Cambridge (CIE) IGCSE Business

2.4 Internal & External Communication

Contents

Types of Communication Methods

The Importance of Effective Communication

- **Communication** is the successful transfer of messages between sender(s) and receiver(s)

- **Internal communication** is the exchange of message(s) between two or more members of the same organisation

  - E.g. Telephone call between a sales manager and a finance team member

- **External communication** is the exchange of message(s) between an organisation and external entities such as customers, suppliers or investors

  - E.g. Sending an online order form to a supplier

- **One-way communication** transmits a message which does not require any feedback

  - E.g. Sign in a supermarket stating 'wet floor' to customers and staff

- **Two-way communication** occurs when the receiver gives a response to the message received

  - E.g. Email between two members staff discussing the success of a new promotional campaign

- **Formal communication** is channeled **through the businesses organisational structure** and is likely to be recorded in some way

  - E.g Minutes of an **appraisal meeting**

- **Informal communication** is any communication that takes place **outside of the official channels** and is unlikely to be formally recorded

  - E.g. a short lunchtime conversation about workload with a colleague

Diagram: the process of communication
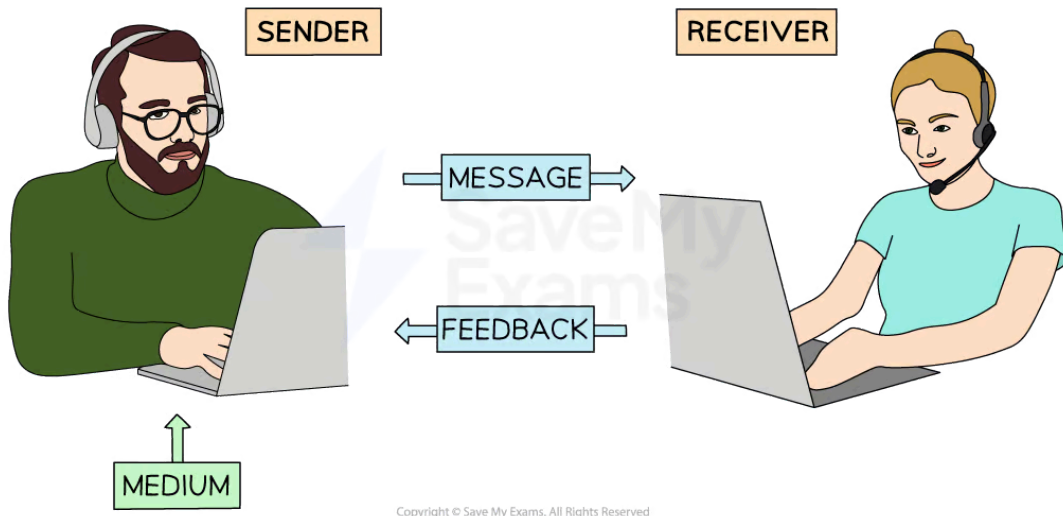
A sender passes the information to the receiver using a medium of communication such as email

- Effective communication ensures that clear messages are sent, received, understood and acted upon in the way intended

- **Effective communication should be**

  - Clear and unambiguous

  - Appropriate to the context and to the sender

  - Sent to the correct receiver in an accessible format

  - Timely and contain only the required amount of detail

The benefits of effective communication

- Helps managers and employees to **minimise mistakes**

- Supports everyone involved in a business to **understand their role** and know **what is expected** of them

- Ensures that the businesses **values and objectives are clear**

- Provides customers with the **information** they need to **understand goods and services**

- Minimises business costs

- Helps businesses to effectively exploit new opportunities

- **Managers** should make sure that communication is **organised** and **controlled** to ensure that a suitable level of communication exists **between key stakeholders**

