

## Chapter: 1
### Introduction: Communication as an integral part of Management

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1.1 Introduction

Computer and internet have affected management communication in so many ways. Technology has become integral to the way organizations communicate today as a result the role of employees ranging from supervisor to manager or president is changing. Use of communication for various management functions like improving customer relations, employee relations, union relations, community relations, work culture, media relation, crisis management etc. have become more challenging. Newer ways are required to handle all these relations effectively and efficiently. Technological tools are becoming more and more common for the resource management of the modern organizations. They are powerful tools to perform complex tasks of an organization.

In the globalized age theinsurgence of Information and Communication Technology has affected businesses operations in a multiple ways. First, it has forced the business structures to be altered and diverted the degree of competition. Secondly, it has created a competitive advantage for the businesses which have integrated technology. Thirdly, it has affected the new business processes. These changes have forced SMEs to integrate technology in order to cope with these changes in the environment (Casolaro and Gobbi, 2007).

Technology Integration by SMEs provides means to access, process and distribute greater amounts of information to the concerned personnel within and outside the organization. This aids management to make “quick and thoughtful decisions to assist SMEs in strategic planning” (Jimmy and Li, 2003).

There is a dire need to introduce and incorporate the state-of-art technologies in SMEs in order to reach out to the international markets and remain competitive in spite of the challenges posed by globalization, liberalization and technological advancements. Moreover, “SMEs are faced with competition from Multi-NationalCorporations in the
domestic market” (Sharma and Bhagwat, 2006). These “competitions are in form of reduced costs, improved quality products with high performance, wide range of products and better services, all delivered simultaneously to enhance the value of their customer” (Dangayach and Deshmukh, 2003). This situation has forced SMEs to adopt ICTs in order to counter the competition posed by large and multinational companies.

This thesis has conducted an extensive review of theoretical literature found in Chapter 4. The following provides a brief introduction.

1.2 Communication in General

At today’s workplace, communication skills are important for every employee. Flawless communication helps to develop interpersonal relationship at work and enhances a person’s capability to understand and resolvedifficult problems. Especially, most of the teams, work and succeed on their members who can communicate effectively. In today’s dynamic workplace, with high peer pressure, it is essential to develop effective verbal and non-verbal communication skills that are required by people at work. Management Guru Peter Drucker claims that “60% of all business problems result from faulty communication”.

Modern workplaces have shown the real dynamism. The type of work, the kind of management, the global work culture, the kind of tools being used to complete the work - all are experiencing a phenomenal change. Many of these changes revolve around processing and communicating information. Decentralized management hierarchies, participatory management, more stress on work teams, increased global competition, and advancing modern communication technologies are all new developments that demand the need for good communication skills.
At workplace the importance of ‘good communication skills’ is established by its place being at the top of the list of training needs. Several times, in various organizations, the need for ‘Effective Communication Skills’ is placed even ahead of technical skills.

Usually the term “good communication skills” implies the ability to speak well, write well, and listen well. However, in the world of work, the employers expect that ‘good communication skills’ should also include skills like telephone manners, making presentations, giving feedback, working in teams, handling business correspondence, writing reports and technical documents, as well as participating and contributing in meetings, etc. What they imply varies from case to case as per job requirements.

Employers’ most common expectations about good communication skills include:

- The ability to:
  - Write a clear, correct and responsive memo or e-mail to a client, vendor or colleague
  - Express and explain a position in a conversation, meeting or presentation
  - Listen, understand, and respond effectively to what bosses, customers or co-workers really want or mean
  - Use appropriate technology to send, receive and store information efficiently
  - Work well with people
  - Work productively as a member of a self-managed team
  - Get along with various types of ‘difficult’ people
  - Give and receive feedback on performance
  - Handle business correspondence efficiently
  - Write technical documents and reports
  - Understand non-verbal cues in conversations and their contribution to good relationships and emotional intimacy
Obviously, the term ‘good communication skills’ implies a plethora of expectations in the world of work; and the expectations vary as the priority changes from job to job. A good communication skills essentially includes sending clear messages, effective listening skills, giving specific feedback, and checking for listener understanding. It is clear that employees in general are basically expected to have a better understanding of how to communicate effectively – with individuals and groups, via spoken communications, written communications, and even via messages through electronic communications. Business and customer relations are more substantial and productive with effective communications skills. Communication skills are also important for the development of Human resources of an organization.

1.2.1 Process and Model of Communication

Effective communication is all about conveying the messages to other people clearly and unambiguously. It's also about receiving information that others are sending, with as little distortion as possible. Doing this involves effort from both, the sender of the message and the receiver. The medium through which message is transmitted is of equal importance. And it's a process that can be fraught with error, with messages muddled by the sender, or misinterpreted by the recipient. When this isn't detected, it can cause tremendous confusion, wasted effort and missed opportunity. In fact, communication is only successful when both the sender and the receiver understand the same information as a result of the communication. That’s why face to face communication has got more chances of success.

By successfully getting message across, your thoughts and ideas are conveyed effectively. When not successful, the thoughts and ideas that you actually send do not
necessarily reflect what you think, causing a communications breakdown and creating roadblocks that stand in the way of achieving goals – both personal and professional.

Communication is the process of passing a message or information from its source to the recipient(s) in such a way that it can be understood, in order to prompt the desired response.

**State 1 - Conceiving the message**

Some messages are the product of internal reasoning; some are an emotional process; some are the result of an external stimulus.

**State 2 - Encoding the message**

Encode to appropriate language. This can be:

1. The spoken word
2. The written word
3. Numbers
4. Pictures, drawings or symbols
5. Non-verbal communication – expression, gesture, posture

**Stage 3 - Selecting the communication media**

Some major factors influencing the choice of communication media are:-

- It is potential effectiveness
- The need for tact
- The simultaneous reception of information by recipients
- The need for a written record
- Confidentiality
- The need for instant feedback
- The complexity of the message
- Time
- Cost
**Stage 4 - Decoding the message**

The receiver needs to understand the language and the medium – i.e. can s/he read a graph? Can s/he understanding legal ‘jargon’ etc.? Is it too subtle or does it appear ‘condescending’?

**Stage 5 - Interpreting the message**

Some messages have apparent meaning and underlying meaning. Does the receiver understand? If not, either the sender or receiver may be at fault.

**Step 6 - Providing feedback**

Feedback reassures the sender that the message has been:

1. Received
2. Understood
3. Interpreted correctly and
4. The receiver is ready for the next part

**Basic Process of Communication**

**Two Models of Communication**

The communication process consists of the **sender**, **encoding**, the **channel**, **decoding**, the **receiver**, **feedback** and the **context** – (Figure 1). At each stage, there is the potential for misunderstanding and confusion.

**Figure 1.1**

![The Communications Process](http://maganjoinstitute.com/mba/button8/introduction%20to%20business%20communication.pdf)
Researchers have observed that when communication takes place, the source and the receiver may send messages at the same time, often overlapping. The speaker will often play both roles, as source and receiver. He will focus on the communication and the reception of the messages to the audience. The audience will respond in the form of feedback that will give sender important clues. While there are many models of communication, here we will focus on two that offer perspectives and lessons for business communicators.

Rather than looking at the source sending a message and someone receiving it as two distinct acts, researchers often view communication as a transactional process (Figure 2 "Transactional Model of Communication"), with actions often happening at the same time. The distinction between source and receiver is blurred in conversational turn-taking, for example, where both participants play both roles simultaneously.

**Figure 1.2 Transactional Model of Communication**


Researchers have also examined the idea that we all construct our own interpretations of the message. In the constructivist model (Figure 3 "Constructivist Model of Communication"), we focus on the negotiated meaning, or common ground, when trying to describe communication.
Because we carry the multiple meanings of words, gestures, and ideas within us, we can use a dictionary to guide us, but we will still need to negotiate meaning.

Source: http://2012books.lardbucket.org/books/communication-for-business-success/s05-effective-business-communication.html

1.2.2 Communication Techniques

1. Written Communication:

Written communication includes letters, circulars, memos, telegrams, reports, minutes, forms and questionnaires, manuals etc. Written communication can take the form of legal documents or manuals. These documents ensure clarity among employees and minimize the chance for any misunderstanding. Employers may also issue dress policy or personal conduct guidelines for employees to better ensure proper behavior. Written warnings are also used to enforce certain policies in the workplace. An employee will likely change his behavior when employers document infractions with letters and he faces possible termination for noncompliance. Written communication is also important for instructing employees on certain tasks and projects. Company managers must use written communication in the form of reports or presentations. Written communication is also important for business advertising. Small companies need to promote their businesses to potential consumers and
business customers. Written advertisements include direct mail pieces such as sales letters and brochures, magazine display ads, fliers, Internet ads and catalogs. Email is an extremely important written communication tool used in business. Employees write multiple emails each day, setting up meetings or apprising bosses about the status of projects. The email is often used as an information tool after a meeting. Managers can sum up the key points of a meeting, then confirm follow-up assignments or tasks with email recipients.

2. **Oral Communication:**

When messages or information is exchanged or communicated is orally is called oral communication. It is word based communication system but in oral form. Most of the time, we use oral communication. Executive spend 60 to 90 percent of their time talking to people. Face to face conversations, group discussions, counselling, interview, radio, television, telephone calls etc. is used to express meaning in oral communication. Oral communication includes face to face communication, conversation, over telephone, radio broadcast, interviews, group discussion, meetings, conferences and seminars, announcements over the public address system, speeches. According to Ricky W. Griffin, “Oral communication takes place in face-to-face conversations, group discussions, telephone calls and other circumstances in which spoken word is used to express meaning.”

3. **Face – to – face Communication:**

Face to face communication may sound similar to oral communication, but in certain situations it may differ. E. g. telephonic conversation is an oral communication but not face-to-face.

