competence. One is SberBank, whose corporate value is "We are a team" (SberBank). The other is AlfaBank, which also states working in a team as their corporate value (AlfaBank). In addition, based on independent observations made at those banks, the way employees treat customers is on a much higher level than in Vyborg-bank. This proves the point of view that internal business communication does affect the company and its operations. Customers always choose companies where they are treated better and the atmosphere is kinder. That is why those two banks are main competitors and can be a threat.

- Protecting privacy

Whenever there is a leak of personal information to the outside world, the one who is responsible for the act has to be found and punished. However, even after an employee is punished, nothing can stop the information spread. That is why internal information must be protected so carefully that no one would want to leak it and neither would have an ability to do so.

- Lack of expertise

Lack of expertise in communication of employees is not only a loss for the company on the inside, but a threat from the outside. If employees do not know how

to communicate with each other, they will less likely know how to communicate with partners or customers. That could end up in losing either of the mentioned. It is essential to understand how one small aspect can affect such major ones, and also that internal aspects easily affect external ones, even when unseen for the eyes.

To sum up, internal communication in the case company can and should be improved. Further, the author will introduce the way to do that.

7 Model for improvement

In order to improve internal business communication in the case company, the author created a model with seven stages. Each stage has immense importance, and the model is less likely to work if the company concentrates only on a few steps. The model is holistic and each step needs to be applied and implemented.

Literacy	• Russian business language courses
Innovation	• File Transfer Protocol
Protection	• "Protection of personal information inside the company" into the code of ethics
Motivation	• Bonuses for extra work
Competence	• Conferences and seminars on internal business communication
Courtesy	• Welcoming new employees
Value	• Making "teamwork" the core value of the company

Figure 6. Model for improvement of internal business communication

Literacy

Correctness of the message begins with the encoder. There are cases when the sender of the message is simply not qualified or skilled enough to encode it correctly, without any punctuation or spelling mistakes. Furthermore, many employees do not know how to use the right style of language. To fix this, employees of the company must be educated properly. There are two possible solutions:

1. hire only properly educated specialists
2. educate hired specialists in the company.

The first solution is harder to implement. The universities in Russia offer students diverse knowledge; however, many students choose to focus only on the field of their profession. There are very few people who focus on every skill that might be required at the workplace. With that said, it will be hard to find the right candidates for the company, especially in a small town like Vyborg. That leaves solution number two. During the interview, one of the author's colleagues mentioned that ten years ago, they had English courses for the staff, and employees were interested in learning the English language. It helped them not only language wise, but also relationship wise. Doing something together with colleagues, other than work, helps to get to know each other better and to build relationships.

Step one: Russian business language lessons for employees
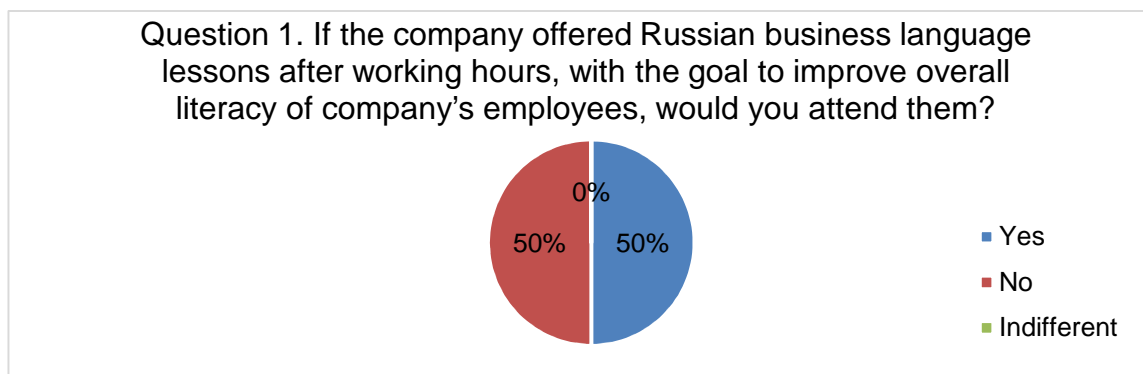
Questionnaire results:

Figure 7. Attending Russian business language lessons

Half of the respondents agreed that they would attend business language lessons, and half did not. No one doubted his or her decision. This tells that there would be at least ten people in the study group, and that would already increase the level of knowledge of employees.

