

BELSŐ VÁLLALATI KOMMUNIKÁCIÓ: GYAKORLAT, HATÉKONYSÁG, PROBLÉMÁK ÉS MEGOLDÁSOK

INTERNAL CORPORATE COMMUNICATION: PRACTICE, EFFECTIVENESS, PROBLEMS AND SOLUTIONS¹

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Az 1990-es évek óta az üzleti vezetők egyre növekvő jelentőséget tulajdonítanak a vállalati kommunikációnak, amely értékteremtő tevékenység: erősíti a vállalatok puha tőkéjét és növeli a profittermelő funkciókat. Mindezek mellett a belső vállalati kommunikáció áthatja a vállalat életének minden területét azáltal, hogy hozzájárul a munkavállalói lojalitás kialakulásához, csökkenti a fluktuációt, és javítja a termelés minőségét. A tanulmány célja az, hogy egy kérdőíves kutatás alapján, amelyben 14 magyar ipari és szolgáltató cég alkalmazottai vettek részt, bemutassa a belső vállalati kommunikációt befolyásoló tényezőket és problémákat, valamint feltérképezze gyakorlatát és hatékonyságát. Az eredmények tanúsága szerint a munkavállalók egyre növekvő igénye a vezetéssel történő közvetlen és szűrő mechanizmusok nélküli kommunikáció, valamint a hatékonyabban tervezett, megfelelő információáramlás, amelynek során a vállalati kommunikáció hagyományos formáit a modern technika eszközei váltják fel.

Kulcsszavak: belső vállalati kommunikáció, puha értékek, egy- és kétirányú kommunikáció, a kommunikációmenedzsment hiányosságai, vállalati szubkultúra és hatalmi rendszerek.

Since the 1990s, business leaders have increasingly recognised the significance of corporate communication, which is a value-generating activity strengthening the soft capital of companies and increasing profit-making functions. Besides these, internal corporate communication has an impact on all aspects of company life increasing employee loyalty, decreasing fluctuation and boosting production quality. The aim of the study is to introduce the influential factors and problems of internal corporate communication, and map out its practice and effectiveness based on the results of a questionnaire study conducted in 14 Hungarian industrial and service companies. The results indicate the employees' increasing demand for unfiltered, direct communication with the management and a more carefully planned, adequate information flow using the inventions of modern technology instead of traditional forms of corporate communication.

Keywords: internal corporate communication, soft values, uni- and bidirectional communication, the shortcomings of communication management, company subcultures and power systems.

¹ „A bemutatott kutatómunka a TÁMOP-4.2.1.B-10/2/KONV-2010-0001 jelű projekt részeként az Európai Unió támogatásával, az Európai Szociális Alap társfinanszírozásával valósul meg” “This research was carried out as part of the TAMOP-4.2.1.B-10/2/KONV-2010-0001 project with support by the European Union, co-financed by the European Social Fund.”

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INTRODUCTION

Since the 1990s, the significance of corporate communication has escalated remarkably. Business leaders have recognised that effective communication is a value-generating activity, which strengthens the soft capital of companies and increases profit-making functions. While in external corporate communication, the obvious aim of value-oriented communication management (BORGULYA 2008) is to win new markets and increase investor and consumer loyalty, in internal corporate communication, it has an impact on all aspects of company life (NAGYPÁL 2009): decreases fluctuation and absence, and boosts employee satisfaction as well as production quality. The effectiveness of internal communication is influenced by numerous factors including the direction, style and content of communication; the composite of these features constitutes a key aspect of corporate culture, which greatly determines employee attitudes. The aim of the study is to examine the practice and effectiveness of internal corporate communication based on the perspective of employees of fourteen companies. I shall map out the main aims, forms and assumed effectiveness of corporate communication, and highlight the typical problems that employees encounter in their working life.

1. INTERNAL CORPORATE COMMUNICATION

1.1. Definitions

The last two decades have brought a paradigm shift, a more complex perspective in the conceptualisation of corporate communication. Value-oriented communication comprising all communication tasks at a company is now viewed as an integral part of the management system, and not as the profile of a single department (BORGULYA 2010). At the same time, the benefits of effective communication with employees have increasingly been recognised and become an expectation towards managers.

