



UNIT-9 Internal Communication

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Define What internal communication is
- ✓ Discuss how changes in the external environment affect the organisation.

Unit 9

Internal Communication

History is resplendent with several undesirable events, which were instigated by negative communication faux pas, which eventually led to the collapse of some companies. A recent example was the decline of Enron in 2001, which was catalysed by an employee leaking information on certain financial malpractices by the top management of the company. Leaked information, speculations, rumours, and gossip in the absence of well-managed and authentic information are unwelcome distractions to the management of the organisation and a sign that things may not necessarily be going smoothly at the organisation.

Employment conditions may cause employees to become disillusioned about the direction management taking the organisation. This may be caused by ineffective working conditions or unrealistic demands or simply inefficient communication between the management and the employees. This employee crisis situation calls for the application of good and well-managed communication to address their grievances and to put the employees on the same wavelength of understanding with management. This includes using communication media such as newsletters and house journals to communicate with the staff and receive valuable feedback from them to improve relationships.

Internal communication (IC) forms an integral part of PR. Conventional practise requires PR to engage with employees using tools such as newsletters and house journal but IC goes beyond to provide communication to external stakeholders as well. Internal communication is useful during rebranding of an organisation which requires management to understand what employees and external stakeholder think about the rebranding exercise, as well as other pertinent issues.

Internal communication is often deployed as a strategic tool to determine employee attitude through survey and by discussing the organisation's culture and leadership with employees to understand their perception and also to identify the most effective communication method to use for successful interaction with all stakeholders.

Both small and large businesses undertake two-way communication to engage with employees as well as the external public. Feedbacks are used as guides to improve on the policies of the organisation as well as to enhance employer-employee relations and build - up the reputation of the organisation.

This unit will discuss the use of internal communication to determine the views of employees. It will also examine the significance of organisational culture and leadership, choosing the right communication tools, and measuring how effective these tools are and finally consider ethical issues in respect of internal communication.

Definition of Internal Communication

Internal communication (employee communication) involves communicating with employees using communication tools such as house journal, notice boards, newsletters, intranet and staff briefing sessions to keep them informed about operations of their organisations. According to Strauss and Hoffmann (2000), internal communication can also be viewed as “the planned use of communication activities to influence the knowledge, attitude and behaviours of employees”.

The above definitions suggest a management-employee relationship in which internal communication puts emphasis on management to communicate exactly what they expect from the employees using persuasive communication. However, this approach may not be the best as a much better approach of having ‘co-creation’ of relationship which requires employees to be heavily involved in the communication process is much preferred and we discussed such scenario in this unit.

Where it all began: the in-House Journalist

The history of internal communication can be traced to the era of industrial journalism around 1949 with the formation of the British Association of Industrial Editors. During those early years, the industry thought that well-informed employees would be able to contribute significantly to higher production. This led to the creation of an in - house journal for publishing company news and information for the benefit of employees. In those early years, audio-visuals were used extensively to educate employees on company policies, induct new staff and announce special company events. With advances in technology, employees can now receive the latest information or notices on their desktop PC.

Skills to Strategy

The fundamental skills for internal communication still remains the same. It involves having good writing and editing skills. But due to the evolving nature of internal communication which has now become more complex due to the widening scope and functionality resulting from dealing with other external stakeholders in addition to the employees as well as the changing nature of society, new strategies have to be developed to make internal communication more effective in catering for the needs of all stakeholders of an organisation. Factors that have contributed to adopting a strategic internal communication approach can be summarised based on the PEST analysis - PEST standing for Political, Economic, Social, and Technology.

Changes in the External Environment Affecting the Organisation

Factors which affect organisations and employees leading to deploying strategic internal communication can be categorised on the basis of PEST Analysis. Below, we will elaborate more on the PEST Analysis.

Political

Political changes come about as a result of new legislation or policies from national and/or local governments. This means that organisations need to sniff around frequently to understand the changing

dynamics of the political plane to ensure their survival. For example, events originating from the EU elections have an effect on government policies towards local businesses and public institutions in the UK. Nowadays, private enterprises in the UK are expected to provide social and environmental reports on quality and league tables to measure performances at various sectors of the public including schools, hospital, Councils, etc.

