Internal Communication Management

Individual and Organizational Outcomes

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Introduction

As a strategic process, internal communication can motivate and empower a company's employees. If employees do not know what their company's objectives are and their part in reaching those goals, and if they do not receive feedback about their work, they may lose motivation and interest. The company's performance may also be negatively affected. Internal communication therefore has a critical role in organizations. Many studies confirm that companies with effective communications strategies are often more successful than those with poor communications (Argenti and Forman, 2002; Tourish and Hargie, 2004a; Kalla 2005).

Although many scholars and practitioners consider internal communication central to the success of a company, an imbalance exists between the perceived importance of communication and the actual attention and resources devoted to it (Argenti and Forman, 2002; Tourish and Hargie, 2004b).

Scholars have studied only a few aspects of internal communication, although some have identified the research gaps. Hardaker and Fill (2005) found little research on how messages targeted at employees should be designed or delivered. Forman and Argenti (2005) underlined that, although an entire discipline is devoted to the study of organizational strategy, including implementation, the links between communication and strategy have garnered little attention. Even studies of strategic implementation (e.g. Galbraith and Nathanson, 1978; Lorange, 1982) make communication a peripheral concern, focusing instead on issues such as organizational structure and processes, reward systems and resource allocation. Despite the increasing interest in a company's ability to communicate its strategy to key constituencies, researchers have yet to look specifically at the role of the corporate communication function in implementing strategy and building a company's reputation and brand (Forman and Argenti, 2005).

Goodman and Truss (2004) found little research on the precise mechanisms that managers can use to communicate effectively with employees during a change programme. Henderson and McAdam (2003) state that much of the existing research was not conducted in organisational settings, and few studies examine communication processes in real companies.

But our literature review shows that many authors have analysed the results that internal communication can produce, although research appears to be quite fragmented, lacking any point of synthesis or systematic organization.

Our purpose in this study is therefore to help both management students and practitioners understand the importance of the internal communication process, by systematizing information into a unified picture and eliminating the current analytic fragmentation.

In particular, we intend to:

- present and discuss the advantages that scholars have so far identified as potential outcomes of the internal communication process;
- identify other research gaps in the internal communication studies, in order to stimulate further research.

Defining Internal communication

The multifaceted and potentially very broad nature of internal communication has resulted in the existence of many different definitions. On the whole, there does not appear to be any established and consistent usage of terms across the field (Kalla, 2005) and each author emphasizes one or more specific aspect of the internal communication phenomenon.

First of all, there is evidently a dichotomy between the singular form (*internal communication*) and plural form (*internal communications*) of the term. Spence (1994, p. 86) argues that "[w]hile interpretations of the terms can vary slightly the most widespread practice is to consider communication (in the singular) as being the social process which ordinarily operates when personal interaction takes place. Communications (plural) is used more specifically to indicate the channels and the technological means by which this process may be facilitated".

For example, choosing the plural, Frank and Brownell (1989) define internal communications as transactions between individuals and groups at various levels and in different areas of specialization. Furthermore, these transactions are intended to design (and redesign) organizations and coordinate day-to-day activities.

Kalla (2005) defines integrated internal communications as "all formal and informal communication taking place internally at all levels of an organisation – […] the term internal communications is used in the plural because the goal is to capture all the communication processes that simultaneously take place inside an organisation".

With the singular form, Bovée and Thill (2000, p. 7) define internal communication as "the exchange of information and ideas within an organization", whereas Argenti (2003, p. 128) contends that "internal communication is, in essence, about creating an atmosphere of respect for all employees within the organisation. Communication from management should come directly from one manager to the next, and from supervisor to employee, but as companies grow larger and more complex, this often becomes more difficult – hence the need for the internal communication function".

On the other hand, Argenti and Forman (2002), distinguish corporate communication from corporate communications, by the former being the *process* and the latter the *products* of communication, e.g. memos, web sites, and e-mails.

