

## INTERNAL COMMUNICATION CHALLENGES IN 21<sup>ST</sup> CENTURY ORGANIZATION

### Leadership perspective

**Ieva Zaumane**

*Riga International School of Economics and Business Administration, 3 Meza str., Riga, LV – 1048, tel.: +371 29466551*

*e-mail: [zaumane.ieva@gmail.com](mailto:zaumane.ieva@gmail.com)*

#### **Abstract.**

The purpose of this article is to come forward with the theoretical review about the impact of internal communication and employee engagement on achievement of business goals. The literature review will offer critically analytical view on the latest publications and researches about the role of internal communication and employee engagement in organizational performance. In addition, author will come forward with results of the pilot survey about relationship between employees and employers in organizations in Latvia.

The author used quantitative and qualitative research methods including “snow ball” method in conducting survey and literature review on internal communication and its challenges in 21st century organization. In this article, the author provides the proof to the assumption that internal communication is a complex concept challenging the organization’s management, employee engagement and productivity and organizations performance. Also, pilot survey presents, that employees in organizations in Latvia feel more like tools rather than, valuable resource. Particular finding asks for further research regarding its impact on internal communication and engagement.

*Keywords: leadership, internal communication; employee engagement; business sustainability..*

*Type of the paper: Empirical paper*

*JEL code: M12, M19, M59*

#### **Introduction**

Twenty first century has brought significant challenges in organizations management related to young employee generation demonstrating different personal and professional value systems. Employees of new generation ask for leaders’ ability to inspire, answer the questions related to the purpose of the work, to engage them in decision making process. Employees from middle and oldest generations share different values – they ask for stability, clear decision making and communication.

Gallup global employee engagement survey presents some significant problem having potential impact on sustainability of organizations: 72% of employees in organizations in Europa, as well as in Latvia are disengaged. In fact, those are employees working without any enthusiasm, initiative. As said by authors of this research, identification of these employees within organization is very difficult – practically they perform normally (Gallup 2013).

Researchers in UK have calculated that disengaged employees for state costs 15 billion pounds per year. It is explained with phenomenon, that disengaged employees get sick, find an excuse for retardation more often than engaged persons, and as a result it leads to lower productivity. Therefore, employee engagement concept has become popular in both - professional and academic environment.

Internal communication plays an important role in employee engagement. Effective internal communication means saying to people where they are going (message from top to down), consolidating different parts of the organization in one team (message horizontally) and receiving information on how successful has been the communication (feedback bottom-up) (Gregory 2007). However, communication practitioner Bill Quirke highlights that internal communication is vital to success of the company and when done well can provide strategic advantage through aligning employee efforts, sharing knowledge and engaging their passion.

This research tries to find answers to main questions: (1) What kind of factors influence internal communication in organizations? (2) What kind of internal communication challenges become more topical for managers in Latvia?

The author used quantitative and qualitative research methods including “snow ball” method in conducting survey and literature review (analysis of 40 publications) on internal communication and its challenges in the 21st century organization. In this article, the author provides the proof to the assumption that internal communication is a complex concept challenging the organization’s management, employee engagement and productivity and organizations performance. Also, pilot survey demonstrates that employees in organizations in Latvia feel more like tools rather than valuable resource. Particular finding asks for further research regarding its impact on internal communication and engagement.

## **Literature Review**

### *Defining internal communication*

Organizations are working hard to implement communication programs which would meet requirements of both - external stakeholders and modern communication channels.

In communication programs internal communication should have equally important role because it is directly based on employee engagement in defining organizational objectives, tasks and values, as well as in creation of internal culture. Although the communication theorists and researchers discuss a lot about the role and importance of internal communication in the overall organization’s public relations program, still large number of organizations do not understand internal communication and its importance in creation of mutual understanding between the management and employees.

Internal communication is an abstract and incomprehensible concept and perhaps this is why managers when facing problems do not see this as one of the causes that could lead to either the

outflow of customers or reduction in sales or the failure in achieving strategic objectives of the organization.

Development of the internal communication concept is linked to different stages in the evolution of both - society and organizations. In each of these stages communication with employees had its own role, which allowed researchers come to different internal communication definitions. However, they all are examined in the context of organizational communication including not only information flow research, but also organizational culture studies.