EU's directive now requires employees to be furnished with an organisation's financial position, employment prospects and to be duly informed of any decision likely to have an impact on their work. The goal for initiating this directive is to improve the performance of organisations by involving employees in certain aspects or running the organisations.

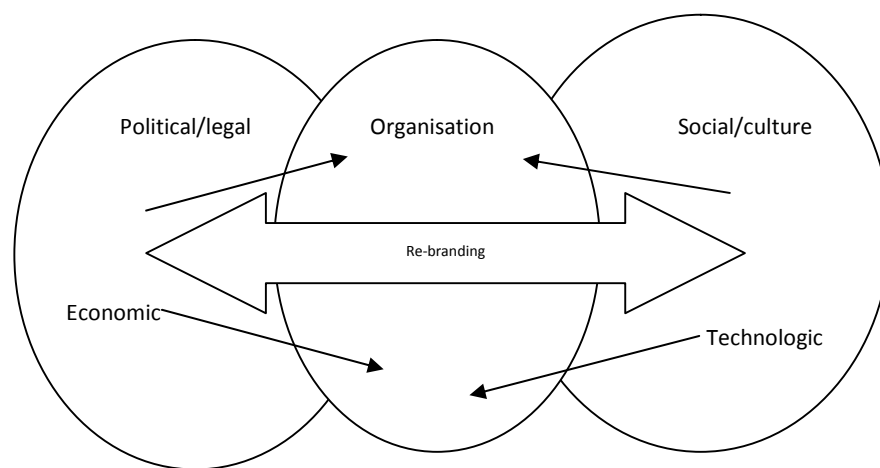


FIGURE: 9.1 Factors leading to strategic internal communication

Economic

Event manifestations in the economic world are derived from changes in the political atmosphere. Political decision on trade agreements and legislation on the nature of companies may have impact on the economic state of an organisation. The laws of supply – and - demand also have a say on market outlook and consumer behaviour. The changing political condition has effect on the economic status of companies and also, determines how companies run their businesses.

Their main objective during difficult economic times would be to reduce costs of products and improve on quality by:

- Outsourcing and 'off-shoring'; where services are contracted to an outside organisation or located overseas to reduce costs
- Acquisitions, where a company buys another company, such as BMW acquiring Rover (also known as a 'takeover')

- Mergers, where an organisation merges with another organisation to provide a more cost-effective service, such as a hospital merging with another hospital

The ripple effect of these changes in an organisation's set - up would invariably be felt by the employee, so communication strategies need to be initiated well in advance to inform them about what is going on and how they expected to cope during difficult moments in the life of the organisation. This way, potential rumour mongering and speculations with the potential to put employees into discomfiture would have been arrested and quelled.

Social (and cultural)

Constant monitoring of the social and cultural spectrum of society should be undertaken by organisations to keep them in tune with changing trends. Social changes affect the nature of markets and determine the human resource dynamics of organisations, as well. Consequently, an organisation's recruitment and retention policies may come under pressure due to these social changes in the population. Social factors, such as workforce mobility and diversity, career and lifestyle choices, and changing structure of the population affect an organisation's employment policies. The level of skill and knowledge also has an effect on employment. In recent times, it is common to see people moving from job – to - job to gain more experience or to fulfil personal ambitions.

Technological

Technology has profound effect on organisations because it is capable of changing how organisations work. Issues surrounding privacy, online ethics, and task turnaround time are major points to consider. The advantage of fast communication channels such as email and the intranet makes it easy to enhance internal communication. The drawbacks include getting overloaded with information and the absence of face-to-face communication. For privacy issues, hinging on monitoring with CCTV camera and online surveillance tend to dominate the concerns of people and have the potential to undermine the relationship between the employer and the employees.

Internal Marketing or 'Branding from the Inside, out'

Some organisations use internal marketing to promote their businesses. Internal marketing involves creating brand values to encourage customer loyalty through recruiting brand champions to win customer loyalty to the organisation. There is, however, great controversy surrounding internal marketing requiring the participation of employees as part of the overall campaign to attract more outsiders to patronise the organisations products and services.

