

TUTORIAL KIT
OMEGA SEMESTER

**PROGRAMME: BANKING AND
FINANCE**

COURSE: BFN 423

MANAGEMENT OF BANKS AND FINANCIAL INSTITUTIONS

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BFN 423: MANAGEMENT OF BANKS AND FINANCIAL INSTITUTIONS

QUESTION ONE

(a). What connotes risks management in banks and other financial institutions?

Answer

(a). Risk Management in banks connotes the risk which banks take in extending credit facilities to their customers. This is the probability that some customers may not pay back the loans or credit facilities extended to them.

Ability to manage these credit risks is the main focus of Risk Management in banks and other financial institutions.

QUESTION TWO

List and discuss the common risk conditions which are prevalent in the management of banks and other financial institutions and how are such risks managed?

Answer

The common risk conditions are:

i. Uncertainty of weather and other conditions of production.

- Weather is a major factor in certain risk exposures- to the farmer customer in particular. If weather conditions become adverse. E.g. lack of rain, rain storm, excessive heat, etc. crops fail and the farmer is not able to harvest and thus unable to pay the bank.
- The manufacturer customer may experience fire, earthquake or failure in facility repayment.
- To manage such risks, customers take insurance covers while the banker takes maximum security for his lending.

ii. Political/Government Policy Risk

- Government policies may change from time to time particularly in a state of unstable political dispensations. A government allows the importation of an item which encourages businessmen to borrow from the bank to finance the business. While the items of importation are yet to arrive another government policy bans such items. The apparent risk is that importer customer is unable to collect goods and sell in order to repay facility obtained from the bank.
- To alleviate such risk, the banker takes maximum security for his lending.

iii. Exchange Risk

- Bankers extend credit to customers for importation of goods using letters of credit facility.
- If LC is opened at N135: \$1 but at payment if exchange rate moves to N140:\$1, there is exchange differential of N5 to \$1.

To manage this risk, the banker should enter into Exchange Differential agreement with the customer, which ensures that the borrower is liable to such difference in exchange rate.

iv. Collateral Risk

- Share price taken as security may fall say from N25 per unit share to N20 per unit share.
- Property taken as security may be destroyed by storm or fire
- The guarantor may die or be incapacitated.

To manage such risks, the banker must insist that properties taken as security be insured, and far less the existing value of shares or property taken as security is extended as facility.

v. Personal Risk of Customer

- This refers to sickness, injury and death of borrowing customers.
- No lending banker knows when illness or death may incapacitate a borrowing customer, and make him unable to repay loans extended to such customer.
- To manage such situation, a good lending banker is required to appraise the age and health conditions of customers seeking facilities to finance business at the bank.
- As a matter of policy, some banks do not lend to persons that are over 70 years of age.

Other Risk conditions are:

- Bad debt.
- Fraud by staff and customers
- Account opening risk
- Loss of physical cash.
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QUESTION THREE

How does the Managing Director/ Chief Executive Officer (MD/CEO) of a bank play his role as a member of the Board of Directors as well as act as the Head of the management team effectively?

QUESTION FOUR

List out the main departments of a typical bank branch and discuss their functions briefly.

QUESTION FIVE

(a). What is the place of cash management in the liquidity perspective of a bank's short term survival effort with particular reference to:

- i. Cash Planning/Budget
- ii. Cash flow (in & Out)
- iii. Cash Forecasting
- iv. Optimal Cash Level and,
- v. Investment Idle Cash

QUESTION SIX

Discuss (i). safety/riskiness (ii). maturity (iii). profitability (iv). marketability as they relate to marketable securities in liquidity management.

QUESTION SEVEN

(i). What is industrial conflict? Itemise the types of conflict.

(ii) Discuss the issues that may lead to industrial conflict.

