

ORGANIZATIONAL ASPECT AND TYPES OF BUSINESS COMMUNICATIONS

Abstract

Communication is woven in almost all branches of economy and art, either as a separate skill or as one of the segments in the interdisciplinary approach. It is also a demonstrative and irreplaceable link in the study of various disciplines of management and marketing, as well as in public relations. This paper, after a short basic characteristic of communication, gives detailed analysis about the importance of communication for business and business relations. Special attention was paid to organizational aspects and types of business communications. At the end, the quality of managers' decisions is analyzed.

Key words: communication, coding, noise, quality, organization, information

About communication

A communication process starts when one participant has an idea that he/she wants to transmit to the other. In that case, each participant may be an individual, a group, or a whole organization.

The sender's task is to transform the idea into such a form that it can be transmitted to the recipient who will be able to understand it. That process is called the coding process, i.e. translating an idea into a form, the written or the spoken one.

This process is of primary significance if an idea is to be represented clearly.

A coded message is ready to be transmitted through one or more channels of communication to the desired recipient, along the ways that information travels: through telephone lines, television or radio signals, by mail... No matter which channel is used, it is important to transmit the coded message to the desired recipient correctly.

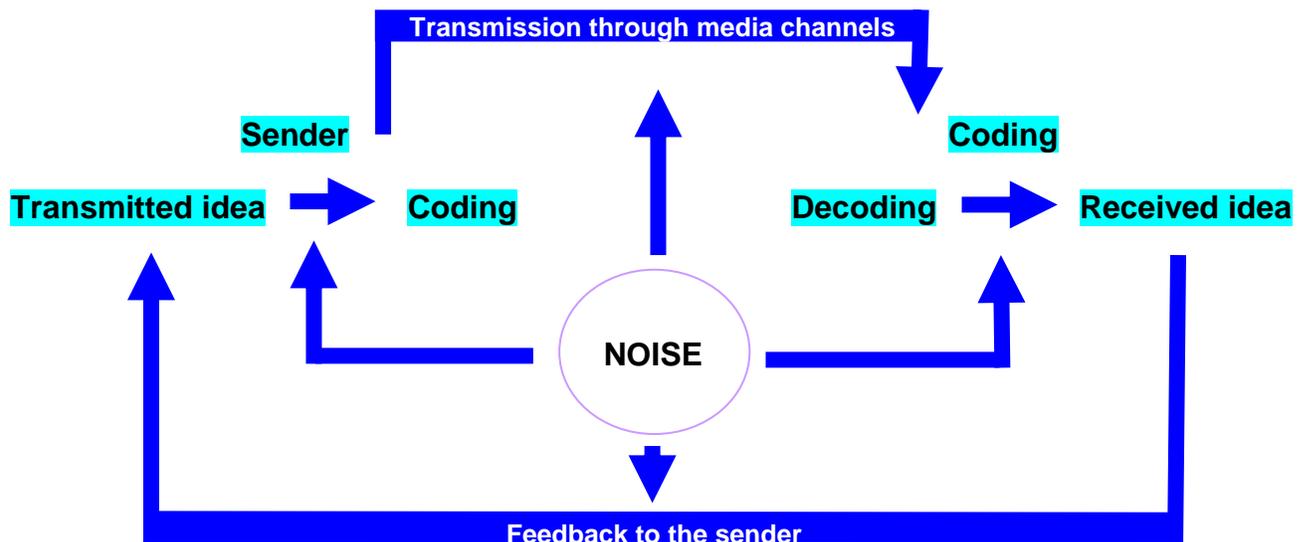


Figure 1 Communication process

After receiving a message, the recipient starts a decoding process, i. e. returns the message to the form of the sender's original idea. Various sub-processes may be included in this, such as understanding spoken or written words, interpreting facial expressions, and the like.