Kitchen & Daly (2002) point out that **"definitions and discussions concerning internal communication do not abound in either the academic or practitioner literature, but the function is widely discussed under the headings of employee communication (Argenti, 1998), organisational communication (Grunig, 1992) and corporate or business communication (Kitchen, 1997; Rawlins, 1993; Oliver, 1997)"**.

Given the different possible meanings attributed to internal communication(s), it is necessary to clarify our own perspective. For our purposes, we refer to internal communication as the specific process of the exchange of messages between management and employees of a company, also through the aid of a dedicated internal communication department. This research aims at contributing to a more structured and effective managerial approach to this specific activity, which – as we will demonstrate – can potentially generate many benefits for an organization and its members.

Therefore, we do not consider internal communication in a broad sense, as *all* the formal and informal communication taking place within an organisation. Instead, we refer to the specific and narrower process of communication between management and employees that is managed by a specific internal communication department.

Internal communication and Internal Marketing

Both academics and practitioners have studied and developed internal communication, also as a component of the internal marketing mix.

According to the internal marketing perspective, employees should be considered and treated as internal customers, whose needs should be satisfied with the same attention, diligence and methods dedicated to external customers. The adoption of an internal marketing approach ensures employee loyalty, motivation and productivity. The positive consequence is that, by satisfying the needs of internal customers, an organisation should be in a better position to deliver the necessary quality to satisfy external customers (Ahmed et al. 2003).

The origin of the internal marketing concept can be found in the works of Berry (1980, 1981, 1983) and Grönroos (1981, 1983). According to Berry (1981, p. 33), The same marketing tools used to draw bank customers can serve to attract and retain the best employees, and earn the best performance from them."

According to this perspective, customers who purchase goods and services differ little from those who "buy" jobs from companies, that is, who work there. Internal marketing adopts the traditional marketing to develop and distribute "job products" to employees, the internal customers. From this perspective, all employees of the firm are internal customers and must understand how they impact on customer value through organizational processes (Berry, Conant, and Parasuraman 1991; Gummesson 1987; Hartline and Ferrell 1996; Hartline, Maxham, and McKee 2000; Kennedy, Lassk, and Goolsby 2002; Lings 1999; Tansuhaj, Wong, and McCullough 1987).

As argued by Keller et al. (2006), *job products* are defined as the information, knowledge, physical and social environment and tools necessary for internal customers to successfully perform their (job) duties so as achieve organizational and personal workplace goals. *Internal customers* are frontline employees who receive internal job products, and *internal suppliers* are those who provide such products and may consist of entire departments or the firm as a whole (Foreman and Money 1995), but also supervisors and co-workers (Kennedy, Lassk, and Goolsby 2002; Rafiq and Ahmed 1993; Keller et al., 2006).

Rafiq and Ahmed (1993) depict *internal products* as the values and attitudes of employees needed to achieve successful marketing strategies, and the training required to develop internal customer knowledge. *Price* is defined as the cost to employees of gaining the new knowledge, while *internal promotion* pertains to effective communication to employees, for example, the use of face-to-face interactions, recognition, and reward systems. The same authors refer to the tools used to distribute products to internal customers as *internal place*. Examples include formal meetings and the use of consultants for providing in-house educational advancement. They also advocate the use of *physical evidence*, that is, the workplace environment. This can include a combination of memos, training manuals, special training by external sources, and processes for product receipt that parallel their conceptualization of internal place.

Several experts (Thomas, 1978; Gronroos, 1990; Kotler, 2000) have also proposed a conceptual framework of service marketing known as the "Service Triangle", to incorporate the concepts of internal marketing, external marketing and interaction marketing into a more intensive concept (San Hwang and Jang Chi 2005).

In developing these marketing strategies, attention should be paid to conventional marketing strategies, with the aim of providing services that are unique and acceptable to external customers, thus securing their loyalty. Attention is also given to the value of employees, with the aim of ensuring their contribution to the overall "organizational capital" of the business.

Kotler (2000) explains that internal marketing may even be more important than conventional external marketing. Furthermore, Greene et al., (1994) point out that internal marketing is the key to excellent service and ultimately to successful external marketing.