A Conflict is a struggle of contest, when management and workers are incompatible or hold irrevocable views on issues; it will definitely lead to conflict. Conflict tendency is not new in industrial organizations. Conflict is normal and it is positive as well as negative. The negative aspect of conflict is that it leads to the following:

- i. Loss of manpower.
- ii. Distraction of production process
- iii. Lock- out of employer
- iv. Loss of life
- v. Disrupt the working hours
- vi. Lead to economic downturn.

The positive aspects of conflict are:

- (i) It increases the remuneration
- (ii) Create room for better negotiation and
- (iii) Better terms and condition of work.

Conflict in an employment relationship has been an issue of continued interest and debate. It is very difficult to find any industrial society without industrial conflict. Even Japan which is regarded as the maker of industrial harmony has element of industrial conflict in one form or the other.

TYPES OF CONFLICTS OR DISPUTE

- i. **Conflict of Interest:** This is related to conditions and terms of employment, when and management fail to reach an agreement in any collective bargaining exercise or working condition or renewal of Agreement, conflict or interest is said to exist. This is also known as Economic conflict or dispute e.g. – wage, fringe, benefits, conflict.
- ii. **Conflict/Dispute of Right:** This concerns the interpretation of employment agreement between the employer and employee. It concerns day to day grievances which may relate to production process. Management attitude and approaches. New techniques or methods of production which were not originally agreed upon between workers and management can led to or cause management conflict. At times, you witness certain arbitrariness on the part of the union and management such as arbitrariness may cause conflicts of rights.

B. ISSUES THAT MAY LEAD TO INDUSTRIAL CONFLICT

- 1 Retrenchment of workers following close down of a factory, lay off, and discharge or of dismissed of employees and compensation for them.
2. Wages – Fixation of wages and minimum rate
3. Benefit of an award denied to an employee
4. Non -payment of personal allowances to seasonal employer (casual staff).
5. The demand of employees for medical reliefs for their parents
6. Lock out and claims for damage by the employer because employees resulted to an illegal strike.
7. Payment for loans, gratuity, pension funds, travelling allowance.
8. Dispute between employers and employees.
9. Disobedience/violation of the standing orders in terms of hours worked per period.
10. Dispute between rival unions e.g. NUBIFIE and ASBIFIE – of course where one union is against the other.

QUESTION EIGHT

(iii) Discuss the forms of industrial conflict and the conditions necessary in preventing Conflict.

a) Forms of Industrial Conflicts

- i. High accident Rate – rate at which things are destroyed in the organization.
- ii. Labour turnover – Rate at which people leave the work place.
- iii. Workers strike
- iv. High rate of absenteeism – Rate at which people come late in the organization.
- v. Pen down strike – Individual fail to write in their place of work.
- vi. Sympathy strike – An organization going on strike because a fellow organization in the same industry is on strike e.g Oceanic goes on strike because UBA is on strike.

- vii. Restriction of output – under production by workers as a way of expressing their anger to management
- viii. Hunger strike
- ix. Lock – out strike

Conditions necessary in preventing conflict

- (i) There must be an organizational dynamic approach to managing conflicts:- organization should move with the trend
- (ii) Leadership by example-leader and managers are judged by not what they say, but by what they do, and how they behave. We should not say No, when we mean Yes
- (iii) Proper all round communication between management and employees
- (iv) Good and effective group leader's relations are essential in preventing group conflict.
- (v) Grievances of employees must be handled properly (with care).
- (vi) Reward should be based on merit
- (vii) Proper training and development.
- (viii) Job enrichment and job enlargement.
- (ix) Collective bargaining machinery should be properly utilized.
- (x) Effective utilization of teamwork, team spirit and team effort
- (xi) There must be serious organization culture, where values are upheld and not avoided. Total commitment to organization vision and mission. For example, Vision 20-20-20 is Nigerians Vision while the Seven point Agenda is our mission statement.

