ORGANIZATIONAL COMMUNICATION PROCESS

Abstract

Managers spend majority of their time communicating in several forms: meeting, face-to-face discussion, letters, emails etc. Also more and more employees realize that communication is a very important part of their work because a lot of their work activities are based on teamwork among workers in different functional groups. This is the reason why communication has become more important in companies. The experience shows that there are significant differences in manners of communication and that it appears to be a very important factor which makes some organizations more successful than others. Communication is the most important for managers because research shows that the spent long period in work time in communication.

Keywords: business communication, organizational communication, communication process, effective communication

JEL: M12, M14

1. Introduction

It is not possible to have good human relations without communication. On the other hand effective communication is required not only for human relations but for a good and successful business. Managers spend majority of their time communicating in several forms: meeting, face-to-face discussion, letters, emails etc. Also more and more employees realize that communication is a very important part of their work because a lot of work activities are based on teamwork among workers in different functional groups. This is the reason why communication has become more important in companies. Managers of new age must be good speakers in order to build trust between them and employees as well as among employees which will later result in confidence in the company.

Managers spend some 80% of each working day in communication with others¹. Managers have huge responsibility in communication by directing and controlling the organization and effective managers establish themselves at the center of information networks in order to facilitate the tasks completion².

2. Methodology

This paper is of a theoretical character which means that we did not do any empirical research just used some experience from practice and made some illustrations from the real business environment. It means that this paper is based on literature analysis of experts in organizational communication studies as well as on the Internet sources offering practical experiences.

3. Basics of organizational communication

There are several approaches to communication. Here we will present several definitions of communication.

Definition 1: Communication is sending and receiving of messages by means of symbols and in that context organizational communication is a key element of organizational climate.

Definition 2: Communication can be understood as a process of exchanging signs and symbols instigated and led by at least one of the conscious subjects.

Definition 3: Communication is transfer of information from sender to receiver under the condition that the receiver understands the message.

Definition 4: Communication is a tool for exchanging of experience and values as well as transfer of meanings and knowledge.

For efficient communication it is necessary that the receiver understands the meaning of the message and indicates it to the sender through some expected reactions.

Business communication can be inside the organization (internal communication) and outside of the organization (external communication). For the purpose of this paper we will focus on internal communication or as it is called in some literature sources organizational communication. For the purpose of this paper we will define organizational communication as the process by which individuals stimulate meaning in the minds of other individuals by means of verbal or nonverbal messages in the context of formal organization. In further text we will clarify some parts of this definition:

- The word process indicates that communication is dynamic and ever changing. As we change as individuals over time and from one organizational event to another our communication is changed in the organizational environment.
- The words stimulate meanings are intended to suggest that it is through communication with others that we develop an idea entirely on our own. Many of our ideas are formed or created by meanings that others have stimulated.
- By verbal message we mean the language common to the culture and organization.

In addition to this main definition we will add to it that organizational communication is a process of information exchange and a process of decision making between the sender and the receiver with the consequence of positive result in raising efficiency of at least one of them and that organizational communication is a central binding force that permits coordination among people and thus allows organized behavior.

There are several approaches to function of organizational communication. Here we will focus on two approaches. One approach is that function of organizational communication is visible through four fields of management:

- Control of employees behavior
- Motivation of employees
- Development of interpersonal relations
- Making decision

Second approach is that organizational communication has five functions:

- Compliance gaining
- Leading, motivating and influencing
- Sense – making
- Problem – solving and decision making
- Conflict management, negotiating and bargaining

But definitely the most important role of organizational communication is the relationship building in order to achieve its strategic objectives. Process of organizational communication is presented in Figure 1. As it is visible the process has four elements:

- A sender – this is the first person to speak or initiate communication.
- A receiver – this is the person for whom the message is intended.
- The message – this is what a sender wants the receiver to know. It includes a verbal message and nonverbal messages inferred from the sender and the environment.
- Feedback – this is the lifeline of effective communication. Without it, senders and receivers are far less likely to achieve mutual understanding about the message.

4. Types of organizational communication

Every organization must enable communication in several directions: downward communication, upward communication, horizontal communication and diagonal communication as it is illustrated in Figure 2.

Downward communication flows from top management to employees. This communication is actually in companies with extremely authoritative style of management (Weihrich, Koontz, 1993). There are five types of downward communication:

- Directions how to do something
- Information about concrete tasks and their relations with other tasks in organization
- Information about regulations, rules and procedures
- Information about the effect of an individual, group and organization
- Information with ideological character in order to build the feeling of a special task or mission of the company.