Regarding internal communication as a component of the internal marketing mix opens up a wide range of potential concepts and practical consequences. First of all, there is integration with external communication. As Ahmed et al. (2003) observe, if the internal communication strategies are crafted "in parallel with external marketing communications, advertised promises stand better chances of being fulfilled to the required level of performance, because staff is better prepared to perform them. IM forces companies to be more empathic in the design of their communications to employees." (Ahmed et al. 2003).

Another practical aspect is that a careful segmentation of the "internal publics" of the organization is advisable, in order to produce messages that fully satisfy the differentiated communication needs.

Varey (1995) argues that internal marketing should be a two-way communication process between employees and management.

Internal marketing could affect the adoption of internal communication improvement, and encourage employees to participate in the use of customer-focused quality management techniques for all organizational processes (Ballantyne, 1991; Varey, 1993).

Internal communication and organizational communication

Compared to internal communication, organizational communication represents a broader concept, which comprises also external communication and all the communication activities that regard an organization.

Researchers like Invernizzi (2000, 2003) and Cocozza (2006, 2010) argue that internal communication has evolved, both in its contents and methods, so that nowadays, the most appropriate concept is the broad term "organizational communication". Internal communication designates a specific way of managing communication tools, initiatives and modalities with respect to the internal publics. By contrast, organizational communication relates to the same set of tools and modalities, but also considers other publics which are traditionally considered external to the organization. Organizational communication is therefore the natural extension of internal communication, whose practices and purposes have broadened, so as to encompass the development and management of an organization as a whole.

Organizational communication aims at coordinating and strengthening the relationships between the organization and all its stakeholders, both internal (such as employees) and external (customers, institutions and so on). Invernizzi (2000) therefore defines organizational communication as the set of strategic and operational processes aimed to create, exchange and share informative and values-related messages within the diverse relationship networks that constitute the organization's essence and its position in the environment.

This pertains to internal members, external-internal partners and all the external players who are somehow interested or involved in the life of the organisation, including its staff or customers.

The most important aspect of organizational communication is that it identifies and integrates all the communication processes necessary for the organization's life and development. It incorporates the concept of internal communication, which itself has become too narrow, and includes external communication (Invernizzi, 2000).

In his analysis of internal communication practice in Italy, Cesaria (2000) also describes the evolution from a simple, linear view of internal communication to a more complex, strategic concept of organizational communication. He relates this change to several factors, such as the emergence of network forms of organizations, the eradication of organizational boundaries, emergence of team-based knowledge workers, need to combine different kinds of knowledge, desire for a new organizational democracy, and the enormous potential of information and communication technologies (ICTs).

Cocozza (2006, 2010) points out the importance of overcoming the traditional and rigid distinction between internal communication, external communication and marketing communication, and thus suggests adopting the organizational communication perspective. The author argues that such an integrated approach is better able to achieve important organizational results, such as promoting the company's mission, sharing strategic objectives and corporate culture, and creating a new corporate image, based on the transparency of organizational processes and product visibility.

A broader look at the organizational communication literature shows that this field is highly diverse and fragmented. It spans communication at the micro, meso, and macro levels; formal and informal communications; internal organizational communication practices (newsletters, presentations, strategic communications, work direction, performance reviews and meetings), as well as externally directed communications (public, media, inter-organizational). Innovation, organizational learning, knowledge management, conflict management, diversity, and communication technologies are also addressed.

Views of organizational communication can be categorized as those that consider organizational communication merely as one aspect of an organization (for example, Drenth et al. 1998), compared to those that see it as the underlying basis of the organization itself. This latter viewpoint is reflected by Myers and Myers (1982:xv), who define organizational communication as "the central binding force that permits coordination among people and thus allows for organized behaviour," and Rogers and Rogers (1976:3), who argue that "the behaviour of individuals in organizations is best understood from a communication point of view."

Communication is not only an essential aspect of these recent organizational changes, but effective communication can be seen as the very foundation of modern organizations (Grenier and Metes 1992; D'Aprix 1996; Witherspoon 1997; von Krogh et al. 2000).