The key function of internal corporate communication is conveying information to employees, which includes internal PR activities as well as motivational and management techniques (SÁNDOR 1997). According to BORGULYA (2009a: 86), regular internal communication fosters the realisation of corporate strategy, coordinates decision making and implementation processes, increases the motivation and loyalty of employees, and facilitates community building, the creation of corporate culture and knowledge sharing within the company. Internal communication can only fulfil this potential if it is in harmony with legal regulations, the socio-cultural and technological environment, the profile, size, ownership, organisational structure of the company, and if it is fine-tuned to the requirements of the various target groups.

1.2. Types of internal corporate communication

Internal corporate communication can be formal or informal. The direction, potential tools and channels of formal communication are determined by the company management, and they can be uni- or bidirectional. Unidirectional communication typically characterises big, hierarchically organised companies, where the sender receives no or only delayed feedback about the sent message. DOBÁK (1999) distinguishes top-down and bottom-up processes in unidirectional communication. Top-down communication involves for instance, information from the management to employees regarding corporate strategy, operational instructions, expectations, regulations or feedback about performance in the form of printed letters, circulars, and printed or online corporate newsletters. In bottom-up communication

employees inform the management about their problems, suggestions for development, or send their progress reports. Unidirectional communication is always less effective than bidirectional as with no or delayed feedback, the sender does not always know if the message has been received or interpreted properly by the receiver (DAJNOKI 2003). Also, especially in big, hierarchically organised companies, where information flow proceeds through several recipients, it tends to be slow and the content of the message might significantly be distorted by the time it reaches employees at the bottom of the hierarchy (BORGULYA 2009b).

In contrast, bidirectional communication enables sender and receiver to swap roles continuously, and immediate feedback can be provided, which allows participants to change the aim and direction of communication during a job interview, meeting or email exchange. Such procedures are more effective in decisionmaking processes or when informing the employees about changes in corporate life, and are more typical in small or medium-sized businesses. Today, companies are also expected to guarantee the freedom of speech and that criticism should not involve retortion (SOMOGYVÁRI 2009), which is often formulated as a key principle in companies' ethical codices. It does make a difference, though, what is, in effect, meant by guaranteeing the freedom of speech: merely listening to employees' opinions and suggestions, or initiating real dialogues resulting in potential changes. Active interaction with and providing regular, up-to-date information to employees increases their motivation, loyalty and sense of responsibility, improves the relationship between management and workforce, and increases the trust towards the management. Recent research suggests that Hungarian company leaders largely ignore these considerations. BORGULYA and HÁHN (2008) claim that Hungarian managers still share little or filtered information with employees, convincing those at lower levels of the hierarchy that only the management has the full picture, and thus they are entitled to make decisions on their own. Filtering information becomes the means of strengthening power positions, which renders bidirectional corporate communication undesirable. As a consequence, Hungarian employees do not tend to protest openly against unacceptable decisions, but simply disregard them. Obviously, this practice does not increase the effectiveness of cooperation between management and workforce.

The channels of informal communication evolve spontaneously on the basis of friendships and shared interests between colleagues. These forms of communication, e.g. collegial conversations, gossiping or corridor news are fast and effective, but not fully reliable. KELLY and GRIMES (1993) warn that informal communication largely conveys information not directly connected to employees' work, and might have a negative impact on corporate culture, as well. However, information exchange is not the only aim of informal communication; it also shapes and influences the community, helps to preserve or change the individual's group status, and keeps the channels of in-group communication open. Some companies pay specific attention to monitoring informal communication to assess, for instance, employees' reactions to corporate decisions. Others create special opportunities for informal communication among colleagues in the form of team building trainings or excursions to facilitate information exchange and community building.

