

7. Communication in Business

Objectives

At the end of this chapter, students should be able to explain the communication within and outside an organization, list and discuss the forms of communication.

7.1 Communication as an Essential Tool of Management

By any assessment, one of the most vital tools of management is communication. Communication is the act or process of making opinions, feelings, information, etc. known or understood by others, e.g. by speech or writing, or any natural or artificial means of conveying information or giving instruction. Others refer to communication in the industry as "cybernetics™", which is the scientific study of the way in which information is moved about and controlled in "the nervous centre" of an organization (like that of a human being).

Communication can be *inter* (outside) or *intra* (within) the departments or the industry. More and more, modern management is becoming aware of the importance of communication in business. The extent of the effective use of communication determines the extent of success or failure of some management functions today.

7.2 Intra-Business or Intra-Company Communication

This is communication between employer and employees and between the company and its shareholders. It is also referred to as internal communication and has the following importance:

- (a) **A vital aspect of normal management and administrative functions:** Passing information from management to other staff of all cadres serves as an internal part of management and administration.
- (b) **Employer-employee cord of mutual understanding:** A lot of understanding is fostered between management and staff. This serves to remove the basis of suspicion generated by unnecessary rumour.
- (c) **Employees interest in the organization:** Effective use of information tends to promote staff interest in the progress of their organization.
- (d) **Minimizing the effects of sudden change:** Adequate communication brings about advance knowledge on any likely change occasioned by technological advancement. It also makes such changes very meaningful and acceptable.
- (e) **Employer's better knowledge of staff complaints:** Through a two-way communication, the employees too can make their feelings known to their employers. This has the effect of minimizing any likely labour unrest.

- (f) **Increased shareholders' understanding of their investments:** Giving shareholders (and possibly creditors) of a company adequate information on the performance and problems of a business is very likely to make for understanding and possible co-operation towards achieving the objectives of the company; for instance, more capital can be provided by the shareholders and creditors alike. There can be better understanding while dividends are ploughed back rather than shared and creditors extend credit facilities.

7.3 Inter or External Communication

This is communication between the company and the general public, such as its customers, the government and other business organizations. External communication could result in the following positive effects:

- (a) **Improved public relations:** Information to external bodies makes for a better understanding of the objective and activities of the company and this could enhance the public image of the company.
- (b) **Enhanced prestige:** When a company communicates effectively with its customers, suppliers, government agencies, its prestige may be enhanced; this can be achieved by giving accurate information such as a correct certified statements of account to the Inland Revenue Department. Through neat and well-written letters, the company registers a good image with the public.
- (c) **Improved business prospects:** A company that is known for giving good and accurate information to the shareholders and the public at large is likely to get a boost to its business prospects. It may get more patronage from potential shareholders, customers, and even the government may be encouraged, where applicable, to give financial aid to such a company. The share values of such a company may increase on the stock exchange and investors' confidence in the company's performance and activities could grow.

On the other hand, the failure of a company to give adequate information, especially to the government's inland revenue authority, shareholders and creditors may prompt government, shareholders or debenture holders to take investigative action against such a company.

7.4 Various Media (Channels) of Communication

We shall discuss here each of the important channels of communication under three broad classifications: Oral, written and visual forms of communication.

7.4.1 Oral/Verbal Communication

- (a) **Speeches and addresses:** These are about the most common means of communication. A manager can give an address at induction courses to new employees, as the occasional address is useful in informing the staff generally about the 'goings on' in the organization. Speeches and addresses are features of shareholders annual general meetings.

- (b) **Meetings and conferences:** These are ideal for the dissemination of information, for discussion, debates and decision-making.
- (c) **Joint consultation:** This is the most effective communication cord between employers and employees. It is used to inform members of staff on new company policies, likely future developments and prospects. Most importantly, it is useful in narrowing down the differences between the two groups.
- (d) **Training courses:** These are used for imparting new knowledge and for induction of new employees. They serve as a forum whereby basic information on the company is offered. Training courses can help to re-train and re-educate employees on new production methods e.g. the use of computers.
- (e) **Interviewing:** This can be used in selection processes whereby the company learns much about the person being interviewed and the latter gets some information about the company. On some occasions, managers may need to arrange interviews with their staff to inform and clear some misunderstandings or misconceptions.
- (f) **Trade unions:** These are an important part of the employer –employee relationship. The company gives out information to the rank and file of their members. Similarly, trade unions let their members (workers) into the “thinking corner”TM of their policy making processes.
- (g) **Sales representatives:** These are the image makers of a company through the effective advertisements of its products and market research – that is, consumers’ reactions to products and services.

7.4.2 Electronic Media Communication

Although this is under “oral communication”, it deserves special mention because of its immediacy and impact on the public.

