



The Significance of Internal Communication in the Management of Successful Change

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Abstract: In the field of management perhaps the two most used terms are “strategy” and “communication”. Leadership organizational theories do not forget to refer to organizational communication as a field of emphasized importance. Developing and operating an appropriate internal and external communication is company’s’ interest, as several studies have shown the correlation between effective internal communication and corporate performance. This paper shows how company culture and internal communication practice can influence the effective R + D considering process innovation.

Keywords: internal communication, company culture, process innovation

1 Introduction

Theoretical approach of internal communication is possible from the direction of a number of disciplines. (Figure 1) The tasks of the human resource management cannot be realized in the absence of consciously and purposefully designed communication. To meet the employees’ information needs, the proactive approach may be one of the keys to the implementation of HR strategy. Employees must know what they can expect; the HR programs answer the questions, if an appropriate communication plan is linked to them.

The base of our marketing approach research can be the service-marketing literature that during the mapping of human factor introduced a new concept with creating internal marketing. Kotler-Keller (2006) defined the importance of **internal marketing** in a three-way relationship-system, in which there is a continuous interaction between the company and its employees and customers, and between the employees and the

company and the customers. There is no question, that communication is the key element in the success of strong two-way relationships.

The investigation of internal communication, aspects of internal public relations is also a marketing-oriented, more precisely, marketing communication-oriented approach. Its significance lies in the fact, that it brings a market approach into the planning process of internal communication by incorporating external marketing communication methodologies such as defining numerical targets, defining target groups, selection of channels and measurement. Last but not least, public relations play a very important role in building a bridge between inner and outer relations, in the external communication of inner results, including the formation of employer brand.

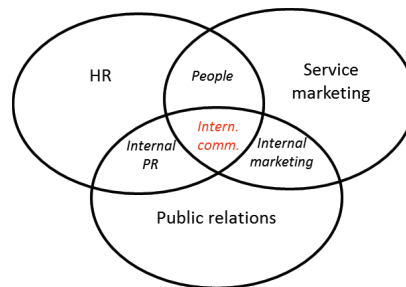


Figure 1
Examined related areas of science of internal communication
Source: edited by the author

2 Integrated organizational communication

One of the obstacles of organizational success can be information deficit, that is, the insufficient horizontal and vertical spread of information. Integrated organizational communication is a planned, conscious process that delivers information to the affected ones in accordance with the strategic objectives of the organization. Integrated communication is comprehensive, consistent and targeted information exchange that uses channels in the most efficient way. (Borgulya, 2003)

Strategic importance of internal communication has been recognized for the last thirty years. Some Anglo-Saxon authors narrow it down to eras that define the nature and role of internal communication in different ways such as: entertaining employees ('40s), providing one-way information ('50s), persuasion ('60s), open communication ('80s). The 21st century internal communication, however, maintains a continuous interest, stimulates, manages changes and ensures the employees' involvement and commitment towards the company. (Chalmers, 2008)

3 Functions, tasks

The basic principles of communication theory are fully prevail also in internal communication. The elements of traditional **communication model** (sender, message, coding, channel/medium, decoding, recipient, feedback and increasing noise) are interpretable, and what is more, are to be interpreted in this field in the process of tactical planning. An important component of organizational communication is, that it is not achieved in a vacuum but is realized in an external and internal framework, and the elements of organizational culture, management style, power and organizational interests relationships have a significant influence on it. (Bakacsi et al., 1996)

Smith and Mitchell (1976) defined the four main functions of communication: emotional, motivational, informational and control functions. The designated tasks appear also in several areas in the process of internal public relations.

(Table 1)

Internal public relations function	Task	Functions of communication
Organization management	Operation of the enterprise information system Horizontal communication <i>'Flatten the pyramid!'</i>	Informational, control functions
Efficiency enhancement	A more efficient operation by accessing employee involvement, motivation.	Informational, motivational, emotional, control
Image enhancement function	Good internal image resulting in a good mirror image	Informational, motivational, emotional
Human Resources function	Building the employer reputation of the enterprise	Informational, motivational, emotional

Table 1

The relationship of internal public relations and functions of communication

Source: edited by the author on the basis of Bakacsi et al (1996) Barát (2001) and Nyárádi-Szeles (2004)

According to Camplitt et al (1996) the most important tasks of communication are: the mediation of specific objectives, interest in certain topics (issue), increasing commitment towards the case, explanation of individual stories, building and keeping common memory, and strengthening identification commitment.