Role and Purpose of Internal Communication

Organisations which used a two-way communication system for internal communication tend to enjoy an "open, trusting, and credible" relationship with their employees, according to Grunig (Grunig, 1992). Corporate communication departments place strong emphasis on employee communication because

they regard them as a major contributory factor to enhancing the overall image of the organisation in the eyes of the public. Now that we have established the importance of internal communication to enhancing the reputation of organisations, we need to be made aware of who becomes responsible for rolling out internal communication strategies. Who takes charge of internal communication activities will differ for one organisation to the next depending on the nature of the organisation.

Internal communication is a pivotal component of communication practices in the sense that it:

- Responds to issue and crisis
- Promotes brand values to customers
- Manages relationship with all stakeholders, such as employees, shareholders and communities

Strategist or Technician?

Smaller organisations tend to combine internal and external communication. In these small organisations, the roles of strategic manager and technician often merge or overlap as shown in table 9.2. However, large organisations have more clearly defined roles for the strategic manager and the technician.

Where does Internal Communication fit into the Organisation?

Internal communication may exist on its own or as part of another division like Human Resources (HR). An individual may be appointed to carry out the function of internal communication or there may be a team involved who report to the chief operative or the head of the department respectively. A recent study of some 115 internal communications practitioners in North America, the UK and the EU shows that about 33% of them reported to PR (corporate communications) and 35% of internal communications personnel reported to the HR. Most non-UK based professionals have 24% of practitioner reporting to the CEO and 26% to the board Chair, compared to UK's statistics of 21% and 9%, respectively. There are opportunities for full time or part-time roles depending on the organisation. Studies that have been conducted for internal communication function seem to suggest that this discipline is still at its infancy and keeps growing year – after - year.

TABLE 9.2 Strategic and technical internal communication activities (source: based on Kernaghan, et al., 2001)

'Strategic' internal communication roles	'Technical' internal communication activities
Supporting major change programmes	In-house journal or magazine
Communicating messages from top management	Intranet
Communicating the business mission/ vision/ values	E-zines/e-newsletter
Raising awareness of business issues and priorities	Management conferences

Raising/maintaining the internal credibility of the top team	Briefing groups
Employee motivation	Notice boards
Facilitating feedback	Employee annual report
Enhancing managers' communication skills	Management journal/magazine

Employee Perspective: 'just a job'?

Psychological Contract

Earlier on in this unit, we showed you how an employee and the employer's communication needs differ in terms of their unique expectations due in part to factors such as job responsibility, geographical location etc. Coupled to this, the psychological contract between an employee and the employer may not be 100% fulfilled leading to issues such as lack of loyalty, distrust and low commitment to the organisation. From the beginning, psychological contracts were meant to secure an employee's total commitment to the organisations and the gesture reciprocated with job security. The advent of new technology and pressure from changing needs of consumers have disrupted this arrangement. Due to cost-cutting measures, employees' job security is no longer guaranteed. This new development has brought about "a new contract" requiring employers to provide suitable training to employees to enable them find alternative jobs when they become redundant and to offer them fair salaries and humane treatment at work. The employee, for his/her part, is expected to demonstrate total commitment to the cause of the organisation in this "new contract".