As previously stated, we concur fully with the notion that communication represents a pre-condition for the existence of any organization. We also believe that the conceptual approach in terms of organizational communication is absolutely correct, because fully effective communication can only stem from its integrated management, which is able to coordinate within a coherent system, both the internal and external communication flows. However, in this context, it is useful to refer to the narrower concept of internal communication, thus excluding external communication and restricting the scope of our analysis, so as to provide more specific and useful insights on the topic.

Internal communication outcomes

Our analysis indicated that internal communication outcomes can be grouped into two categories: individual and organizational. *Individual outcomes* include the positive effects that internal communication may have on an employee as an individual. *Organizational outcomes* refer to the advantages that internal communication can bring to an organization as a whole. Organizational outputs can be considered *second-level* outputs because they exist only as long as the individual outputs occur. The organizational outputs result from the sum of the individual outputs.

1   Individual outcomes

1.1   Commitment

Communication, as the literature documents, creates an environment for commitment and is thus an important antecedent (Katz and Kahn, 1978; Foy, 1994; Meyer and Allen, 1997; Postmes et al, 2001; Elving, 2005). Mowday et al. (1979) define organizational commitment as "the relative strength of an individual's identification with, and involvement in, a particular organization," what some researchers call affective commitment (McFarlane et al., 1993; Meyer and Allen, 1997). In practical terms, this implies that an employee is committed to, and wishes to act in, the best interests of an organization because of his/her emotional attachment to it.

Mathieu *and* Zadjac's meta-analysis (1990) shows *communication* to have a fairly strong effect on commitment. There is evidence that information provided by management on running the business as well as policies affects commitment (DeCotiis *and* Summers, 1987). But other research suggests that *communication* is especially effective in fostering participation *and* commitment (Trombetta *and* Rogers, 1988; Welsch and LaVan, 1981). Similarly, Unzicker et al., (2000) contend that a positive relationship exists between effective internal communication and employee commitment to and perceptions of their firm. Postmes et al.'s study (2001) shows that direct *communication* between management *and* employees correlates strongly to commitment: "…employees were strongly committed if they obtained adequate information to perform their task and this information was presented to them via formal bureaucratic channels rather than informal channels. Interpersonal communication with peers, and direct superiors predicted commitment less than communication with more senior management did, and communication with a socio-emotional content was less predictive of commitment than formal communication was" (Postmes et al, 2001, p. 231). In a study that explores managing the psychological contract, Guest *and* Conway (2002) report the importance of *communication* directly related to daily work: the accuracy of instructions or the quality of feedback about an employee's work. Drawing on previous and original research, De Bussy et al. (2003) conclude that the higher the quality of employees' task-related information, the more commitment they will have towards the organization.

1.2   Trust

Another positive outcome associated with good internal communication is trust, the basis for interpersonal relationships, cooperation *and* stability in social institutions (Lewicki et al., 1998). Employees want to trust their companies and acquire company-related information directly. They want to contribute to future decisions of their company and to be proud of the company they work for (Dortok, 2006).

Among the different types of trust are trust in the management (Creed *and* Miles, 1996; Tyler *and* Degoey, 1996; Kramer *and* Tyler, 1996; Bijlsma-Frankema, 2001); trust in colleagues (Sheppard *and* Tuchinsky, 1996; Lewicki *and* Bunker, 1996; Sitkin *and* Roth, 1993); *and* interpersonal trust in the general *organizational* context (Mayer et al, 1995). Based on a review by Mayer et al. (1995), De Ridder and Human (2004) conclude that the most salient characteristics that determine trustworthiness are ability (for example, Cook and Wall, 1980; Sitkin and Roth, 1993), benevolence (for example, Cook and Wall, 1980; Mishra, 1996) and integrity (for example, Butler, 1999). Theorists have not surprisingly linked the quality of communication and trust (Butler and Cantrell, 1994), which allows focusing on the role of openness in communication (Ruppel and Harrington, 2000; Butler, 1991; Whitener et al, 1998). As Zand (1997) points out, management demonstrates its trustworthiness by releasing information about goals, organizational problems and organizational policy, which Dortok (2006) terms 'non-task-related' information. De Ridder and Human (2004) contend that the higher the quality of non-task-related information, the more trust employees will place in management. In their study of new media in internal communication, De Bussy et al. (2003) point out that "the use of new media in the workplace is positively related to the perception of mutual trust within the organization".

