

Impacts of Communication on Interpersonal Relationships in Business Management

Andreja Rudančić*, Petar Mišević, Sandra Šokčević

Abstract: The study of communication, its role, and its impact on shaping interpersonal relationships is the focus of this paper, as it presents a challenge and requires an interdisciplinary approach. An analysis of the influence of communication on interpersonal relationships in practice has shown that the communication of the organisation's stakeholders is affected by the character of the individual and by experience, relationships, and the environmental approach to communication. The subject of the paper stems from contemporary insights in the field of business communication and organizational management, according to which quality communication is one of the key factors of a company's success. The latest research in this industry shows that transparent, empathetic and two-way communication directly affects interpersonal relationships, the level of trust, employee engagement and the overall organizational culture. In the modern business environment marked by digitalization, hybrid work models and growing demands for emotional intelligence of leaders, traditional approaches to communication are no longer sufficient. Companies are increasingly recognizing that effective communication is not just a tool for transferring information, but a strategic resource that encourages collaboration, innovation and resilience of teams. This paper aims to highlight the role of communication in managing interpersonal relationships in selected Croatian companies. By analysing interpersonal relationships through communication within companies, the research will explore the influence of communication on achieving business goals and organisational success by managing interpersonal relationships. For this purpose, empirical research was conducted using a survey questionnaire, examining employees' opinions at various hierarchical levels (clerks, coordinators, managers, supervisors, and directors). The analysis of the results indicated a strong agreement with statements regarding the impact of communication on knowledge transfer, motivation, and employee efficiency, and consequently, on the management of organisational operations.

Keywords: business performance; communication; human relations; interpersonal relations; organisation

1 INTRODUCTION

Communication is one of the factors that affect and permeate all aspects of people's personal, social, and professional lives. It is the link between all processes and enables the daily functioning of both organisations and individuals. Communication and the act of communicating are studied across various disciplines, from sociology and linguistics to psychology and economics. A company is a fundamental entity of the modern market economy. It does not function in isolation but constantly communicates with other entities in its operations. The environment of a company, or the environment in which business processes occur, is highly complex, diverse, changeable, and dynamic. Therefore, a company continually exchanges information with its environment - that is, it communicates. The internal and external environment influences the company's communication and business operations. Internal communication takes place in the internal environment and is essentially the communication of employees of the organisation. Many factors influence internal communication, and they determine business processes, tasks, and the achievement of goals. Interpersonal relationships in a company are a direct reflection of communication. Managing interpersonal relationships is the backbone of business management and shaping a sustainable organisation. Internal communication forms the foundation for external communication, which is happening in the company's external environment. The internal communication culture is transferred to the external environment and conveys the business's values. External communication is specific and dynamic, primarily due to media development (e.g., the Internet) and the shift in public relations concepts, which has made it two-way. Problems and shortcomings in communication processes contribute to task-related failures and exacerbate issues and conflicts in the

domain of interpersonal relationships. This is because communication "noise" often causes misunderstandings, but also because communication can be used to resolve a range of issues in the domain of interpersonal relations and business process management in general. Therefore, communication is both a source and a starting point for many business dimensions, making it a compelling subject for exploring various aspects addressed by organisational management, as it is also the fundamental tool of every organisational process. The characteristics and specifics of the research subject will be analysed to investigate the issues presented in this paper. The subject of this research is internal communication and its impact on managing a company's success. In order to understand the issues addressed, apply professional knowledge in practice, and evaluate how such knowledge is implemented in the real sector, an empirical study of communication within various organisations was conducted over three months in 2024, using 200 properly completed survey questionnaires. The working hypothesis of the study is that communication and the manner of internal communication influence both employee motivation and the achievement of the organisation's business goals.

1.1 Literature Review and Theoretical Determinants of Communication

To communicate means to transfer some information or news. The word communication derives from the Latin words *communis*, meaning common, and *communicare*, meaning to make common or general [1]. Simply put, to communicate means to convey, to be in connection, to link. According to one definition, communication means sharing information with others. Communication consists of two simultaneous processes [2]. In one, the interlocutors enrich each other, and a prerequisite for this is that both correctly interpret, understand, and comprehend the received

information during the exchange of thoughts and ideas and respond to it (provide feedback) while avoiding potential communication noise or interference.

It can be pointed out that communication involves exchanging thoughts, conveying ideas, and transmitting messages between two or more people in close or wider surroundings or through the global network (Internet) across time and space. Communication skills are individual and defined by the communicator's personality. Although some may express and communicate better verbally, others may do so through writing or body language. Each person experiences and interprets information uniquely and individually. Other specificities and determinants of communication are outlined below.