In digital age the importance of face-to-face communication is fading as one can go almost an entire day without actually interacting with people. People rely heavily on the convenience of emails, text messages, and social media. While it is impossible to
deny the importance of these platforms and the way that they have revolutionized communication, it is important to balance these online interactions with face-to-face communication. The advantage of using face-to-face communication is that one can gauge how interested someone is in what he is talking about by reading their body language. Face-to-face communication and in-person meetings can boost efficiency. Face-to-face communication can also be much more effective for those who may struggle with written communication. Adding the “personal touch” of face-to-face communication is much more important to those dealing with outside clients and stakeholders. A sense of community comes with the ability to interact and socialize. This sets the foundation for trust, and ultimately creates a better working relationship.

4. **Non-verbal Communication:**

   Verbal media can be used to communicate almost any thought, idea or feeling, but the non-verbal media has comparatively very limited range. Especially, it communicates feelings of likings and dislikings and reinforces the feelings expressed through verbal media. There are five major forms of non-verbal media like: 1. Proxemics (spatial), 2. Kinesics, 3. Chronemics (use of time), 4. Paralingual (vocal cues), and 5. Artifacts (objective language)

5. **Visual Communication:**

   Facial expressions and gestures, printed pictures, posters, slides, film stripes, photographs etc. fall under visual communication. Mime is an old art in which ideas and emotions are expressed through facial expressions and gestures. Sign boards posted at public places like cinema, schools, and hospitals are effective means of visual communication.

   Visual communication can be more effective if other media are used along with.
6. **Audio - Visual Communication:**

Audio-visual communication that makes use of telecasts, short films on the cinema screen and video tapes is powerful medium of communication. It is a combination of sight and sound.

It is most suitable for mass publicity, mass propaganda, and mass education. In order to make an effective use of this technique, films and slides have to be attractive and interesting, and narration should be clear, precise and easily understandable.

Today, there is no doubt that audio-visual productions play an important role in shaping human life. Statistics demonstrate that television is, for a large percentage of the world's population, currently the only means of accessing culture and information. Media conglomerates, Economic globalization and the increasing possibilities of information and communication technologies have given audio-visual products global target, while turning audiences all over the world into potential communicators, without borders of any sort.

7. **Computer – based Communication:**

As the technology evolved, communication protocol also had to evolve. The view people take toward communication is changing, as new technologies change the way they communicate and organize. In fact, it is the changing technology of communication that tends to make the most frequent and widespread changes in a society.

Some businesses are already experiencing substantive change. Online organizations are being formed, co-ventures launched, contracts made, projects coordinated, sales managed, customers served, problems solved, employees trained, papers co-authored,
etc. Online collaboration sometimes emerges in the complete absence of any face-to-face or voice-to-voice communications.

E.g. Chat System, Electronic Mail, Bulletin Board, Computer Conferencing, Many-to-Many Communications, Electronic Organization-Various access controls, Participation System, Decision-making aids, for groups and individuals

1.2.3 Organizational Relevance of Communication

Communication is undoubtedly one of the most central elements in organizational life, and it is in fact its dynamic aspect. If management is the art and science of “getting things done through people”, communication is the essence of it. In organizations, it is only through communication that all the important functions of information handling, instructing, directing, integrating and monitoring are carried out. In person-to-person relationships, mutual trust, understanding and co-operation can be achieved only with the help of meaningful communication. Interpersonal conflicts and misunderstanding arise when there is a lack of proper communication. Responsibility for adequate communication lies with management.

Organizational communication is distinct from other types of human communication in the sense that it occurs in highly structured setting. It takes place within an organization and between an organization and its environment. Goldhaber defines organizational communication as the process of creating and exchanging messages within a network of interdependent relationships to cope with the environmental uncertainty. Communication is regarded as a process because the phenomenon of creating and exchanging messages is ongoing, ever changing and continuous. Communication – the process of passing information and understanding from one person to another – is the vital connection between plans and actions at work. In the
organizational setting, the ability to communicate clearly is one of the most important skills for the people at work.

Communication in the work environment is a vastly misunderstood skill. Too often, poor communication skills hinder employee and interoffice teamwork. With heightened global competition, the innovative office technologies, flatter hierarchical structures, and effective communications are more important than ever. Communication is both a symptom and a cause of organization performance problems. Poorly designed organizations, ineffective processes, bureaucratic systems, unaligned rewards, unclear customer/partner focus, fuzzy visions, values, and purpose, unskilled team leaders and members, cluttered goals and priorities, low trust levels, and weak measurements and feedback loops all cause communication problems. It needs to be noted that whenever a manager encounters a “communication problem,” generally, the root cause is deeper.

Communication strategies, systems, and practices do play a central role in high-performance. Information, understanding, and knowledge are the lifeblood of the organizational body. A thoughtful and comprehensive communications strategy is a vital component to any successful change and improvement. The education and communication strategy sets the tone and direction of improvement efforts. Systematic study of Organizational Communication enhances performance and effectiveness of organizations and individuals at work.

Fred Luthans emphasizes that communication is a pre-requisite to effective management. All managerial actions pass through the bottleneck of communication and in practice effective communication is most crucial for the attainment of organizational goals. Yet, if poorly managed, communication is cited as being at the root of practically all the problems of the world.
Communication plays highly significant role in the process of change. In many cases resistance to change comes merely because of poor communication. Communication is essential to improve support for change. If employees feel better informed, their attitudes on every score tend to be better. In fact, good communication and favourable employee attitudes go hand in hand.

In essence, communication is one of the most vital processes that keep the wheels of the organization running smoothly. It is the artery of the organization and has to be kept healthy and free flowing so that the system can function efficiently. Efficient and effective communication must receive highest priority in organizational life.

The goal of communication in business is also to get the desired response and to promote goodwill. Communication is an essential part of all other management functions and processes. Communication pervades each and every aspect of the organization – every individual, team, or department and each external relationship with customers, suppliers, and competitors. Management is a profession that functions through communicating with people. And most good managers are good communicators.

In a knowledge-based economy, people at work essentially require increasing levels of communication competence. Communication competence is the degree to which a communicator’s goals are achieved through effective and appropriate interaction. Communication competence refers to a person’s ability to identify appropriate communication patterns in a given situation and to achieve goals by applying that knowledge.

When managers are competent communicators, they easily discern the meaning that listeners take from certain words and symbols, and they select the best medium appropriate in a particular situation. They know-how to interpret comments from
informal channels like ‘grapevine.’ They can speak well in small groups and in formal presentations; they can also write well. Effective managers are able to use a wide variety of media and strategies to communicate. In the organizational settings, managers are expected to apply their communication competence for communicating in such ways as to achieve organizational objectives.

1.2.4 Objectives of Organizational Communication

The main purpose of communication in all organization is general welfare of the organization. It is required:

At Planning Stage to collect information at Project execution, Inquire about Finance involved, Inquire about Manpower required, familiarize with marketing conditions and Publicity campaigns etc.

At Execution Stage to Issue orders to employee to start work and motivate employees.

At Evaluation Stage to fetch internal and external information, check Performance etc., envisage modification in future plans.

In more complex commercial structure, communication can be used for the following objectives:

1 Information: which is one of the most important objectives. It can be oral or written. External Information can be about products, availability of credit and raw material, about government rules and regulations and about advertising media and latest developments in the field of technology & service. Internal Information is on job assignment and procedures governing them, Information on status and decision making, General Information on policies & activities of the organization, Information for planning, Environmental Information etc.
2 Advice: One person / businessman cannot have expertise over all areas like, finance, taxation, publicity, engineering, public relations, etc. for his business one has to seek advice from experts.

3 Counselling: Counselling is similar to advice. Only it is objective and Impersonal / Professional. It is to show ways to solve personal or domestic problems. Council is a panel of doctors, lawyers, psychologists – who help person raise moral also. It often means psychological handling.

4 Order: Written and oral orders, General and specific orders, Procedural and operational orders, Mandatory and discretionary orders

5 Suggestions: It is wrong to presume that best ideas on subject come from supervisory staff or directors. The lower staff actively being in touch with ground reality of operation aspect, they are capable of giving suggestions. Suggestions enjoy great advantage over other means of communication like advice or order. It flows horizontally or vertically upwards. Suggestions can be voluntary and anonymous submitted through suggestion-boxes. Employees should be encouraged to give suggestions.

6 Persuasion: Persuasion may be defined as an effort to influence the attitude, feelings or beliefs of others, or to influence actions based on those attitudes, feelings and beliefs. Buyers have to persuade to buy a particular article in place of the one they actually wanted to buy. In office / factory lazy or incompetent workers are persuaded to do their work.

7 Education: Education is very conscious process of communication. It involves teaching and learning over long periods. The main purpose of action is to widen knowledge as well as improve skills. Education in an organization is carried at three levels. 1. Education for the management: knowledge multiplies very fast. Managers are required to update themselves with the latest innovations. They have
to be educated through books, lectures, seminars, case studies, study tours, etc.  

2. Education of the employees: when innovations are introduced in office / factory by managers, employees have to be educated to use them. Such programs to educate employees are called reorientation. Employees can be educated through talks, demonstrations, bulletins, etc.  

3. Education for the outside public regarding new product being introduced in market, availability of already existing brands, their substitutes, price comparatives, complementary and supplementary products, Concessions and discounts etc.  

8 Warning: If employees don’t abide by the norms, rules and regulations of the organization. It is required to warn them. Warning is forceful means of communication as it carries sense of urgency. It demands immediate action else may lead to punishment.  

9 Raising Morale: It is a powerful intangible factor representing the sum of several qualities like courage, resolutions and confidence. High morale contributes to effective performance. It induces sense of togetherness among employees and impels them to work in co-operation in the interest of an organization.  

1.2.5 Types & Levels of communication in Organization  

In business organizations, the effectiveness of a communication system depends upon the extent to which the necessary information (required for decision-making) reaches the concerned person (the person who needs that information) at the right time (when the information is needed). The network of information should support the overall functioning of management by integrating and coordinating the workforce for achieving organizational objectives.  

Hence, every organization creates a network (channel) for information to pass through different levels of authority and functional heads and units. The flow of communication follows the structure of the organization. In actual practice, the
information passes through the organizational pyramid such as the one shown in Figure 4.