1.3. Factors lowering the effectiveness of internal communication

There are numerous problems hindering internal corporate communication. BORGULYA (2010) distinguishes two problem groups: the shortcomings of communication management and socio-psychological issues. The first group includes information loss and distortion if information flow proceeds through many channels, the absence of specific, written task descriptions, and the decrease in direct, personal communication. DAJNOKI (2003) confirms

that most communication problems are rooted in the lack, redundancy or loss of information, and the unclear definition of authority. Rigid communication channels and lacking the appropriate technical basis are the same way detrimental as the lack of effort to avoid or minimise harmful informal communication by providing appropriate information and establishing channels of bidirectional communication. Additional difficulties might arise from failure to coordinate communication, adapt communication to the changes of the company's growth, coordinate companies operating on multiple locations, and manage crisis and change communication (BORGULYA 2010).

Socio-psychological problems result from the power systems and subcultures within companies, huge status differences and related power preservation, lack of trust and preconceptions towards the partner or the content of communication, incorrectly judging the need for information, and the lack of personal communication (BORGULYA 2009, DAJNOKI 2003). Based on recent Hungarian research, BORGULYA (2010) adds inappropriate conflict communication, the low level of criticism tolerance, envy, the lack of openness, and linguistic and socio-cultural problems deriving from cultural differences.

2. THE STUDY

2.1. Aims

The aim of the study is to map out the internal communication of 14 Hungarian companies based on the opinions of their employees on the following issues:

- the forms of oral/written forms of communication
- the effectiveness of these forms of communication
- the aims of communication
- the sources of information
- the problems of communication.

2.2. Participants and data

14 Hungarian companies participated in the research on a voluntary basis, thus there was no selection concerning the participants' professional profile, size and geographical position. The participants include Azértis POZI+ÍV Ltd., BorsodImexLtd., Robert Bosch Power Tools Pc., and Robert Bosch Energy and Body Systems Pc., D & D Ltd., ÉMÁSZ, General Electric, KITE Ltd., Miskolc Holding Pc., Miskolc Transportation CompanyPd., Morgan Stanley Hungary, Oxford University Press Hungary, PikopackPc., Tetraterv Ltd., and ZemplénWaste Management Public Service Ltd. Seven companies provide services, three are involved in trading, and there are four manufacturing companies.

The Evasys online questionnaire examining companies' internal communication was completed by 34 company employees also on a voluntarily basis. The questionnaire is available at <http://evasys.uni-miskolc.hu/evasys/indexstud.php?pswd=belsovallkom>. 26% of the respondents are senior managers, 21% are members of middle or lower management systems, 50% are lower level employees, and 3% are other, so the different levels of hierarchy are well-represented in this small sample, as well. 65% of the employees have been working at the company for 5 years or less, 21% for 5–10 years and 14% for more than 10 years.

As the Evasys system does not provide access to individual questionnaires, the answers will be reported in the form of summative statistics.

2.3. Forms and effectiveness of internal corporate communication

The dominance of oral or written forms of communication seems to depend on the differences between companies in terms of size and organisational structure. 35% of the respondents said that the oral forms of communication are preferred at their workplaces, while according to 30%, written communication dominates, and the remaining 35% claimed that both types are equally important. Smaller companies tend to rely more on oral communication while the written forms or the equal representation of both types are more likely to characterise bigger organisations or ones operating at multiple locations.

The frequency and effectiveness of different types of communication were evaluated by the participants on a Likert-scale. The following frequency measures were available: 1 = never occurs, 2 = rarely occurs, 3 = often occurs, 4 = occurs every day. On the effectiveness scale 1 = not at all effective, 2 = slightly effective, 3 = effective, 4 = very effective. *Figure 1* shows the composite averages of frequency and effectiveness.