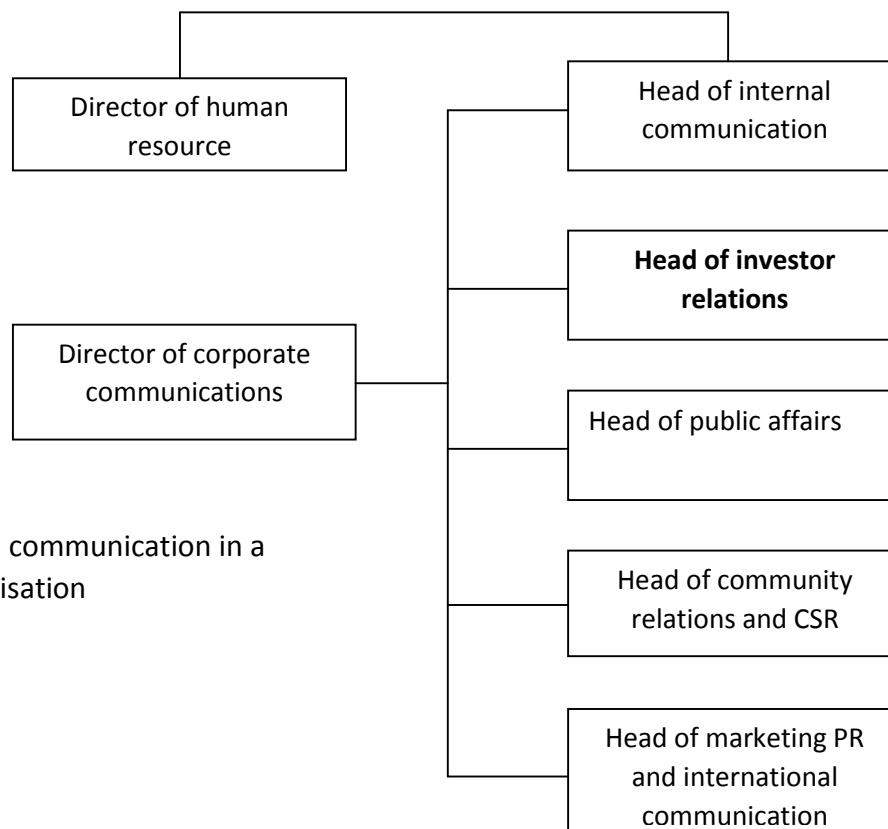


Figure 9.2: Internal communication in a hypothetical organisation

Segmenting Internal Publics

Let us now concentrate on the nature of employees. Employees are not a single homogenous group of workers who share the same views. They are rather quite diverse. Employees may be categorised according to:

- Demographics – age, gender, income, and educational/skill level
- Psychographics – personality, attitudes, values, and behaviours
- staff groups – top management (or the board), senior/middle managers, frontline employees, supervisors and junior managers, specialist professional employees, overseas employees, and pensioners
- Contract with the organisation – full - time, part – time, and temporary
- Geographical location – head office, regional office, and manufacturing plant.

Organisations tend to classify employees based on their attitudes in relation to the psychological contract between them. Some employees are classified as “unguided missiles” which made up of people who do not understand the directional trajectory of the company’s strategy. About 50% of employees fall into this category and are unaware of the strategy of the company. These are often people who deal directly with customers (frontline staff). What they may perceive as the strategy of the organisation has nothing to do with current strategies. They are collectively known as “loose cannons”. A 1998 study by MCA/MORI found that 14% of the UK workforce is “loose cannons”.

Another group known as the “Hot shots” understand the strategies of the company and their position in relation to the overall picture. This group is also known as “advocates or champions”. Yet another group identifies as “slow burners” can be found in organisations. They are employees who do not know or care much about serious issues of their companies. This group is made up of people who have little motivation because they have lost their sense of direction and are keen on following their own plans. About 39% of the workforce falls into this group which also happened to be called “weak links”; people who are usually “switched off”.

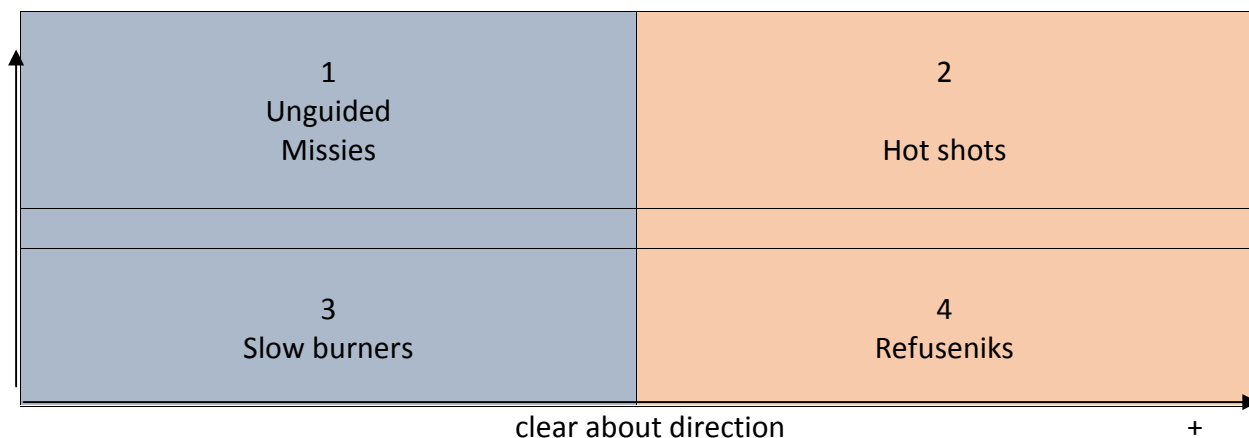


Figure 9.3: Different degrees of employee clarity and willingness (source: Quirke 2000: 12)