For companies, communication is a means of transmitting and exchanging information and the foundation for realising processes, as communication and information, i.e. data, are part of every company's process and activity. Corporate communication can vary and be divided according to several criteria depending on the communicators, the audience, the communication channels, and even the type of information, message, and media used. For a company, communication represents a foundation and a link with all dimensions of the environment (internal and external). Business communication is achieved through two main dimensions [3]: Internal communication involves all employees in an organisation, aiming to achieve the business plan. Downward vertical communication includes orders and instructions, while upward vertical communication includes feedback and opinions. Horizontal and lateral communication involves exchanging information among employees at the same hierarchical level. External communication as a process involves only selected employees and includes communication with the external environment, such as business partners, consumers, and the social community. This communication includes various forms (direct, verbal, telephone, written, electronic, etc.) and focuses on the emergence and placement of products and services.

The elements of communication are its smaller or larger parts and are defined by the message and type of communication. Kuran and Jelić [4] highlight several elements of business communication:

I) Message sender - an individual, organisation, or group sending the message to another person, a group of people, or an organisation. In communication, the message sender must know and understand the facts and information known to the target audience about them, including their perception of the sender and what kind of response the message recipients expect.

II) The message encoding process is defined as a clearly conceptualised but creative flow of the sender's ideas and thoughts, consisting of various symbols that the sender addresses to the message's recipient. It is crucial that the recipient understands the symbols used. Therefore, in this case, the symbols must be understandable to both sides.

III) The message is the basis and essence of communication and represents the content of a symbolised character, which is exchanged between the sender and the recipient using various media. It is essential to point out that the message must be well-designed, convincing,

understandable, precise and clear to ensure accurate interpretation by the recipient.

IV) Media/channels are crucial elements in transmitting messages that enable communication between the sender and the recipient and influence communication effectiveness. For various types of communication and goals, the sender must select appropriate media based on the message and the audience's exposure and trust in the medium. From this point of view, the timing of the placement of messages is also crucial.

V) The message recipient is an individual, group or organisation with the status of an auditorium, i.e. the destination of the sent message.

VI) The message decoding process is just as crucial as the encoding for the recipient's understanding of the message because this process reveals the meaning of the message content. The recipient of the message clarifies and interprets the symbols sent to him. Effective communication relies on the interplay and interconnectedness between encoding and decoding processes.

VII) The message recipient's reaction is a post-communication activity that occurs after the recipient receives and understands the message. Reactions vary depending on encoding, decoding and the medium used. The reaction to the message reflects the aforementioned elements and the recipient's expectations, beliefs and perceptions.

VIII) Feedback is the recipient's reaction addressed to the sender as a response. Although not always available or precise, feedback is essential for the sender, turning communication into a two-way process.

IX) Communication noises are specific interferences that cause misunderstanding of the communication process participants due to certain anomalies such as poorly designed messages, use of inappropriate media, poor contact quality, etc. In recent years, research has shown that quality internal communication directly impacts employee trust, engagement, and psychological well-being [5]. In a modern business environment characterized by digitalization and changing work models, communication is no longer viewed simply as a tool for exchanging information, but as a strategic instrument for building a positive emotional culture and organizational resilience. Men and Yue [5] demonstrated that strategic internal communication plays a key role in creating a positive emotional culture within organizations, which consequently increases collaboration, satisfaction, and support among employees. Their research on a sample of employees in American corporations confirmed that symmetrical and responsive communication between management and employees fosters a sense of belonging and trust. Yue, Men, and Ferguson [5, 6] expanded on this concept and empirically demonstrated that emotional culture mediates the relationship between internal communication and employees' organizational identification—meaning that the way they communicate has an emotional impact that shapes interpersonal relationships and employee identity within the organization. During the COVID-19 pandemic, internal communication has gained additional importance. Qin and Men [7] investigated the impact of communication practices on employees' psychological well-being and found that trust in the organization plays a mediating role between the quality of communication and employee well-being.

Transparent, empathetic, and regular communication by leaders significantly reduces feelings of insecurity and stress, which contributes to the stability of interpersonal relationships in the company. The classic work of Welch and Jackson [8] laid the foundations of the modern understanding of internal communication through the stakeholder approach, emphasizing that effective communication must meet the needs of all interest groups — from employees and managers to external stakeholders. This approach still influences the modelling of organizational communication today, especially in terms of the balance between the internal and external needs of the organization. Given globalization and the rise of multicultural teams, diversity in organizations is increasingly affecting interpersonal dynamics. Inclusive communication, which respects different perspectives, encourages creativity and mutual understanding among employees. Recent research emphasizes the need to develop communication competencies of leaders that enable the integration of diversity into everyday business practice [9].