QUESTION NINE

Managing directors of financial and non-financial organizations realize that they cannot meet up with the objectives of the organization without getting assistance from their subordinates. Head of departments of organizations such as banks utilize the act of delegating some activities which can be done very well by their subordinates to guarantee maximum advantage. However, this requires some level of knowledge and experience of the subordinates concerned. One of the major questions which have to be faced when considering the practical aspect of delegation is span of control.

- (a) What is meant by the concept of delegation and span of control?
- (b) Briefly explain the factors that would influence delegation of responsibility and span of control.
- (c) Discuss five major barriers to delegation

QUESTION TEN

- (a) When does a bank receive the rating of a “problem bank” ?
- (b) Outline and discuss six causes of bank distress/failure.
- (c) Mention and briefly explain four regulatory measures to control distress in banks

Answer

QUESTION SIX

(a) A problem bank is one that receives poor rating in capital adequacy, asset quality, management competency, earning strength and liquidity sufficiency.

(b) The causes of bank distress/failure are:

(i) Board's undue influence and pressure on management to take decisions in particular ways that might turn out to be detrimental to the purpose and profitability of the bank.

(ii) Non-involvement or passive involvement of the board in the definition and articulation of the strategy plan for the bank.

(iii) Non-compliance with CBN prudential directives e.g non-compliance with sectoral distribution of loans could lead to non-diversification of the assets portfolio.

(iv) Unpredictability and inconsistency of government economic policies that impact on the prosperity of their customers and their ability to repay their loans.

(v) Poor loan management.

(vi) Poor treasury management which could lead to illiquidity and assets/liabilities mismatches.

(vii) Non-use, underutilization or mis-use of the internal audit and inspectorate departments by bank management.

(viii) Inability of regulators to provide guidance to operator rather than limit themselves to criticisms of the various aspects of the operations of banks.

(ix) Financial repression e.g sectoral allocation of loans and advances to privilege, pampered groups that may have no ability to efficiently and effectively use the funds, high cash reserve requirement attracting low or indeed no return, force investment in low yielding government securities – TBs, TCs, Development Loan Stocks, regulators' unwillingness to permit closure of inefficient branches and outposts for social/political reasons etc.

(x) Rapid and comprehensive deregulation e.g deregulation of interest rates, deregulation of foreign exchange markets and operations etc.

(xi) The nature and quality of ownership – government, State or Federal. The ownership and control of banks lead to frequent changes of the board.

(c) The regulatory measures to control distress are:

The two regulatory institutions in the Nigerian banking system – CBN and NDIC – have statutory responsibilities for ensuring the solvency of our banks. To perform these responsibilities they are conferred with the following powers:

- (i) The Banking Act enjoins banks to maintain statutory reserves to boost their capital funds. Every licensed bank shall maintain a reserve fund and shall, out of its net profits each year and before any dividend is declared –
 - Transfer to the reserve, where the amount of the reserve fund is less than the paid up share capital the sum equal to not less than 25% of such profit;
 - Transfer to the reserve, where the amount of the reserve fund is equal to or in excess of the paid up share capital, 12 ½ % of the net profits of the bank
- (ii) The regulatory bodies should ensure solvency of banks by prescribing a minimum expected relationship between institutions' capital funds and risk assets.
- (iii) Banks should also ensure that 50 percent of their capital funds are in the primary capital (shareholders funds) that is paid up share capital plus all reserve.
- (iv) CBN should specify the conditions for and rate of provision for probable and intelligently estimated losses in loans and advances operations.
- (v) CBN must ensure solvency of Nigerian banks by engaging in the examination of their books. The power to do this is contained in the Banking Act. This can be done through off-site and on-site examination.