This type of communication is illustrated in Figure 3. In this figure we see organizational structure with four organizational levels. The information flows from top to bottom of structure and as
The effectiveness of downward communication is the function of span of control. The span of control, or span of management, refers to the number of persons who report to one superior and includes the functions of planning, organizing, and leading.

A wide span of control exists when a leader oversees many subordinates and narrow span of control exists when a leader oversees few subordinates. This is illustrated in Figure 4 where it is visible that a Manager B oversees double number of employees than Manager A, which means that his span of control is wider than Manager A’s. The wider span of control is, the communication is less frequent and horizontal communication provides unified vision, direction, accurate feedback and ability to implement change effectively as well as for leaders to gain control and maintain a level of common vision.

Figure 1: The communication process

Upward communication flows from employees to top management. The main task of this communication is to inform top management about the situation on the lower levels and it is the best way for top management to see efficiency of downward communication and organizational communication in general. Upward communication ensures that tasks are being improved in time, accurate feedback provided, and helps keeping everyone on the same track with a common vision.

Horizontal communication flows between employees and departments, which are on the same organizational level, and it enables coordination and integration of activities of departments that do relatively independent tasks. This type of communication can take many forms, performing duties, solving problems and exchanging ideas. Horizontal communication provides unified vision, direction, accurate feedback and ability to implement change effectively as well as for leaders to gain control and maintain a level of common purpose.

Diagonal communication flows between people which are not on the same organizational level and are not in direct relationship in organizational hierarchy. This communication is rarely in use, only in situations where it supplements other types of communication. For example diagonal communication is when labor unions organize direct meetings between employees and top management avoiding first line managers and middle level managers.

In the end let us mention again the span of control, this time as function of organizational structure. In accordance with the span of control, the organizational structure can be high and low as it is illustrated in Figure 5. Low structure has advantage in communication because of faster communication (flow of information is faster and feedback is also faster) and more punctual communication (smaller organizational levels we have, information will be changed a little).

Methods of organizational communication

Methods of organizational communication are written communication, oral communication and nonverbal communication.

Written communication is official and formal communication through written information and directions. Communication media are the official forms defined by the company in accordance with the Quality Management System. These forms are different from official memos and fax forms because it is for internal communication.

On the other hand oral communication can be formal and informal. Formal communication works through official meetings in the company. Meetings are a frequent business activity and take plenty of time so some people think that meetings are unproductive. So in order to avoid this managers must have a clearly defined strategy for productive meetings. That strategy involves planning, structured meeting and leadership.

Decision making meetings. These meetings are focused on “for” and “against” some opinions. They are very useful after preliminary results of creative and inspirational meetings.

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Figure 2: Types of organizational communication

Source: Done by author

Business meetings present a very important element of complete business life and bad meeting management can have negative effect on the company success. The best known types of meetings are:

• Objective meetings. The focus of these meetings is on facts and these types of meetings are good for analysis of problem background and for recognition of strengths and weaknesses.
• Creative meetings. These types of meetings are good for strategic options development and in these meeting the participants are encouraged to present their opinions.
• Inspirational meetings. These types of meetings are focused on participant’s inspiration, for example development of company vision.
• Estimation meetings. These types of meetings are focused on “for” and “against” some opinions. They are very useful after preliminary results of creative and inspirational meetings.
• Decision making meetings. These meetings are focused on final making decision.

Figure 3: Downward communication

Source: Adapted from (Rouse, Rouse, 2005)
1. Reason for meeting. Before starting the meeting it must be clear what the reason for the meeting is (agreement on some issues, resolving issues, generating ideas, etc.). Also it is good to analyze whether the meeting is necessary since a lot of meetings can be avoided through business letters or phone calls.

2. Goal of meeting. The goal of the meeting must be clear and managers must choose right participants in it. It is not good to make decision if ultimate decision-maker is not in room.

3. Rules of meeting. Every meeting is a group of people and each person has a role in the meeting. On the other hand people are different which means that the coordination of the meeting is very important. It means that the rules need to be clearly defined and that all participants must be aware of their role in achieving the goals of the meeting and adjust their behavior to those goals. The first rule is agenda of the meeting and the meeting which includes planning time for presentations, discussions and so on. Items on the agenda must not be longer than 10 minutes.

4. Environment. The environment must be relaxed, informal and stimulating. If it is a decision-making meeting, it is very important to know how to get information across and whether participant will need to take notes or refer to documents.

5. Minute taking. This is the most important element of the meeting so that faults and illogical things are avoided. Minutes must be made in 48 hours, ideally 24 hours. The reason is simply that the people’s memory starts fading in 48 hours, ideally 24 hours. The reason is that the people’s memory starts fading in 48 hours, ideally 24 hours. The reason is that people may not remember what was said and others will not be informed about the situation.