1.3   Employee and job satisfaction

Davies and Chun (2002) define *employee satisfaction* as "the degree which an employee has positive emotions towards the "organization", not towards the "specific work role", which is part of "*job satisfaction*". Consistent support for a positive relationship between communication and both employee and job satisfaction exists in the literature (King et al.; 1988 Dolphin 2005). Good communication, as George and Berry (1981) and others have argued, can keep levels of satisfaction high (Asif and Sargeant, 2000). Satisfaction as an outcome of internal communication has been explored as part of internal marketing. When frontline employees have the tools to achieve goals, experience appropriate interactions, recognize efforts of colleagues, and obtain training and encouragement, they will be more satisfied with their jobs and the organization (Berry 1981, 1983; Lings 1999). Frontline employees experience satisfaction as increased self-worth and purpose, for example, when they participate in knowledge discovery and generation (Ballantyne 1997).

According to Ing-San Hwang and *Der-Jang Chi* (2005), an enterprise's internal marketing can improve employee job satisfaction (Tansuhaj et al., 1991; Rafiq and Ahmed, 2000; Conduit and Mavondo, 2001) and in turn improve the enterprise's performance (Pfeffer and Veiga, 1999; Nebeker et al., 2001). Singh (2000) offers support for positive relationships among internal marketing and internal customer job satisfaction and commitment. Drawing on the results of this research, Keller et al. (2006) conclude that the internal marketing mix, and thus also internal communication, is positively associated with internal customer satisfaction.

1.4   Improved performance

Internal customer performance refers to the outputs of the employee when performing his or her job duties (Keller et al. 2006). Proponents of internal marketing believe that satisfied internal customers achieve higher performance (Ballantyne 1997). In particular, frontline employees perform tasks, communicate, and expand their individual capabilities more competently when they have quality exchanges with internal suppliers (Ballantyne 1997; Berry 1981; Lings 1999). Production errors, deficiencies in service, and overall performance issues can often be averted if the network of employees in a process focuses on the downstream commitments.

Keller et al. (2006) state that process work and internal marketing are similar to a relay race. The teammate holding the baton (internal supplier) must accurately place it in the hand of the next runner (internal customer) at the right time, in the right position, and at the right speed. Only when the baton is there and the next runner concentrates fully on running are relays won. In essence, when internal suppliers provide the proper support to internal customers, they can then focus on their performance.

For example, a major telecommunications firm implemented internal marketing with improved productivity and on-time deliveries while reducing the need for checkpoint inspections (Gummesson 1987). Tansuhaj, Randall, and McCullough (1991) report similar results within the financial industry. Other researchers using service blueprinting and internal marketing schematics have concluded that satisfied internal customers are more likely to achieve successful exchanges with both internal and external customers (Lings 1999; Lings and Brooks 1998). When the organization develops a satisfied workforce through internal marketing, and thus through internal communication, greater service-type behaviours among entire work groups ensues.

1.5 Development

Proctor and Doukakis (2003) view internal communication as an integral part of the employee development practice. They emphasize the need to develop a formal, co-ordinated, and organisation-wide internal communication system that facilitates the implementation and practice of employee development Employee development can change staff attitudes and behaviour to emphasize service and customer orientation. Lack of an internal communication system for employee development suggests that appropriate information is not properly communicated to staff and may not be implemented well.