QUESTION ELEVEN

Conflict in an employment relationship has been an issue of continued interest and debate. It is very difficult to find any industrial society without industrial conflict. Even Japan which is regarded as the maker of industrial harmony has element of industrial conflict in one form or the other. Nigeria deposit money banks have witnessed one form of strike from both ASSBIFIE and NUBIFIE. Until labour and management realize that there is inter-dependence and that flexibility is a challenge, as well as opportunity for their survival and growth, and that no one can remain indifferent and apathetic to the development of each other, industrial relation will remain a mirage. Discuss the various forms of industrial conflicts, issues that lead to industrial conflict and how it can be prevented.

QUESTION TWELVE

Managing directors of financial and non-financial organizations realize that they cannot meet up with the objectives of the organization without getting assistance from their subordinates. Head of departments of organizations such as banks utilize the act of delegating some activities which can be done very well by their subordinates to guarantee maximum advantage. However, this requires some level of knowledge and experience of the subordinate concerned. One of the major questions which have to be faced when considering the practical aspect of delegation is span of control.

- (a) What is meant by the concept of delegation and span of control?
- (b) Briefly explain the factors that would influence delegation of responsibility and span of control.
- (c) Discuss five major barriers to delegation

Answer

(a) Delegation is the process by which an individual or supervisor transfer part of his legitimate authority to subordinate without passing on the ultimate responsibility which has been entrusted to him by his own superior. The fulfillment of a given task in an organization requires a certain amount of authority i.e the right to act in certain ways.

Span of control refers to how many subordinates can be managed effectively by one person or superior. That is the number of employees reporting to one person.

(b) Factors that influence delegation

(i) Best use of time: It is important that the manager utilizes time to the maximum advantage by delegating those activities which can be done very well by the subordinate staff i.e the manager is using to its advantage the human resources available.

(ii) Need to train and develop subordinate: delegation provides a means of training and development and testing the subordinates suitable for promotion. It is also a way of training employees for higher responsibility.

(iii) Specialist knowledge and skills: As the organization becomes more complex, there will be an increasing need for staff with specialist knowledge and skill. Specialist knowledge and skill of subordinates encourage delegation of authority to them. The level of knowledge and experience of the subordinate concerned i.e well trained and experience staff require less supervision than those without training and experience.

(iv) Geographical location: This is the geographical separation of department and sections of the organization. For instance, head office of banks have network of branches and duties are delegated to the operational heads of the branch. Delegation enables people on the spot to take decision based on their knowledge of the local conditions. Delegation also enables an organization to meet changing conditions more flexibly.

(v) Size of the organization: The size of the organization will influence the manager to delegate authorities. As the size of the organization increases, it becomes necessary to delegate in order to be able to cope with the work load.

(vi) Capability of the Subordinate: This means their willingness to accept responsibilities will pave way for organizational effectiveness.

Things that will influence Span of Control

(i) The level of ability of management i.e how capable you are in providing result.

(ii) Your level of knowledge and experience of the subordinate concerned e.g well trained and experienced staff require less supervision than those without training and experience.

(iii) The complexity of the work of the unit and the degree of change to which it is subject. That means the more complex and more fast changing the work dynamic, the more necessary it is to install narrow span of control.

(iv) The costliness of possible mistakes by individuals in the units.

(v) The degree of hazard or danger associated with the work e.g oil drilling of banking.

(c) Major Barriers to Delegations

- (i) The fallacy of “I can do it myself”, my subordinates are not capable enough.
- (ii) Lack of confidence and trust in the subordinates regarding their skill and experience.
- (iii) Fear of insecurity arising from failure and loss of power.
- (iv) Lack of ability to manage effectively.
- (v) Reluctance to train and coach the worker or employee.
- (vi) Some subordinates are afraid of risk or criticism, mistakes and so they will like the superior to make/take all decisions.
- (vii) Lack of incentive to motivate the subordinate to assume additional responsibility.
- (viii) Poor information and resources to carry out the job successfully.
- (ix) Non involvement of subordinate in planning.
- (x) When subordinates are already overloaded, additional responsibility will be a burden.