Employees who clearly understand what strategic direction is being chartered but are not keen on accepting changes are known as “Refuseniks”. They feel that changes threaten their job security so they tend to be disagreeable fellows when it comes to effecting changes. 20% of UK employees have been identified by a MCA/MORI study as belonging to this category. Another name for them is “saboteurs”.

Definition:

A ‘refusenik’ was a citizen of the former Soviet Union, especially a Jewish person, who was not allowed to emigrate. Now, the term refers to somebody who refuses to cooperate with something.

Team briefing and communication with line managers are the two most important sources of information for employees. There are other sources which are rooted in the informal dimension of the organisation which we will also examine shortly. So what is team briefing? Well, team briefing is communication between the line manager and his team of worker which occurs on a regular basis. The two parties exchange information about policies as well as discussing daily issues affecting their work.

Informal Networks

The informal mode or network of communication exists for many organisations for employees to communicate. Informal communication networks are created when employees meet at areas such as the hallway (corridor), changing rooms, meal rooms etc., and exchange information, gossip, speculate, or talk about issues affecting them. These informal channels are usually out of the control of management and are not taken into serious consideration by the management, although they are important in creating positive atmosphere for employees in terms of providing self-respect and job satisfaction amongst other benefits.

Communication needs of Employees

According to Roger D’Aprix, the basic communication needs of the employee need to be satisfied. Employees need answers to questions about their individual situations before they even consider questions relating to team work. So questions concerning each individual must always be answered first before dealing with team-related questions. Figure 9.4 highlights the communication needs of employees. Even though there may be difficulty in communication with employees, it is important to strive to establish a channel to communicate with them because they have communication needs. In the event of a crisis, it is even more important to bring the employees on-board by frequently updating and making them feel they part of the process to finding a lasting solution to the crisis.

We will explore how an organisational setting in terms of the culture, leadership, and strategic change determine the function of internal communication.

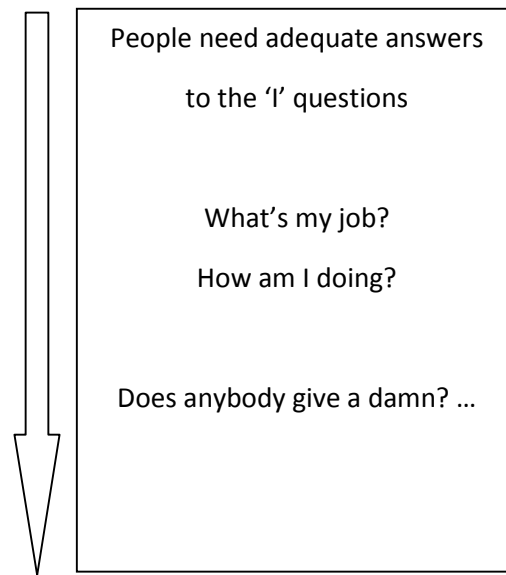


FIGURE 9.4 Communication needs process (source: D'Aprix 1982, cited in Arnott 1987)

Employee Communication Needs

Basic communication needs of employees include the following:

- General information about the organisation
- Specific information to help them to do their jobs
- Clarity about their roles
- A clear company/organisational vision
- Information on workplace practices
- Opportunities to be involved and consulted
- Feedback on performance
- Access to training and development
- Access to communication channels.

Organisations: Culture, Leadership and Strategic Change

Corporate Culture

Two general categories of organisational culture exist: the corporate and organisational culture. Corporate culture is linked to top management who believe that culture can be shaped, influence and managed to achieve high performance based on organisational values, objectives and policies. Organisational culture on the other hand looks at the organisation as culture consisting of sub-cultures of groups or people in the organisation.