Both communication researchers and practitioners of the 20th century have indicated that internal communication of organizations determines the degree of organization's effectiveness, success and ability to operate. However, these approaches to the internal communication are often associated with the concepts of "employees' information", "raise of employee efficiency," "one-way communication." These concepts actually focusing on the unilateral benefit for the organization give the evidence for the practical application of the concept of *internal communication*. Thus, internal communication is more seen as the instrument which can help affect employees, less than a tool which engages employees in a dialogue with the aim to achieve a mutual understanding between management and employees.

Two communication researchers Lyn Smith and Pamela Mounter believe - although the internal communication research has a long history, it still can be seen as immature communication field. This is due to managers having differing views on the role of internal communication, some seeing it as little more than a "messaging service" with no particular place in the wider scheme, while others sees it as an essential change agent (Smith, Mounter 2008).

Researcher Pamel Mounter defines internal communication as follows: Effective communication means saying to people where they are going (message from top to down), consolidating different parts of the organization in one team (message horizontally) and receiving information on how successful has been the communication (feedback bottom-up) (Gregory 2007). She also distinguishes seven steps for successful communication:

- 1) Top-managers' support;
- 2) Management appreciation;
- 3) Determination of some really important messages;
- 4) Network of the communication representatives for the support of the local management;
- 5) Agreement on the provision of information and receiving of the feedback;
- 6) Opportunities and rights of the local management and its support network/-s;
- 7) Involved on all levels in a long-term process (Gregory 2007).

When communication works well, people are encouraged to say what they think about the received information, and their voices are important. When people see that management responds to their feedback, process becomes reliable (Gregory 2007).

Pamel Mounter calls internal communication *corporate glue* which helps to build a strong team, strengthen pride in the organization and encourages people to work a little harder to win the race (Gregory 2004).

In terms of effective internal communication, Ann R. Carden notes that it is crucial for the staff to be aware of the decisions, changes and the company's development, therefore it is important that management tell the reasons for the decision - "why" immediately after "what." This explanation helps to provide employees with the big picture and make them feel as a part of a team. Employees are the first and most concerned about how the changes will affect them (Hansen-Hom, Neff Dostal 2008).

Professor from Thames Valley University in London Sandra Oliver when speaking about internal communication emphasizes its complex nature. Internal communication as a key corporate strategy function is no longer a question of a simple efficient bottom-up and top-down communication executed by line managers (Oliver 2009).

Internal communication system is a part of the organizational structure and culture, but it also creates a structure and culture itself. Environment affects how people with power in the organization create a structure, culture and communication. However, the structure, culture and communication also determine who holds the power and how the organization perceives its environment and how responds to it (Grunig 1992).

In terms of internal communication role in achieving business goals the communication practitioner Bill Quirke highlights that, traditionally, internal communication has focused on the announcement of management conclusions and the packaging the management thinking into messages for mass distribution to the "troops" (Quirke 2008). However, he points out that internal communication is vital to success of the company and when done well can provide strategic advantage through aligning employee efforts, sharing knowledge and engaging their passion.

Radford University researchers William R. Kennan and Vincent Hazleton talk about internal public relations, which are not essentially different from the internal communication concept, but stress the relations between organization's management and employees in reaching organization's mission, goals and objectives.

In different historical stages internal public relations theories have evolved from those which see internal public relations as one-way communication with employees to those which stresses the important role of communication in relations between management and employees. It indicates the need for internal communication and internal public relations treated as a single concept, resulting from one another.

For example, Kennan and Hazleton distinguish five requirements for internal public relations largely determining internal communication: it have to be based on relationships and relational activities, they should provide frame that shows a clear empirical link between internal public relations and desired results of the organization; they must determine the role of communication behavior leading to effective internal public relations, they have to provide a link between micro-level actions and macro-level results, they should be focused on the strategic level (Botan, Hazleton 2006).

Within the framework of this research internal communication is defined as a complex that combines organizational culture, implementation of leadership in the organization, formal flow of information and successful management of informal communication.

The role of internal communication is not only the message sender's ability to produce reliable information and transfer it to recipients; it is the complex of internal relationships which can affect the existence of the whole organization. In this research internal communication is seen as

relationships and their effective implementation, creating trust and a shared view on the vision, goals and objectives at all levels of the organization.

### *Impact factors of the internal communication*

The author of this research has analyzed significant impact factors of internal communication in organizations. Although concept of the internal communication seems to be very understandable, it is complex and influenced by different aspects of an organization. Therefore it cannot be seen only from perspective of communication, public relations or human resources.

Within this research there are discovered seven factors which impact an internal communication: (1) Style of the leadership; (2) Placement of function of the internal communication within organization; (3) Organizational structure; (4) Organizational culture; (5) Size of an organization; (6) Communication channels and technologies; (7) Understanding of the role of communication.