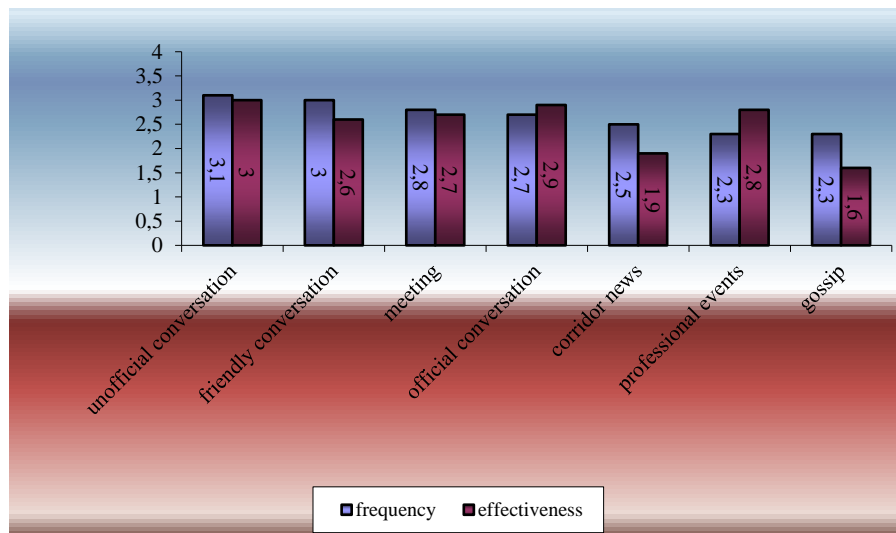


Figure 1
Frequency and effectiveness of oral communication

The frequency (mean = 2.7, deviation = 2.3–3.1) and effectiveness (mean = 2.5, deviation = 1.6–3) data suggest that oral communication does not occur on a daily basis, and its effectiveness is also rather varied. Two informal types are in a leading position, unofficial and friendly conversations, followed by two official forms, meetings and official conversations. Professional events and gossip share the last place, with gossip having the largest deviation (1.1), which is due to the differences of corporate cultures.

Effectiveness data show that the most frequent forms of communication are not necessarily judged to be the most effective, as well. Although unofficial conversation is considered the most frequent and effective at the same time, employees prefer the official form of communication to unofficial forms when it comes to effectiveness. This finding rings together with previous research results (BORGULYA 2010) indicating that employees would require more intensive official communication with the management. In line with this, the effectiveness of oral communication could be improved by increasing formal communication

opportunities (e.g. professional events, official conversations), and limiting filters hindering accessibility (e.g. asking for an appointment in writing when initiating a discussion with the management).

The written forms of communication demonstrate significantly greater deviation both in the area of frequency and effectiveness than the oral forms, as illustrated by *Figure 2*.

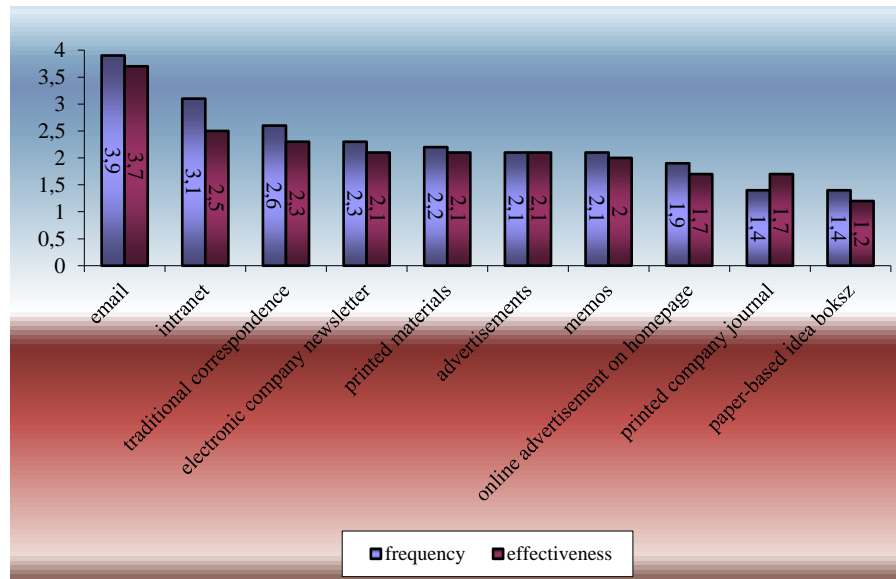


Figure 2
Frequency and effectiveness of written communication

The summative average of frequency values is 2.3, but deviation ranges between 1.4–3.9; the summative average of effectiveness is 2.1 with deviation ranging between 1.2–3.7. Although both figures are lower than those of oral communication, this does not mean that written communication is less important – indeed, email, the communication form deemed to be the most frequent (3.9) and effective (3.7) can also be found in this category.