Ambitious CEOs tend to opt for corporate culture because they believe that change can happen quickly if the organisations can be 'influence, managed and shaped' in 'the right way'. A typical example of corporate culture is the Enron's corporate culture instituted by the CEO to recruit graduates who are "tough, competitive, not too concerned about family and personal relationship" to improve the performance of Enron but ended up causing financial crisis in the long run. But some observers believe well-known brands such as Disney and McDonald's have used corporate culture successfully to improve their competitiveness by adhering to shared values and practices of their companies. But researchers such as Alvesson (1993) do not view this corporate culture favourably because they believe this path is "management ideology" imposed on people from a wide range of backgrounds, hence it is not sustainable or a fair way to go about business. But these concerns have been addressed by circulating the vision, mission and value statements in an effort to encourage culture change with the help of communication tools.

Organisational Culture

Organisational culture is based on the beliefs of people, which often determine the behaviour or action of people. Some researchers view organisational culture as originating from both behaviour and action. A better description may involve considering and analysing both beliefs (cognitive) and behaviours.

Leadership and strategic change

Good leaders give organisations and employees a sense of direction. Richard Branson, the owner of Virgin Group, is known to have a style of productive leadership bordering on enacting cultural roles for people to follow. Charismatic leaders are well-liked people who have the ability to move their followers and are in high demand because they are highly influential. Leaders need to have the ability to communicate their visions effectively to employees using internal communication tools.

Hofstede (1991) studied national culture effects on leadership and found four aspects to national cultures:

1. **Power Distance** – how power is distributed between leadership and subordinates in an organisation
2. **Uncertainty Avoidance** – how far a society feels threatened by uncertain situations and the rules it establishes to avoid uncertainty.
3. **Individualism Versus Collectivism** – whether people see themselves as needing to look after their own and their family's interests above societal concerns or as loyal to a community that, in turn, will look after them.
4. **Masculinity Versus Femininity** – the dominant values in a society (e.g. assertiveness, competition as masculine values).

A study by Sadler suggests that effective leadership comes about by playing the role of “change agents” in cultures having lower power distance and high tolerance for uncertainty. Some cultures make employees an integral part of decision-making processes (e.g., Sweden and Norway). Modern society, as we know it, now seems to value leaders who lead by example. Leaders may use monologue or dialogue to engage with employees.

There is no hard and fast rule for leaders to choose and apply a particular style of leadership. Most often, the style used is based on experience and instinct and could be a combination of two or more styles of leadership.

Smythe identifies four different approaches to leading employees in strategic change:

1. Telling
2. Selling
3. individual accountability
4. Co-creation.

TABLE 9.5 Four styles of leadership in strategic change (adapted from Smythe 2004: 34–35)

Approach to strategic change Methods used

Telling (traditional information campaign)	Fragmented ‘drip-feeding’ news, cascade briefings; executive road shows; profiles and interviews in internal newsletters; corporate videos; feedback/dialogue to check with compliance of targets; change agents’ network as a channel to deliver the message Role of leader: ‘Gaining compliance’
Selling (internal marketing or persuasive approach)	Spectator events; entertainment; some attempts to collect ideas to influence change or create ‘a sense of involvement’; ‘back to the floor’ communication by bosses; employee suggestion schemes and staff attitude surveys that do not lead to change; customers illustrating their experiences/issues; role play to understand behavioural challenges; change agents’ network offering workshops for people to explore the rationale for change; celebration of milestones of achievement Role of leader: ‘Enabling other people to discover what you have already discovered/decided by giving them a taste of the experience’
Individual accountability (on-the-job change involving individual self-evaluation;	Web-based consultation and learning; problem solving by small task groups or teams; clear definitions of expected behaviours; coaching to support individual change; opportunity for staff to explore evidence for change and propose solutions and targets; corporate

learning and problem solving)	'university' to equip people with skills needed; change agents' network to facilitate opportunities for people to discover, learn and adapt; leadership development programme Role of leader: 'Driving ownership down to individuals'
Co-creation (participative decision making)	Business simulation games; giving people the actual business challenge; shop floor participation in designing engagement experiences; employee involvement that visibly influences the agenda; job swapping internally or externally; engagement workshops; or local teams to identify a small number of high-priority symbols/habits to change/develop. Role of leader: 'More guide than god'