1.6 Organizational supportive attitude (OSA)

De Ridder and Human (2004) show that high quality internal communication may promote an organisational supportive attitude (OSA), defined as a positive attitude toward the organization's strategic direction. They propose two ways to view support. First, employees may be supportive because they do not differentiate between their own and organizational activities, seeing themselves at one with the organization. This feeling is related to the concept of commitment and especially to affective commitment (Allen and Meyer, 1996). Affective commitment refers to a feeling of solidarity with the organization. The greater an employee's commitment to the organization, the more supportive he/she will be toward the organization's strategic direction (De Ridder and Human, 2004). According to these authors, employees can also develop a supportive attitude if they believe that everything is functioning smoothly, relying on others (especially management) to ensure that actions will follow a dependable course. If employees believe that management is competent and has integrity, they will support management's plans. Thus, trust in management creates a supportive attitude and the more employees trust management, the more supportive they will be of the organization's strategic direction (De Ridder and Human, 2004). Commitment to the organization and trust in management are two distinctive concepts, but they both have a positive relationship with good internal communication, which in turns affects a supportive organizational attitude positively (De Ridder and Human, 2004).

1.7 Motivation

Employees who are not informed of events become demotivated, as communication is the key to motivation, according to some researchers (Kitchen, 1997; Argenti, 1998). Enlightened managers know that the more information they provide to employees the more likely they are to be highly motivated, resulting in better performance and furthering the goals of the organization itself (Argenti, 1998).

1.8 Sense of belonging

Postmes et al. (2001), cited also by Elving (2005), suggest that employees' sense of belonging as a possible outcome of internal communication and, in particular, of top-down communication: "…does not primarily depend on the quality of their informal and social-emotional interactions with peers and proximate colleagues, but it is related more strongly to their appreciation of management's communication" (Postmes et al, 2001, p. 240).

1.9 Buying in

The notion of employees buying in to organizational vision, goals and strategy as an outcome of internal communication is identified by Thomson and Hecker (2000), who say that buy-in consists of two main components, an *intellectual* element and an *emotional* element. The intellectual element is concerned with employees buying in and aligning themselves with the organization's strategy, issues and overall direction. The emotional element is concerned with employees taking ownership of their contribution and becoming committed to the achievement of stated goals. The term buy-in suggests a form of internal communication which is essentially one of persuasion as part of a top-down process (Thomson and Hecker; 2000; Hardaker and Fill, 2005).

1.10 Engagement

Hardaker and Fill (2005) tie internal communication to employees' engagement, suggesting that it reflects a more symmetrical communication process (Grunig and Hunt, 1984) within a conceptual framework that serves to develop employees as part of a corporate service brand (Hardaker and Fill, 2005). Employee engagement today represents one of the company's main priorities. The goal is to make sure people have the knowledge and understanding of business priorities to guide their decisions and actions, and the capability – in terms of skills, tools, processes and overall organizational culture – to contribute to those goals. This definition implies the need to build intellectual engagement through knowledge and maintain emotional engagement through organizational culture. Thomson and Hecker (2000) note that the level of organizational communication, as perceived by employees, equates with their level of engagement. The better the communication, the higher the level of engagement.

Guidance on what constitutes good communication and how to best construct and deliver information to achieve employee engagement are also relevant (Hardaker and Fill, 2005).

1.11   Loyalty

Asif and Sargeant (2000) point to the concept of loyalty as an outcome of internal communication. This emerged from their research as a separate issue related to commitment. Loyalty, they add, "is a particularly difficult issue for communicators to address, since it is clearly desirable for each institution to engender loyalty at a global level, to ensure that staff critical to the success of each organization are maintained. However, communicating the need for loyalty to those employee groups to whom the bank is not prepared to show loyalty in return could well serve to engender ill-feeling. Once again a segmented approach to internal communications would appear to be warranted".

Loyalty as a possible outcome of internal communication occurs in the work of Gilly and Wolfinbarger (1998), who argue that communication through which the organization confirms and reinforces its own symbols, values and assumptions – in effect its own cultural identity – serves as a source of identity, motivation and loyalty (Hardaker and Fill, 2005). From an internal marketing perspective, just as external customer loyalty is driven by customer satisfaction (Heskett *et al.*, 1995) so too is employee (internal customer) loyalty. Jobs can be viewed as products that must attract, develop and motivate employees, satisfying the needs and wants of these internal customers while addressing the overall objectives of the organization (Gronroos, 1990, 1993; De Bussy et al. 2003).