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If the recipient has decoded the sender's message correctly, he/she will understand the idea that the sender has wanted to transmit. However, the recipient's ability to understand and interpret information is not perfect. Imprecision in coding and decoding information presents a potential weakness in a communication process. After the message has been decoded finally, the process can be continued by the recipient transmitting a new message to the first sender. This part of the process is called feedback – the knowledge of what influence the message has had on the recipient. Having received feedback, the sender is able to see whether his/her messages have been understood properly. At the same time, feedback may convince the recipient that the sender cares for his/her opinion. Once it has been received, feedback may provoke a new idea with the sender, which may start a new cycle of transmitting information.

In spite of the obvious simplicity of the communication process, it rarely functions as ideally as it has been shown here. There are many potential obstacles to effective communication. The factors that damage the clarity of a message are called **noise**. Noise may appear in badly coded (e.g. unclearly written) or badly decoded (e.g. unintelligible) information. Likewise, communication channels which are full of static (e.g. the recipient's attention is diverted from the basic message) may decrease the effectiveness of communication. These as well as other factors (e.g. time pressure, organizational policy), may cause a distortion of information which is transmitted from one person to another, and also the complexity of a communication process.

One of the key purposes of organizing communication is to direct an action, i.e. to make other people behave in a desired way. It can be said that relationships are established among people through communication, and that in this way an individual brings his behavior into harmony with the collective. That is a psychosocial dimension of communication. Communication, as such, is the central phenomenon of culture.

Today, communication is also said to be connected with psychoanalysis, neurology, computer science, and sociology.

As it has a tendency to create a human, good-quality and esthetic element, communication may also have artistic characteristics. The skill to communicate represents an activity of the spirit that is changed and transformed in time and by experience. It simultaneously points to the art of living, the beauty of a relationship with people, and raises the culture of communication to a higher artistic level. The way of communicating is a skill that can be learnt, practiced and improved.

At the moment of establishing any kind of relationship, the following questions should be asked:

- Why do we communicate?
- Who do we communicate with?
- How to be accessible and flexible in that process?
- How to be polite, tactical and patient all the time?
- How to make a profound impression on other people?

The importance of communication for business and business relations

Business activities include working activities and other elements associated with a business operation, their basic elements in practice being:

- Business contacts;
- Business relations, and
- Business behavior.

The very analysis of these elements points to structural features, and the analysis of relation changes of these elements points to dynamic features of business activities as micro-processes. Business activities, business processes and a business operation as a whole base their structure on elements that have the character of a stage or a phase in a business operation.

The elementary form of a business activity is a business contact. A business contact implies a contact between a subject of a business operation and one of the elements in a business operation, with an aim to realize an immediate influence on business functions, or to create a process of business relations.

The significance of communication for business and business relations may be realized in many fields, particularly by the identification as well as structural and functional participation of information in:

- business contacts;
- business relations;
- business behavior;
- business operation;
- business management;
- business efficiency and effectiveness assessment;
- future position assessment, etc.

In other words, we can claim that there is no field, activity, sector, segment or anything else within the scope of a business operation or business relations in which communication is not a key factor. Without communication, communication relations and channels, it is not possible to:

- learn the task (goal) of a firm;
- receive an order from a higher level;
- study and define own task and role;
- distribute segments to lower managers;
- transfer segments from lower managers to executors;
- exert control over realization, that is get feedback on what is going on in the field in relation to what has been planned/programmed;
- analyze feedback and create additional activities;
- take corrective measures (orders, control exertion, determination of deviations from the programmed values);
- repeat the whole procedure in case of need.

In essence, business communication is nothing else but trying to get necessary information through business contacts in order to realize a business initiative.

Essentially, it can be claimed that the initial component of a business operation is created, developed and operationalized into a concrete kind of work on the basis of adequate communication. In that way, the sense of a business operation is realized, which is operationalized in the results of business activities that is in the feeling of justification, reality and results of a business operation.

The sense of an individual business operation may also be connected with a phase, an element, or a characteristic business action, business contact or a business relation, a concrete business interest (profit), etc.

A particular aspect of the sense of a business operation is assessed within communication relations. The procedure implies comparing business information, i.e. determining comparative advantages of one business operation over another.

