

Internal Communication and its Impact on the Efficient Functioning of the Company

Political Preferences
2019, vol. 22: 31-42
DOI: 10.6084/m9.figshare.8055848
journals.us.edu.pl/index.php/PP
Submitted: 04/01/2019
Accepted: 03/03/2019

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Abstract:

Communication in the internal environment of the enterprise is the primary tool that is used to transmit information, experience, knowledge, standards and principles which represent an essential pillar of the corporate culture and business management. In the current age of competition, businesses are trying their best to keep their position on the market. They are aware of the fact that behind the success of the company is a satisfied customer. And for the customer to be satisfied as well as the company to have positive outcomes – it's necessary for a company to focus some of their activities on the internal communication. Therefore, the aim of this article is to show the importance of internal communication within the organisation, because through the correctly set process of internal communication the company integrates people, communicates targets and its mission – what nowadays is the key to success. Equally, it's an important part of every corporation communication which forms a part of the whole reputation of the organisation or a business.

Keywords: internal communication, organisation, company, human resources, education, motivation

Introduction

Nowadays, organizations put more effort to create the positive relationships with the public, especially with their current or potential customers. Communication of the organization with the public, media, building a positive image and unified company identity are now the conditions for keeping the competitive edge in the current world, which, for the customer, is filled with too many choices. The aim of the communication with public is not only to make, but „also to tighten trust, understanding and beneficial relations with key and important public

groups that have or in the future might have impact on marketing success of an institution.” (Lukáč 2015).

Building a good reputation is not only about communicating its strong sides in all media but foremost about building a good reputation inside, in the direction of its employees. Internal communication therefore is a tool to not only influence the image and reputation but also positively affect the performance of employees and to achieve strategic targets of the organisation.

Research Methods

The object of this paper is to highlight the importance of internal communication in the company. We have decided to implement a pilot project in the form of a questionnaire survey. Its task was to identify the importance of internal communication in the company and level of efficiency and previously used internal communication tools in the enterprise. In the practical part of the paper we used information from the questionnaire survey and additional data from external analysis which were primarily focused on the usage of tools of internal communication in the company and the future development of internal communication in the company. Information from external analysis was used as an additional material to implement the theoretical results into the practice. The object of the investigation was three medium-sized enterprises in Slovakia which were selected randomly. The questions were addressed to middle-level managers.

To achieve the stated objective of this paper, we used the following scientific methods of investigation:

- descriptions - it describes theoretical and practical background of internal communication in the company,
- synthesis - it is ideational linkage of various parts of internal communication and business,
- comparison - it compares the data from domestic and foreign authors,
- analysis - is focused on the importance of internal communication in the company,
- inductive-deductive method - is based on a comparison of theoretical knowledge of internal communications in the enterprise and application of this knowledge into the practice,

- marketing research - is focused on the importance of internal communication in the company as well as the level of effectiveness of internal communication tools used in the enterprise,
- graphical methods - it is an evaluation of marketing research in the form of pie and bar chart.

Foundations and the purpose of the internal communication within the organisation

Communication and information flow is the foundation of the execution of all manager's functions and processes. In this case it's necessary to realise, that people spend the vast majority of their lifetime at the workplace. So that people can do their job well, they need to communicate between each other and they also need well established systems for exchanging information.

Communication within the organisation is quite a difficult system of internal formal and informal channels and networks, which is used for the flow of information, knowledge and expertise, which further influence the execution of work tasks and in the end, it can influence even the strategic targets of the organisation. Therefore, from our point of view it's very important that well established communication flow creates the adequate conditions to fulfil the company's targets. As Jozef Matúš (2008) noted "if the communication in the organisation is well directed, then in this case influences positive behaviour in its employees when it comes to the fundamentals of business".

But on the other hand, if there is not enough attention given to the direction of the communication flow, the whole organization is endangered. The responsibility for the correctly set internal communication is in the hands of leadership and management.

I also agree with the view of Růžena Petříková (2007), who says that "internal communication is like a blood flow in the organisation, because if it stops working or if there are some issues, the organisation will stagnate and it's actual position on the market will decline." What is important to remember, is that the basic conditions for well-functioning communication is the feedback, responsibility of organisation for in-organisational communication and also the cross connection of formal and informal communication channels. Leadership of the organisation therefore have to make sure that the internal communication is in line with the company policies, basic social and work processes, culture, strategy, concepts and the level of information system.