The author offers to analyze one of these factors - "impact of the leadership" which is one of the most important in order to form transparent, effective and sustainable internal communication environment in the 21st century organization. And this is one of the greatest internal communication challenges of the modern organization. It relates to the fact that the new generation of employees asks for communication, transparency, as well as opportunities to provide feedback and participate in decision-making. Unfortunately the managers of middle and senior generation are often unable to provide this need for open and effective communication, thus creating conflicting situations and employee dissatisfaction.

In recent years the organization and communication researchers focused on communication of the management and leaders' looking for answers to question what kind of a leadership style has a positive impact on internal relations and employee engagement in the organization. The internal communication has been influenced by the **style of the leadership**. That conclusion has been made by several authors and researchers like L.R. Men, Knippenberg&Sitkin, Hackman&Jonson, Fletcher, Goleman, Boyatzis, Jirgens, Pearson, Clair. They conclude that the way how manager leads a company impacts internal environment and communication style. For example, if leader is open-minded, positive and transparent as communicator, internal relations and communication will be more open and positive. This will lead to higher productivity and performance. The manager's communication style and practices are meaningful factors related to the outcomes of the employees understanding of his or her job and the perceptions of the workplace (Mackenzie, Maureen 2010). This author, referring to Ballinger & Schoorman and other authors, indicates that trust in a leader is a very important aspect of the working environment.

Other author Whitworth (Whitworth 2011) has pointed out, that different types of a leadership advocating different styles and communication channels to influence followers constitute a major component of internal communication systems (Linjuan Rita Men 2014).

Organizational researcher Melani Fletcher in her study carried out in large organizations in South Africa points to the fact that the lack of the leadership in the organization is one of the reasons leading to the low performance level. If organizations where surveys were conducted would be focused on the leadership, then their performance indicators would be higher.

Explored organizations did not appreciate the importance of the leadership development and did not realize that employees who do not have strong leader's support and management cannot be motivated and effective (Fletcher 1999).

Organizational management researchers have discovered and analyzed a variety of leadership styles, and pointed to the features that characterize leaders. However, as stated by Daniel Goleman, Richard E. Boyatzis, Annie McKee, the leader is followed by employees and constantly seen as an example. This group of authors also point out that the leader creates the mood of the organization. A leader drives emotions of the collective in a positive track, thus improving the working environment. He is also able to guide people in ways that give them clarity and direction for their work. This in turn encourages the flexibility and release to use the best internal resources of employees to do the job well (Goleman, Boyatzis, Mckee 2002).

Also, Klaus Jurgen talks about the role of the manager in the organization. He points out that the employees have very high self-organization capabilities, unless the management has given them a clear vision of the goals. Mary Welch (Welch 2010) stresses that senior management communication and open, effective communication strategies are recognized as having a crucial role in the development of positive employee engagement.

If there is no assurance that the work has a deeper sense people fear and any changes, they will perceive as a threat. At a time when the "ship-business" got a stormy sea, a manager must be "anchor" in his employees' eyes. He should be able to specify a realistic vision (Bērziņš, Nēbels 2006). In fact, the author's statement indicates that in a situation where the organization does not assert the mission and goals, as well as lacks the manager- leader who is trusted by employees, organization can come to a precarious state - internal chaos may arise leading to the crisis situation.

### **Methodology**

Author has carried out the pilot survey with the aim to clarify the nature of the relationship between the manager and the staff in the organizations in Latvia by assessing their linkage with the quality of internal communication. The focus of the study is communication between managers and employees. In order to achieve this objective, a questionnaire consisting of 4 questions was developed - three questions were closed, but one - open type.

In the frame of the pilot survey the author asked employees how they feel in their working environment – as a valuable resource or as practical tool? In addition it was asked what determines one or the other identity. In open question respondents were asked: if you would have a chance what would you reproach to your manager? These questions were chosen in the context of the previously described theoretical framework regarding the role of leader and manager in internal communication as well as its impact on forming internal communication climate.

The questionnaire was made using site [www.visidati.lv](http://www.visidati.lv) and distributed via internet using the method of snow ball sampling (Vogt, W.P. 1999). It provides the extraction from one or more sources asking each respondent to share the questionnaire with someone who meets the research criteria, thus increasing the amount of the data.