Organizational aspect and types of business communications

Communication is a significant activity of management. It is used in all functions and at all levels of management. An organization can be seen as a network of communication channels and a flow of data and information between its individual parts. The basic function of organizational communication is to coordinate the behavior of the members of an organization in order to achieve the defined aims. It represents a means of connecting, coordinating and directing people. The system of communication in an organization enables the control over carrying out working tasks and achieving the aims of an organization.

Effective communication is important for managers for three basic reasons:

- First, communication is a link which connects all processes of management: planning, organizing, managing and controlling. Managers develop plans through communication with other members in their organizations and prepare the implementation of plans through discussions with other people about the best way of distributing authority and designing plans.

Managers are familiar with the fact that motivation policy, leadership, groups and teams are activated by regular information exchange.

- Second, effective communication skills will allow managers to make use of a great variety of their talents in a system which offers a multicultural world of organization. It is true that business globalization presents a challenge for a manager's communicative abilities. It is possible that managers, faced with strange and unknown customs, expressions and meanings, could withdraw and try to avoid communication. This would mean that an opportunity is lost. Communication, as well as all other intellectual activities, may be developed or erased in new circumstances. Organizations are the first place where this lesson can be learnt.
- Third, managers spend a lot of time communicating. They rarely sit at their desks alone thinking, planning or assessing alternatives. That is why we can say that a manager spends the biggest part of his/her time communicating face to face, electronically or by telephone with workers, supervisors, suppliers and buyers. He/She can write or dictate notes, letters or reports, or read messages sent to him/her. Even in those rare moments when they are alone, managers do not cut off communication. A study of managers at the middle and the highest levels has shown that they can work without any interruption for about half an hour or a little longer only once in every two days (Stewart; 1968). Today, at the time of more developed communications (Internet, GSM...), the situation is similar, but contacts are more intensive and more numerous.

Without a communication system, managers cannot carry out their basic tasks. A communication system allows them to realize those functions. A manager initiates a process of formal communication, influences its development and breaking. A good manager always uses a return communication. He/She is ready to send messages, and also to receive them, i.e. to listen to other senders. A communication process is the beginning and the end of a management operation. Managers communicate with subordinates, superiors, associates, suppliers, customers, stockholders, banks, trade unions, etc. He/She communicates at meetings, directly, by Internet or intranet, by telephone, fax, mail, advertisement, television, satellite, etc. Communication with the internal and external environment is an integral part of a manager's job. Managers spend more than two thirds of their business hours on communication including:

- receiving communications;
- attending meetings, and
- talking with people.

In order to participate in a communication process, managers must spend a part of their time preparing and reading various reports.

Managers' work is constantly interrupted by messages arriving through communication channels. Without precise information transmitted through communication channels, managers cannot define plans of organization and transfer them to lower organizational levels. It has been noticed that today's managers are supplied with too much information so that it is difficult to separate real information from unnecessary information. That leads them to the state of constant stress, and frequently they are unable to make the best decision. The fear of making a wrong decision is intensified by the fear of losing the leading position, which increases the stress additionally.

The effectiveness of a manager's organizational function largely depends on the effectiveness of the communication system he/she has created. For communication reasons, formal channels for information flow are formed. Schemes that determine which organizational units (groups or individuals) communicate with one another and how they communicate are called **communication networks**. There are a lot of various communication networks within an organization. Researches have found out that the nature of communication links among the members of a group can significantly influence the functioning of the group. Communication networks may consist of many members – three and more (Fig. 2).