The use of certain tools, channels, communication resources depend on numerous factors, the nature of the message, the needs of the target group, even the personality of the leaders, and of course the overall business sentiment all influence the function of internal communication. Evident grouping of communication channels is the differentiation of formal and informal forms. Rather negative perception of informal communication earlier seems to roll over today in the literature and in practice too. Some authors interpret informal contact form as a network, the strength of which

depends on how much it holds the organization together (Borgulya, 2003). Informal communication besides its effectiveness also distorts, is accidental, and in this sense it may often be harmful.

The communication within enterprises can be written, nowadays typically electronic, or face-to-face, of which the latter is complex, interactive, yet time consuming and subjective. Still, these channels can be considered as 'richer' than written formats and their electronic counterparts, that are, however, important assets of central information (Németh, 2011).

The used transmission channels can vary widely by each enterprise and even in relation to a given situation. Black (1993) collected internal communication tools, channels, on the base of which the order below outlined, based on the respondents preferences: 'gossip', information from the direct superior, company publications, other media and finally immediate information. (Nyárádi-Szeles, 2004)

Raising internal communication to strategic levels also brought the need of a more conscious design. Clampitt and Berk (1996) compared the strategic tasks of organizational communication to an iceberg. The authors draw attention to the fact that the core of planning process can be found under the surface, while company practice focuses resources primarily on the visible, tactical areas.

4 Internal communication and change

External, turbulent environment poses a challenge of continuous changes for companies. There is an incalculable amount of changes inside companies, organizations. 'By organizational change we mean all transformations that occur in the essential characteristics of the organization.' (Bakacsi et al., 1996; p.166). The authors therefore define, inter alia, leadership replacement, the development of a new strategy, organizational functional transformations for targeting of new markets and customers' needs as a change.

Authors Ahmed, Rafiq (2002) outline change related tasks along the 4P known from the marketing literature and supplement with a fifth P, which refers to the employees' participation and engagement in the processes (*participation*). Accordingly, change appears as a product, that 'can be sold' through reducing detected costs by concerned of the organization (*price*) and emphasized communication (*promotion*) (Németh, 2011). The effectiveness of traditional 4P is obviously enhanced by involvement, positive environment and support from corporate culture.

Appropriate communication is an important element in the management of successful changes. According to some surveys the key to success in carrying out changes is 2/3 parts communication task and problem and 1/3 part is developing future vision (Noszkay, 2009).

We can find recommendations in literature also for the content of communication. Model ELÉR by Okley-Krug (1997) proposes to focus resources for the future, which assumes solution-oriented approach instead of being problem-orientated in communication. Such organizations are characterized by open atmosphere, stimulation to explore creative solutions. (Nyárádi-Szeles, 2004). Solution-oriented communication emphasizes aims and benefits from realized changes.

Changes generally lead to conflicts, important sources of which are lack of information and controversial nature of information partly due to unpreparedness of leadership. Detailed, accurate information provided for the involved in changes has now become a measure of best employers. According to the aggregated data of Best Employers survey 2005-2009 by Aon Hewitt, i.e. responses of 551 HR managers, only in 53% of companies take place changes with detailed prior information of the directly involved (Németh, 2011).

4.1 Change, innovation

According to Drucker (2003) 'innovation is an effort to purposeful focused change the economic or social potential of the enterprise'. In process-oriented approach it is the entirety of scientific, technical, financial and commercial activities that lead to the development of new products, new production processes (OECD, 2000). In a broader sense, therefore, R&D is a part of innovation but management innovation and process innovation appear as further opportunities for development (Iványi – Hoffer, 2010; pp16-17).

While specific product and technological innovation are not the direct responsibility of the leaders, creating stimulating environment and monitoring the process are management responsibility in any case. It is important to notice, however, that the nature of supporting medium and effective communication can be different at the various stages of innovation process.

Innovative capacity of an organization is influenced by a multitude of external and internal factors, one of which is corporate culture. Differentiation affects innovation ability positively while correlation is negative regarding centralization, formalization. A basically decentralized organization with the plurality of information channels makes exploration and transmission of innovative proposals possible but this medium is likely to be the hotbed of conflicts as well. To sum it up we can say that 'the structure that facilitates changes, makes conflicts general' (Bakacsi et al. 1996; p. 226).

5 The model of competing values

Model by authors Quinn-Rohrbaugh (1983) examines three dimensions of competing values in company culture. The model of the study investigating the relationship between company performance and main values observable in the company illustrates

how organizational values appear in parallel, which could also be mutually exclusive of each other.

The values in the model can be defined as follows.

