CHAPTER IX

ENVIRONMENTAL INFLUENCE OF COMMUNICATION

**SYNOPSIS**

* Introduction

* Impact of political environment on corporate communication system

* **Introduction:** If ever there is a unique problem in communication, which is given less attention, but of more importance, it is the impact of different environments on it. It comprises political and social primarily and economic secondarily.

**Impact of political environment on corporate communication system:** Never before, the corporations faced the pressure on the corporate communication system from the political environment than at present. Political environment refers to the governmental policies and regulations aimed at the corporate sector. The information system in an enterprise is to be maintained or modified as and when the government introduces changes towards different inputs from time to time. If and when the government
(bureaucracy) feel that a particular format in the particular information required by them is to be changed it may affect the format of corporate internal communication system also.

Taking the example of materials input, the procedures to be followed in procuring many raw materials (which are controlled by the government) are according to government regulations both regarding procurement as well as the quantity to be held by them. Frequent changes in the government policies affect both the production forecasting and sales forecasting primarily and financial planning secondarily. The communication system in these areas often proves to be more provisional than accurate subject to changes as often as possible due to frequent changes in the government notifications.

Another area when the information system in an organisation is to be built is cost audit wherever it is enforced by the government. This is to be built in such a way, that it is suitable both for financial as well as materials management functions.

A third aspect regarding materials information system is that the materials manager has to have close
access to correct market information regarding sources of supply, price behaviour etc., according to which he has to take decisions. For controlled items he has to maintain records of vendors approved by the government, from whom all purchases may have to be made. Else, it may land the company into trouble. This is more important with reference to certain products/materials about which, there is always a conflict between government, suppliers and buyers.

This can better be illustrated through the case study given hereunder:

M/s Arti Sugars Limited is the manufacturers of crystal sugar in Coimbatore. It was their usual practice to enter into contract with cane growers for supply of sugarcane at a price fixed in the contract. This was going on smoothly for some time as the canegrowers were able to get a steady and reasonable price in spite of different prices prevailing in this country.

Suddenly, the company faced a problem. The canegrowers, who were hitherto supplying sugarcane, were agitating for higher price. They were even threatening to stop supply of sugarcane according to the existing contract price falling on line with the national farmers' organisation which was demanding a higher price than what
was fixed by the government. The company's production operations were affected. The company was forced to decide in favour of the local cane-growers after some time.

The fourth aspect is that the government decides the quantity of products to be produced by a company irrespective of the market factor, the company's fund of technical know-how, capacity for production and the available facilities for expansion etc. All these are having an axe upon the company from the governmental decisions or policies of course based on the different statutes.

No less easier to the enterprise is the problem with reference to the next important input i.e., labour. Much of the internal information with reference to labour has to be planned according to different enactments of the industrial and labour laws.

Not only that. What is an internal communication between different departments of an organisation often becomes internal communication now-a-days. Many communications relating to company's policy regarding
labour are to be communicated to different labour organisations (associations) of the company. This becomes a complicated affair where a company is having more than one labour union.

In practice, there are a number of trade unions which are controlled by different political parties. Each party wishes to direct the management according to its own way without any agreement with other unions. Therefore, the volume of communication increases because of the internal and external communication requirements. Not surprisingly, it may even be said that the company's decisions regarding labour is not decided by management but by the labour and to a certain extent by the government.

Money, as the vital input in a country like ours, is having the greatest impact from political environment. Not many managements of corporations are able to manage their finance with very little or no assistance from the banking and financial institutions. In these circumstances, when the company has to resort to borrowings from them, the company has to provide a large volume of information according to the needs of the lending institutions. As such, the financial information system within the organisation should be such that provides or is capable of providing
Besides the above, to-day's corporations have to follow strictly the legal aspects of corporate information and reporting. They are to be provided by adhering to the different Statutes like Company Law, Monopoly and Restrictive/Trade practices Act, Industrial Development Regulations Act, etc. These economic legislations demand a flawless information system in these areas. Should anything be wrong or appear to be wrong in the materials provided therein, it will land the management into trouble adding to voluminous communication in order to set them right.

Question number 50 aimed at finding out how far the environmental information affect the effectiveness of communication or quality of communication. All the companies in the sample studies stated in a uniform manner that they give more weight for the political(governmental) environment and a less degree to socio-economic environments. The reason is, that the latter is controlled by the former, and so when they give more attention to the former, the latter also are given due weightage proportionately.

Therefore, companies try to accumulate as much knowledge about the political environment as possible and
take decisions accordingly. Should a company see things
different from that is looked at by other parties in
industry, trade unions, government etc., it will definitely
face trouble. William H. Haney has observed that "there
are a number of inter-related variables (different environ­
ments, stimuli, sensory perception, internal states, and
evoked sets) which intervene between perception and
reality."¹ In the light of such a situation it can not
be made to be a routine or formal structured information
system. Nor does it have any direct point from the bottom
line as the source of information. Nor is it possible to
decide the frequency for presentation of such information
and even the possible respondent, though it is usually
expected to be the top management.

Referring to this critical situation, George A.
Stenier has stated that "no studies have been made to
determine the number and frequency of decisions made by
managers which relate in whole or part to environmental
forces. The higher a manager moves up the hierarchial
chain and the larger the business enterprise, the more
of his decisions and the more of his time, concern his
company's environment. At the top levels of larger
companies the great majority of decisions are influenced
by environmental considerations and the managers spend
far more time thinking about the environment and their interaction with it than about any other force affecting their business."\(^2\)

REFERENCES


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