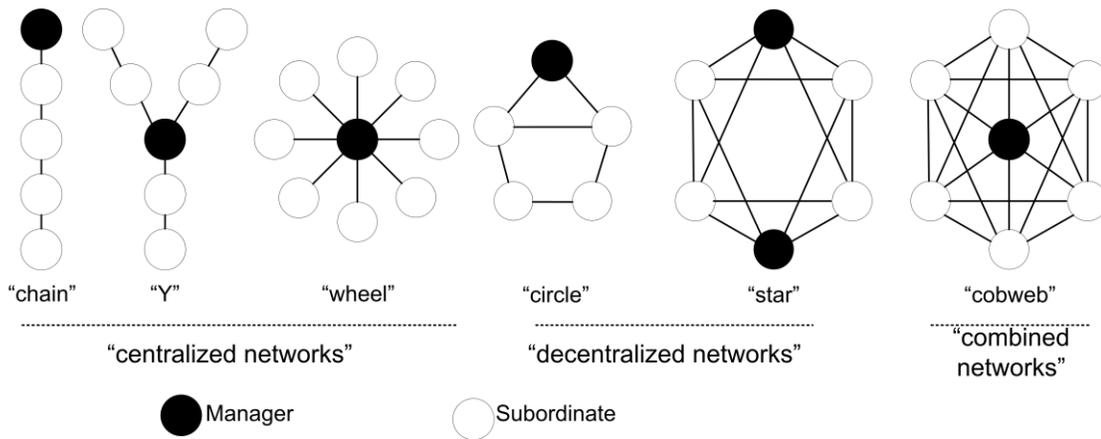


Figure 2 Types of management communication networks

In every scheme, the circles represent individuals, and the lines connecting them represent two-way communications between them. Some communications exist in one direction only, but to make it simple, only a two-way communication flow is used in the given examples.

Communication networks may differ in a key factor: their degree of **centralization**. In short, it refers to the degree to which information must be transmitted through a certain network member. Communication networks, such as “Y”, “wheel” and “chain” are called centralized networks. In order to communicate with one another, the members of centralized networks must address the central person who is at the “crossroads” of information flow. Unlike them, “circle” and “star” are called decentralized networks because information can flow freely among the members, without the mediation of a central person. The persons in decentralized networks do not have an equal access, because the persons in the centre can get more information than those on the periphery.

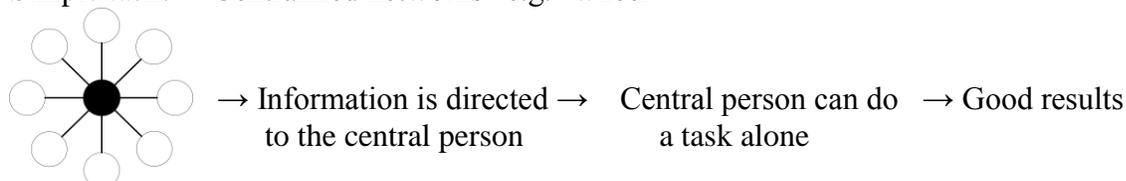
Researches have found out that the differences in communication networks determine whether and how effective some groups will perform different tasks. Generally speaking, it has been found out that centralized networks function better when the task to be carried out is simple, but when the task is complex, decentralized networks are more effective (Forsyth, 1983). Comparing these two types of network, we can conclude that decentralized networks are faster and more precise for more complex tasks.

A question can be asked: **Why is this so?**

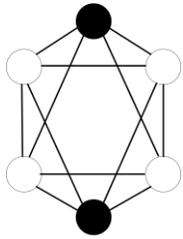
The answer is connected with the pressure under which the central person in a centralized network is. The bigger the quantity of information operated by any member of a group, the bigger the system of saturation. The central person is so overburdened with information that the group work is slowed down and a lot of mistakes arise. However, when a task is simple, the central person can carry it out easily even by himself/herself after getting all necessary information from the other members. Decentralized networks have no central person, so information and work are distributed more equally. As a result, when tasks are simpler, the information necessary to solve a problem may differ with individual members of a group, which can interfere with finding a solution. This characteristic becomes an advantage in the case of very complex tasks, because it prevents any member of a group from being saturated with information, which would decrease group effectiveness. In short, centralization is a two-edged sword. When tasks are simple, centralization helps us to do a job. However, when tasks are complex, it can hinder a job. This analysis is graphically shown in Figure 3.

Researches have also shown that centralized and decentralized networks differ in the degree of satisfaction of their members.