Innovation

One of the weaknesses of the internal communication in Vyborg-bank is the lack of communication channels. In order for the message to reach the receiver as holistic as it is at the beginning of the process, improved channels are required. In the bank, employees use only mail, email and telephone. Many complain that it is hard to share the documents that use a lot of space, because it takes too much time to send them in the email, and printing is not always an option; no one wants to waste that much paper. That is why the second step of the model suggests using FTP (file transfer protocol). According to Forouzan (2000), FTP is a platform used to transfer files from one computer to another. It is a fast and safe system.

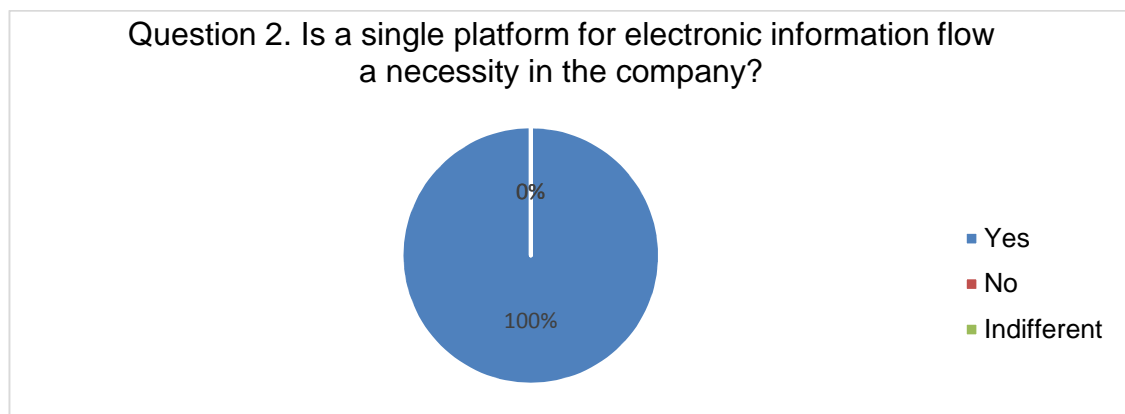*Step 2: FTP as a communication channel*

Questionnaire result:

Figure 8: FTP as a communication channel

All twenty respondents agreed that a single platform for transferring documents is a necessity. Implementation of this step would require an official order from the chairman of the board to the IT department.

Protection

Bank secrecy implies the protection of personal data from leaking to the outside world. However, it does not mean that personal information is well protected inside the company. Some Vyborg-bank employees mentioned in the interviews that they did not want to share personal information with their colleagues out of fear of its spreading out. Is it possible to improve the protection of personal information since it is more of a personal matter? When a person decides to talk about other people behind their back and to spread information about them that might not even be true, he does that based on his morals and, sometimes, habits. A possible solution to stop this would be for the employees to stop sharing personal information with each other. But that will only jeopardize personal relationships, friendships, and teamwork.