2 PHENOMENA AND PARADOXES OF COMMUNICATIONS AND INTERPERSONAL RELATIONS IN COMPANIES

Communication and interpersonal relations are two key factors playing an important role in a company's success. How employees communicate and build relationships can significantly impact the organisation's overall success and productivity. However, the phenomena and paradoxes of communication and interpersonal relations in companies often present challenges that must be addressed and overcome.

One paradox of interpersonal relationships in a company is the balance between competition and collaboration. On the one hand, competition can drive innovation and motivate employees to excel. On the other hand, excessive competition can hinder cooperation and teamwork, jeopardising company success. Achieving a balance between competition and cooperation ensures both forces' positive contribution to the organisation's success.

Another paradox of interpersonal relations in a company is the balance between individualism and collectivism [10]. While individualism can lead to innovation and creativity, encouraging employees to take risks and think out of the box, too much individualism can hinder teamwork and collaboration. It follows from the above that communication and monitoring its impact through the assessment of interpersonal relations is a prerequisite for adapting and managing business operations to mitigate or eliminate specific adverse effects which may arise from communication changes.

The phenomenon and paradoxes of communication and interpersonal relations in a company can lead to challenges that must be solved. To overcome these challenges, companies should foster a culture of open communication and collaboration. This includes encouraging employees to share their ideas and thoughts, promoting teamwork and collaboration, and creating an environment that supports innovation and creativity [11].

In addition, companies should also provide training and resources to help employees develop their communication and interpersonal skills. This may include workshops on

effective communication, conflict resolution and team building. Companies can create a more productive and successful work environment by providing employees with the tools and resources they need to improve their communication and interpersonal skills. Practice and research show that a key trait for communication and management [12] is the absence of vanity and ego, allowing individuals - regardless of their position in the hierarchy - to admit their mistakes, failures, or lack of knowledge [13]. This willingness to acknowledge one's failures and omissions may positively affect communication and interpersonal relationships in the company. In many organisations, a culture of perfectionism discourages admitting errors, seen as signs of weakness [14, 15], leading to mistrust, poor cooperation among team members, and a bad attitude towards superiors. This egoic mindset may result in poor business decisions and omissions caused by one's unwillingness to admit faults or limitations.

Leading by example is one way to foster a culture of admitting failure. Those leaders who are willing to admit their mistakes and take responsibility for their actions earn respect from subordinates because they do not consider themselves infallible and signal equality regardless of hierarchy - emphasising human value and ability over status [16]. This approach fosters an environment where others feel comfortable acknowledging errors and being accountable for their actions. A more competitive, healthy and sustainable organisation results from a culture that fosters such relationships, views mistakes and failures as learning opportunities, and appreciates peer input. In addition, companies can foster a culture of acknowledging failures by celebrating errors and failures. When someone makes a mistake, it can be an opportunity to learn and grow. By celebrating these moments and using them as opportunities for improvement, companies can create an environment encouraging risk-taking and trying new ideas [17].

3 RESEARCH METHODOLOGY

To understand the topic, apply professional knowledge in practice, and assess the application of communication theory in the business sector, empirical research was conducted across various organisations regarding communication's impact on interpersonal relations and business management. In this paper were studied various companies that have a retail chain throughout Croatia, which are among the strong providers of the national market, with a developed retail network that best covers the area of the Dalmatian region were examining employees' opinions at various hierarchical levels (clerks, coordinators, managers, supervisors, and directors). A survey was conducted via a Google Forms questionnaire, distributed as a link to organisational e-mail addresses. The link ensured respondent anonymity. The survey ran for three months (March - June 2024) to maximise employee participation. It included basic demographic questions (gender, age, education, work experience, and position) to gather key variables. Additional questions focused on communication, interpersonal relations, and the impact of communication on performance and behaviour, using Likert-scale statements (1 = strongly disagree, 5 = strongly agree). A total of 200 valid responses

were collected (sample $N = 200$). The nominal sample definition includes employees from various organisations; geographically, it spans all organisational locations. Collected data represents primary data reflecting employees' experiences and perceptions. Additional primary data came from interviews conducted to approve survey distribution. After the survey was conducted and closed, responses were encoded using the SPSS (Statistical Package for Social Science) software.