**Vertical Communication**

In organizations, there are well-defined lines or routes for passing on communication. Policy decisions are taken at the boardroom level. From there, information is sent downwards to senior managers or a group of senior managers. They ensure that the policy decisions are easily understood, implemented, sustained, monitored, reviewed, and reported. Feedback (performance data or employee experiences or suggestions) is, in turn, sent upwards.

In this system of communication, the key links are the managers and supervisors. They transmit information both upwards and downwards. They are also responsible for following up on ideas and instructions. In all large organizations, the human resource or personnel department manages the circulation of information among employees. Personnel managers are in constant touch with all employees. They are able to identify needs, provide guidance on policy matters, and supervise infrastructural rearrangements.

![Figure 1.4 Organizational Pyramid](image)

**Source:** PD Chaturvedi & Mukesh Chaturvedi. Fundamentals of Business Communication. Ch. 7: Organizational Communication

However, when an organization has too many levels of hierarchy, managers may find it difficult to reach ground-level and shop-floor employees. In such situations, communication tends to be slow in reaching and delayed in being absorbed and acted
upon. The cost of this delay, caused by the sheer size of the organization, many
sometimes be too high.

Hence, as Peter Drucker holds, large organizations have more recently moved towards
a “flatter structure” of information-based management and executives “walk
down” the jobs. This is obviously to facilitate information flow downwards and to
prevent employees from getting frustrated by their sense of isolation.

**Horizontal Communication**

Also known as peer communication, horizontal communication is usually needed
within the organization due to:

- The geographical location of divisions
- The functional basis of division

**Geographical Organization**

In a large setup, divisions may be based on geographical areas. Such divisions may
be known just by numbers or single letters. For example, at Tata Steel (Jamshedpur),
the “G” blast furnace has its own division with a full-fledged hierarchy of employees
and executives. There are other furnaces known by numbers, with their own
divisions. They are all located on the vast Tata Steel site. There are also other
divisions such as research and development, total quality control, and so on. Each of
these divisions maintains close contact with the others through seminars,
presentations, and executive meetings. These divisions communicate among
themselves to share information and help each other as equal members of the same
organization. Thus, communication helps sustain a sense of unity among the various
divisions in the organization.

**Functional Organization**

Normally, business and industrial organizations are divided on the basis of different
functions such as production, marketing, finance, personnel, and training and
development. All divisions function independently and yet remain linked with each other through peer-group communication and workflow information. With the growth of technology and the increasing size of organizations, the widespread production of goods and services needs to be coordinated through the channel of horizontal communication. From the stage of selection of raw material to the finished product, numerous processes are involved in completing the given task of production. At each stage of the production process, the job of a workgroup depends upon the timing and form of work received from the preceding workgroup. Any interruption in the workflow adversely affects performance at successive stages of production. The workflow in a company can be steadily managed only through horizontal communication between the sections that are directly linked.

**Line and Staff Management**

*Line and staff management (LSM)* is a system of management in large organizations consisting of line managers and staff managers. *Line managers* are responsible for the main activities of the company, such as manufacturing and sales, while *staff managers* control the support and service areas, such as accounting, distribution, and personnel. A network of relationship between those in line (functional) management and staff (support) management is created by means of an effective internal communications system. Without this, an organization can neither function properly nor thrive in the business world. As shown in *Figure 1.5*, the internal communication system can be divided into two categories – formal lines of communication and informal lines of communication.

**Formal Communication**

Formal lines of organizational communication include:
1. Line relationships

2. Functional relationships

3. Staff relationships

**Line Relationships**

Line relationships refer to the line of authority that sets down the path of communication from supervisors to subordinates and vice versa. All official communications, orders, and instructions move from seniors to subordinates. Similarly, all follow-up actions and compliance and execution information and reports move upwards, from subordinates to supervisors and executives. Usually, all organizations insist on following the normal chain of authority from one position to the next. If the communication is in the form of a letter, this respect for the chain of authority is indicated by writing the phrase “through the proper channels” in the beginning of the letter.

If the communication is oral, the message is conveyed to one’s immediate supervisor. **Figure 1.5: Internal Communication system in Organization**

![Diagram of internal communication system in an organization]

**Source:** PD Chaturvedi & Mukesh Chaturvedi. *Fundamentals of Business Communication*. Ch. 7: Organizational Communication

**Functional Relationships**

Functional relationships are those between departments within an organization. Communication that occurs when departments share information regarding work and
related organizational matters with each other is a formal line of organizational communication.

**Staff Relationships**

Staff relationships include the communication that supports line management, marketing and production. They do not carry the executive authority of line relationships. Communications relating to personnel, public relations, administration, or finance are part of staff relationships.

**Informal Communication**

Informal communication in an organization usually flows through chat and the grapevine.

**Chat**

Horizontal or lateral communication is between managers from different departments or within the same peer group. Managers of the same level enjoy the same level of authority. Often, informal communication, which is usually in the form of a “chat”, has to be confirmed in writing before it goes through the official channel.

**The Grapevine**

Theoretically, the network of formal communication may be adequate to meet the needs of exchanging information within an organization. But, in real life, this is seldom true. Often, employees feel inadequately informed in a formal system. They may suspect that the management uses formal channels to conceal rather than reveal the true message. They may thus accuse the system of lacking transparency. As a result, employees modify the formal methods of communication by bringing in an informal communication system, the grapevine.

Information obtained via the grapevine is always attributed to “a reliable source”. “Learnt through a reliable source”, is a common phrase used by the communicator to make the news sound authentic.
However, the grapevine may create complications for the information system of organizations.

- The unofficial version of news, irrespective of its basis, is more easily believed by people.
- News through the grapevine spreads like wildfire, quickly and uncontrollably.
- Usually this version of information is somewhat distorted and exaggerated – a result of the vast chain of “filters” used in the process.

This managerial practice is not always tricky. Some management scholars approve the practice of supplementing formal communication with informal communication. Koontz and O’Donnell observe, “The most effective communication results when managers utilize the informal organization to supplement the communication channel of the formal organization”.

1.3 Communication for Management

Business people communicate with a variety of individuals and groups every day. These audiences include employees, customers, community leaders, shareholders, government officials, the news media, suppliers and everyone else in a position to help or hinder work or business operating environment. Consistently effective communication based on trustworthy behavior is essential to develop understanding and support among these audiences that result in their contribution in organizational success. The ability to communicate well is becoming an increasingly valued competence in the business world.

In business, generally communication is for one reason: to influence someone to think or behave in a particular way. For example managers want to influence employees to understand, support and work for business goals such as increasing productivity, sales, profit and quality while reducing costs. People in sales and marketing want to
influence customers to purchase products and services. Company officials want to influence investors to buy stock.

To increase the chances for success of any important business activity, one must develop a communication plan at the outset. The plan’s goal should be influencing the desired thinking and behaviour of all the people necessary to the activity’s success. The plan should articulate a clear purpose, the desired outcomes, and the messages and methods that will work best with audience one need to reach. Without this kind of planned communication the success of the activity and of the people involved is jeopardized unnecessarily.

Management Communication is crucial for any professionals working with business, industrial or an academic organization, for the skills required to compete day – to – day tasks. Managers are expected to possess the sound knowledge about internal as well as external communication needed in order to succeed in today’s work environment. External communication with the stake holders, customers or members of the society is as important as communication within the organization. Without communication between two different departments there will be no coordination. An organization is a team work and without communication teamwork is not possible. Communication, thus, plays an important role in any organization. The manager is very much concerned about better understanding among all persons. He is interested in overcoming barriers to communication between members of the public and organization. Any organization is the collective entity and thus, a manager spends most of the time in cross communication between subordinates, is necessary in an organization.

Management Communication engages the practical aspects of communicating effectively in organizations from the individual to the corporate level. From traditional written and spoken forms to computer graphic-generated presentations,
from e-mail to press conferences and web pages on the Internet, the effective manager must communicate with brevity and clarity. While the number of channels for communication in business rapidly increases, the skill to communicate has never been so crucial. Management Communication using technology shifts our outlook at this dynamic field encompassing a variety of other areas such as crisis management, corporate reputation, organizational identity, brand building and managing professional communication as well as the challenges of effectively communicating across societal, global, and organizational boundaries. Each manager and every organization has a story to tell; Management Communication makes sure that that story becomes a competitive advantage.

1.3.1. Important Managerial Functions of Communication

According to Henry Mintzberg, managers have three basic jobs: to collect and convey information, to make decisions, and to promote interpersonal unity. Every one of those jobs is carried out through communication. Managers collect relevant information from conversations, the grapevine, phone calls, memos, reports, databases, and the internet. They convey information and decisions to other people inside or outside the organization.

Communication skills constitute an important aspect of effective management. Management is a complex process. In simple terms it can be described as the organization of capital, labour, and material to achieve production and distribution of particular goods or services.

First, the management determines its objectives – what it must do and how it must do it. Then there has to be a system through which the production and distribution processes can be guided, coordinated and controlled to ensure that the management objectives are achieved. Communication is the system by which production and
distribution systems are controlled and coordinated and the results correlated to the objectives.

Table 1.1 shows some important functions of management. The function of communication is to define and support the action involved in each of these functions.

**Table 1.1 Functions of Management**

<table>
<thead>
<tr>
<th><strong>Forecasting</strong></th>
<th>Determines organizational objectives and policies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning</strong></td>
<td>Prepares programmes, procedures and budgets</td>
</tr>
<tr>
<td><strong>Organizing</strong></td>
<td>Sets the organizational structure</td>
</tr>
<tr>
<td><strong>Instructing</strong></td>
<td>Provides the bedrock of organizational performance</td>
</tr>
<tr>
<td><strong>Coordinating</strong></td>
<td>Ensures all efforts are directed towards the organization’s goals</td>
</tr>
<tr>
<td><strong>Controlling</strong></td>
<td>Checks the results and receives feedback</td>
</tr>
</tbody>
</table>

*Source: PD Chaturvedi&Mukesh Chaturvedi. Fundamentals of Business Communication. Ch.7: Organizational Communication*

- **Forecasting and planning**

  Each function of management depends on effective communication for its success. For example, if the management fails to communicate its objectives, policies, programmes, procedures, and budgetary provisions to the concerned people at the proper time, an organization would fail to run in an organized and targeted manner.