The reason for very high deviation in this case is the spread of online communication, and within that the dominance of interactive forms over printed/written communication forms. Email and intranet are considered to be more frequent and effective than any form of oral communication, and the small deviation (0.6) in both measures indicates a shared majority opinion. The electronic company newsletter, representing unidirectional communication, is only in the fourth place both in terms of frequency (2.3) and effectiveness (2.1), but high deviation (1.2 and 1.1) indicates that these variables show remarkable fluctuation across companies.

The territorial loss of traditional, printed forms of written communication is also clearly illustrated by *Figure 2*: the most frequent form, traditional correspondence follows the first two online forms in the third place, and according to the respondents, its effectiveness is also in the middle range (2.3). It obviously cannot compete with the interactivity, fast speed and topicality offered by email. Both the frequency and effectiveness of other printed forms such as regulations, memos, advertisements, company newsletter or paper-based idea and

complaint box are below 2.2, which suggests that they are being slowly replaced by online forms of communication.

The finding that the forms of communication judged to be the most frequent and effective are 1) email, 2) unofficial conversation, 3) intranet and 4) friendly conversation indicates that both oral and written communication play an important role in corporate life. At the same time, the acceleration of communication is reflected by the overwhelming preference of more informal and interactive forms of communication facilitating immediate access and exchange of information.

2.4. Aims and their realisation

The responses confirm that internal communication fulfils many functions. As *Figure 3* shows, the key aim according to 91% is information transfer, followed by the effective operation of organisational processes (71%) and allocating tasks (56%). Less than a third of the respondents believe that the preparation of decisions (30%) and brainstorming (29%) characterising democratic organisations belong to the aims of internal communication, and the negotiation of interests (15%) is also quite underrepresented.

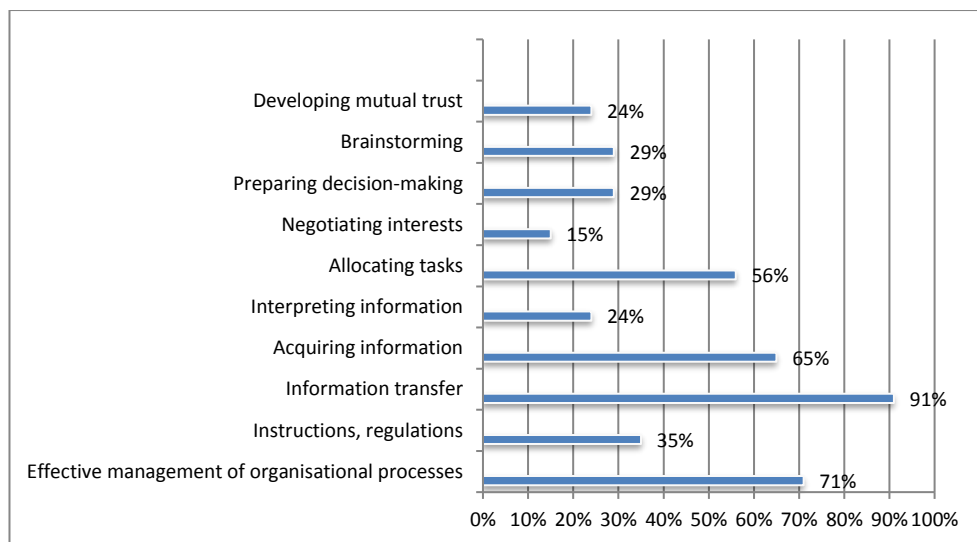


Figure 3
Main functions of internal communication

Whether internal communication is open and bidirectional is also reflected by the sources from which employees acquire information about issues concerning the company's operations, and the channels through which they can request information from the management. *Figure 4* demonstrates that 80% of the respondents claimed that they receive first-hand information related to company life through the official channels of internal communication, and 68% attributed great significance to friendly/collegial relationships in acquiring information. Other professional contacts (38%), laws, regulations (27%) and the media (24%) play a much less significant role. These figures imply that at the examined companies both the official and informal channels of information transfer function effectively.