During data collection process the author of the research realized that data cannot be considered as representing all Latvian citizens because only those with the access to a computer and internet connection could participate in the study. Whereas the main purpose of the survey was to find out the trend not to get general results, the questionnaire could be filled by every resident of Latvia

employed in an organization and having the technical means to complete the questionnaire. As a result 200 responses were received, and the average age of the participants was 34 years.

In order to analyze the open-ended responses the method of categorization was used creating several categories which could contain each of the received responses. In a result of initial analysis three main categories were developed: manager communication, competence, trust.

### **Results**

Results of the survey showed that in Latvian organizations there exist several problems regarding relationship between employees and manager.

Employees in Latvia often feel themselves as tools which can be thrown away after the use, not as a valuable resource. Only 22% of respondents admit that employers consider them to be a valuable resource. Even as many of the respondents at work fully feel themselves as a tool which is used until it breaks, but half of the survey participants' feelings about their status changes from time to time.

Respondents were also asked what determines feelings about their status in the organization. Those having sense of being treated in their working place as something valuable indicated that main reasons are linked with the manager's trust in them, frequent communication, engagement in processes and providing feed-back. It was stressed that respect from the management and chance to make decisions are also important.

On the other hand employees feeling themselves treated as tools reported not having sense of appreciation and management's interest in the result of their working duties. Lack of communication and engagement were also mentioned as essential factors in relations with employer.

In the same survey employees could fill in the form "If you had a chance to tell your manager..." indicating the most crucial issues in communication with managers. On the first place in the list of reproaches there is a lack of communication, feed-back and employees' engagement, on the second place – feeling of distrust and lack of appreciation but on the third - management skill shortage, inability to unite the team un lead it to certain objective.

### **Conclusions**

After summarizing conclusions of researchers regarding the role of managers and leaders in creating environment of internal communication, as well as analyzing results of pilot survey on management communication in organizations of Latvia, it can be concluded that practice are far away from the ideal theoretical model of management communication with employees.

Researchers and theorists stresses the importance of open communication with employees but results of the survey shows that in Latvia most of the managers have weak understanding of effective communication within the organization. As a result employees feel themselves and their work undervalued being an insignificant screw in a large mechanism. Obviously, this is the gap between what is recommended by researchers and what is experienced by employees in daily communication with their managers.

Bots results of the survey and many communication and management researchers confirm the urgent employees' need for opportunity to give and receive feed-back. This is one of serious factors in establishing effective relationship between employees and managers and as a result employees have the opportunity to receive an assessment of their work, to improve their performance and thus also the performance of the organization as a whole.

This study concludes that daily communication with employees and giving/ receiving the feed-back is the biggest challenge for the managers of organizations in Latvia. It demonstrates the lack of leadership and communication skills or weak understanding of manager's role in working environment and relationships with employees. Consequently internal communication environment, its effectiveness and employees' satisfaction suffer. In fact, in this context, it is difficult to talk about the involvement of employees, if its primary success factor – the communication – is undervalued.

The author recommends devoting future studies to organizational environment in Latvia examining the managers' understanding of communication with employees, clarifying the techniques and channels used in internal communication, as well as analyzing the link between these factors and actual level of employee engagement.

## References

### Journal articles:

Altuntaş, G., Semerciöz, F., & Noyan, A. (2013). Linking Competitive Rivalry to Internal Communication in Private Healthcare Organizations. *Procedia - Social and Behavioral Sciences*, 99, 809–817. doi:10.1016/j.sbspro.2013.10.552

Borca, C., & Baesu, V. (2014). A Possible Managerial Approach for Internal Organizational Communication Characterization. *Procedia - Social and Behavioral Sciences*, 124, 496–503. doi:10.1016/j.sbspro.2014.02.512

Constantin, E. C., & Baias, C. C. (2015). Employee Voice •Key Factor in Internal Communication. *Procedia - Social and Behavioral Sciences*, 191, 975–978. doi:10.1016/j.sbspro.2015.04.319

Hume, J., & Leonard, A. (2013). Exploring the strategic potential of internal communication in international non-governmental organisations. *Public Relations Review*, 40(2), 294–304. doi:10.1016/j.pubrev.2013.10.011

Invernizzi, E., Biraghi, S., & Romenti, S. (2012). Entrepreneurial communication and the strategic role of internal communication. *Sinergie Rivista Di Studi E Ricerche*, 87, 149–170.