- **Organizing**

  Organizing, as a management function, determines the formal and informal relationships within the organization and outside it. These relationships are developed and maintained through interpersonal communication.

- **Instructing**
The function of instructing depends entirely upon effective exchange of information regarding products, processes, and targets.

- **Coordinating**

  Coordinating is perhaps the most demanding of all management functions. It requires excellent communication skills to ensure that all efforts are directed towards the achievement of a single organizational goal. To ensure that diverse activities are complementary, a manager should be able to relate with all the people involved, both formally and informally.

- **Controlling**

  Finally, in order to control processes, a manager should be able to receive and interpret information and respond quickly.

There are several workplace - communicating situation to cite. Asking and replying inquiry letters, complaining and adjusting complaints, writing to promote the product demands for effective written skills whereas, respecting individuality, showing concerns and empathy, getting agreed or disagreed, being assertive, persuading etc. needs good control over oral / aural communication. In all these communicating situations great tact, skill and also adequate knowledge of human nature is required to be shown. Whether it is oral or written communication, a great understanding of human nature is required which will further get the response that one wants from the receiver.

**1.3.2 Communication concerns for Managers**

The prime task for any manager is to build rapport with subordinates. Small talk about their interests, likes, and dislikes can help him build a relationship with them. Showing employees or subordinates this type of attention is critical to success. As discussed by Dale Carnegie in his 1936 classic, ‘How to Win Friends and Influence
People’, every person feels a need to be unique and important, no matter how lowly they appear on the outside.

Knowing people helps manager understand their motivations. Not everyone is in the game for the same reasons. Employees have different goals and job preferences than manager. Some like to work independently, others in teams. Variety and challenge is important to some, financial rewards to others.

By developing rapport, manager can deal with the diversity of employees by trying to understand and characterize them. He can head off unpleasant conflicts or surprises by being aware of employees' personal circumstances that might affect work. Then he will be able to see beyond employee outbursts to the negative situations that cause unrest to them.

Apart from this understanding, the best way to improve relationships is to understand one’s own strengths and weaknesses by seeking feedback. Feedback should be viewed as a way to improve reactions to specific situations, rather than a personal attack. Suggestion boxes, upward evaluations, and an open-door policy are larger versions of the same concept. He must be open to change to succeed. Doing all these again demands for very effective and human oriented communication skills.

Management is a unified, organized, and cooperative system committed to the achievement of common goals. Unity of purpose and commitment to a single organizational goal can be developed only through the persuasive power of communication. To do this, a manager needs to have excellent communication skills, including the ability to structure information according to its negative/affirmative nature and use words and tones according to the purpose of the communication. A manager should be able to create the desired relationship with the audience or employees to produce the needed response. Thus, diverse strategies, verbal and non-
verbal, of effective communication form an important part of management as a discipline.

In business, a manager spends most of his or her time either speaking or writing to colleagues, supervisors, subordinates, or clients. A manager’s success depends largely on his or her ability to communicate what has to be done and why to colleagues.

To a large extent, the success of an organization requires an atmosphere in which there is a free flow of information – upward, downward, and horizontally. At the workplace, the primary goal is getting things done. For this, instructions, guidelines, supervision, monitoring, and periodic reporting are usually considered enough. But if the company wishes to achieve more than the set task, a real involvement of all employees, from the highest to the lowest levels, is required. This cooperation can only be secured by allowing every level of employee to suggest ideas, express their views, and share their experiences. Such a system of communication can only be established within the organization by the manager. In fact, the manager functions as the point of intersection for all communication channels. One of the most important concerns of the manager is to organize and ensure an effective information system across the organization.

As analyzed by Henry Mintzberg of the Massachusetts Institute of Technology, managers need effective communication skills to perform in the following interrelated situations:

- Interpersonal
- Informational
- Decisional

These situations, with their descriptions and examples, are clearly described in Mintzberg’s book, ‘The Nature of Managerial Work’.
The interpersonal role refers to a situation in which the manager acts as a figurehead, leader, and liaison officer. The informational role is when the manager is a monitor, disseminator, and spokesperson. In the decision role, the manager functions as an entrepreneur, troubleshooter, resource allocator, and negotiator.

- **Interpersonal role:**
  It is necessary to ensure the effective operation of the organization’s systems and to maintain proper relationships within the organization and with clients, suppliers, and other functionaries. If interpersonal communication is effective, internal systems run smoothly. For example, personnel functions within the organization require managers to inspire confidence, win support, and guide workers. Managers are role models for others and must develop the skill of listening patiently and perceptively in order to understand the needs of their subordinates. This is essential for creating an atmosphere of mutual understanding and goodwill within the organization and transparent sharing of its objectives, mission, and problems.

- **Informational role:**
  If the internal information-sharing system of a company is effective, other systems such as stock control, personnel functions, financial systems, and quality control operate smoothly. Shortcomings and problems can be quickly identified and remedial action taken immediately. Proper maintenance of product and service standards can be ensured through timely monitoring and instructing. Through effective, interactive communication and a strong feedback system, high morale and satisfaction of workers can be secured.

- **Decisional role:**
  Decision-making is based upon receiving and interpreting all relevant and necessary information. Decisions that are based on guesswork and are made without access to
all relevant information may turn out to be unrealistic and harmful. Managers need to possess the skill of receiving relevant and up-to-date information correctly and accurately to be able to take decisions and act rationally, fairly, and to the satisfaction of all concerned.

Willard Merrihue, in his book ‘Managing by Communication’, explicitly describes different roles of management which needs communication. In the integrating work of the manager we perceive the true importance of communication. Harold F. Smiddy, General Electric’s vice-president of management consultation services, defines the integrative process as the “reuniting, harmonizing, synchronizing and blending of the portions of the work which were divided and separately assigned in planning and organizing.”

The following list of work expected from a manager requires high communication content:

1. Interpreting the work of a professional manager; that is, interpreting his total job so that the team may help him do it.

2. Listening, making it easy to get frank communication to the manager. Utilizing the principle of feedback to improve the manager’s job of integration.

3. Obtaining sincere voluntary acceptance of assignments, responsibility, relationships, and accountability (essentially developing understanding).

4. Creating and maintaining a friendly, cooperative, dynamic, and productive working climate.

5. Encouraging individual self-development.

6. Relating the interest of the individual, his department and his company to the interests of the industry, community, nation, and world.
7. Achieving successful, economical, profitable, integrated performance by all individuals and components.

The key words in these types of work which a manager performs in integrating his enterprise are: interpreting, listening, developing understanding, creating proper climate, encouraging, relating, etc. – all are facets of the communication process. All these functions require the manager to handle people and situations with a good knowledge of human needs.

The late Dr. Irving J. Lee, one of the most competent students of communication in business, arranged to have some of his students sit all day in the office of cooperating executives to make notes on the types of communication utilized to perform the day’s work. Their findings are summarized in the following communication log of a business day in the life of a typical manager:

1. Giving information to subordinates
2. Interpreting department policies and instructions (on request)
3. Instructing on what and how to work
4. Making assignments to subordinates
5. Following up or checking on assignments or general work progress
6. Getting information
7. Advising subordinates at their request
8. Correcting subordinates for mistakes
9. Praising subordinates
10. Stimulating subordinates to continue or increase effort
11. Leading conferences to get advice or sell a conclusion
12. Persuading someone not responsible to you
13. Negotiating with equals
14. Conciliating or mediating disputes between subordinates
15. Small chit-chat
16. Speechmaking inside and outside the business

Some more common functions that demand good communication for the effective management of an organization are:

1.3.3 Use of Communication for Organizational Functions

1.3.3.1 Use of Communication in Improving Employee Relations

Good employee relations are not achieved by enlightened policies administered collectively, rather they are a resultant of all the individual manager-man relationships developed between each supervisor and each employee supervised.

1.3.3.2 Use of Communication in Union Relations

A common phenomenon on the collective-bargaining scene is the utilization of advance and skillful communication by certain union bureaucrats to precondition employees, the public, government officials, and employers themselves to the inevitability of radical new demands for guaranteed annual wages, shorter work week, profit sharing, and rebates to customers before taxes, etc. Negotiations are aggressively conducted by such union officials in the newspapers long before the gathering around the bargaining table.

1.3.3.3 Use of Communication in Improving Community Relations

One of the prime attributes of a successful manager is his ability to operate with a proper balance of short and long-range objectives. One of the more important long-range objectives is the development of sound community relations. No matter how assiduously and wisely a manager conducts his employee relations inside the plant gages, he will fail unless he simultaneously invests the time and money required to develop deserved and favourable community attitudes toward the results of his operations as well as the means employed to achieve those results.
1.3.3.4 Use of Communication in Improving the Business Climate

Community relation is a kind of business function worthy of the time and money. It is a two-way, something-for-something process. Yet, historically, it has been largely a one-way defensive posture of winning friends and hoping for the best, if and when the employer needed understanding and support. Certain prerequisites for improved business climate are competitive labor costs, harmonious labor relations, realistic governmental regulations, a prudent level of government expenditures, a fair tax structure, adequate community cultural and recreational facilities and progressive attitudes in the community and its leaders.

1.3.3.5 Use of Communication in Achieving Employee Participation

Communication is not an end in itself. There is no profit in communicating just for the sake of communicating. Communication is a means – and a very effective means – for the solution of managerial problems and for the attainment of managerial objectives. Many of the most perplexing and frustrating daily problems confronting a manager are people-centered. They have their roots in a lack of understanding, or outright misunderstanding, causing apathetic, negative, and hostile attitudes and resultant actions or inactions of individuals at all levels in the enterprise. Where the root cause is as stated, these attitudes and actions may be modified and reconciled through effective communication. Communication concentrates the attention of the organization on the goals to be reached, gives employees the information they need to do their part, motivates them to overcome the obstacles, seeks and channels their participation. Many companies today are working hard to achieve employee participation, primarily through communication.