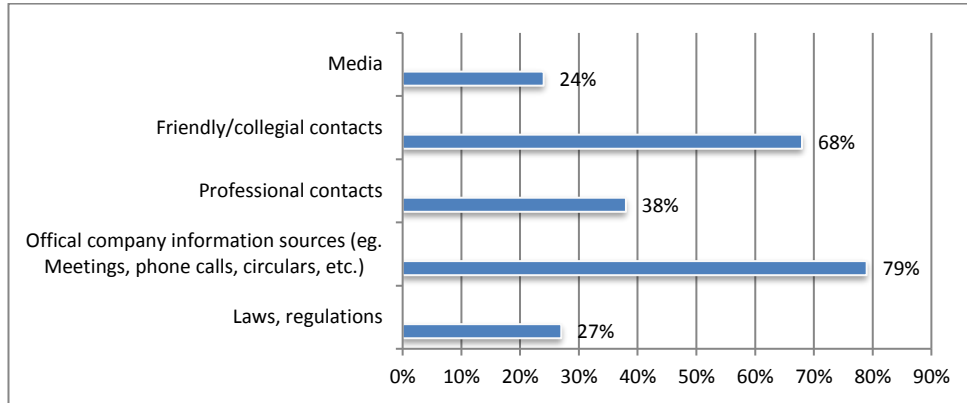


Figure 4
Sources of information

Naturally, questions arise sometimes to which neither official or unofficial channels provide appropriate answers, and thus the management might be the most reliable source of information. Figure 5 shows to what extent managers are accessible in such situations.

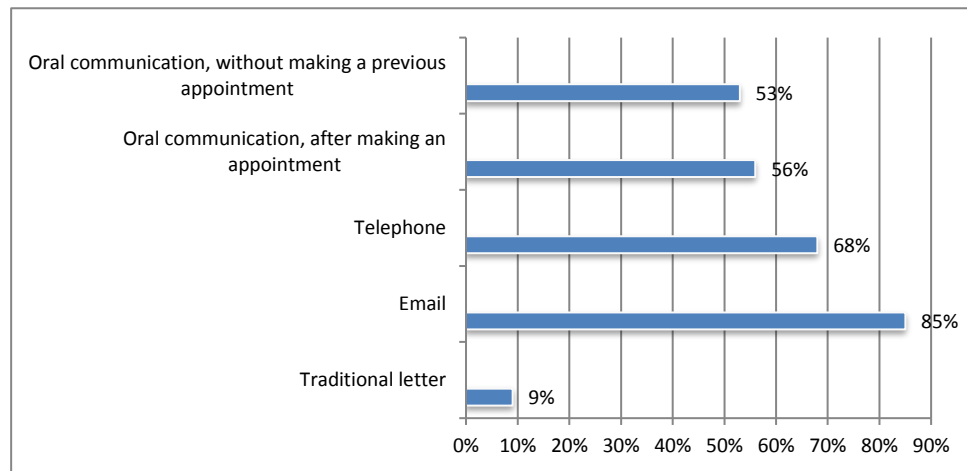


Figure 5
Channels of requesting information from the management

Managers seem to be open to communication with employees, and are ready to interact through various channels. The respondents claimed that they can request information from the management orally without making an appointment (53%), or through phone any time (68%). The most dominant channel of requesting information is email: for 85% this is the only way of asking for information. It is interesting to observe here that traditional letters are hardly ever used for this purpose, which confirms earlier frequency and effectiveness data. Overall the responses reflect that in most companies the management is sensitive to the communicational needs of employees and is accessible without introducing filters hampering direct communication.

2.5. Problems arising in internal corporate communication

It is interesting to compare this positive picture with the problems sensed by the respondents, which are illustrated by *Figure 6*. The two key issues – in line with previous research results (BORGULYA 2009b, DAJNOKI 2003) – are the lack of information (79%) and time (65%), closely followed by different interpretations (47%). According to a respondent, the reason for all this is that “information proceeds through too many recipients and thus gets distorted due to the unpredictability of information channels³”. Comparing these figures with the main functions attributed to internal communication, i.e., transferring/acquiring information, and managing organisational processes, leads to the conclusion that despite their key role, the processes of information flow are not effective enough as for the majority of respondents, information and/or the available time to interpret it is insufficient. Interpreting information is also rather underrepresented among the functions of internal communication (24%), which might result in misinterpretation. 58% of the suggestions for improving internal communication concerned increasing the clarity of information, the speed and frequency of information transfer, as well as the accessibility of information, so that “information should reach everyone, not the just the people in the central headquarters but also the colleagues working in regional offices”. It is remarkable that according to the respondents, preconceptions (24%) and the lack of trust (21%) also decrease the effectiveness of internal communication, to be followed by the lack of foreign language skills and disregarding the recipients’ communicational needs (18-18%), which 17% of the respondents would improve by making feedback more systematic and frequent.