QUESTION THIRTEEN

1. (a). What is capital Adequacy? (b) Discuss the factors affecting capital adequacy.
2. Outline and briefly discuss the options open to banks for meeting new minimum capital requirement.
3. What are the implications of recapitalization of banks?

QUESTION FOURTEEN

1. Explain the conflict between liquidity and profitability
2. Distinguish between liquidity and solvency

Answer

The least liquid assets, is usually being the most profitable e.g advances to customers. Banks have to keep a balance between assets that are liquid so they can meet the everyday withdrawal demands of their customers and have a sufficient number of profitable assets in order to pay dividends to their shareholders and still be able to transfer some profit to the reserves so that the business will continue to expand.

Most commercial bank depositors are repayable on demand or at a short notice. Because of this, it is essential for banks to maintain adequate liquidity in order to satisfy the demands of its customers.

Profitability is the basic objective of a bank just like any other business organization. A bank makes profits mainly through the income generated from its lending activities. Profit is necessary for a bank’s survival and to meet the needs of its shareholders for returns on their investments

Cash is the most liquid assets but earns no income. Relatively liquid assets earns low income because of the low rate of return (interest rate) on such assets as they are less risky to hold and can be converted to cash quickly with little loss. There is thus an opportunity cost to remaining liquid- which is the returns forgone by not investing in assets with higher rates of returns.

Loans and advances are relatively non-liquid because it is easy to recover outstanding of customers at short notice. Though associated with a higher level of risk, loans and advances constitute a source of higher returns for the banks for funds invested in the asset.

There is thus a conflict between the need for banks to remain liquid and their desire to pursue profitability as the two work in opposite directions. Bank management must ensure that there is a balance between the two to satisfy the demands of the opposing groups- depositors (liquidity) and shareholders (profitability)

2. Liquidity is the ability of a bank to meet short term obligation to its depositors. It can also be defined as the assets, which can be turned into cash rapidly without cost and loss of capital or interest. Solvency means when the total assets of a bank exceed or is greater than the total liability and the tendency is to meet obligations in the long term.

QUESTION FIFTEEN

The Central Bank of Nigeria specify liquidity ratio from time to time for banks depending on the state of the economy. Hitherto, the liquidity ratio was 40.1 (40%) but has been reduced to 30.1 (30%) in 2010. In the light of the above, compute the liquidity ratio for the various years in respect of Bank A below and write a Memo to management on the financial health of the bank.

Extract of Bank A Balance Sheet as at 31/12/10

Items	2010 (₦' m)	2009 (₦' m)	2008 (₦' m)
Cash and Short term Fund	102,724	72,920	109,716
Dues from other banks and Financial Institutions	415,577	391,185	--
Treasury bills and bonds	149,472	201,992	58,444
Investments	27,714	13,030	2,835
Loans and advances	320,229	107,194	67,610
Other Assets	38,419	32,694	4,169
Fixed Assets	48,213	32,226	6,154
Liabilities: Deposits and current account	897,651	757,407	205,110

QUESTION SIXTEEN

(i) What is credit risk in banking?

(ii) Evaluate the usefulness of the common tools of credit risk management

(iii) Why should a bank take the issue of credit risk management seriously?

QUESTION SEVEENTEEN

Explain market risks and its main subdivisions.

QUESTION EIGHTEEN

Discuss the various accords that have been issued by the Basel Committee on Banking Supervision and their impact on the banking system. Which of these accords was particular on risks?

QUESTION NINETEEN

Discuss the barriers to effective communication and how to overcome them

Answer

BARRIERS TO EFFECTIVE COMMUNICATION

- i. Personal barriers – social, racial or educational background compounded by age differences and personality differences.
- ii. Physical barriers: Noise and distance between people
- iii. Lack of planning
- iv. Semantics barriers: - Limitations in symbol as per words, pictures and even actions can be misinterpreted.
- v. Non verbal communication
- vi. Lack of trust
- vii. Distortion or omission
- viii. Overload:- Too much information
- ix. Perceptual bias: meaning what he wants to know.