3.1 Research Results

The sample included 44% men and 56% women, providing balanced insights into gender perspectives on communication. Since gender can influence communication styles, approaches, and expressions, equal representation of both sexes is essential to analyse possible differences and the impact of communication on male and female employees. The sample of respondents ranged from young people to those with near-retirement age, with 60% being aged 26–41.

The share of young people aged 18-25 made up 7.5%, and those over 50 accounted for 8%. The share of employees aged between 41 and 50 represented 24.5%. This broad age range and generational diversity reflect the complexity of communication, management of business processes and interpersonal relationships. The generational clashes can often cause disagreements, conflicts and communication noise. Such clashes may arise due to differing habits, communication styles, and language use - younger people often use abbreviations and Anglicisms, which older employees may not.

Disagreements may also arise from differing value systems and attitudes between younger and older employees. The educational levels of the tested sample ranged from elementary to higher education. Most had secondary education (54%), followed by higher education (26%). Only

18% had university degrees, indicating a lower representation of highly educated staff.

It is interesting to point out that professional education affects several aspects of communication, from using specific professional terms to preferred communication channels and approaches. Investing in communication through training, rules, unwritten organisational etiquette and example-setting can affect interpersonal relationships and help develop communication models for solving tasks, problems and conflicts. Besides job roles, the field of work as a broader aspect of the workplace also influences communication styles. Given the sample, retail was the most represented field (36%), followed by office workers in finance and accounting (29%) and procurement (15%).

When it comes to communication in the selected organisations, it is observed that communication from superiors to subordinates is, on average, rated with a score of 3. This refers to formal communication that lacks empathy and is often characterised by a commanding tone. Such communication affects employee performance and behaviour, as confirmed by respondents' agreement with the statement that the tone of communication influences performance (with the most common level of agreement being 4). The average rating for satisfaction and perception of organisational quality is on average 3, which is decent, but this area should ideally be at a higher level. This indicates a need for further investment, particularly in managing interpersonal relationships. Communication at the departmental level received the highest rating, averaging 3.08. Regarding aspects of communication, the approach of the interlocutor stands out as a key factor, with respondents agreeing with this statement at an average level of 4.18. The approach influences the understanding of the message and the perception of the action the message requires and, therefore, often affects task performance.

Table 1 The respondents' average level of agreement with statements about communication and evaluation of communication within the organisation

		My superiors treat me with respect while communicating with me	Intonation of communication affects my performance	I would evaluate communication within the organisation as	I would evaluate communication within my department as	The interlocutor's approach to communication affects the understanding of the message
N	Valid	200	200	200	200	200
	Missing	0	0	0	0	0
Mean		2,66	3,77	2,77	3,08	4,18
Mode		2	4	2	3	4
Std. Deviation		1,254	1,011	1,244	1,022	,746
Minimum		1	1	1	1	2
Maximum		5	5	5	5	5

Table 2 Average levels of respondents' agreement with claims about respect in communication

		I feel understood and respected in communication within the organisation	Informal communication prevails within my department	I believe that professional communication is prevalent within the organisation	Colleagues treat me with respect when communicating with me	Communication within my department makes me feel heard
N	Valid	200	200	200	200	200
	Missing	0	0	0	0	0
Mean		2,77	3,26	2,86	3,18	3,13
Mode		2	3	3	3	3
Std. Deviation		1,284	1,057	1,280	1,154	1,125
Minimum		1	1	1	1	1
Maximum		5	5	5	5	5

In communication, regardless of its level or direction, it is crucial that all parties are respected and that actual

dialogue, not monologue or arguing, is possible. The state of communication as a developed tool and part of business

processes is reflected in the results of Tab. 2. It is evident that respondents moderately agree with the claims on these issues. Communication within departments is such that respondents feel heard from their interlocutors (colleagues in the department and direct superiors), with an average agreement rating of 3.13. This rating is slightly higher for communication with colleagues in general (3.18), while at

the organisational level overall - regardless of type or level of communication - the rating is 2.77. Within departments, informal communication between colleagues predominates, indicating a relatively relaxed atmosphere and contributing to a sense of connection among colleagues, but only if it also reflects mutual respect.