Step 3: Including "protection of personal information inside the company" into the code of ethics of Vyborg-bank
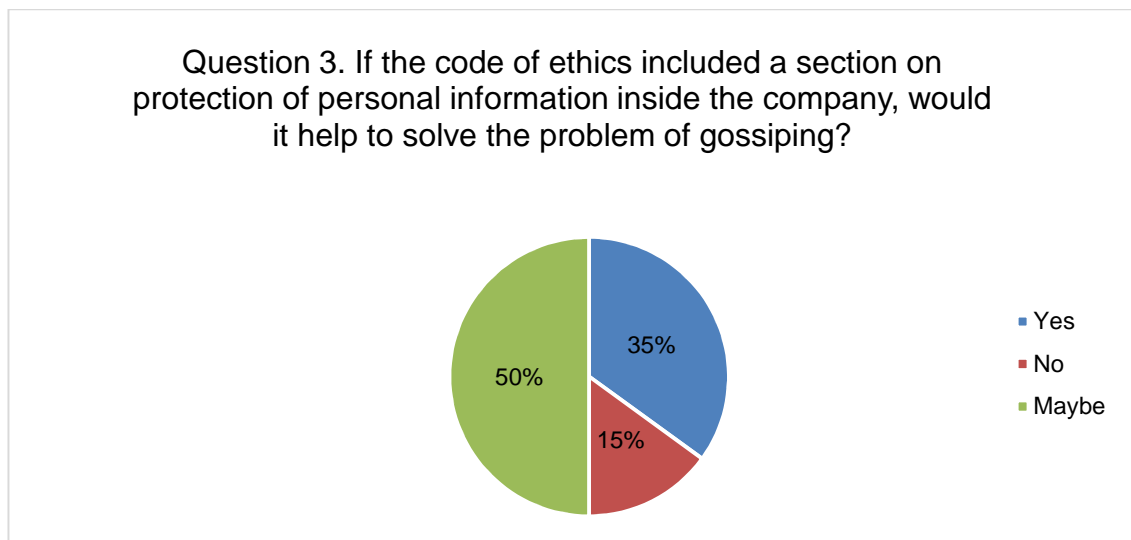
Questionnaire result:

Figure 9: Protection of personal information inside the company

Half of the respondents doubted that this solution would help. However, among the other half, there are more positive answers than negative ones. So it is still a question whether this step would help or not.

Motivation

Employees of a company work more effectively when they know there is a reward waiting for them. They have to be properly motivated and encouraged; otherwise, they might think that there is no point in giving out 100% if there is no recognition for it. The author's colleague in the human resources department mentioned in the interview that about ten years ago each employee had an opportunity to get a bonus for exceeding the planned amount of work. But when the new head of Supervisory Board came to power, he cut all the possible bonuses. Several employees stated that they do not feel motivated to do more than they are supposed to, since extra work will not be recognized.

Step four: bonuses for extra work

Questionnaire result:

Question 4. If the reward system was brought back, would you be willing to do extra work knowing that it will be recognized and rewarded?
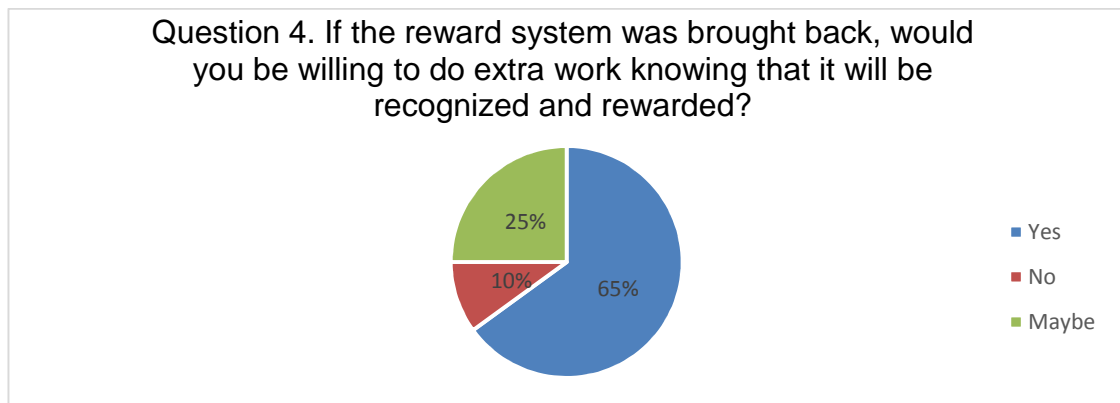
25%

10%

65%

- Yes
- No
- Maybe

Figure 10. Bonuses for extra work

Thirteen respondents answered "yes" and five "maybe". That shows that most of the employees would be willing to work harder if it was appreciated. At first, one might think that this issue does not concern internal communication. The author believes otherwise. If employees are not motivated to work hard, it means they are not motivated to work on teamwork skills or building relationships either. Internal communication will improve only if the employees are willing to do something for that. Even this created model will not work if employees are not going to participate in implementing it, and they will most probably not want to participate if they do not get something in return.