Functions and goals of the internal communication

When we look at defining the main goal of the internal communication, it's important to realise that in the end it's not about the satisfied employee but it's about the satisfied customer through that employee. Needless to say, it's easy to understand that the satisfied employee is the precondition for the success of the whole process. In that case, the satisfied employee is more about the added value to the internal communication, rather than being its primary goal. As Jozef Matúš (2009) observed, “the way the organisation communicates and the way it's managers communicate, creates an opportunity for cooperation of all co-workers and thus it influences fulfilment of strategic targets of the organisation and the prosperity of the business”.

We can therefore conclude that the main goal of internal communication is information and work leadership connection through which can communicate all departments within the organisation. The main goal of the internal communication is further supported by the following smaller targets:

- ensuring a well-functioning system of communication – informing employees about all important changes in the organisation,
- ensuring the collection, transmission, understanding and usage of all relevant information needed for the effective performance of all employees in the interest of the goals of the organisation,
- usage of internal communication to increase the motivation and development of desirable working tools, which will be reflected in the behaviour of employees,
- usage of internal communication in the organisation for the understanding of process of implementation of new forms and methods of management by all employees (Holá 2006).

We can divide functions of internal communication within the organisation into primary and secondary. Some of the **primary functions** of internal communication, which are considered as fundamentals, because they influence the managing of the organisation, are:

- exchanging information about the main goals of organisation and how they are going to be achieved,
- coordination and dividing the workload,
- clarification of tasks,
- communication about the encountered problems and about solutions,
- effective procedures to achieve strategic targets of the organisation.

Secondary functions of internal communications, which are evolving in interpersonal relationships, affect the organisation only indirectly. Some of them, according to Jana Holá (2011), are:

- avoiding conflicts on the workplace,
- motivating of employees,
- satisfaction of employees.

In connection with internal communication, it is also necessary to draw attention to the importance of a communication audit that performs the following functions in the management process (Bruhn 2009; Zajkowska et al. 2011):

- informational function – it is the starting point in development of a communication strategy and it examines the degree of conformity with the strategy of the company's operations; in particular it can show organizational irregularities in communication activities (determination of the audience group, selection of appropriate communication channels and tools); it diagnoses how the information flow is functioning in three basic dimensions: from the management staff downwards in the organizational hierarchy, from employees to senior managerial staff, as well as between departments and inside teams.
- control function – it shows the effectiveness of internal communication in the process of realization of company's strategic goals.
- persuasive function – it stimulates the awareness and responsibility of the executive staff and involves in communication activities, which constitute an example to follow at lower levels of the organizational structure.
- motivational function – it gives a signal to employees that their opinion is important and that their suggestions and proposals for improvements will be considered.
- educational function – it strengthens the awareness of everyone's own role in the organization, promotes proper organizational behaviours, as well as defines the responsibilities and communication roles in the organization.

Preconditions of the effective internal communication in the organisation

To develop an intentional system of internal communication in an organisation it's necessary to abide the basics of the system of communication. Mostly it's about the qualified personal strategy and its execution by all managers, matching the organisation of workload while the expertise and quality of management is also important.

Precondition for the effective internal communication in the organisation is also the training of senior management and other managers in the area of communication as well as regular assessments of all employees in the organisation.

From our point of view, the feedback of employees towards the management and how the employees view their leadership are extremely important. František Bělohávek (2009) noticed that „The close cooperation between the top management with other groups of management and keeping the communication standards and etiquette by the managers in the organisation are also a key to the properly set internal communication in that organisation”. Top management of the organisation is responsible for the standard of the internal communication within the organisation. Managers of the organisation should therefore understand and correctly execute communication and also explain their communication acts in a way other employees could clearly understand it.

Barriers in the internal communication within the organisation

One of the most common reasons for non-functioning communication is that company doesn't define the communication strategy and rules which would subsequently coordinate this strategy. In this case it could happen that when the information is passed on, it is passed by the wrong communication tools (Holá 2011).

Barriers, which are lowering the level and are making the communication less effective, according to Vlasta Střízová (2005), are:

- outdated ways of organising work – the need to upgrade to the modern way of organising things, for instance, the project management,
- communication barriers of the partners of communication – low communication skills, inability to listen others, personal repulsion,
- the different status of communicating partners – the employees don't communicate enough with their managers, the majority of requests from upwards to downwards and absence of proposals from downwards up,
- factors of the environment – the communication noise.

In small and mid-sized companies the attention is mostly focused on communication with the outside environment and not enough attention is given to the importance of internal communication. Leadership of a company is often not aware that the success of the organisation, or how the company is perceived from outside by customers, is directly reflected from inside life

of the company and relationships there, conditioned by internal communication. It is often a case, that „management of the company communicates only information, which they consider suitable without the consideration of what employees actually wants to and need to hear” (Holá 2011).