Table 3 Average levels of respondents' agreement with claims about the characteristics of communication and its impact on performance

		I feel safe to express my views and opinions	I often get interrupted and not heard until the end of my thought	Interrupting and ignoring my words affects my self-confidence and performance at work	I believe that everyone is heard and respected within the organisation regardless of their position	I have a feeling that some employees' opinions are belittled and ridiculed
N	Valid	200	200	200	200	200
	Missing	0	0	0	0	0
Mean		2,88	2,82	3,13	2,15	3,58
Mode		3	4	4	3	3
Std. Deviation		1,207	1,212	1,277	1,525	1,561
Minimum		1	1	1	1	1
Maximum		5	5	5	5	5

The level of agreement with the statement that all individuals in the organisation are heard and respected is relatively low (2.15). The situation is somewhat better when it comes to agreement with the statement that they are interrupted during communication and not listened to fully (2.82), as well as with whether they feel comfortable expressing their honest views and opinions (2.88). It can be concluded that employees feel somewhat freer and more relaxed when expressing their opinions, even though they are often not fully heard or acknowledged. This is a positive sign, as the presence of debate fosters progress, movement, and the discovery of solutions that benefit the entire organisation.

A reduced influence of arbitrariness positively impacts the quality of management and healthy interpersonal relationships. It is essential to highlight that the observed

higher level of agreement with the statement that interruptions and the dismissal of ideas in communication affect employees' confidence and work efficiency (3.13) reflects the previously mentioned risk of conflict development and the diminished effectiveness of communication as a tool for managing processes and interpersonal relationships. It can be concluded that communication affects many areas - from knowledge acquisition and transfer to task execution and employee development, as well as tools for managing interpersonal relationships and business processes. Communication is a starting point and one of the key inputs for executing every organisational process. Therefore, it must be taken seriously and regulated not only through rules but also through established standards.

Table 4 Average agreement levels of respondents regarding the statements about the effect of various communication aspects and values on interpersonal relations in the organisation and its productivity

		Communication has a significant effect on knowledge transfer within the organisation.	I feel uncomfortable to ask questions when I don't understand something immediately.	When the work atmosphere is cosy, I am more efficient in my work	Gossiping within the organisation negatively affects interpersonal relations	To feel happy and fulfilled with my job, I need to have a comfortable work surroundings, good interpersonal relations and communication
N	Valid	200	200	200	200	200
	Missing	0	0	0	0	0
Mean		4,25	3,10	4,31	4,18	4,71
Mode		4	3	5	5	5
Std. Deviation		,854	1,319	,731	,890	,572
Minimum		1	1	2	2	2
Maximum		5	5	5	5	5

The importance of communication is evident from Tab. 4, as the levels of agreement with the statements indicate that it affects knowledge transfer within the organisation, the effectiveness and quality of interpersonal relationships, and ultimately, employee satisfaction since communication is part of the company atmosphere, organisational climate, and employee environment. Without good communication, knowledge within the organisation is not transferred correctly. In the long term, this leads to reduced employee effectiveness and increased staff turnover, as employees - especially younger ones - often leave more quickly from

organisations where they cannot acquire quality knowledge, which reduces competitiveness and hinders the attraction of new skilled personnel.

Communication that hinders knowledge transfer is often practised by individuals, whether in leadership positions or not, who do not fully understand business tasks and processes or lack the skills to convey and communicate knowledge and practices effectively. As a result, during the training of new colleagues, they create confusion and shape new employees in a way that prevents their proper development. Such communication can make some individuals uncomfortable

about asking follow-up questions and, when dealing with egotistical interlocutors, even provoke resistance to questions being asked.

Employees on the same hierarchical level tend to understand each other better due to their position within the organisation, but they often highlight shortcomings in communication with their superiors. This is mainly so because superiors frequently use more complex language, adopt a more aggressive communication style, and fail to

understand their subordinates, viewing them as counterparts in a "conflict" dynamic, where tasks are assigned, and specific results are expected. The extent to which this is present in the selected organisation is evident from the results in Tab. 5, where the level of agreement with the statement that superiors communicate unclearly is 3.75. There is a prevailing impression that such communication aims to obscure the understanding of the message (3.69).