Competence

Competence correlates with the first step, literacy. Knowledge of business language is important, and there are always ways to improve it. There are many conferences, seminars and training seminars that take place in St. Petersburg and Moscow; some of them relate to improving personal skills in communication. Many people struggle with using the right language, expressing their personality or even building healthy relationships with their colleagues. The bank often sends employees to seminars about accountancy, economy or other money-related topics, and, as the head of human resources Irina Muravjova mentioned, almost never to anything related to personnel matters.

Step five: Conferences and seminars on internal business communication

Questionnaire result:

Question 5. If you were offered a possibility to attend a seminar on internal business communication (learning how to communicate with your colleagues), would you want to go?
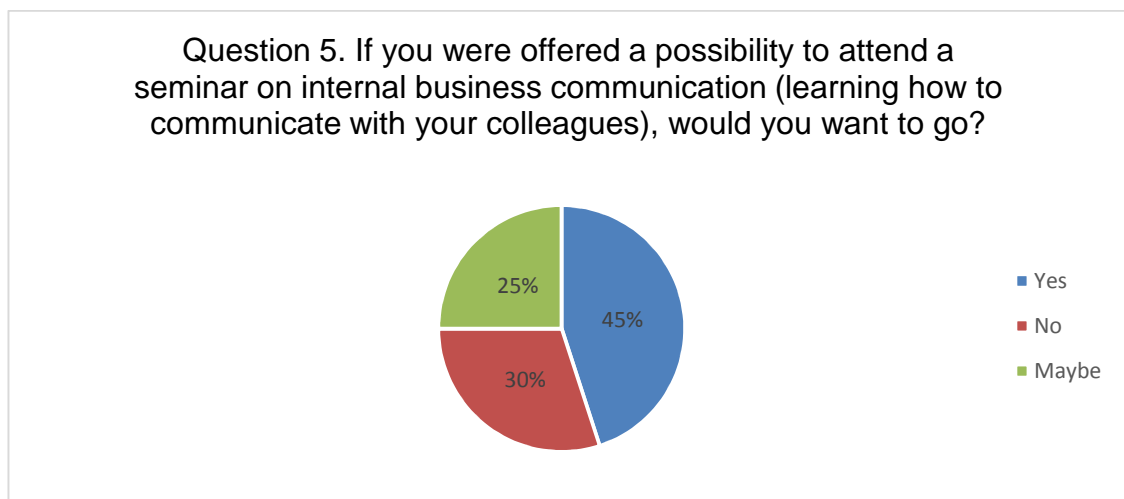
25%
45%
30%

- Yes
- No
- Maybe

Figure 11. Conferences and seminars on internal business communication

Six out of twenty respondents would not want to attend the seminars; the rest are either unsure or willing to. This shows us that this method may be effective. Once again, employees need to be motivated to attend these seminars. To achieve that, two steps should be taken. The first step could be making teamwork one of the core values of the company (see Stage 7 in the model of improvement). The second step could involve increasing awareness of the necessity of knowing how to communicate and build relationships in a team.

Courtesy

Even though mutual respect was marked as a strength in the SWOT analysis of the case company based on the interviews with employees, the author's personal experience states otherwise. The author (age 22) was the youngest employee in the head office during her professional practical training. In the beginning of the training, it was hard for her colleagues to take her seriously and to show proper respect. Only after one month of getting used to the new employee in the company, colleagues started to pay due respect and show courtesy. During the interview, one of the respondents admitted that everyone had to go through the first month of mistrust and carefulness. Is that acceptable not to trust a new employee with important tasks? The author believes it is. However, showing respect, being kind and open to new team members is a must.

Step six: Welcoming new employees

Questionnaire result:

Question 6. Do you think having welcoming events once in a certain period of time would help employees to get to know each other better and improve relationships in teams?

