

2.6 Communication

Formal and informal methods of communication

How easy is it for you to communicate? Are you vocal about your ideas and thoughts, or do you fear talking and communicating?

Communication plays an important role in the lives of many people, and it plays a vital role in organisations. Through communication, people express and exchange their views, thoughts and ideas, all of which can support the business's objectives. Internal communication involves transfer of information inside the business between people. External communication is between the business and external groups such as suppliers, customers or potential employees.

There are two general types of communication: formal communication and informal communication. The main difference between formal and informal communication is that formal communication uses defined channels for the exchange of information, while informal communication does not use defined channels. Moreover, formal and informal communication will differ in terms of audience, purpose and tone.

Making connections

In your IB DP Language and Literature courses you will have encountered the idea of channels of communication, audience, purpose and tone. These concepts are transferable to the business context as well.



Figure 1. Formal communication uses defined channels for the exchange of information.

Credit: shapecharge, Getty Images



Figure 2. Informal communication does not use defined channels for the exchange of information.

Credit: Portra Images, Getty Images

Formal communication

Formal communication is a type of communication that follows defined channels of communication. Formal communication flows through an organisation's developed hierarchical chain of command. Employees have to follow these defined communication channels to perform their duties.

The audience for formal communication tends to be within the chain of command in the business, and the purpose is usually restricted to matters directly related to the job role. The tone is usually serious and professional.

Methods of formal communication include:

- spoken
- written
- electronic

Spoken communication

Spoken communication includes:

- **Telephone communication.** This is for communicating simple messages and receiving immediate feedback; there is no written record of the conversation.
- **Meetings.** These could be board meetings, shareholder meetings or meetings between different departments or within a department. Such meetings are recorded, and minutes of meetings are sent to all attendees. Ideas can be shared, and feedback can be given and received.
- **Presentations.** These allow for communication of new ideas, projects or requirements of starting something new. Detailed information is passed on and a record of the communication is maintained and sent to the attendees.
- **Interviews.** This method involves a small number of people and is used to recruit new staff. It is detailed and allows two-way communication.

Written communication

Written communication is used when detailed information is exchanged, either internally within the departments or the business, or externally with suppliers or customers. Through emails and messages, written communication has become more effective and relevant as it is documented, and records are always maintained.

- **Business letters.** These might include letters to government offices or letters arranging meetings with officials.
- **Reports.** Weekly or monthly reports within the business may provide information about sales targets achieved or low sales. Financial performances of businesses are also communicated through reports.

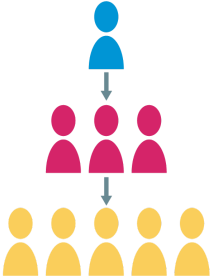


Electronic communication

Electronic communication includes:

- **Email.** This has become one of the most common methods of communication. Messages are communicated quickly and are stored so that they can be accessed later if required.
- **Websites.** These are used to communicate mainly with external stakeholders. Data can be collected, market research can be carried out, products can be sold and after-sales services can be provided through websites. A good website sends positive messages to external stakeholders about the business.
- **Social media.** Businesses advertise through Facebook, Instagram, Twitter and other platforms. Products are promoted, advertised and sold through social media websites. A business's contact details can also be gathered through these networks. Communication through this method has increased over time.
- **Text messages.** Businesses send text messages to new and existing customers informing them about launches of new products or services. Texting is an efficient method of communication.
- **Intranets.** An intranet is similar to the internet, except that it is a private network used for the sharing of information and internal communication within a business. A business can have offices in many locations and an intranet enables the flow of information. Intranets may also be available as mobile apps.
- **Video conferencing.** This method of communication has gained a lot of attention, especially during the COVID-19 pandemic. Face-to-face interviews and meetings with internal and external stakeholders can be held over video. Zoom, Slack and Microsoft Teams meetings have become popular platforms for video conferencing.

There are also a number of pathways that these formal communication methods can take inside an organisation. **Table 1** illustrates some different formal communication pathways that can exist in a business.


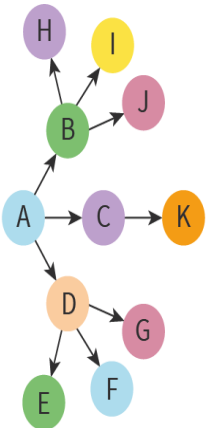
Table 1. Pathways of formal communication.