- A 2021 survey of US workers found that more than one-third reported email overload that might lead them to resign from their jobs
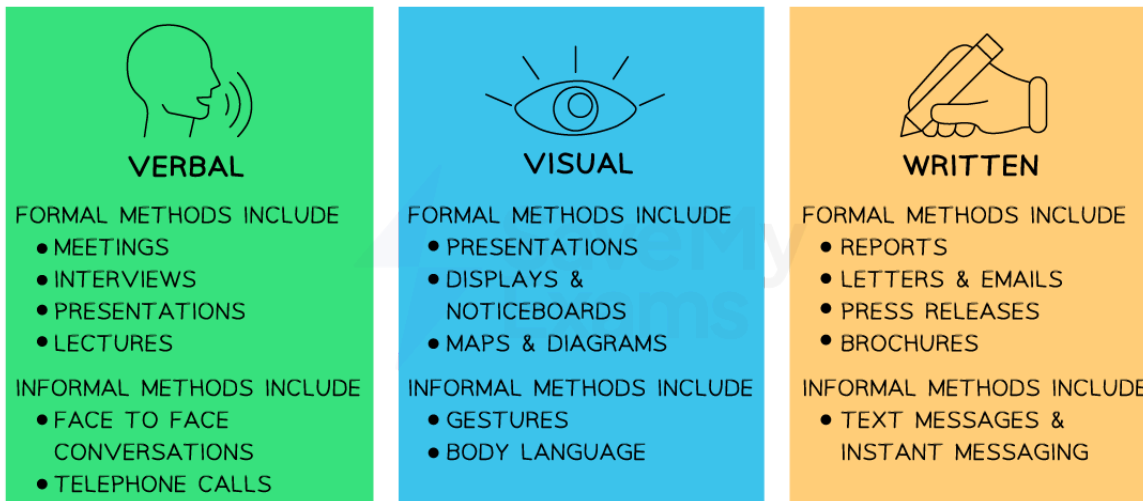
Methods of Communication

- Businesses have a **range of ways** in which internal and external communication can take place

- In some circumstances, **the choice of communication methods may be more limited**

  - For example the need for a written legal contract of employment for a new employee or a notice of termination of employment

Diagram: the main communication methods

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The main forms of communication used by businesses

- The effectiveness of each method **depends on the business context**, the nature of the communication and the **personal preferences** of both the sender and receiver of information

Evaluating Communication Methods

Method	Strengths	Weaknesses
Verbal	• **Video and phone calls** allow people in different locations to connect • **Face to face** verbal communication includes facial expressions, body	• May not always be possible due to **geographical** distances or **time constraints** • Requires **listening skills**

	- language and tone of voice which can enhance understanding - Allows for **real-time** communication and the quick exchange of information and resolution of queries/disputes	- Unreliable internet connections or **audio/video problems** can hinder effective verbal communication

Visual	- **Videos, charts, photographs and visual displays** can simplify complex communications
	    - E.g. A manager showing sales figures using a pie chart in a meeting
		- **Feedback may be limited** so follow-up may be required to check understanding
		    - E.g. a training video on fire safety in the workplace may be followed by an assessment task to check employees understand risks
		- **Some diagrams/chart**s may need a verbal or written explanation to support them

Written	- Written communication provide a **record** that can be referred back to in the future - Instant messaging (WhatsApp, Slack) enables **fast and real-time communication** making it ideal for brief exchanges or urgent matters	- Without facial expressions and tone of voice, written messages can be **misinterpreted** or lack context - Requires **literacy** and/or **technical skills**

Recommending a Method of Communication

- Businesses are likely to develop their communication methods and style over time

    - **Smaller business** may only be able to afford to communicate with customers through posters, leaflets and social media

    - **Larger businesses** are likely to have greater budgets which allow for the use of television and billboard promotional campaigns

Factors Which Impact the Communication Method Used

Factor	Explanation	Example

Your notes

Cost	How important is it **keep costs down**? Is communication **vital regardless of cost**?	Customers need to be informed about a serious safety problem with a children's toy - An **announcement in national newspapers** would reach many affected people quickly - An **announcement via social media channels** would be low-cost
Speed	Does the message need to **transmitted quickly?**	A manager from a foreign division of a company must be told about a cancelled sales meeting before he catches his flight from the US to China - A **telephone call** would be quick and direct - An **internal email** may not read in time
Receiver	**How many/what type of person** needs to receive the message?	All 300 staff in a factory need to be told about a change in working hours - An **internal email** would be an effective way to inform all staff - An **announcement on a staff noticeboard** may be missed/ignored by some workers
Leadership Style	**Democratic leaders** are likely to encourage two-way communication whilst **autocratic leaders** would prefer one-way communication	A business is making arrangements for a staff social event - A democratic leader may hold a **meeting** with the workplace social committee - An autocratic leader may **send written invitations** to staff
Message details	Is the message **technical** or **detailed**?	A manager needs the sales team to review the monthly revenue figures

Your notes

	▪ Does it contain **images** or **data**?	before the next meeting ▪ Sending the sales report via **email** or placing it in a **shared online folder** allows colleagues to access/interact with the report before the meeting

Need for a written record/formality	▪ Is a **record of the communication needed** for future reference?
	