OVERCOMING BARRIERS TO ORGANIZATIONAL COMMUNICATION

- i. Conducting communication in a conducive environment devoid of the noise and proper timing.
- ii. Good planning.
- iii. Reducing semantic problems by reinforcing words with gesture and clarifying ideas before communication.
- iv. Listen actively; this would help in the search for meaning
- v.

QUESTION TWENTY

- (a) Explain the concept of communication. With the aid of a diagram discuss the communication process in an organization such as a bank. Outline the various forms of communication.
- (b) What are the conditions for information to occur?

Answer

ORGANIZATIONAL COMMUNICATION: UNDERSTANDING THE CONCEPT

Communication is the process of transmitting information from one person to another with the message being understood by the receiver.

FORMS OF COMMUNICATION

- i. Giving instructions
- ii. Giving and /or receiving information
- iii. Exchanging ideas
- iv. Announcing plans or strategies
- v. A comparison of actual result against a plan
- vi. Laying down rules or procedures
- vii. Job description and organization chart
- viii. Internal Memo

CONDITIONS NECESSARY FOR INFORMATION TO OCCUR

- i. There must be a sender
- ii. There must be a medium which the message is sent
- iii. There must be a receiver
- iv. There must be a feedback

ANSWERS

QUESTION ONE

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- xi. There must be serious organization culture, where values are upheld and not avoided. Total commitment to organization vision and mission. For example, Vision 20-20-20 is Nigerians Vision while the Seven point Agenda is our mission statement.

QUESTION TWELVE

(a) Delegation is the process by which an individual or supervisor transfer part of his legitimate authority to subordinate without passing on the ultimate responsibility which has been entrusted to him by his own superior. The fulfillment of a given task in an organization requires a certain amount of authority i.e the right to act in certain ways.

Span of control refers to how many subordinates can be managed effectively by one person or superior. That is the number of employees reporting to one person.

(b) Factors that influence delegation

(i) Best use of time: It is important that the manager utilizes time to the maximum advantage by delegating those activities which can be done very well by the subordinate staff i.e the manager is using to its advantage the human resources available.

(ii) Need to train and develop subordinate: delegation provides a means of training and development and testing the subordinates suitable for promotion. It is also a way of training employees for higher responsibility.

(iii) Specialist knowledge and skills: As the organization becomes more complex, there will be an increasing need for staff with specialist knowledge and skill. Specialist knowledge and skill of subordinates encourage delegation of authority to them. The level of knowledge and experience of the subordinate concerned i.e well trained and experience staff require less supervision than those without training and experience.

(iv) Geographical location: This is the geographical separation of department and sections of the organization. For instance, head office of banks have network of branches and duties are delegated to the operational heads of the branch. Delegation enables people on the spot to take decision based on their knowledge of the local conditions. Delegation also enables an organization to meet changing conditions more flexibly.

(v) Size of the organization: The size of the organization will influence the manager to delegate authorities. As the size of the organization increases, it becomes necessary to delegate in order to be able to cope with the work load.

(vi) Capability of the Subordinate: This means their willingness to accept responsibilities will pave way for organizational effectiveness.

Things that will influence Span of Control

(i) The level of ability of management i.e how capable you are in providing result.

(ii) Your level of knowledge and experience of the subordinate concerned e.g well trained and experienced staff require less supervision than those without training and experience.

(iii) The complexity of the work of the unit and the degree of change to which it is subject. That means the more complex and more fast changing the work dynamic, the more necessary it is to install narrow span of control.

(iv) The costliness of possible mistakes by individuals in the units.

(v) The degree of hazard or danger associated with the work e.g oil drilling of banking.

(c) Major Barriers to Delegations

(i) The fallacy of “I can do it myself”, my subordinates are not capable enough.

(ii) Lack of confidence and trust in the subordinates regarding their skill and experience.