1.3.3.6 Use of Communication in Administering Change
The only constant element in today’s dynamic business complex is change. Change, or its highbrow synonym, innovation, is an offspring of the prime mover of our business system which is competition. In our intensely competitive system of working for each other, change is absolutely essential. No business can remain static. It must go forward on the vehicle of change or it will fall backward. Change is implicit in the term enterprise. It makes an enterprise out of a business. Peter Drucker, in *the Practice of Management*, dramatically describes the importance of change or innovation. He asserts that every business enterprise has two basic functions: marketing and innovation.

“It is not necessary for a business to grow bigger [he states] but it is necessary that it constantly grow better.

Innovation [he continues] may take the form of a lower price – the form with which the economist has been most concerned, for the simple reason that it is the only one that can be handled by his quantitative tools. But it may also be a new and better product (even at a higher price), a new convenience, or the creation of a new want. It may be finding new uses for old products. . . .

Innovation goes right through all phases of businesses. It may be innovation in design, in product, in marketing techniques. It may be innovation in price or in service to the customer. It may be innovation in management organization or in management methods. Or it may be a new insurance policy that makes it possible for a businessman to assume new risks. The most effective innovations in American industry in the last few years were probably not the much publicized new electronic or chemical products and processes, but innovations in materials handling and in manager development.
Innovation extends through all forms of business. It is as important to a bank, an insurance company or a retail store, as it is to a manufacturing or engineering business”.

1.3.3.7 Use of Communication in Crises

But every business, no matter how well managed, has its quota of disruptive emergencies: floods, fires, and explosions may occur; epidemics may strike; sudden slowdowns of buying by customers build up inventories which necessitate adjustments in the work force; poor decisions or poorly communicated good decisions of managers breed suspicion and feed emotions resulting in slowdowns, walkouts, or strike threats; legislators at local, state, and national level seek to win votes through anti-business legislation and discriminatory taxes.

It is almost axiomatic that the majority of business crises are controllable by the manager and that lack of communication or break-downs in communication are contributory to a very high degree.

When crises strike the manager discovers that communication is a solid support indeed. Obviously, fire-fighting communication is most effective when full, free communication has been a way of life with the business and when media, and credibility for them, have been painstakingly built in times of normal operation. But even in the absence of a prior history of effective communication, remarkable results have been achieved when the manager perceptively and intensively applied the power of communication to the emergency at hand. Communication, of course, can only bring understanding of underlying facts, remove misunderstanding or correct misinterpretation. Any attempt to use communication as a fog or smoke-screen will be ill-advised, short-lived, and costly.

Thus, the use of communication in an enterprise serve scores of purposes such as: to upgrade the effectiveness of management and advance the best interests of all
concerned with the enterprise; to satisfy the employee’s basic right to know and to be heard in order to increase his job satisfaction; to enable the employee to participate in decisions that affect his job security and his opportunities for advancement; to tell him how he is doing; to help him know where he stands; to get work done through persuasion rather than by command. Additionally, we have observed how communication is used to help manage a positive program of employee, community, and union relations and business climate development.

1.4 Communication across the Functional Areas of an Organization

Organizational communication can be divided into two broad categories – internal organizational communication and external organizational communication. The former depends on the various communication techniques and processes being used inside an organization (within the various departments of manufacturing, finance, marketing, human resource, etc.), whereas the latter refers to the interaction of organizations with outside agencies including the suppliers, customers, shareholders, the public at large, and various government bodies. We will discuss each of these functional areas and the communication patterns and standards normally used within these departments.

1.4.1 Marketing Communication: Channels and Promotional Tools

Marketing communication actually deals with one of the most popular aspects of the five Ps of marketing – Promotion. The other four P’s are Product, Pricing, Place, and People. These are loosely connected to marketing communication, but its real relation is with promotion. Several communication channels, which constitute the promotion mix, are available to an organization for carrying out the promotional activity. Effective and efficient co-ordination of these channels for spreading a consistent customer focused message is the theme of integrated marketing communication.
Marketing communication integrates humanities, social sciences, and business administration to prepare managers for building realistic strategies in the integrated fields of **advertising, public relations, brand communications, direct/database marketing, sales, promotions, and e-commerce**.

It is all about propagating information related to the organization or its products/services in the outside world. A number of tools are available for the same. A broader view has emerged recently which tries to add some more dimensions to the already existing domains of marketing communication.

This new concept, which is called integrated marketing communication, is the judicious and efficient use of the product promotional tools so that a universal, clear, and effective promotional message is communicated amongst the target audience.

**Figure 1.6 Integrated Marketing Communication**

![Integrated Marketing Communication Diagram](http://felixscorner.blogspot.in/2013/09/integrated-marketing-communications-imc.html)

"Marketing communications are the means by which firms attempt to inform, persuade, and remind consumers - directly, or indirectly - about the products and brands that they sell." (Kotler and Kelller)
Personal and non-personal communication channels can be used for marketing communications. Within both of them there are many sub channels. The marketing communications mix is presented as mix of eight major modes or types of communication alternatives by Kotler and Keller in the 13 Edition.

1. Advertising
2. Sales promotion
3. Events and experiences
4. Public relations and publicity
5. Direct marketing
6. Interactive marketing
7. Word-of-mouth marketing
8. Personal selling

**Personal Communication Channels**

Personal communication is communication between two or more persons with a specific person communication with others. The message emanates from a specific person. It can be done face to face, or by a person to audience, over telephone, or through post or couriers or through emails or through mobile messages.

The personal communications in the case of marketing can also be categorized as communications from advocate, expert and social contacts. The company salespersons’ communication to customers is communication from advocates of the product.

An independent expert communicating to prospective buyers about the merits of the product is classified as expert communication. A neighbor saying good things about a brand is social channel of communication.

Companies take various steps to stimulate personal communications about their products and brands.
1. They identify influential individuals and devote extra effort on them.
2. Create opinion leaders by supplying possible opinion leaders with the product on attractive terms.
3. Use influential or believable people in testimonial advertising.
4. Develop word of mouth publicity by requesting satisfied clients to promote their product among their friends.
5. Establish online discussion groups and communities

**Non personal Communication Channels**

They include media, atmospheres, and events.

Media channels include print media (newspaper, magazines, souvenirs, proceedings of conferences), broadcast media (radio, television), display media (billboards, signs, posters) and electronic media (audiotape, videotape, videodisk, CD-ROM).

Atmosphere is what firms create in their office environment. The office interiors and exteriors have a meaning to the potential buyers.

Events are occurrences designed to communicate particular messages to target audiences or audiences. Company arranged news conferences, opening ceremonies of various kinds, and sponsorships of various events come under event communications channels.

Communication through mass media stimulates personal communication channels.

**The Promotional Tools**

Following are various promotional tools where communication is essential.

1.4.1.1 Advertising

Advertising is a public mode of communication. Because it is communicated simultaneously to large number of people and people know that the same communication is going to many people, they feel their motives for buying are understood by the advertiser.
Advertising messages can be repeated number of times. Buyers also can compare advertisements of various companies selling the same product. The media offers the facility to add colour, sound etc. to the message and dramatize the message. But advertising cannot have dialogue with the people. People may not see and pay attention to the advertisement.

Advertising is an efficient way to reach geographically dispersed potential buyers at a low cost per exposure.

Advertising has two recent variants. Advertorials are offer editorial content and while it is paid for by the advertiser and it will be difficult for the reader to easily make out that it is an advertisement. Similarly infomercials are TV programs that are meant for promoting the products of the company. They discuss the working of the product, benefits of the products, and user experience etc. and they may beam the message to buy the product and the address to be contacted.

Successful communication in an advertisement involves focusing on a certain audience with information that meets this group's needs. There are three main reactions that a good ad can trigger from these intended viewers. The first response is emotion, getting the target audience to feel something because of your message. Secondly, you want potential customers to think about what you have to say. And the third objective is to encourage them to take action, such as purchasing your product.

Another essential type of communication is called branding. According to the American Marketing Association, branding is defined by a name, sign or symbol, which is designed to identify a seller's goods or services. The entire purpose of this often complex effort is to convince consumers that your product is the only one that can meet their needs. A good brand will: deliver a clear message, reflect credibility, connect with the consumer emotionally, motivate the buyer and build loyalty.
1.4.1.2 Sales promotion

Sales promotion tools like coupons, contests, premiums, and the like act as communication medium and also promote sales.

They gain attention and provide information that may lead the consumer to the product. They include a distinct invitation to the consumer to do the transaction in a short period of time. Sales promotion is one of the five aspects of the promotional mix. (The other 4 parts of the promotional mix are advertising, personal selling, direct marketing and publicity/public relations.) Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, and loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates. Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase.

1.4.1.3 Publicity

Publicity (a tool used in public relations) is non personal communication that is typically in the form of a news story that is transmitted through the mass media. The purpose of publicity is to draw favorable attention to a company and/or its products without having to pay the media for it. The way it often works is as follows: a company sends a press release (often with a video tape) to the media with the hope that it is newsworthy enough to be mentioned in the mass media. The advantage of publicity, besides the fact that it is free, is that it tends to more credible than advertising.
1.4.1.4 Public relations

News stories and feature articles are more authentic and credible than advertisements to readers. The articles act as testimonials. The message gets through to the potential buyers as news and they may not turn away from it as they turn away from the advertisements. Public relations (PR), a very versatile communications tool and is today used by just about every type of organization whether it be a charity, a political party or a commercial firm.

It is concerned with strategic management of information to ensure that the firm achieves specific communications goals. It is not always the case that positive publicity is the outcome of a formally administered PR programme, because it is often impossible to achieve a net positive outcome.

Often PR is used to mitigate or reduce the effects of unfavorable publicity and it is an important and very flexible marketing communications element. It can be used both within and outside the organization, although many feel that it is an external marketing tool, with the firm trying to communicate with a range of external publics in order to create a positive impression in people’s minds.

But we should also recognize its tremendous worth as an internal marketing communications tool. Effective internal marketing, i.e. Creating the correct spirit within firms and persuading all staff to pull in the same direction in terms of marketing effort, is a vital prerequisite to successful external marketing.