- Orientation of the company:
 - Micro approach, inner values, emphasizing employees' welfare and development
 - Macro approach, having external orientation, focusing on organizational success
- Company structure:
 - Flexible
 - Steady, strongly structured
- Goals and means:
 - Concentrating on processes
 - Outcome orientated

Framework built by researchers investigates six organizational cultural dimensions: *dominant characteristics, organizational leadership, management, organizational cohesive force, strategic emphases and success criteria*. The authors define four types of company culture. (Figure 2)

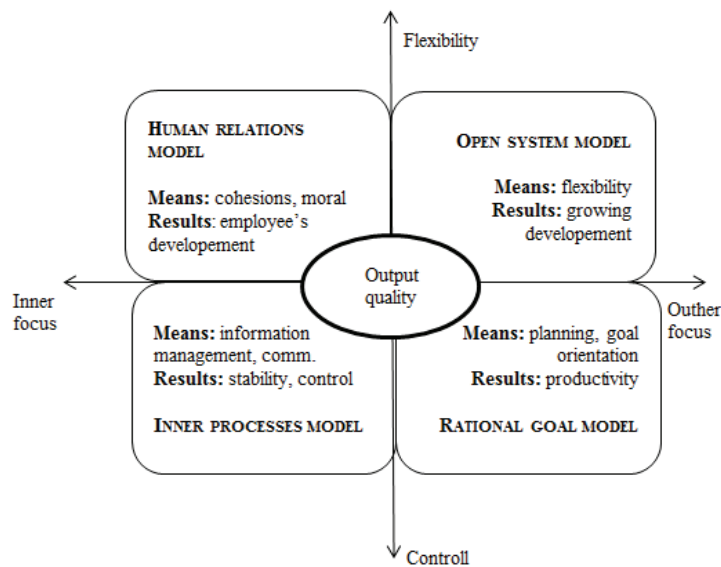


Figure 2

Model of competing values

Source: edited by the author (on the base of Quinn-Rohrbugh,1983)

The system can be used for investigating cultural profile of a particular organization. Among outlined types of company culture clearly the open system model is the one that supports development, changes, innovation most.

6 Primer research

My primer quantitative study with standard interviews reveals the characteristics of internal information flow, its channels and the practice of communication related to changes by analyzing employees' opinions. My aim is as well to map the situation of competing values in organizations represented by respondents without the need for representativeness.

The survey was carried out using an on-line questionnaire in June 2013 on a not representative sample of 110 people, data processing was performed using Excel and EvaSys system.

6.1 Hypotheses

H.1. As a lot of problems are known due to information flow deficiencies, it can be assumed that respondents generally evaluate internal information flow to be bad.

H.2. Information flow channels are formed according to the literature, thus unofficial communication plays a key role.

H.3. As the respondents were mainly employees in the private sector, it can be assumed that rational goal model will be dominant among competing values in the sample.

6.2 Demographic composition of the sample

Regarding the demographic composition of the sample, 43.6% were male and 56.4% female. A significant number of respondents, almost 63%, is between 31 and 45 years, 25.7% represent age group 18-30, while 5.7-5.7% are in age groups 46-55 and over 56.

Organizations qualified by the respondents in terms of the number of their employees appear in the sample according to table 2.

Number of employees	Rate in the sample
Under 10 people	14,70%
11-50 people	13,80%
51-250 people	24,80%
251-500 people	11,90%
501-1000 people	10,10%
Over 1001 people	24,70%

Table 2

Distribution of number of employees in qualified organizations (%)

Source: by the author, based on own primer research, 2013, N=110

6.3 Results

I examined the assessment of information flow standard and the functioning of inner communication with the help of ten five-point Likert-scaled questions. All in all, the respondents evaluated the standard of internal information flow, communication 3.1 scale value as moderate. The average scale value varied between 3 and 3.3 for large number of questions, by comparison, although the difference is negligible (2.9), communication about changes had the most negative evaluation among respondents, which probably is related to increased information needs specific to such cases.

The assessment of information channels according to frequency and effectiveness is shown in table 3. Results support the sequence known from literature, there is no significant gender gap. It is surprising, however, that in the ranking of men interviewed informal communication precedes information flow from direct superior regarding frequency.