Table 5 Average levels of agreement with claims about communication by superiors

		Superiors' communication is not clear enough.	The goal of superiors' communications seems not to be conveying the message.	Superiors attempt to be indirect and unclear in their communication if they themselves do not understand the problem.	I am not embarrassed to say that I do not understand and/or know something	Superiors sometimes do not choose their words in communication with subordinates
N	Valid	200	200	200	200	200
	Missing	0	0	0	0	0
Mean		3,75	3,69	3,22	3,29	3,42
Mode		5	5	4	3	4
Std. Deviation		1,460	1,609	1,488	1,369	1,342
Minimum		1	1	1	1	1
Maximum		5	5	5	5	5

Table 6 Average levels of agreement with claims about experiences in organisational communication

		Directly offensive communication is always verbal.	I have never been apologised to in cases of inappropriate communication	Superiors express their stress and nervousness in their communication manner	Communication towards HRM is not regulated to achieve the objective of this department	During my work life in this organisation, I experienced discrimination and humiliation
N	Valid	179	171	200	200	200
	Missing	21	29	0	0	0
Mean		3,71	4,29	3,79	3,06	3,35
Mode		5	5	5	4	4
Std. Deviation		1,504	1,291	1,566	1,179	1,476
Minimum		1	1	1	1	1
Maximum		5	5	5	5	5

Table 7 Median values of agreement with the first hypothesis' claims

		Communication significantly affects the transfer of knowledge within the organisation.	When the work atmosphere is pleasant, I am more productive.	To be satisfied and fulfilled with my job, I must have a pleasant working environment, good interpersonal relations and communication.
N	Valid	200	200	200
	Missing	0	0	0
Mean		4,25	4,31	4,71
Mode		4	5	5
Std. Deviation		,854	,731	,572
Minimum		1	2	2
Maximum		5	5	5

This gives employees the impression that even their superiors do not always fully understand the task or subject matter being discussed, making them less willing to contribute actively to task completion or problem-solving (3.22). It is also not uncommon for superiors to use inappropriate informal communication (3.42), including occasional swearing and seemingly polite language that shifts responsibility or belittles and discriminates by implying that someone has misunderstood or failed to grasp something correctly.

It should be pointed out that, more often than not, no one stops to question whether they have conveyed the message effectively or adequately addressed the issue with their interlocutor - precisely because communication is dominated by vanity and ego. A grounded and approachable communication style significantly impacts results and the

development of organisational commitment and collegiality, and it encourages initiative and participation by communicating solutions to business-related tasks.

The organisation of communication is also a key factor in its effectiveness. Communication is generally structured through formal and informal channels, as well as digital and conventional means. In the selected organisation, communication occurs through both formal and informal modes. Formal communication is written (primarily submitted via e-mail and other digital communication tools such as Teams, SharePoint, DevOps, and similar digital platforms, etc.).

Informal communication is verbal or conducted via telephone/mobile phone and is characterised by conversational language. Such communication should not be used for inappropriate behaviour or targeted actions toward

employees. However, this is not always the case, as respondents agree with the statement that even slightly offensive communication tends to occur through informal communication and informal communication channels (3.71) and that they have experienced discrimination or humiliation in communication during their work career (3.35) (Tab. 6). This topic is sensitive and influenced by subjective impressions, so caution is needed when interpreting the results. Nevertheless, it is essential to note that in large organisations, it is challenging to control and monitor such aspects of communication and to manage so many employees with diverse personalities, experiences, and life circumstances. Some individuals transfer their private stress into the workplace, and, in case of dissatisfaction, they communicate with colleagues in a brusque and impatient manner.

Given that this is a large and highly successful organisation, it is a fact that stressful situations and pressure are sometimes prominent. In their pursuit of high goals, superiors may transfer this stress to employees, creating a pressuring approach to communication. This can occur both unconsciously and consciously. Regardless, and acknowledging the fact that the human resources department should monitor certain aspects, including communication, as a part of interpersonal relations, it is clear that managers and team leaders need to address this issue and use communication as a tool for achieving goals, not straying from them. This can be accomplished through management training and the development of communication skills.

4 DISCUSSION

Based on the research results, it has been observed that communication within the selected organisation shows certain shortcomings both in top-down and bottom-up directions. These issues stem partly from the organisation's strategic and operational practices, as lower-level employees lack participation in solving problems related to certain levels and tasks. The organisation's communication style is characterised by the use of informal channels, particularly in situations involving insecure interlocutors, as well as by the use of communication as a tool by superiors to assert authority over employees, which is an issue that is more pronounced in the retail sector. The ego dominates communication, and there is a lack of constructive discussion, which is an oversight on the part of human resources management, which does not place enough emphasis on communication as a tool for managing interpersonal relationships. Communication effectiveness is also reduced due to violating other rules and ethical principles (such as during hiring, favouritism, or protection of specific individuals). This highlights the need to define certain aspects of communication through explicit rules and standards and to embed the organisation's core values into its communication practices.