Fletcher M., (1999), The effects of internal communication, leadership and team performance on successful service quality implementation: A South African perspective, *Journal Team performance management*, Vol.5,p.160, Emerald



Jacobs, M. a., Yu, W., & Chavez, R. (2016). The effect of internal communication and employee satisfaction on supply chain integration. *International Journal of Production Economics*, 171, 60–70. doi:10.1016/j.ijpe.2015.10.015

Jo, S., & Shim, S. W. (2005). Paradigm shift of employee communication: The effect of management communication on trusting relationships. *Public Relations Review*, 31(2), 277–280. doi:10.1016/j.pubrev.2005.02.012

Karanges, E., Johnston, K., Beatson, A., & Lings, I. (2015). The influence of internal communication on employee engagement: A pilot study. *Public Relations Review*, 41(1), 129–131. doi:10.1016/j.pubrev.2014.12.003

Kupritz, V. W., & Cowell, E. (2010). *Productive Management Communication: Online and Face-to-Face*. *Journal of Business Communication* (Vol. 48, pp. 54–82). doi:10.1177/0021943610385656

MacKenzie, M. L. (2010). Manager communication and workplace trust: Understanding manager and employee perceptions in the e-world. *International Journal of Information Management*, 30(6), 529–541. doi:10.1016/j.ijinfomgt.2010.04.001

Men, L. R. (2014). Strategic Internal Communication: Transformational Leadership, Communication Channels, and Employee Satisfaction. *Management Communication Quarterly*. doi:10.1177/0893318914524536

Miller, V. D., Poole, M. S., Seibold, D. R., Myers, K. K., Monge, P., Fulk, J., ... Shumate, M. (2011). Advancing Research in Organizational Communication Through Quantitative Methodology. *Management Communication Quarterly*, 25(1), 4–58. doi:10.1177/0893318910390193

Mishra, K., Boynton, L., & Mishra, A. (2014). Driving Employee Engagement: The Expanded Role of Internal Communications. *International Journal of Business Communication*, 51 (2), 183–202. doi:10.1177/2329488414525399

Nakra, R. (2006). Relationship between Communication Satisfaction and Organizational Identification: An Empirical Study. *Vision: The Journal of Business Perspective*, 10(2), 41–51. doi:10.1177/097226290601000206

Ruck, K., & Welch, M. (2012). Valuing internal communication; management and employee perspectives. *Public Relations Review*, 38(2), 294–302. doi:10.1016/j.pubrev.2011.12.016

Saáry, R. (2014). The Significance of Internal Communication in the Management of Successful Change Integrated organizational communication, (2006), 249–260.

Semegine, E. T.-. (2001). Organizational Internal Communication As a Means of Improving Efficiency. *European Scientific Journal*, 8(15), 86–96.

Suchan Jim, (2006), Changing Organizational Communication Practices and Norms A Framework, *Journal of Business and Technical Communication*, Vol. 20, p. 5-47, SAGE

Thoger Christensen, L., & Cornelissen, J. (2010). Bridging Corporate and Organizational Communication: Review, Development and a Look to the Future. *Management Communication Quarterly*, 25(3), 383–414. doi:10.1177/0893318910390194

Tkalac Verčič, A., Verčič, D., & Sriramesh, K. (2012). Internal communication: Definition, parameters, and the future. *Public Relations Review*, 38(2), 223–230. doi:10.1016/j.pubrev.2011.12.019

Welch, M. (2012). Appropriateness and acceptability: Employee perspectives of internal communication. *Public Relations Review*, 38(2), 246–254. doi:10.1016/j.pubrev.2011.12.017

Welch, M. (2013). Mastering internal communication: Knowledge foundations and postgraduate education. *Public Relations Review*, 39(5), 615–617. doi:10.1016/j.pubrev.2013.04.003

Welch, M., & Jackson, P. R. (2007). Rethinking internal communication: a stakeholder approach. *Corporate Communications: An International Journal*, 12(2), 177–198. doi:10.1108/13563280710744847

#### **Literature:**

Eisenberg M. Eric, Jr. Goodall L.H. (2001), *Organizational communication. Balancing Creativity and Constraint. Third Edition*, Bedford/St. Martin's, Boston, New York

Quirke B., (2008), *Making The Connections. Using internal communication to turn strategy into action*, Second Edition, Gower Publishing Limited, UK

Smith Lyn, Mounter Pamela, (2008), *Effective Internal Communication. Second Edition*, Cogan Page Limited, London

#### **Internet resources:**

FM World (2014). <http://www.fm-world.co.uk/news/fm-industry-news/disengaged-employees-cost-uk-15bn/>

Gallup (2013). <http://www.gallup.com/strategicconsulting/121535/Employee-Engagement-Overview-Brochure.aspx>