Simple tasks - “Centralized networks” e.g. “wheel”



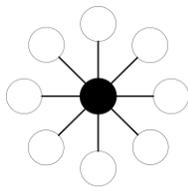
Simple tasks - “Decentralized networks” e.g. “star”



→ Information is developed in the whole network → No person has all necessary information → Bad results

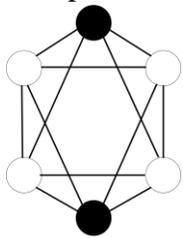
Centralized networks are better for simpler tasks

Complex tasks - “Centralized networks” e.g. “wheel”



→ Information is directed to the central person → Central person becomes saturated → Bad results

Complex tasks - “Decentralized networks” e.g. “star”



→ Information is developed in the whole network → No person is too saturated → Good results

Decentralized networks are better for complex tasks

Figure 3 Comparison of results in centralized and decentralized networks

Most persons prefer an equal position in making decisions that exists in a decentralized network. Such groups offer the same status to all their members. Unlike this, a periphery member of a centralized network has a status that often excludes him/her from the process of decision-making. The central person controls the flow of information, and that is why he/she is more important, which makes many periphery members feel that their contribution is not appreciated completely. The combination of these factors causes a lower degree of satisfaction in the members of centralized groups in comparison with the members of decentralized networks. In a certain way, it may be compensated in smaller organizations in which the manager can often communicate with the employees, ask for their opinion, and personally assign concrete tasks to them, which makes an employee get an impression of his/her own importance. A poll conducted among employees in 2001 points out that the majority of employees do not want to take part in decision making directly. Only 10% of the employees showed leadership ambitions in that poll.

Official communication networks have a significant role in organizations. However, official communication networks are only one of the factors in a central organizational communication. The more the members of a group gain experience in a mutual interaction, the sooner they can learn how to overcome limitations imposed by their communication network.

Control is an integral part of a communication system. It includes supervision of the achieved quality and quantity of work. Effective and timely information is necessary for control. Corrective actions may be taken on the basis of control. The manager must have necessary information to correct behavior. If the function of control is decentralized, the process of communication among control centers must be provided.

Conclusion

The process of management communication has three basic aims: making decisions, organizing and initiating actions. The quality of managers’ decisions depends on the quality of available information,

and the quality of available information depends on an effective communication system. Communication allows an information process to be started and maintained, and also allows organizational resources (personnel, material, equipment and energy) to be directed rationally, i.e. it allows starting, carrying out and stopping actions.

In order to direct resources organization and to provide working and business effectiveness of the firm, the manager must organize, maintain and develop the effectiveness of a communication system. Knowledge and the ability to establish and use a communication system is the most important skill that managers should possess.

One of the significant aims of communication is to influence the behavior of the person who receives information. Communication is incomplete if it is based on transmitting messages or information only. The very transmission of a message is no guarantee that it is correct and that it will provoke the recipient's reaction. The sender can control the success of his/her message and the recognition of its meaning only on the basis of the recipient's behavior. The recipient's reaction completes a communication process.

Communication is said to be the basis of internal functioning of each organization. Communication connects all functions of an organization: planning, organizing, carrying out, managing and controlling. Communication connects firms with the outside world (customers, suppliers, labor market, banks, stockholders, other firms, etc.).

It can also be said that man represents the basic component in all types of communication. Man possesses specific abilities necessary for the realization of a communication process, such as perception and decoding messages, comprehension and good memory of messages, and reaction, i.e. feedback. Feedback is important because it shows the sender how the recipient has understood his/her message. When a message has been transmitted, it may pass one or more organizational levels before there is any feedback.

Communication allows an exchange of messages, knowledge and experience, which increases the total knowledge and effectiveness of an organizational system. In order that a message could fulfill its task, the sender must know the recipient's language, education and the way of thinking, as well as the types of signs used for transmitting a message. A communication system is important for informing, motivating and directing workers and managers towards organizational aims. For managers, a communication system is an activity coordinating personnel potentials of an organization; for psychologists, it is a means to study interpersonal relations, while computer scientists investigate and design effective communication networks.

Communication allows an exchange of messages, knowledge, information and experience among individual workers, managers, work groups, associates, etc. An organizational structure defines the lines of responsibility and authority, but it does not define communication channels and the types of message transmission within organizational elements. A system of organizational communication includes sending, receiving and understanding messages, as well as feedback.

The very establishment of an effective communication system is a primary task of the management of an organization.

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