The results presented in Tab. 7 support the stated hypothesis, as there is an overwhelming level of agreement with the statements regarding the impact of communication on knowledge transfer, motivation, and efficiency. These

interconnected categories produce synergistic effects, positioning communication as the primary tool for managing human resources, interpersonal relationships, and overall business operations.

Based on the analysis of the research results, employee interviews, and the analysis of internal communication structure, several weaknesses can be identified: lack of communication standards and norms; insufficient participation of employees (subordinates) in communication; limited use of communication channels; low investment in communication improvement; communication noise caused by ego; and minimal involvement of human resource management in overseeing interpersonal relationships through communication and its development.

The observed shortcomings and anomalies in communication within the researched organisations indicate a lack of adaptation to change and rapid growth, the increasing complexity of business processes resulting from a growing number of employees, and the accelerating changes and evolving needs of communication stakeholders.

The organisation's internal communication can be rated with a grade of 3. In eliminating its weaknesses, it is critical to capitalise on its communication strengths, which can be identified as follows: the predominance of informal communication, which can be utilised to create a pleasant atmosphere and help mitigate stress and pressure; mutual familiarity among employees and the ability of human resource management to effectively use communication tools to manage interpersonal relationships; an extensive network and easy access to communication equipment (mobile phones, laptops, telephones); and strong IT support in maintaining the quality of information and databases essential for communication and communication processes.

To improve communication, it is essential to seize specific opportunities to foster new strengths and sources of competitive advantage. Key among these are adopting new knowledge and practices in communication; educating employees on communication methods and the development of communication skills; using communication as a comprehensive set of tools for managing interpersonal relationships; training HRM personnel to manage interpersonal relations through communication and enhancing the quality of communication by aligning it with the organisation's core values.

In conclusion, it is essential and critical to eliminate weaknesses, as they undermine all efforts related to improvement and the realisation of opportunities. Weaknesses act like erosion, penetrating the communication structure; therefore, for a communication system and model to be sustainable, it must foster and reflect the organisation's core values and strategic goals.

5 CONCLUSIONS

Communication is a part of everyday life for both an individual and organisations. It is a broad concept encompassing practically everything that sends a specific message to the public, whether external or internal. Communication falls within the domain of the marketing

function and is the responsibility of human resource management and corporate communications. Corporate communications are responsible for the organisation's general external communication, while human resource management oversees employee internal communication. The communication style in the selected organisations is partly defined by function, as there is an established practice of a stricter and more aggressive top-down style, especially when directors are communicating. This style often produces the opposite effect on employees, as it can lead to feelings of oppression and workplace bullying. As such, this area is very sensitive and can become a source of misunderstandings, negatively affecting the development of loyalty and commitment to the organisation and potentially leading to the formation of cliques and the escalation of conflicts. The latter has a negative impact on healthy competition and motivation to perform, especially if it becomes widespread. This is typically the case with consistently strict and aggressive communication styles. However, when such a style is used selectively and combined with other approaches, it helps to balance relationships and supports the ability to manage interpersonal dynamics effectively.

Communication should serve as the input and output (feedback) of every business process and be part of the company's information system database, used and updated by all departments and units. In this way, human resource management can use such communication to effectively monitor, evaluate, and manage interpersonal relationships to achieve business goals. The integration of all strategies enables the development of a sustainable system. Interpersonal relationships are a dynamic variable, constantly subject to change, and best managed precisely through communication.

Communication is characterised by many elements, highlighting its complexity and the various possibilities it offers for managing interpersonal relationships. The organisation's values must be communicated to connect the organisation and the individual, align their efforts, and unify individual and organisational goals.

Although this research provides useful insights into the relationship between communication and organizational performance, some directions for future research can still be indicated, and they are based on the following: the research should be expanded to a larger number of organizations throughout Croatia, which would allow for variation in responses and thus reduce the limitations in generalizing the interpretation of the results. Furthermore, a longer time series of research is recommended in order to reduce the short-term nature of trends, i.e., future research should be expanded to a full-year timeframe. All of these recommendations aim to improve the credibility and application of research results on the impact of communication on organizational performance. The conclusions of such research would further highlight the potential for managing business operations through communication itself and, ultimately, through interpersonal relationships. These variables can significantly influence employee performance, as communication and interpersonal relations convey and transmit a range of intrinsic factors that motivate individuals within the organisation.