- (a) **Telephone:** This is useful for both internal and external communication. Within the organization, it is handy among the employees. It is used for asking and passing information, and for giving instructions.
- (b) **Radio:** Radio message has been effective because of its immediacy in getting across information to the public. Its potency can be great when shareholders or employees are on annual leave. Radio message is quite effective because of widespread ownership of radio sets or receiver among the public.
- (c) **Television:** This combines the powerful effect of both oral and visual communication. Its impact is most felt in areas of advertisement and public discussions on the activities of a company. It can be used for public image making for a business.
- (d) **Closed-circuit television:** Communication in this regard has the dual advantage of being oral and written. It is now common to find tele-sessions for the purpose of instruction demonstration of mechanical action and training of workers; for instance “quiz competitions”TM are now common features on our television screen. A firm may also take advantage of closed-circuit television for publicity and information.

Advantages of oral communication

- (a) It is face to face (except in the case of radio or TV.); therefore, the communicators can promptly assess the degree of success.
- (b) Both parties can ask and answer question directly.
- (c) Psychologically, it is possible to read the inner mind of both parties in a communication exercise.
- (d) The personality and language of the communicators do make impacts on the message being delivered.

Disadvantages

- (a) Speeches can be misquoted later on and this is where a written message is better.
- (b) It has a smaller scope. The distance reached by the message is limited.
- (c) It is not advisable where a written message is required.
- (d) It does not lend itself often to retrieval as may be necessary later on, except where such speeches are tape-recorded.

7.4.3 Written Communication

- (a) **Memoranda:** These are popularly referred to in offices as "memos", and are in the form of letters that are written from one staff to another within the same establishment – they are not meant for anybody outside that organization. "Memos" readily flow from one officer to another, freely giving information and instructions. The ease with which they are written enable them to carry information and instructions freely and with speed.
- (b) **Minutes:** Some minutes are a record of business conducted and decisions taken at a meeting. A minute is a short official note asking for certain actions to be taken, or expressing an opinion or giving directives, etc. mostly through a file or in a file, on a particular subject matter in an office or organisation. Minutes carry a lot of information about the activities of the organization.
- (c) **Agenda for meetings:** A list of items or subject matters to be dealt with or discussed at a meeting. By the time an "agenda" is sent out for a meeting, some light is thrown on the matters for discussion at such a meeting.
- (d) **Reports:** Annual company reports are compiled to give information to shareholders, debenture-holders (when applicable) about the company's policies, development and activities.
- (e) **Bulletins:** These are documents issued from time to time by a company to give up-to-date information to its employees.
- (f) **Correspondence:** This is a stream of day-to-day incoming and outgoing letters which serve as input and output of information for an organization.
- (g) **House journals:** In some organizations, these may be called house magazines; they are in the form of simple "house" newspaper or leaflet. They are designed to give very useful current information about the company and the employees. They help to narrow

the gap between the management and staff, especially in very large organizations. The latter are always very enthusiastic about the publication of house journals; the fact that they are distributed free among employees adds to the popularity of such journals.

- (h) **Manuals:** These small books give information about how something should be done. These may be in the form of policy manuals or mere organization procedure manuals. The latter lays down the standard rules and regulations for conduct of business within an office and also carries information and instructions to the staff. But policy manuals give an outline of the general policy of the firm in detail, or a department's policy. In some cases, separate manuals are collated for procedures in finance and accounts, in application for salary advance, housing loans, staff development and the conduct of trade union activities. .
- (i) **General reports:** These may originate from certain investigation and are addressed to the management. They project future improvement or the prevention of future occurrence of some unfortunate events. Such reports may come from ad hoc committees.
- (j) **Trade journal:** This has more prestige than house journals. Trade journal originates from a specific business (retailing or wholesaling) and has the advantage of giving information on technical details and development in a business or trade. It is a "two-way" information giving publication, in that it carries articles written by those equally engaged in such trade or business.
- (k) **Suggestion scheme or box:** This is designed to give employees and the public the opportunity to give suggestions and ideas on the efficient operation of the firm. A committee is setup to consider such ideas and select those found to be useful. When such ideas are put into use, the "authors" of such ideas are given cash rewards; the list of such prize winners is published as encouragement to others. The firm gains a lot from such a scheme while employees participate in management through creative ideas. Inventions and technical development could result from such employees' ideas.

Advantages of written communication

- (a) Written information may be kept for further study and serves as a point of reference.
- (b) Written information is usually given more careful thought by its "author".
- (c) It is not likely to be the subject of misquotations.
- (d) It can also be easily checked for accuracy.
- (e) Usually, written, printed or duplicated materials will reach a bigger audience and command wider coverage.

Disadvantage of Written Communication

- (a) It may be difficult to explain some difficulties or discuss issues with the readers.
- (b) It may also be difficult to update information without necessarily producing supplementary written materials.

- (c) Too many written materials may bore readers to the point of losing interest in further papers. In fact, some employees may not be interested in reading at all.
- (d) Some documented materials may become a source of constant reference.