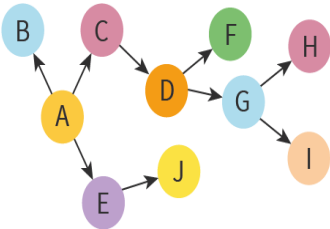
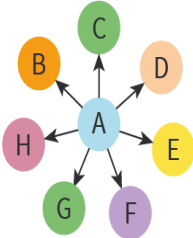
Type of formal communication pathway	Explanation	Example
<div>Vertical communication</div> <div></div>	<p>Communication takes place between different organisational levels.</p> <p><u>Top-down communication</u> is communication from senior managers to employees lower down in the hierarchy.</p> <p><u>Bottom-up communication</u> is communication from employees lower down in the hierarchy to senior managers.</p>	<p>Head of sales sending an email to the sales team about monthly targets.</p>
<div>Horizontal or lateral communication</div> <div></div>	<p>Communication takes place between two employees working in different departments of an organisation, but on the same hierarchical level.</p>	<p>Marketing manager and sales manager meeting to decide marketing strategies to achieve sales target.</p>
<div>Diagonal communication</div> <div></div>	<p>Communication takes place between employees working at different hierarchical levels and in different departments.</p>	<p>Marketing manager meeting with the sales team to discuss distribution of products.</p>

Informal communication

Informal communication flows freely in an organisation, without defined channels. It can take place between any employees within the organisation and is usually faster than formal communication. Informal communication can benefit the organisation as work-related issues can be discussed openly without any paperwork involved. Quick solutions can be found over a cup of coffee between employees, saving time and money. **Table 2** describes some types of informal communication.

Table 2. Types of informal communication.

Type of informal communication	Description
<div>Single strand chain</div> <div></div>	<p>One employee says something to another employee, who in turns says it to another forming a chain. And so the process goes on.</p>
<div>Cluster chain</div> <div></div>	<p>A group of people gather to discuss matters of mutual interest. This is a slow communication process.</p>

Type of informal communication	Description
<p>Probability chain</p> 	One employee transfers information to a random person, who transfers the same information to another random person.
<p>Gossip chain</p> 	An employee says something to a group of employees, who then go ahead and spread it to another group of employees.

Differences between formal and informal methods of communication

The main difference between formal and informal communication is that formal communication can be more time consuming; it has defined channels and a set of commands to be followed. Informal communication does not take up time; it can be passed on at any time as no defined channels are identified.

Formal communication is confidential and documented as it is designed by senior managers. Confidentiality and documentation are usually not part of informal communication. It can happen at any time, has a short chain of command and is simpler in nature.

Formal communication aims to achieve business goals and objectives whereas informal communication aims to achieve personal interests and needs. Sometimes informal communication may relate to business objectives.

Activity

Learner profile: Thinkers
Approaches to learning: Thinking skills (critical thinking)

Copy this table and complete it by writing the differences between formal and informal communication.

Criteria	Formal	Informal
Time		
Defined channels		
Confidentiality		
Who designs it?		
Documentation		
Chain of command		
Objective		
Examples		

In most business environments, both formal and informal forms of communication are used throughout the day. The type of communication used will depend on the information being communicated, and positions of the people between whom the information is being communicated. Employees need to make choices about which form of communication is most appropriate at a given time.

In many cases, the balance between formal and informal communication will be influenced by the leadership style and the culture of the organisation. Informal communication can take place in all kinds of business environments. A business with a democratic leadership style may be more likely to use informal communication, particularly where the working environment is friendly and relaxed, and managers are at ease with employees. However, in board meetings or meetings with clients or suppliers,

a more formal method of communication is likely to be used. Formal communication will also be used more often where there is a paternalistic or authoritarian leadership style and generally formal culture in the workplace.

Activity

Learner profile: Thinkers
Approaches to learning: Thinking skills (critical thinking)

Read the phrases given below and decide whether they are more likely to be used as formal or informal methods of communication between employees. Then drag and drop each phrase into the correct column of the table.

As the opportunity arises, we will make necessary adjustments.

Can you help me with this calculation please?

This is a real win-win situation for our team.

Please do not contact me if I understand.

Can you give please?

Going forward increase our work project.

✓ Check

HP