This is particularly important for marketing policies based on the concepts of long-term relationship marketing. PR has a key role in helping to bring about an effective internal marketing culture within the firm. In this sense there has been a realization over more recent years of its importance as a strategic internal communication tool as well as an external tool.
PR has a particularly crucial role in the management of adverse publicity resulting from undesirable events or crisis management scenarios. Where a crisis has occurred, especially where people have been injured or lost their lives, it is often a case of damage limitation, putting a fair and balanced account of events forward to the general public and minimizing the adverse effects of the crisis to the organization involved or responsible.

In order to understand what Public Relations is, let us first see what does Public mean. Public is any group that has an actual or potential interest in or impact on a company’s ability to achieve its objectives. So, Public Relations involve a variety of programmes designed to promote or protect a company’s image or its individual products.

The idea of publics is central to the art of managed PR. The PR expert has to manage the publicity from events, which concern every public with which the organization has contact. This is because in order to exist, succeed and survive an organization depends on many individuals and groups of people.

Even in the distribution of products for example, a manufacturer must communicate with salespeople, delivery staff, servicing staff, wholesalers, mail-order houses, agents, importers, exporters, overseas agents and many different kinds of retailer including chain stores, co-operatives, department stores, supermarkets and smaller independently owned shops.

There are many other people or groups that may impact on the success or failure of a firm. These include printers, packaging manufacturers, transport contractors, media owners and advertising agents. To these we can add others such as journalists who may write about the products or company, television producers of consumer affairs programmes and technical programmes.

Business analysts, professional bodies, trade associations, government departments and other organizations are also important publics. PR includes all attempts by a firm
to anticipate, track, review and possibly influence or control the type of publicity communicated, whether directly or indirectly, to various sections of the public.

In doing this, the firm hopes to be able to create and sustain a positive corporate image. In fact the strategic management of publicity through the use of PR is often referred to as corporate communications. PR is concerned with communicating to an array of publics and not simply to the immediate customers.

**The 8 basic publics for PR are:**

i. The community at large

ii. Employees

iii. Customers—past, present and future

iv. Suppliers of raw materials and services, other than financial

v. The money market

vi. Distributors

vii. Potential employees

viii. Opinion leaders

PR involves building good relations with the company’s various publics by obtaining favourable publicity, designing programmes to promote and/or protect a company’s image, or those of its products, including product literature, exhibitions and articles about organizations’ products in professional or in-house newsletters and handling or heading off unfavourable rumours, stories, and events.

**1.4.1.5 Personal selling**

Personal selling as a communicative channel involves a live, immediate, and interactive relationship between persons. Personal selling leads to relationships. The listener feels obligated to respond to the salesman at least with a polite “thank you.”
1.4.1.6 Direct Marketing

The alternatives are direct mail, Email, and telemarketing. In these cases the message is addressed to a specific person. The message can be customized. Even though mailing folders and email are normally standardized to gain efficiency. The message can be up to date. In case of telemarketing, message can be altered depending on the response. In the case of other alternatives subsequent communication can be altered depending on the response.

Philip Kotler, Marketing Management (Main text for revision and article)

Marketing Management Online Text Book by Tanner and Raymond - Principles of Marketing

1.4.2 Project Management Communication

In a fast-changing business environment, more and more businesses are moving away from the traditional set up of functioning and moving towards a network kind of organizational structure where each new work is treated as a separate project and all functional areas of marketing, finance, production, etc., play their own roles in these projects.

Project communication refers to all systems and techniques used by organizations to effectively monitor the status of projects through various kinds of status reports, etc., and also to see that there is sufficient communication within the functional areas involved in a particular project. Properly communicating on a project is a critical success factor for managing the expectations of the sponsor and the stakeholders. If these people are not kept well informed of the project progress, there is a greater chance of facing problems due to differing levels of expectations.

1.4.2.1 Managing Project Communication for each Stakeholder

A lot of communication takes place as and when a project is analyzed, implemented, and completed. To develop an effective communication system, it is very important
for a company to identify the various parties or groups that are to be communicated to and the kind of information that will interest them more.

It is quite obvious that in any project in an organization, not all the communications regarding the project have to be communicated to; every level and, moreover, the significance of this communication also varies. It is important to carefully determine the communication needs for each stakeholder. The stakeholders could be the clients or the customers, the shareholders, the financiers, the media, and society at large. Usually this kind of communication breaks down into three general areas: mandatory, informational, and marketing. This kind of communication generally includes project status reports, legal requirements, financial reporting, etc. This information is sent out to the recipients. There are various types of communications required by a company, an industry, or law. These could be:

**Project status report**

This is nothing but a report in a structured format mentioning the details of the progress related to the various activities involved in a project. This report is, more or less, an attempt to look at the budget estimates and, with a particular time elapsed, the project manager can check the cost incurred and how well he/she is doing as compared to the budget estimates.

**Status meeting**

Every week or so, the project team can hold a meeting to assess the progress and make changes, if required. This meeting should be attended by all concerned and there should be no hiding of facts in these meetings. Any delays and cost overruns should be exactly reported and carefully looked into during the meeting.
**Meeting with a steering committee**

Normally, a project is overseen or supervised by a steering committee, which has members from almost all the functional areas of the business involved in the project. The steering committee should also conduct regular meetings to update everyone, discuss issues, and analyzes any anomalies present.

**Required report to shareholders or your board of directors**

Shareholders and the Board of Directors usually closely watch the progress of a project as a company’s prospects are normally tied up in these projects. The company should make all available information about the project public to the shareholders so that they are not kept in dark. Suppressed information about the company may lead to a large scale manipulation of share prices through insider information which is not good for any professional and respectable company.

**Financial report such as budget versus actual, or any other required financial information**

All financial information related to a project has to be prepared as and when required and send to all parties interested including the management, financers, etc., for their independent and objective assessment of the project by comparing the actual results achieved with the projected figures in the budget.

**Informational Communication**

This kind of communication refers to any information people want or need to know. This information is usually made available for people outside the company but interested in the project. It requires them to take the initiative, or ‘pull the communication’. Informational communication could be any one of the following:

**Awareness building sessions that people are invited to attend**

Awareness building sessions are not held as training sessions but held to build awareness. For example, these kinds of awareness building sessions can be held by an
environmentally-sensitive organization to dispel fears about possible imbalance to the ecological system, being perceived by the local community, where a civil project is being undertaken. The organization can try and explain some of the doubts in the minds of the locals and try to develop a good corporate image by fostering a healthy relationship with the local community.

**Project deliverables placed in a common repository**
A company can place project information in a directory or library that people can access and can also bring out some publications or articles in journals or magazines to convey information about an ongoing project and its possible benefits to society. A feature in a newspaper highlighting the broad objectives of the project could also be helpful.

**Project information on a website**
With the growing proliferation of personal computers and the advent of Internet, it will be a cost-effective exercise for a company to share details of a project on the company’s website so that busy people can browse through these details while working, and make their own objective assessments about the project.

**Marketing a Project**
Marketing is designed to build buy-in and enthusiasm for the project and its deliverables/benefits. Many a time, there is some negative publicity about a project in the society due to various reasons like political and social factors, etc., even before the project kicks off.

By effectively marketing their project, a company can lessen this negative feeling to an extent because without the support of society and the locals in particular, it is very difficult for organizations to succeed in a project. This type of information is sent out by the company to the appropriate people/groups through a one-on-one communication channel.
Typical examples include:

- Project newsletters with a positive marketing spin
- Meeting one-on-one with key stakeholders on an ongoing basis
- Traveling road shows to various locations and departments to explain projects and benefits
- Testimonials from others that describe how the project deliverables provided value
- Contests with simple prizes to build excitement
- Project acronyms and slogans to portray positive images of the project
- Project countdown till live date
- Informal (but purposeful) walking around to initiate discussions about all the good things the project is accomplishing
- Celebrations to bring visibility to the completion of major milestones
- Project memorabilia with project name or image portrayed on things such as pens, Frisbees, cups, t-shirts, etc.

**Branding a Project**

Usually, project communication does not have a marketing angle to it. However, with increasing social awareness and growing media sensitivity, organizations are not taking any chances and are attempting to educate society and other parties not directly involved in the project through marketing communication. Branding is a more sophisticated form of marketing communication. The purpose of branding a project is to establish an identity that conjures up a positive image and goodwill. This is exactly what the marketing people try to do when they brand a product.

There are certain activities that a project team can perform to help with the branding campaign. If possible, they should consider meeting with the marketing department to
gather more ideas and get help on how to establish a brand and how to successfully implement it. Examples of activities include:

- **Establish a positive project name.** For instance, a project called Market Force probably gives more of a positive image than one called Marketing Process Improvement Initiative. A similar idea is a catchy acronym. You can build a positive image with an easy to remember acronym as well.

- **Establish an image / logo.** The project should have an image or logo associated with it. The image must be positive and it should be included on all written communication coming from the team.

- **Buy trinkets.** Put your project name or logo on mugs, t-shirts, pencils, Frisbees, etc. Reward people with a token that contains the project logo when they do something good.

- **Hold face-to-face meetings.** Spend time seeing as many people as possible in person-to-person meetings or small group meetings, especially at the beginning of the project. No one wants to get all the information about an important project through e-mail. It lowers the project's importance.

*Other ideas* include lunch and learns, a series of simple words to associate with the project logo, gathering testimonials of satisfied customers, ongoing personal communications, etc. Find ways to keep your project and your positive message in front of people.

All of this is contingent on including a steady stream of informational content, such as, **building awareness** through mass contact programs, **posting information on a website**, etc. A steady stream of information, combined with the positive feeling of the project branding will help the project be successful and should help overcome any negative perceptions about the project and its purpose.
1.4.3 Human Resource Communication

Human resource communication refers to the techniques and processes used by organizations across the world when communicating with their employees about issues related to the employees appointments, promotions, compensation packages, training, personalized counseling, retirement benefits, and other employee benefit programs run by the organization.