35%

60%

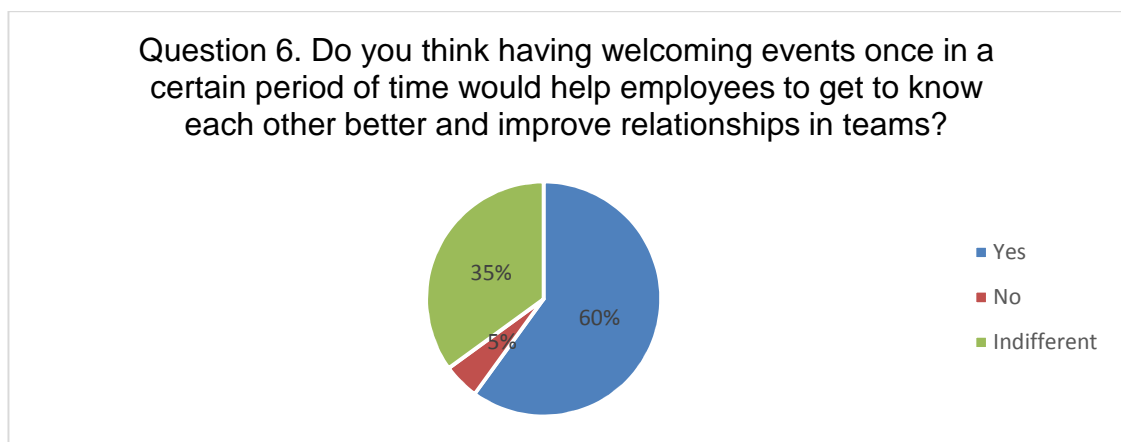5%

- Yes
- No
- Indifferent

Figure 12. Welcoming new employees

One of the reasons for the carefulness towards new employees is that there is barely any way to get to know them. Most of the respondents all agree that to some extent, having a welcome event for new employees would improve communication and relationships in the teams. Once a quartile would be a good start. Business trips are encouraged and take place often. A welcome event could be an addition to that.

Values

The core values of the case company are expertise, integrity and commitment. Expertise is achieved through professionalism of employees, constant learning and high quality standards. Integrity includes ethical and honorable interaction with customers and in the business affairs. Commitment stands for achieving goals and keeping promises. These three values reflect the most important areas that the company focuses on. Teamwork is included in the value system, but is paid less attention to. The author believes that making "teamwork" the core value of the company could lead to an improvement of internal business communication. Since relationships between employees would be paid more attention to, it would matter if colleagues get along well or not, and in the times they do not, it would mean that something needs to be fixed.

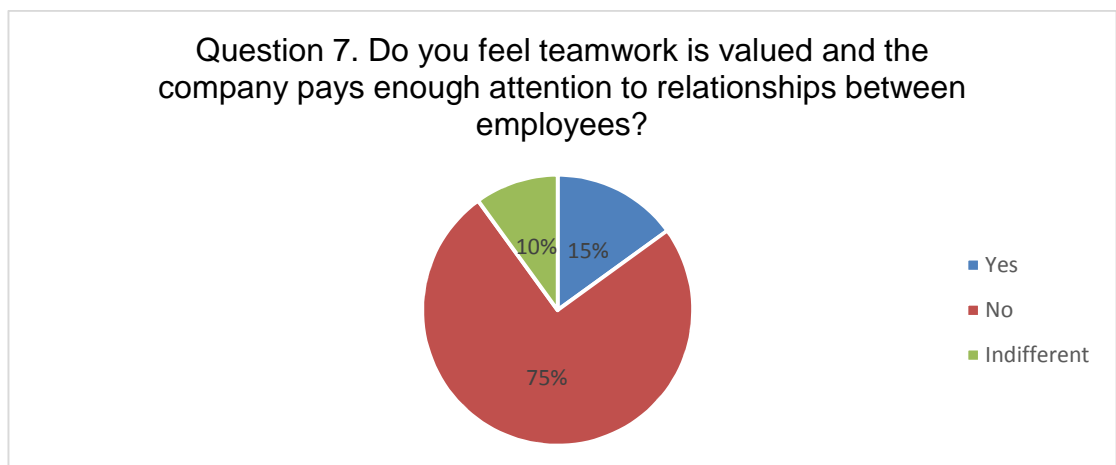*Step seven: Making "teamwork" the core value of the company*

Figure 13. Making "teamwork" the core value of the company

The result shows us that the employees of Vyborg-bank feel that teamwork is not valued enough at the company. For a company that wants to improve internal business communication, this step would be laying the foundation. If one wishes to build a house, he starts with the fundament. In this case, teamwork is the fundament for communication. Once the company's teamwork is paid all due attention and valued more, it will be easier to build healthy work relationships and communication will start to improve by itself.