Gender/ Channel	Verbal information from direct superior	Unofficial information from colleagues	Central information: newsletters, e- mails...	Regular, formal meetings	Written information from direct superior	Official information from colleagues
Frequency						
<i>Male</i>	3,56	3,63	3,57	3,42	3,06	3,02
<i>Female</i>	3,79	3,63	3,34	3,21	2,92	2,73
Effectiveness						
<i>Male</i>	3,55	3,52	3,27	3,33	3,58	3,09
<i>Female</i>	3,53	3,35	3,02	2,81	3,15	2,97

Table 3
Assessment of information channels according to frequency and effectiveness by genders
Source: by the author, based on own primer research, 2013, N=110

There were several questions in the questionnaire about the features of organizations, companies as the environment supporting changes and this way supporting potential innovation. Table 4 shows the results of the most important ones.

Questions examined	Average	Deviation
I look for opportunities of change, development consciously	4	1
In my work I get instructions concerning the outcome not the method of execution	3,6	1,1
I forward my ideas, suggestions to my superiors on multiple channels	3,2	1,1
I get correct feedback on my suggestions	3,2	1,3
I get power to execute my ideas, suggestions	3,2	1,3

Table 4
Opinion on the environment supporting changes and employees' participation
Source: by the author, based on primer research, 2013, N=109

Although on the basis of results employees describe themselves as originators and playing active role regarding changes and developments, appraisal of controlling question concerning residual energy for development besides daily operational tasks is 2.8 which suggests the contrary.

Half of the sample considers their company is more innovative than not, however, more than 52% of respondents think that their employer does not or only minimally stimulate employees' proposals regarding development. The assessment of the question examining the consistency of changes and opinion of concerned was particularly low, 2.5.

The model of competing values by authors Quinn, Rohrbaugh (1983) was developed to examine a particular company, for there can be significant differences even among units in an organization, but exploration of the entire sample characteristics can also give instructive results. Average scale values of judgment of individual test factors unfortunately did not show marked differences, still, open system model inspiring innovation, changes, development and characteristic values and standards of this culture clearly takes the last place. (Figure 3) Based on the results, rational goal task perception and highly formalized, controlled organizational culture is the most typical of the sampled companies practice, which we might think to be troublesome. At the same time we cannot forget about the local level executive units of relevantly represented in the sample large companies, likely multinational organizations, where innovative approach is not required.

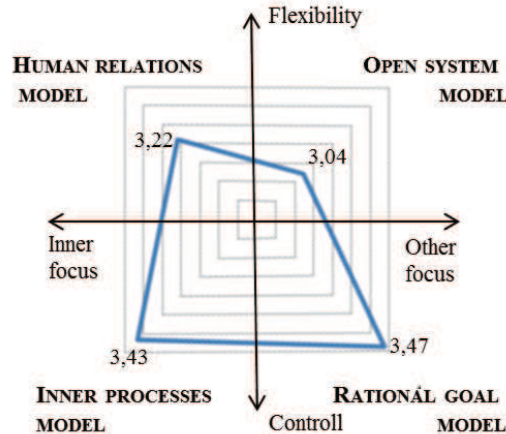


Figure 3
 Respondents' assessment of qualified companies based on model Quinn- Rohrbaugh (1983)
 Source: by the author, based on primer research, 2012, N=109

7 Conclusions, suggestions

The following conclusions can be drawn concerning hypotheses outlined prior to the research:

- My hypothesis number one, according to which the company internal information flow is considered to be negative by the respondents, has been partially met. Results suggest moderate standard of internal communication in which some channels such as face-to-face communication with the superior and unofficial forums are of major importance and their development is essential.
- As for information channels, the results of the research reflected literature sequence, examination of differences between various organizational levels and exploring further specifics due to the number of employees can call the attention to other areas to be improved.
- As for corporate culture, although with minimal preference, rational goal model represents the prevailing value in respect of qualified companies. There are still a lot more aspects, possibilities in this area of the research, which will be analyzed in details in any case in the future.

Besides communication problems related to changes, the eventuality of information and misinformation present research draws the attention to deficiencies of 5P recommended in literature. Based on the results, serious backlog can be experienced both in the field of communication and participation. The fifth P, encouraging employee participation, being responsible for it and motivation are not really typical of the companies. Simultaneously, employee initiative comes up in people's minds only at the level of thought but real initiative and actions taken on that base seem to be realized only occasionally.

8 Summary

Analysis in literature gives a clear answer to the problem formulated in the title, effective, raised on strategic level, planned, conscious communication is an indispensable part of managing changes, and what is more, according to some sources it has the lion's share of success.

Creating work atmosphere accepting even initiating changes may be an absolute competitive advantage; this is why conscious forming values displayed in corporate culture, reducing formalization and encouraging individual responsibility seem to be justified.

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