(iii) Fear of insecurity arising from failure and loss of power.

(iv) Lack of ability to manage effectively.

(v) Reluctance to train and coach the worker or employee.

(vi) Some subordinates are afraid of risk or criticism, mistakes and so they will like the superior to make/take all decisions.

(vii) Lack of incentive to motivate the subordinate to assume additional responsibility.

(viii) Poor information and resources to carry out the job successfully.

(ix) Non involvement of subordinate in planning.

(x) When subordinates are already overloaded, additional responsibility will be a burden.

QUESTION FOURTEEN

The least liquid assets, is usually being the most profitable e.g advances to customers. Banks have to keep a balance between assets that are liquid so they can meet the everyday withdrawal demands of their customers and have a sufficient number of profitable assets in order to pay dividends to their shareholders and still be able to transfer some profit to the reserves so that the business will continue to expand.

Most commercial bank depositors are repayable on demand or at a short notice. Because of this, it is essential for banks to maintain adequate liquidity in order to satisfy the demands of its customers.

Profitability is the basic objective of a bank just like any other business organization. A bank makes profits mainly through the income generated from its lending activities. Profit is necessary for a bank's survival and to meet the needs of its shareholders for returns on their investments

Cash is the most liquid assets but earns no income. Relatively liquid assets earns low income because of the low rate of return (interest rate) on such assets as they are less risky to hold and can be converted to cash quickly with little loss. There is thus an opportunity cost to remaining liquid- which is the returns forgone by not investing in assets with higher rates of returns.

Loans and advances are relatively non-liquid because it is easy to recover outstanding of customers at short notice. Though associated with a higher level of risk, loans and advances constitute a source of higher returns for the banks for funds invested in the asset.

There is thus a conflict between the need for banks to remain liquid and their desire to pursue profitability as the two work in opposite directions. Bank management must ensure that there is a balance between the two to satisfy the demands of the opposing groups- depositors (liquidity) and shareholders (profitability)

2. Liquidity is the ability of a bank to meets short term obligation to its depositors. It can also be defined as the assets, which can be turned into cash rapidly without cost and loss of capital or interest. Solvency means when the total assets of a bank exceed or is greater than the total liability and the tendency is to meet obligations in the long term.

QUESTION NINETEEN

BARRIERS TO EFFECTIVE COMMUNICATION

- x. Personal barriers – social, racial or educational background compounded by age differences and personality differences.
- xi. Physical barriers: Noise and distance between people
- xii. Lack of planning
- xiii. Semantics barriers: - Limitations in symbol as per words, pictures and even actions can be misinterpreted.
- xiv. Non verbal communication
- xv. Lack of trust
- xvi. Distortion or omission
- xvii. Overload:- Too much information

- xviii. Perceptual bias: meaning what he wants to know.

OVERCOMING BARRIERS TO ORGANIZATIONAL COMMUNICATION

- vi. Conducting communication in a conducive environment devoid of the noise and proper timing.
- vii. Good planning.
- viii. Reducing semantic problems by reinforcing words with gesture and clarifying ideas before communication.
- ix. Listen actively; this would help in the search for meaning

QUESTION TWENTY

ORGANIZATIONAL COMMUNICATION: UNDERSTANDING THE CONCEPT

Communication is the process of transmitting information from one person to another with the message being understood by the receiver.

FORMS OF COMMUNICATION

- ix. Giving instructions
- x. Giving and /or receiving information
- xi. Exchanging ideas
- xii. Announcing plans or strategies
- xiii. A comparison of actual result against a plan
- xiv. Laying down rules or procedures
- xv. Job description and organization chart
- xvi.** Internal Memo

CONDITIONS NECESSARY FOR INFORMATION TO OCCUR

- v. There must be a sender
- vi. There must be a medium which the message is sent
- vii. There must be a receiver
- viii. There must be a feedback