Results

For this article we carried out a pilot project in the form of a questionnaire. Its main purpose was to find out the level of effectiveness and of the actual significance of internal communication within the organization as well as assess the effectiveness of tools used for communicating. Within this pilot project we approached 3 selected companies in Slovakia to which we distributed the questionnaires in the written form. The questionnaire consisted of 23 questions and it was designed for managers of companies. To better understand the outcomes of the questionnaire, the questions were separated into three groups. First one had 4 initial ‘identification questions’. Second group of questions was focused on importance and level of internal communication within the organisation between managers and other employees. The final part was focused on the level of effectiveness of current tools for communicating, out of which there were two open questions to give space where participants could voice their opinions, make suggestions or proposals to this subject. The research used a suitable selection of respondents at the level of management and employees of the company.

As we could see from results, 12 managers participated in the project, from 3 selected mid-sized companies with the no. employees 25-99 and area of business was manufacture and trade. Managers who participated have been working on their current position for the last 3-5 years.

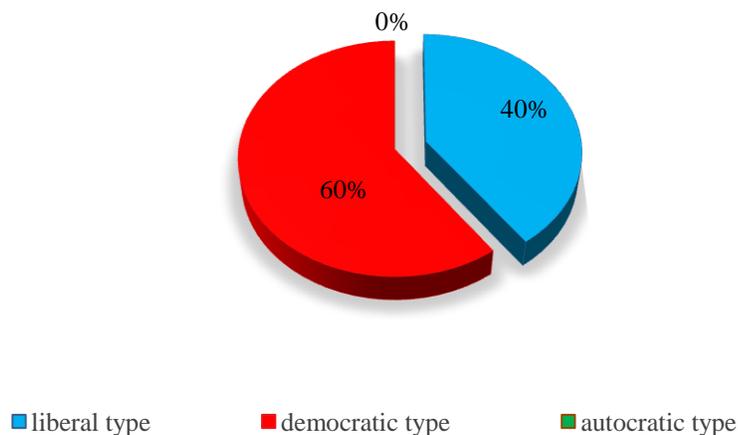
To summarise the whole outcome of this questionnaire, we could say the outcomes of this project study are mostly positive and satisfactory in the sense that managers in selected organisations are in majority satisfied with the level of communication with the leadership of the company as well as with employees. Further, outcomes revealed that participating managers communicate with their staff, on average, half of their working time. It means 4 hours. Very positive outcomes of this questionnaire were recorded in regards to feedback downwards-up and vice versa; it means from staff to managers, which is very important in internal communication. Even 90% of participants said that feedback in the company is important for them. It is so because it helps employees to be more effective in doing their tasks and mostly its motivating for

employees. It helps in their work performance. These positive outcomes of this questionnaire are mostly due to the fact that these companies in Slovakia were inspired by their parent companies and in the companies there are boxes for suggestions installed, which can be used for all employees to communicate directly with the leadership of the organisation.

Another quite interesting finding in the outcome of the questionnaire, as is shown on the figure 1, that 60% of the participants consider themselves as a democratic type of manager. This type diligently and fairly splits tasks between staffs, tries to motivate them to work and lead them to make logical decisions rather than make orders.

Quite high percentage, it means 40% participants said that they consider themselves more a liberal type of manager, who doesn't interfere much with the staff, doesn't have much authority despite having a few years of practice which also means, they don't have much authority between staff. This finding is very important in the view of internal communication because it points to unsatisfactory communication abilities of managers within the organisation.

Figure 1. What type of manager do you consider yourself to be?



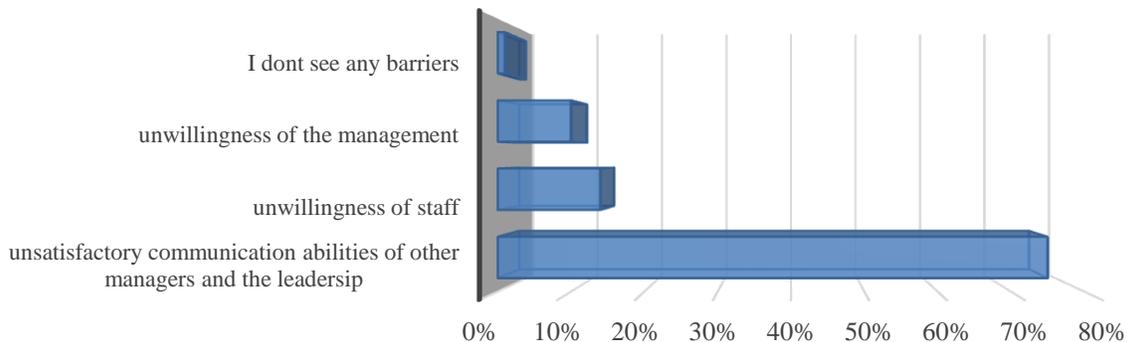
Source: own elaboration.