	▪ Is the communication related to a **formal matter?**
		▪ A customer wishes to place an order
		
		   ▪ An **order form** is a permanent written record that can be placed on file and provide a financial record
		
		   ▪ A **telephone call** may not record all important details about the order

Feedback	▪ Does the receiver **need immediate feedback?**	▪ Two colleagues are concerned a customer has not paid for the goods they have and are leaving the store
		
		   ▪ A quick **verbal discussion** can establish situational facts quickly so that appropriate action can be taken
		
		   ▪ A **text message** may not be received in time

Examiner Tips and Tricks

Communication methods in the workplace have changed rapidly due to advancements in technology. For example many organisations use social media to communicate. The speed of feedback from customers using these platforms can be both a positive and negative factor. Any errors are quickly posted across the internet, which can harm the business brand
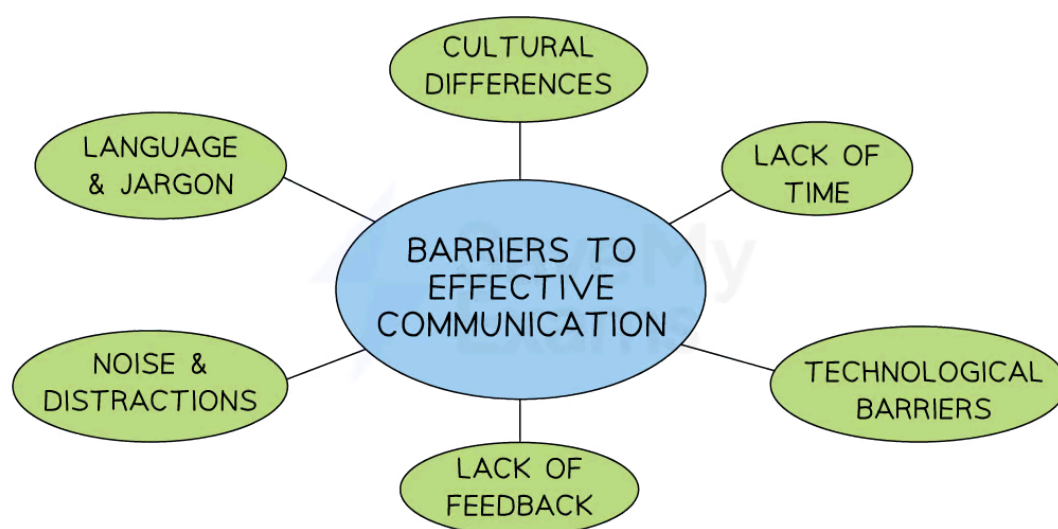
Communication Barriers

Barriers to Effective Communication

- Barriers to communication **hinder the flow of information** leading to potential misunderstandings, conflicts and inefficiency

Diagram: the barriers to communication

Barriers to Communication and How to Overcome Them

Barrier	Explanation	Reducing or Removing the Barrier
Language and jargon	- The use of **technical terminology** or **industry-specific jargon can be misunderstood** - Industry- or business-specific **acronyms** can confuse new staff - Staff in businesses that operate across international borders may **speak different languages**	- Use of jargon or terms which are too technical should be minimised - An **agreed language** for key communications is implemented

Your notes

Noise and distractions	▪ **Loud machinery** or a **crowded workspace** can interfere with effective communication ▪ **Distractions** including phone notifications and email alerts which can divert attention	▪ Choose **communication methods** that are **relevant to the workplace** ▪ Set up a room on the factory floor in which conversations is possible ▪ **Limit distractions** such as pop up messages and unnecessary emails
Lack of feedback	▪ The **absence of feedback** can affect understanding and lead to **misunderstandings** ▪ Messages may require **urgent clarification or correction** to avoid mistakes being made	▪ Where appropriate **select methods that allow for feedback** ▪ Encourage an **open culture** where employees are confident to ask questions
Cultural differences	▪ Cultural **norms** and **expectations** can affect communication style	▪ Build **a culture of teamwork and respect** amongst employees ▪ Include **cultural awareness** in training and development programmes
Lack of time	▪ **Busy work schedules** and **competing priorities** can limit the time available for communication	▪ **Schedule meetings** in shared calendars ▪ **Amend workloads** to ensure effective communication can take place
Technological barriers	▪ **Technical issues** such as poor internet connections, malfunctioning equipment or unfamiliarity with platforms can slow communication	▪ **Invest in good quality ICT systems** and conduct regular updates and maintenance to avoid slow or poor quality connections