6 REFERENCES

- [1] Žepić, M. (2000). *Latinsko-hrvatski rječnik*. Zagreb. Školska knjiga. (in Croatian)
- [2] Lamza-Maronić, M., & Glavaš, J. (2008). *Poslovno komuniciranje*. Osijek. Sveučilište J. J. Strossmayera u Osijek. (in Croatian)
- [3] Argenti, P. A. (2003). *Corporate Communication*. McGraw-Hill International Edition. 6th edition. New York.
- [4] Kuran, M. L., & Jelić, P. (2014). *Poslovno komuniciranje*. Veleučilište "Marko Marulić" u Kninu. (in Croatian)
- [5] Men, L. R., & Yue, C. A. (2019). Creating a positive emotional culture: Effects of strategic internal communication and its impact on employee supportive behaviors. *Public Relations Review*, 45(3), 101764. <https://doi.org/10.1016/j.pubrev.2019.03.001>
- [6] Yue, C. A., Men, L. R., & Ferguson, M. A. (2021). Examining the effects of internal communication and emotional culture on employees' organizational identification. *International Journal of Business Communication*, 58(2), 169–195. <https://doi.org/10.1177/2329488420914066>
- [7] Qin, Y., & Men, L. R. (2023). Exploring the impact of internal communication on employee psychological well-being during the COVID-19 pandemic: The mediating role of employee organizational trust. *International Journal of Business Communication*. Advance online publication. <https://doi.org/10.1177/23294884231168794>
- [8] Welch, M., & Jackson, P. R. (2007). Rethinking internal communication: A stakeholder approach. *Corporate Communications: An International Journal*, 12(2), 177–198. <https://doi.org/10.1108/13563280710744847>
- [9] Roberson, Q. M. (2021). Diversity in the workplace: A review, synthesis, and future research agenda. Routledge. <https://doi.org/10.4324/9781003140518>
- [10] Buble, M. (2011). *Poslovno vođenje*. Zagreb. M.E.P. (in Croatian)
- [11] Argenti, P. A., & Courtney, M. B. (2009). *Digital Strategies for Powerful Corporate Communications*. McGraw-Hill Education (India) Pvt Limited.
- [12] Jacobs A. Z., & Watts D. J. (2021). A large-scale comparative study of informal social networks in firms. *Management Science*, 67(9), 5489–5509. <https://doi.org/10.1287/mnsc.2021.3997>
- [13] Jöhnk, J., Weißert, M., & Wyrтки, K. (2021). Ready or Not, AI Comes— An Interview Study of Organizational AI Readiness Factors. *Business & Information Systems Engineering*. 63(1), 5–20. <https://doi.org/10.1007/s12599-020-00676-7>
- [14] Linjuan, R., Marlene, N., & Cen, A., (2020). Examining the Effects of Symmetrical Internal Communication and Employee Engagement on Organizational Change Outcomes. *International Journal of Business Communication*, 1–27. <https://doi.org/10.1177/2329488420914066>
- [15] Zuzul, T., Pahnke, E., C., Larson, J., Bourke, P., Caurvina, N., Parikh Shah, N., Amini, F., Weston, J., Park, Y., Vogelstein, J., White, C., & Priebe, C., E. (2024). Dynamic Silos: Increased Modularity and Decreased Stability in Intraorganizational Communication Networks During the COVID-19 Pandemic. *Management Science*, 71(4), 3428–3448. <https://doi.org/10.1287/mnsc.2022.02797>
- [16] Susita, D., Ketut Sudiardita R., Purwana, D., Wiradendi Wolor, C., & Merdyantie, R., (2020). Does organisational commitment mediate the impact of organisational culture and interpersonal communication on organisational citizenship behavior? *Management Science Letters*, 10, 2455–2462. <https://doi.org/10.5267/j.msl.2020.4.004>

- [17] Marković, E., (2019). *Trendovi poslovne komunikacije u budućnosti* Sveučilište Josipa Jurja Strossmayera u Osijeku. Ekonomski fakultet u Osijeku, Osijek. (in Croatian)

Authors' contacts:

Andreja Rudančić, PhD, Associate Professor
(Corresponding author)
Libertas International University,
Trg J. F. Kennedy 6b, 10 000 Zagreb, Croatia
e-mail: arudancic@libertas.hr

Petar Mišević, PhD, Associate Professor
University North, University Center Varaždin,
104. brigade 3, 42000 Varaždin, Croatia
e-mail: pmisevic@unin.hr

Sandra Šokčević, PhD, Full Professor
Libertas International University
Trg J. F. Kennedy 6b, 10 000 Zagreb, Croatia
e-mail: ssokcevic@libertas.hr