Managers have a very important role in controlling the “hearsay” model. For example they can find out who are the most important people in the communication chain and ensure that people know all important information in order to stop rumors. With open communication channels managers can hear rumors and incorrect information and stop it. On the other hand labor unions have also a very important role in controlling the “hearsay” model. This is why the informal communication can be dangerous in critical situations. In that case, the labor union needs to relax the situation and inform the employees about the facts.

The above mentioned methods of communication are considered to be verbal communication. There is also nonverbal communication which is defined as “all intentional and not intentional messages which are not written or oral communication.” In other words nonverbal communication includes elements such as face expression, look, gestures, dressing, lookout, distance between collocutors and voice tone. The best example for making difference between verbal and nonverbal communication is Quality Management System. A Top management needs to adopt two important declarations: Policy of Quality and Goals of Quality. These two declarations present verbal information. Implementations of these declarations by top management present nonverbal communication.

In the end we will present some tips for effective communication in the workplace:

• To be clear about the goal and purpose of communication, in other words to know what you are trying to achieve
• Asking for confirmation in order to see if others understood your point
• Asking questions in order to show that you understood others
• All agreed objectives from the meeting or project must be written down and given to all participants in order to reduce any confusions about the aim and people’s responsibilities.
• In all situations one must be assertive and not pushed into something one does not want to do.
• In confronting situations people should stay professional, giving feedbacks on attitudes but not attacking personalities.
• Nonverbal communication is important as well as verbal that means paying attention on voice, body language and appearance.
• Take the responsibility for the actions and implementation you advise others to do
• Reflecting on conversation in order to see how you perform and if your point came across as clearly as you intended
• Training in area where you need more confidence by using communication skills trainings and exercises.
6. Conclusion

The most important role of organizational communications is relationship building. Relationship building will provide strong basis in case of crisis management and help in facing the changes in organization. This will raise moral of employees and make contribution to strategic goals of the organization. Definitely, it is not possible to make any business without good organizational communication and the employees who are the most important stakeholders of any organization.

Effective communication is very important for creation of a successful company. If there is no communication in company, the company can be considered as bad and not successful company. Bad communication between managers and employees will result in conflicts inside the company what will farther lead to moral declination and in the end it will not be possible to reach company’s strategic goals. On the other hand, regular communication especially with young employees will stimulate employee’s creativity and experience shows that it is better to work with creative employees. Every top management has a task to develop conscience about the effective communication and its importance in company and through that communication to impact employee’s career development, his/her enjoyment in the job, and what is most important to motivate employee to be devoted to sharing the values of the company.

Before starting this paper we have found out that organizational communication as science discipline is better developed in United States of America and Canada then in Europe. This was a reason more for doing this paper and contributes to development of organizational communication as science discipline in Bosnia and Herzegovina and Europe. We believe that this paper will contribute firstly to theory of better understanding of company organization and secondly to the emphasis of the need to have efficient organizational communication.

Communication is a complex process and in order to survive in company we must know all communication flows as well as how it works.

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SAŽETAK
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Ključne riječi: poslovna komunikacija, organizacijska komunikacija, process komunikacije, efektivna komunikacija

JEL klasifikacija: M12, M14

SAŽETAK
Uspješne banke svoje poslovanje temelje na principima likvidnosti, profitabilnosti i sigurnosti, stoga je korektna procjena sposobnosti zajmotražitelja da izvrše ugovorne obveze od krucijalne važnosti za funkcioniranje banke. Kao podrška kreditnim analitičarima u procjeni zajmotražitelja posljednjih je nekoliko desetljeća razvijeno više modela kreditnog scoringa. U ovom su radu prezentirane tri statističke metode koje se s tom svrhom koriste u području upravljanja kreditnim rizikom: logistička regresija, diskriminativna analiza i analiza preživljenja. Njihova implementacija u bankarskom sektoru u znatnoj je mjeri potaknuta razvojem i primjenom informacijskih i komunikacijskih tehnologija. Ovim se radom nastoji ukazati na najvažnije teorijske aspekte navedenih metoda, ali također aktualizirati potrebu razvoja i primjene kreditnih scoring modela u hrvatskoj bankarskoj praksi.

Ključne riječi: upravljanje kreditnim rizikom, modeli kreditnog scoringa, logistička regresija, diskriminativna analiza, analiza preživljenja

1. Uvod

Prema Hand i Henley [6] kreditni scoring termin...