Source: Reproduced with kind permission of John Smythe and McKinsey & Company

Line Manager Role: Listening and Interpreting

The line manager is one of the most trusted sources of information for the employees. He/she is responsible for providing the workers with the right information from top management and also giving the top management feedback from the employees. For the line manager to function effectively, he/she needs to develop excellent communication skills. The line manager should understand how to communicate in different situations, be it one-on-one or at group meetings. Line managers also need to have good listening abilities to clearly understand communication received from employees and they must also have excellent judgement to deliver messages in the right way from top management to employees.

Communication Channels

Internal communication is best undertaken via face-to-face communication with the advantage of interactivity and instant feedback between the sender and the receiver. In the UK, less than 48% of all employees are reported to rely on their boss as the trusted channel for receiving information. The second type of channel used by employees is team briefing which was made up of 43% of employees. It was, however, noticed that employees in general did not trust staff magazines for internal communication. But table 9.6 below shows that there is a stronger preference for written channels.

Evaluation

Evaluation is needed to determine the effectiveness of internal communication programmes. The objective for undertaking evaluation is to:

- Find out whether all employees have understanding of the business strategy and priorities of the company
- Test the effectiveness of management's communication programmes

Survey on staff attitudes using magazines, newsletters, interviews or briefing system are used to measure and evaluate how effective communication has been. Evaluation tends to focus more on specific communication channel than on the objectives mentioned above. The difficulty of evaluating internal communication concerns evaluating issues that are out of the control of internal communication and factors such as leadership, line management and strategic approach

Table 9.6: Top six internal communication channels (source: adapted from Kernaghan et al. 2001)

Channel	Description	Purpose	Direction of communication flow
House journal or magazine	Mass medium Regular, full-colour, glossy employee publication – often published monthly	Communicate management messages and business news; with human interest and social elements	Usually downwards Best ones engage employees using techniques from consumer media, with focus on ‘human interest’ stories
Intranet	Web based information and communication medium restricted for internal use	Variable. Can simply be a depository for corporate documents through to an interactive communication medium. Incorporates email function for external communication	‘Pull medium’ – employees have to select what they want to find out about
E-zines/ e-newsletter	Mass media, distributed via intranet and email: Electronic version of the house journal 1. E-newsletter is shorter and more frequently distributed. 2. More likely to be weekly publication but format can adapt more easily to current issues	Similar to in-house journals but with the emphasis on the reader being able to gain more accessible and regular access to business news	Downwards, but there is provision for feedback via hyperlinks to contacts
Management conferences	Face-to-face medium – can range from ‘CEO	Transmission of key business messages,	Usually downwards, although could involve

	addressing all staff' type conferences to those that are run along the lines of workshops involving staff	through to role playing and participation	participative, interactive workshops
Briefing groups	Face-to-face medium, generally no more than an hour in length Can take the form of team briefings for local teams, led by the line manager, on a weekly basis. Usually two way Alternatively, 'special' briefings can be breakfast, lunch, after-hours meetings, often led by top or senior management. Sometimes involve questions and answers (Q&A) sessions	Provides management updates from different levels of the organisation. Can be used to gain responses and inputs from staff	Variable. Can be downwards or two way
Notice boards	Traditional 'local' medium found in corridors, staff restaurants and meeting areas Flexible medium – can be updated as regularly as is necessary	Channel for announcing events, value statements, policy statements, etc	Downwards

Ethical Communication

Organisations understand the importance of employees in projecting their values to the external public. Internal marketing has a strong influence in promoting the growth of internal communication. Internal marketing considers employees as consumers who have to be sold 'ideas' about the company using marketing techniques meant for the external publics. The using of marketing tools on employees raises

the question of violation of their trust. The main controversy, according to Mudie (2000), is how organisations view their employee; whether as a tool to accomplish their goals of promoting their goods and services or whether as valuable partners whose values must be respected.

Further Reading:

- ✓ *Gower Handbook of Internal Communication, (2009), edited by Mr Marc Wright*
- ✓ *Effective Internal Communication, (2008), By Lyn Smith, Pamela Mounter*