All participating managers also said that wishes, needs and requests of their staff are very important to them. Despite the majority of positive outcomes, the questionnaire has also pointed out some weak links in internal communication in selected companies. One of the negatives is the finding that participating managers are happy about information they get from leadership of the company about important facts. But in the open question where they had the space to explain their own thoughts whether the organisation in which they work, puts enough emphasis on

internal communication, in majority they were negative. In our opinion, this finding points to the incoherent internal communication within the organisation and mostly it indicates the absence of clear communication plan, which the company should follow.

In the next question the participants were asked, what are the most common obstacles they encounter at the workplace in regards to the internal communication. It was an interesting finding to see that 75% participants selected answers like unsatisfactory communication abilities of other managers and the leadership of the organization. In our opinion, this high percentage is also caused by unsatisfactory communication abilities, which need to strengthen on the side of line managers as well as leadership of the organization. We will point this out in the proposal part of this article. Another 14% of participants see the obstacle in the unwillingness of staff, 10% in the unwillingness from the higher management of the organisation and rest 1% of participants have not experienced any obstacles in terms of internal communication at the workplace.

Figure 2. What are the most common obstacles of internal communication at your workplace?



Source: own elaboration.

The next part of the questionnaire was focused on tools, which are being used for internal communication in selected companies. At the beginning, we were trying to find out from our participants what are the most common tools of internal communication used in their organisation. Based on the feedback, where we checked the suitability and intelligibility of questions, we have found out that managers couldn't really answer this question. From our point of view it's because managers didn't have enough knowledge about the subject. What is more, we found out that they didn't know what tools to imagine in terms of introductory and ongoing

information, personal systems and outside influences. In the further 4 questions, where were named each single tool of internal communication, the problem to answer did not appear anymore.

Within the introductory information participants said, that in their organisations they distribute brochures explaining how the company works and what is its scheme of organisational structure. In terms of ongoing information about the company, managers had the preference for annual statements/review, notice boards and e-mail.

In terms of personal systems, 92% of participants selected the form of financial reward and only 8% preferred the rating systems in the organisation.

From the viewpoint of outside influences, which can largely impact the general image of the company, participants said that within their organisation advertising and company PR are most commonly used.

Based on the next question, participants were asked to select 3 communication channels which were mostly missing in their organisation. We found out that in their companies they would welcome the company intranet, company rituals such as ‘coffee time’ and hosting of more educational events.

Proposals and suggestions

Based on the outcomes from the market research questionnaire we came to the conclusion that identified negatives are the result of the absence of a communication plan in all three organisations as well as the lack of knowledge at the management level on the subject of communication.

Because of the purpose of this market research and its execution using the primary quantitative research, it’s hard to determine the root causes of the above mentioned negatives. We can just assume that negatives which we identified haven’t got fatal consequences on the effectiveness of the internal communication in organisations and with some effort from the higher management and leadership of the company it is possible to eliminate them.

Within the collected facts we would like to suggest companies to approach internal communication as a direct tool of the organisation. Equally, we would like to propose to organisations create creation of a communication plan on the basis of which information flows evenly and consistently. Through the communication plan/scheme the management of the

company can fulfil the strategy and targets of the internal communication. The time schedule must be a part of this plan. It will describe every single activity with its clear goal, person responsible and budget. From our point of view, the communication plan therefore appears to be as a suitable tool to increase the effectiveness of internal communication within the organisation. If it's being adhered to, the leadership of the organisation can be sure that information will get to all staff at the right time.

Based on the collected facts we consider it important to suggest that organisations should create several new opportunities for development of communication abilities of management. It is mostly due to the fact, that our findings have shown that a lot of participants believe the main barrier in internal communication at their organisation is due to unsatisfactory communication capabilities of other managers and of the leadership of the company. Because of this, we think that some communication trainings and courses are suitable to strengthen the communication abilities on both sides. On these trainings the management and the leadership of the organisation could clarify and learn the skills to communicate effectively, which they could further better apply in practice. Outcome would be demonstrated, in our opinion, in the positive effect on the effectiveness of staff because their single goals and intentions will be better communicated and it would also strengthen the interpersonal relationships at the workplace.

Conclusions

On the basis of the analysis of theoretical knowledge from the field of internal communication of organisation and the market research questionnaire we found out, that correctly set internal communication of a company strengthens the prosperity of the company. But building a reputation and a positive image in the society is a constant, planned and mostly never ending process. Therefore it is important for organisations to give enough attention to internal communication, keeping in mind the general thought, that the human resources represent the biggest wealth of a company.

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