7.4.4 Visual Means of Communication

Visual means of communication have become a strong modern form of information dissemination. The most important ones are as follows:

- (a) **Films and film strips:** These are used by companies for various purposes such as education, training, recruitment drives, research, work study, welfare and documentation for retrieval purposes.
- (b) **Microfilm:** This is to reduce large documents to very minute sizes for the purpose of storage and retrieval. It has the advantage of making for economy of space in keeping large documents. Such films are shown on screen to viewers or readers while the original document might have been discarded. But it has the disadvantage of using very expensive equipment known as microphotography and film projectors, both of which may not be within the financial reach of small firms. However, a group of firms may jointly share the same equipment.
- (c) **Photography:** In addition to the use of microphotography mentioned above, ordinary photographs of activities, of products, plant and machinery of a firm are taken for the purpose of advertisement. In addition, slow motion photograph is employed for locating mechanical faults, etc.
- (d) **Notice boards:** These usually give prominence to company announcements and union matters.
- (e) **Posters:** These are used within and outside the company and have great power of registering information instantly. Sometimes, there may not be better alternatives to the notice board but they have the disadvantage of polluting the walls of the company. In some public places, it is forbidden to paste posters on the walls which may carry a warning like "Post no bill!"
- (f) **Signals:** These are coloured plastic signals attached to files or folders to point out instant information such as overdue credit accounts and overdue insurance policies. Signals also convey messages on mechanical or electrical faults on plant, machinery and vehicles.
- (g) **Wall charts and statistical graphs:** Both are instructive in giving statistical information on sales, production, number of employees or vacancies, the ratio of total capital to total of staff salary and remuneration. Wall charts can be operated manually, mechanically or electrically.
- (h) **Visits:** Excursions can be arranged for educational purposes; new trainees employed can make visits to the firm's factory and offices to learn about operations in the premises. Firms can make arrangements for visits by the firm's customers and shareholders and students of educational institutions for the purposes of advertisement and projecting the good image of the firm. Government functionaries like

commissioners, ministers and governors do make familiarization visits to firms within and outside the country for on-the-spot information and education.

Summary

Communication is a weapon of information in an organization for enhanced prestige, improved public relations and business prospects. Communication can be oral, written and visual.

	<i>Oral</i>	<i>Written</i>	<i>Visual</i>
Type of communication	Speeches and addresses meetings and conferences Joint consultation, Interviews, telephones, Radio, intercom Training courses, Manuals	Memos and minutes Reports, Bulletins Posters, signals, wall charts and graphs, trade journals, suggestion schemes	Films, Microfilm, Closed-circuit TV TV Posters
Advantages	Good for question and answer sessions Its success can be assessed very easily	Good for reference, requires more thought	Immediate and potent
Disadvantages	Not suitable for permanent record; subject to misquotation	Difficult to explain obscure points, Difficult to update	May be expensive in time and money

Table 7.1: A communication table

Revision Questions

Essay Questions

1. (a) What is communication in an organization?
 (b) Would you say communication systems are only meant for large organizations?
2. State the advantages and disadvantages of oral or verbal communication in an organization
3. Write short notes on the following as media of communication:
 - (i) Joint consultation
 - (ii) Suggestion schemes
4. (a) Give four examples each of oral, written and visual forms of communication.
 (b) Write TWO advantages and TWO disadvantages of the use of meetings and correspondences as a form of communication.

Objective Questions

You are to use the following statements to answer questions 1-4 below

- A. The art of giving or conveying information within an industry or department is known as internal communication.
 - B. The information given to an outsider is referred to as inter communication.
 - C. Others define communication as "nervous centre" of the industry.
 - D. The information that goes round the industry which no one can identify its source and yet is being believed by many is known as
1. What is an "inter" communication in an industry?
A B C D
 2. How do you explain "intra" communication in an industry?
A B C D
 3. What is a grapevine information?
A B C D
 4. What is known as "Cybernetics" in industry?
A B C D
 5. Internal communication has the following advantage
 - A. adds to cost of management
 - B. reduces friction between employers and employees
 - C. stimulates employees' interest in the organization
 - D. minimizes staff complaints
 6. External or Internal communication has the following advantages
 - A. increases costs of administration
 - B. improves public relations
 - C. enhances company's prestige
 - D. boosts business prospects
 7. Which one of these is NOT an example of electronic mass media communication
 - A. radio
 - B. television
 - C. managing director's talk
 - D. telephone
 8. Only one of these is NOT an example of a written communication
 - A. circulars
 - B. an address given by the training manager at an induction course
 - C. company journals
 - D. magazines
 9. Written communication has the following advantage
 - A. serves as a reference document
 - B. it is given more thought
 - C. not likely to be misquoted
 - D. some points may be difficult to express in writing

10. One disadvantage of the use of films
 - A. showing of immoral scenes
 - B. large documents reduced to smaller sizes for record keeping, i.e. as microfilms
 - C. useful for educational purposes
 - D. used for research purposes

Project

Consult members of your family who are in one employment or the other and ask them to list out for you the forms of communication used in their organizations.