8   Conclusion

New economic and social conditions highlight the need to increase the level of communicative competence in organizations. Good communication skills and developed economy are inseparable. Effective interpersonal communication is very important for succeeding in management. First, this is because decision-making most often bases on direct interaction between people in different situations. The second reason is that interpersonal communication is the best method for discussion and decision-making in situations that are uncertain and ambiguous.

This thesis dealt with gaining knowledge of the process of business communication, its types, models and forms. Theory shows that business communication inside the company is an important tool that can help to not only strengthen the teamwork and corporate spirit, but also improve the company's image and help to reach results that are more successful. Practise proves theory, showing that a company which does not value the relationships and communication between employees enough struggles to motivate its workers properly and lacks the value of the personal approach to not only employees, but customers as well.

The author created a model for improvement that can be applied to a specific case company. The model consists of seven stages. In overall, it focuses on raising the awareness of the value of internal business communication and on encouraging taking specific steps in order to improve business communication in the organization.

To sum up, the author claims that the importance of healthy communication cannot be overstated. Teamwork is the fundament of any organization, be that in the banking industry or elsewhere, because no organisation would exist if it were not for the people who work there. Therefore, the relevance of improving internal business communication, which aims toward the growth of communicative competence and consists of the abilities of people to solve communicative tasks in different areas and situations, is evident. Communicative competence demands constant training, aimed at developing the skills of managing business

communication. That is why the model of improvement contained practical steps towards improvements.

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Interview **Appendix 1**

Interview questions for employees of the case company

I.   What was your first impression of the team when you first came to work for the company?

II. How you find the work atmosphere in the company?

III. Are the responsibilities divided strictly in your department or are there tasks that you need to share with you colleagues that might not be in your job description?

IV. Do you feel like your personal information is protected enough?

V.   Do you feel like you have enough expertise and qualifications to do your work, or would you like to improve your skills?

VI. Is the company open to opportunities to improve communicative skills of employees? Have you attended any workshops / conferences lately?

VII. In your opinion, what are the weakness in the internal communication? What is the most hard thing for you, personally, when communication and building relationships with your colleagues?

VIII. How does the outside world influence the company's internal communication?

IX. Do you feel that the company uses enough technologies for the communication or is there a lack of something?

X.   Does the company value teamwork? Is it its core value?

XI. In your opinion, does teamwork and internal communication influence the successfulness of the company? Would improving communication in any way improve the strength of the company?

XII. If a certain model for improving internal communication was created, would it be possible to implement it in the company?

Questionnaire **Appendix 2**

Survey Company: "Vyborg-bank" JSC

Name of participant:

Position in the company:

Q1: If the company offered Russian business language lessons after working hours, with the goal to improve overall literacy of company's employees, would you attend them?

    Yes
    No
    Indifferent

Q2: Is a single platform for electronic information flow a necessity in the company?

    Yes
    No
    Indifferent

Q3: If the code of ethics included a section on protection of personal information inside the company, would it help to solve the problem of gossiping?

    Yes
    No
    Maybe

Q4: If the reward system was brought back, would you be willing to do extra work knowing that it will be recognized and rewarded?

    Yes
    No
    Maybe

Q5: If you were offered a possibility to attend a seminar on internal business communication (learning how to communicate with your colleagues), would you want to go?

> Yes
> No
> Maybe

Q6: Do you think having welcoming events once in a certain period of time would help employees to get to know each other better and improve relationships in teams?

> Yes
> No
> Indifferent

Q7: Do you feel like teamwork is valued and the company pays enough attention to relationships between employees?

> Yes
> No
> Indifferent