Human resource communication is more than the art and technique of effectively imparting thoughts, information, and ideas. It has become the single most important element in helping organizations share their vision and galvanize their employees to action in moving the organization forward. This is because clear, concise, and consistent communications educate employees, enabling them to appreciate the value of their organizations’ programs. It also keeps employees focused, informed, productive, and committed. Businesses had come to realize the importance of human resource a long time back, and with growing employee turnover rates, they have come to realize that it is not only the various kinds of employee benefits which are important, but that it is equally important to educate employees about these benefits.

Organizations are spending lots of money on recruitment and employee training and cannot afford to lose a manager who is strategically placed in the organizational structure. Losing a key manager to a competitor is a very painful experience for corporations because it puts them on a back-foot by severely affecting the company’s fortunes. Therefore, human resource managers are willing to do anything to prevent such an incidence from recurring.

Human resource communication has become a very important strategic input to all business plans since more and more companies are going all out to communicate with their employees about the various human resource initiatives being taken up by the
company including training, compensation schemes, retirement benefits, organizational changes, etc.

Companies that are seeing a high rate of employee turnover and that are conducting exit interviews have come to this realization that many of the employees leaving the organization were actually not aware of the various employee benefits schemes available to them.

There are lots of benefits and schemes for employees provided by the employers besides regular salary and common allowances, such as, housing allowance, of which employees are not even aware. Most of these would be related to:

- Compensation programmes: executive compensations, salary administrations, incentive pay programs, deferred compensations, and performance management programs
- Stock related long-term incentive programmes and other fringe benefits, including health insurance
- Civil enforcement and remedies and laws effecting employee benefits plans
- Organizational change communications
- Reductions in workforce and early retirement windows, including messaging to those who remain in the workforce
- Expectation and crisis management
- Transition communications
- New organization communications strategy development
- Executive coaching and consulting
- Leadership performance and rewards
- Employee effectiveness
1.4.3.1 Human Resource Communication in Indian Industries

Indian companies have been slow to respond to the global developments in the field of human resource communication. Part of the reason could be that until recently Indian companies, barring a few, did not attach much significance to human resource. The employee turnover was high and till such time that the company was able to push its top line and maintain a reasonable bottom line, the top management hardly bothered about high attrition rates.

With the entry of multinational corporations (MNCs), came the professional approach to human resources for the first time. Increasingly, Indian companies are now trying to go all out to woo their employees in more than one ways and the employees are also more aware of their basic rights and privileges. However, human resource communication in India is still in a very nascent stage and a lot of work is still to be done. Most of the efforts undertaken by companies in this area pertain to retirement benefits, medical benefits, training, etc.

Training is one area wherein many Indian companies are investing money. This requires a very thorough communication from the top management to the personnel supposed to benefit from these training programmes. The human resource department sees to it that the message is clearly passed on and that there are no doubts and inhibitions about a training programme.

1.4.4 Financial Communication

Financial communication is all about conveying all financially sensitive information and data of the last year including the company’s overall performance, major capital expenditures undertaken, profitability performance, stock market performance, etc., to the financial stake holders like shareholders, financial institutions, financial analysts, etc.
The majority of economic activity in country like India is conducted through private sector corporations, with the result that the ultimate ownership of capital is derived from the executives who decide how capital is to be deployed. Corporate financial communication forms part of the governance structure whereby corporate executives are made accountable for their decisions, and is, therefore, an important area of academic research.

Today’s business environment is characterized by rapid change. The intense competition for media and investor attention makes it difficult to reach out with important messages. When a company comes under scrutiny due to rumours of impending issues the intense focus from the markets and the media may cause problems. The objective of financial communication is to protect and enhance shareholder value.

The tactics found within investor relations (IR) are used to build close relationships with investors, analysts, and the financial media. Most investor relations activities are linked to the financial calendar and can be planned beforehand. However, acute situations may arise such as initial public offerings, takeovers, mergers, and new share issues.

CEOs, CFOs, vice presidents, directors of investor relations, and other management team members are called upon every day to report their company’s current financial position and prospects for the future. How shareholders and analysts receive this information can have a serious impact-negative or positive-on the company’s stock market performance and bottom line. Indeed, a company’s very stability can hang in the balance with financial reporting. Individuals charged with disseminating financial information must possess sharp communication skills or else the slightest slip can cause a drop of several points on the stock market.
1.4.4.1 Constituents of Financial Communication

As more and more stress is laid on full disclosure of performance by corporations across the globe, it has become a highly sensitive and eagerly awaited piece of information.

Organizations are trying their best to bring out as much information as possible, to send a clear and distinct message to the investing community at large. Transparent financial communication has come to be recognized as a key element for professional organizations in the West. Barring a few cases like IPOs, etc., financial communication is more or less structured, both, in terms of timing as well as the content. Financial communication lets you know:

- the company at a glance
- the chairman’s message
- the outlook
- the key figures
- share price information
- balance sheets, income statements, and other price-sensitive financial data
- investor relation releases
- the finance calendar
- the trading worldwide
- the stockholder structure
- the merger
- IPO road shows
- corporate governance
Company at a glance

This talks about the board of directors (including the chairman) – their tenure, their compensation, and other dealings. It also details a company’s memorandum and article of corporation, the present and proposed line of business, major brands and products, worldwide locations, major image campaigns, major innovations, social responsibilities and obligations, and environmental sensitivity.

Chairman’s message

It is through this that the chairman addresses the shareholders directly and gives a brief snapshot of the company’s performance in the last financial year including the sales, profits, and other details. He also talks about other major achievements of the company, such as, any tie ups, strategic alliances, mergers, etc., and also proposes a dividend which then has to be endorsed by the shareholders.

Outlook

This report contains forward-looking statements that reflect the management’s current views with respect to future events. Such statements are subject to risk and uncertainties including economic downturn, change is currency exchange rates and interest rates, introduction of competing products, increased sales incentives, etc. If any of these risks or uncertainties occur or if the assumptions underlying these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. The company does not normally assume any obligation to update these statements, which speaks only as of the date on which it is made.

Share price information

This provides all the stock market data related to the company’s stock, including price and volume date, short and long positions, daily close and open positions, market
capitalization, historical highs and lows, and other technical analysis data. It also has some chart analysis done for the investor community.

**Balance sheet, income statement, and other price sensitive financial data**

This is the backbone of all financial communication, whereby the company puts in the total financial statements for the investor community including the income statement and the balance sheet in a standard format for easy understanding.

**Investor relation releases**

In some countries, like Germany, the law requires an issuer of a publicly-listed stock to release important news about the company, which is not in public knowledge, immediately, if – due to its effects on the financial situation or the general business development of the company – the news might have a substantial influence on the share price.

This is intended to prevent that news, with relevance to the share price, being known only to ‘insiders’, who might use this knowledge to their advantage. These are called investor relation releases.

**Financial calendar**

The finance calendar is the whole year planner for the company, wherein the company tries to share some important future events, with regard to financial communication, with the shareholders, analysts, bankers, etc. It merely talks about dates for financial disclosures, like when will the full annual report be presented, when is the interim report likely to be presented, the annual press conference, and investors and analysts meets, etc.

This is an exercise primarily undertaken to reflect a company’s professional approach and open attitude towards the disclosure of financial data. It also helps the parties interested in the information to schedule their engagements accordingly, so that they
do not miss any of these important dates of disclosure of financial information necessary for their subsequent analysis about the performance of the company.

**Trading worldwide**

This gives us the information about where all the company’s stocks are traded in different stock markets in the world and what composition it has in the major stock market indices. With the integration of global financial markets, it is a common sight today to see major companies getting listed in almost all major stock exchanges of the world.

Since most of the multinational companies are doing business in most of the countries where they are listed, they might have shareholders in those countries also. Therefore, most of these companies share information about where in the world are their shares listed and how much importance is being given to the company’s stock as reflected in the weightage in the market index. Shareholders now-a-days form a big global community and it is important for them to know how their company is being perceived in other corners of the world.

**Stockholder structure**

This provides the break-up of the shareholding patterns, both geographical region wise and also investor groups wise. It also gives details about major shareholders and their holdings and information on floating stocks. The data is normally presented in percentage terms. This is a very important piece of information for the shareholders as they come to know about the major shareholders and also holding patterns of other big players like financial institutions, mutual funds, investment banks, etc. It also gives an idea about the retail investors and their total stake in the company. The promoters holdings also give lot of information. For example, if the company is, by and large, dominated by the big players like financial institutions, etc., and (besides the promoter who hold a good percentage again), the retail investors hold a very small
portion of the stocks, it gives a negative impression about the company’s attitude as such companies are considered to be open to more manipulations and malpractices. The reverse holds true for a company where the percentage of retail investors is on the higher side.

**Mergers and initial public offerings**

Periodic pieces of information about the company often appear when mergers happen. A merger or an initial public offering (IPO) is a big change for a company and, therefore, has to be dealt with separately. The investor community views mergers, etc., with a cautious mindset and, therefore, is satisfied only when this issue is detailed out separately by the company in the financial communication. A merger normally brings with it a new company in the fold, a new capital structure, and may be a new business philosophy all together. Therefore mergers are a very strategic landmarks in the life of an organization and professional companies are expected to come out with all information related to a merger including the motives behind the merger, the basis of the merger, the calculation of merger ratio, projected effects on profitability, EPS, share price, etc.

Similarly, when a company is comes out with an initial public offering, many changes take place and existing shareholders expect complete transparency in the pre-IPO and post-IPO scenarios. An IPO does not only bring in fresh capital, it also has an effect on the earnings per share, market prices, current shareholders stakes, capital structures, etc. As far as possible, the current shareholders must be informed about the reasons behind opting for an IPO – the pricing, the timing, and the size. The company should also share information on possible financial effects after the IPO is complete.

**1.4.5 Corporate Governance**

Corporate governance issues are, quite rightly, receiving ever more attention and are being increasingly discussed by the general public. It has become a norm to report all
the information about a company, which could be price sensitive or otherwise. The annual consolidated financial statements as well as the interim consolidated financial statements (quarterly financial statements) of the company and subsidiaries are prepared in accordance with the generally accepted accounting principles in the country concerned. A company should try and make all efforts to ensure that shareholders exercise their rights at the general meeting and participate in voting. The rights and obligations of the board of directors of the company should be clearly spelt out.