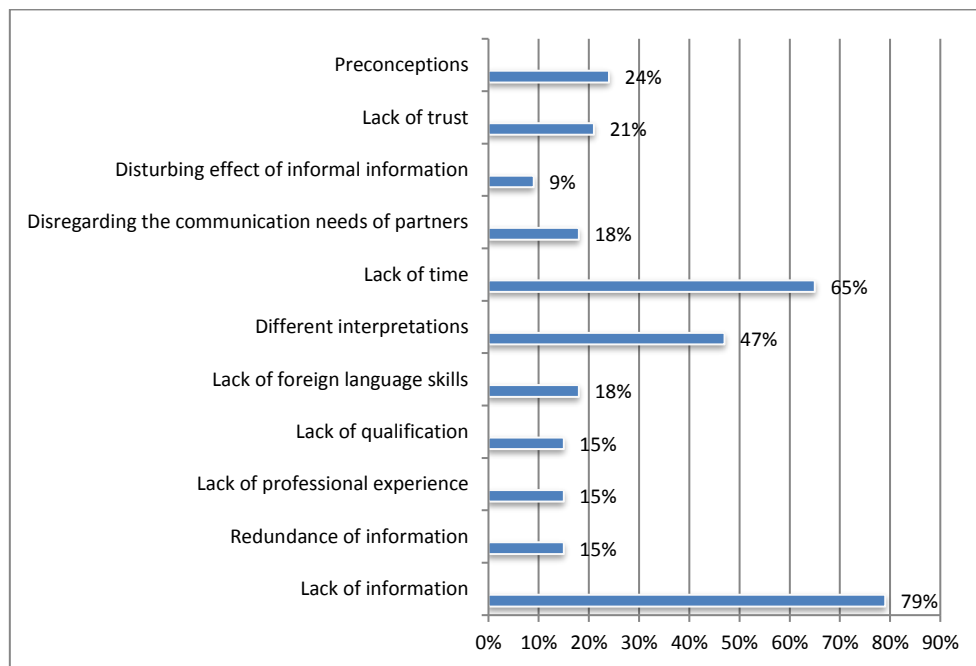


Figure 6
Problems in internal corporate communication

³ All quotes are the author’s translations as the language of the questionnaire was Hungarian.

Redundance of information (15%) features among the least problematic factors together with the lack of professional experience and qualification. This confirms Dajnoki's (2003) findings that redundance of information might actually be useful in increasing accessibility. At the same time, 17% of the respondents pointed out that reducing information overflow could help avoid wasting valuable time, and that redirecting emails into a workflow or share point system could curtail e-mail flow, which would make communication more transparent.

CONCLUSION

Internal corporate communication is a management activity serving multiple functions and demanding principled planning and organisation, which, beyond its basic information transfer tasks, shapes company morale, and influences the employees' mood, relationships, and quality of work, as well as the status and acceptance of the management. However, the precondition for maintaining effective communication is for companies to adapt their messages to the changes of the technical and socio-cultural environment, and company profile/size. As a respondent remarked, the greatest hindrance of development is "favouring traditional, sector- or process-specific operational methods instead of up-to-date, non-sector-specific quality management processes". The investigation clearly demonstrates that traditional written forms of communication are being replaced by interactive, informal online genres on the one hand, and unofficial oral forms of communication, on the other hand. While these forms of communication allow for immediate and unfiltered information exchange, the resulting redundance of (often unreliable or contradictory) information causes problems, thus employees continue to require more intensive, official oral interaction as well as straightforward written information. It is responding to such employee needs and the changing conditions of the company that results in value-oriented communication management.

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