Moreover, companies are now supposed to report even non-profitable activities, in which they are engaged, which otherwise bring credibility to the company’s corporate image. Activities like environmental protection, child care, education, etc., are being actively taken up by these ‘corporate citizens’ and it will be good for the company if they can share all this information with the shareholders, etc. Corporate governance is a buzz word in the industry and more and more organizations are trying to outsmart each other by bringing out as much information for disclosure as possible. For example, companies like Infosys have started putting their human resource management under the assets category of the balance sheet to put in the value of their employees in monetary terms. Indirectly, they are trying to send out the message that even this information is being shared, and simultaneously boost the goodwill between the employees and the company.

1.4.6 Management Information Systems: A Communication Tool

Organizations today are faced with a problem of ‘plenty’ when it comes to information; to manage this information so that it is communicated to the right person at the right time is a daunting task. It is here, where information technology comes handy and provides a robust communication network in the organization. Moreover, the transformation of business caused by Internet related technologies and e-business
demonstrates that information systems and information technology are essential ingredients for business survival and success. An information system can be any organized combination of people, hardware, software, communications networks, and data resources that collect, transform, and disseminate information in an organization. As a consumer, one has to deal regularly with the information systems that support business operations at the many retail stores where one shops. For example, most retail stores now use computer based information systems to help them record customer purchase, keep track of inventory, pay employees, buy new merchandise, and evaluate sales trends. Store operations would grind to a halt without the support of such information systems. They also help managers make better decisions and gain competitive advantage, about issues such as decisions on what product to discontinue or what to add that are typically made after an analysis provide by computer-based information systems.

Management Information Systems (MIS) are being used extensively in all business functions including sales and marketing, finance, human resource, and operations. Marketing teams are using MIS to develop effective interfaces with the market, get superior feedback from customers, develop a product according to customer’s tastes and likes, and improve demand forecasting. Finance departments use MIS to do accounting, develop accounting reports, and to prepare balance sheets and other income statements. Similarly, human resource divisions use MIS to develop human resource inventories and for effective manpower planning. Production departments are using MIS to streamline the whole process starting from the purchase of new materials from suppliers to the point where the final product is shipped to the market.
The business application of information system has changed and expanded significantly over the years. From the role of accounting and record keeping in 1960s to that of MIS and decision support system (DSS) in 1970s, it has come to a stage where it is now a knowledge system, thus becoming an integral component of business processes, products, and services that help a company gain a competitive advantage in the global marketplace. Figure – 1.7 summarizes these changes.

The e-business enterprise

Businesses are becoming e-business enterprises. The Internet and Internet like networks inside the enterprise (Intranets), and between an enterprise and its trading partners (Extranets) have become the primary information technology infrastructures that support the business operations of many companies. Enterprises rely on such
technologies to revitalize internal business processes, implement electronic commerce systems among business customers and suppliers, and promote enterprise collaboration among business teams and workgroups. Figure – 1.8 shows how an e-business enterprise depends on the Internet, intranets, extranets, and other information technologies to implement and manage e-business operations and collaboration.

Figure – 1. 8: E-businesses Implementing and Managing E-business Operation and Collaboration


The enterprise collaboration system involves the use of groupware tools to support communication, coordination, and collaboration among the members of networked teams and workgroups. It depends largely on the intranets, extranets, and other networks to support such systems. For example, employees and external consultants may form a virtual team that uses corporate intranet and an extranet for electronic mail, video conferencing, electronic discussion groups, and web pages of work-in-progress information to collaborate on business projects.
1.5 Communication between Functional Areas

Having discussed communications in specific functional areas, we now take a look at some of the more important cross-functions communications commonly taking place in organizations. No department can function in vacuum and there has to be an efficient communication system within departments to help in the effective growth of the company. The more the functional departments communicate, the more hey trust each other and the more the ‘wall’ between the departments gets dented. Modern day professional organizations practice a high degree of transparency within the business unit and expect all the functional departments to share every piece of information that is vital and affects them as a whole.

1.5.1 Marketing and Production

By far, the most debated issues in the corporate higher ups normally pertain to the objectives clash between the marketing and production departments. The marketing team usually likes to see the company offering more and more models, quickly with shorter lifespan. The production department is more concerned about the quality and performance of the product rather than offering more variants/models. This is where an effective communication system is highly desirable. Both the functional units must trust each other, share facts, and try to respect each other constraints and think strategically so that the overall organizational goals are not undermined.

Product Development Process

Product development process is the most competitive area in organizations now-a-days, because of the short life of products due to fast changing customer tastes and habits. Designing new products and getting them to market quickly is the challenge facing manufacturers in industries as diverse as computer chips and potato chips. Customers of computer chip manufacturers need ever more powerful super computers
for their evolving product lines. Food producers need to provide their grocery store customers new taste sensations to sustain or enlarge their retail market share. Although the potential opportunities to be realized in developing new products are exciting, making them happen is a challenge. New product development entails a complex set of activities that cuts across most functions in a business. Needless to say, an efficient and effective communication system within the organization is the minimum requisite for the product development process to be smooth and successful.

The product development process starts from the market where customers give their choice of preferences, tastes, likes, and dislikes. Now, it is important for the marketing team to keep their eyes and ears open when communicating with the customer. The customer, being aware of his/her desires, will spell out his/her needs, price, and quality expectations very clearly. The company’s marketing team must have a sensor mechanism in place to effectively read that message and communicate it back to the company. If this is done properly, more than half of the battle is already won. If this is done badly, no matter how well you design your product and place it in the market with best promotion schemes, it is bound to fail, simply because the homework was not done properly. Then, once the company’s top brass agrees to the idea of developing such a product as desired by the sales team, extensive consultations take place between the finance, production, and marketing departments. The finance department looks into the cost aspects of the product, the investments to be made, and the final pricing. The production department is concerned about the quality standards, production process, time required, etc. All these three parties have genuine concerns and complete transparency in communication is required at this stage so that the whole company stands behind the product and it (the product) is put forward in the market after thorough cost and other analysis.
1.5.2 Finance and Other Functional Areas

Finance is rightly considered the lifeblood of an organization. However great an idea might be, it remains to be seen whether that idea can be translated into a product or service that is economically viable. All product development activities discussed above have to necessarily come through the finance department, which looks into the cost, pricing, and future revenue expectations of that idea before giving it a green signal. It is, therefore, very important to communicate with the finance department on a continuous basis and involve it at each stage by constantly sharing all strategic information through a proper communication system.

Many managers make the serious mistake of bringing in the finance department at later stages of product development, which may result into a wonderful idea going down the drain. The finance aspect is an almost undetectable component of any process initiated in an organization and it is better to be as transparent with them as possible and regularly communicate with them on all issues. It has been commonly observed that marketing departments will always push for more funds to be released for marketing communication and will always love to have more and more variants, improved versions of products to be launched quickly in the market. It is here where their objectives may sometimes go in a different direction from that of the finance and production departments. It should be appreciated by a marketing division that there is a limit on the company’s spending on advertising and sales promotion and, similarly, there is a limit on how many models of the product can be produced and launched. Both these divisions require continuous communication at all levels so that these kinds of differences can be smoothened out.
1.5.3 Human Resource and Other Functional Areas

It is the human resource department’s function to bring in the right people in the organization as and when required and to give the right kind of training to the right person. It becomes imperative for all the other departments of the organization to have good communications with the human resource department and pass on the information about their personnel requirement and the specific knowledge/skills required. The human resource department then tries to match the desired skill levels through its recruitment and training process. Selecting a wrong person for a job means a huge loss to the company and it should be avoided by timely and specific communication between the human resource department and other functional areas. For example, if the marketing department requires a marketing manager for its western division, it should specifically communicate the exact profile of the persons they are looking for so that the human resource team recruits the right person.
Communication to the human resource division should be as specific as possible; therefore, organizations are trying to bring in more accurate job specifications as the jobs are becoming increasingly specialized. Gone are the days when you could find a recruitment advertisement specifying only broad qualifications and background. Companies are coming out with job advertisements, which clearly spell out specialized qualification and work experience so that only persons with the exactly matching profile may apply. Recruitment is a costly business now-a-days and effective human resource communication can reduce the cost to a great extent, if only the human resource department works in a more transparent manner and regularly communicates with other functional areas.

1.6 Need for the Study

The prevalent awareness regarding importance of communication amongst SMEs of GIDC of Anand and Kheda District is not established. It has been assumed that these SMEs are aware of modern techniques of communicating but there is some unenthusiastic attitude towards training and encouraging employees to use it. If the relationship between usage of technology for communication and management has been proven, it can greatly facilitate these SMEs.

With three tier focus on Business Management, Technology and Communication, SMEs can gain cutting edge over others and develops potentials to grow vertically in their sector as well as market.

1.7 Summary

Communication within the functional areas of an organization is a very strategic issue and needs to be carefully looked into by the employer and the employee both. It is only when the functional areas communicate within themselves and with each other through a formal structured communication system, that there can be transparency in
dealings. With transparency, an element of trust and goodwill is created within the organization.

Marketing communication forms the backbone of all sales efforts being done by the marketing staff and can effectively supplement the various sales promotions and advertising techniques being used by the organization.

Human resource communication provides detailed knowledge about the various policies of the organization with regard to employee compensation and other benefits including training programs, etc., to the employee which otherwise may have gone unnoticed.

Project communication is important for organizations, like software companies, which treat every project/assignment as a profit centre. It becomes vital for such organizations to keep track of various projects for smooth resource allocation and to avoid unnecessary delays.

Financial communication is all about providing financial data pertaining to the company’s performance to the investor community at large. Organizations must try to bring in a complete disclosure policy revealing all substantial and price sensitive information to the parties interested.

Operations communication is primarily more visible in the material requirement planning stage whereby the department sees to it that there is no shortage of any kind of material in any of the functional areas thus ensuring smooth product cycles.

Communication between the various functional areas within an organization is also very important and may require two or more departments, at a time, to come into the picture for a strategic decision like product development, recruitment, capital investment, etc. Effective communication across the functional areas then becomes the key to the success of any strategy.