1.12   Empowerment

"Empowerment" as an outcome of internal communication appears with particular emphasis in Asif and Sargeant's (2000) and Proctor and Doukakis' (2003) research. In their study on the internal communication system of two UK banks, Asif and Sargeant (2000) note that the success of internal communication in creating a greater degree of staff empowerment was a factor mentioned in the overwhelming majority of their interviews. According to Proctor and Doukakis (2003), empowerment – together with trust, commitment and loyalty – can be developed with the help of internal marketing, which includes internal communication. The kind of the information presented by management and how it is communicated may be key determinants of whether employee development succeeds in the workplace (Proctor and Doukakis, 2003).

2 Organizational outcomes

2.1 Corporate reputation

Based on a report titled 'The Most Admired Companies' conducted by one of Turkey's leading business magazines, *Capital*, Dortok (2006) finds a correlation between corporate reputation and internal communication. Companies with positive reputations differ in their attitudes towards the relation between corporate reputation and internal communication, compared to companies with more questionable reputations. Having and maintaining a good corporate reputation require employee support. "Without a good internal reputation, your external reputation will not be good either. If your employees do not trust you, they can openly voice their feelings and thoughts to everybody, hence brutally damaging your reputation and invalidating your successes" (Young, 1996: 11–12). Studies that analyse the relationship between internal communication and corporate reputation show that employees are important stakeholders in corporate reputation and influence business results. Employees in turn are themselves positively influenced by good corporate reputation. The employee is the leading stakeholder carrying the banner of corporate reputation, be it good or bad. Corporate reputation influences employees as well. If the company is seen as a good place to work, employees tend to be happier and more efficient and the company can recruit and retain talented employees.

Forman and Argenti (2005) indicated that internal communications is central to the success of the company in implementing strategy and building reputation. Key employees can be seen as agents who can support or derail strategic change. They may be direct conduits to customers and other constituencies as carriers of the corporate brand and reputation. Thus, employees count as assets to be nurtured rather than liabilities to dispense with in difficult times (Forman and Argenti, 2005). Internal communication cannot be considered separately from corporate reputation because it is the basic component of corporate reputation (Dortok, 2006).

2.2　　Innovation

Kanter (1988) argued that higher levels of innovation can be achieved by good communication within and between organisations and sections of organisation, concluding that contact among many levels in an organisation is essential for enthusiastic, widespread involvement in organisational goals and the creation of a supportive climate for innovation (also supported by Robson and Tourish 2005). De Bussy et al. (2003) said innovation was important to the internal marketing communication construct. Ruppel and Harrington (2000) examined the relationship between communication and innovation from a stakeholder perspective. From a more practical point of view, the use of new media in the workplace is positively related to organizational attitudes towards innovation (De Bussy et al. 2003).

2.3　　Organisational success and improved business results

Research overwhelmingly suggests that improved internal communication brings large scale organizational benefits. For example, according to Hargie and Tourish (1993), the quality of communication among the people who make up an organisation is "a crucial variable determining organisational success". Some scholars have even identified a positive link between the flow of information within an organisation and levels of absenteeism and productivity (Schweiger and Denisi, 1991). In their study on employee communication during a merger, they found that when managers provided open and honest information to employees, even if it was bad news, the short-term pre and post merger negativity brought about by uncertainty eventually translated into lower levels of absenteeism, staff turnover and higher levels of productivity. "Internal communication is so entwined with the process of organising and with organisational structure, environment, power, and culture that many theorists of organisational communication argue that organisations would not exist without communication" (Grunig, 1992). Internal communication is not only a crucial variable for organisational success, but a precursor for organisational existence as well.

Clampitt and Downs (1993) concluded that the benefits of quality internal communications include higher productivity, reduced absenteeism, higher quality of services and products, increased innovation, fewer strikes and reduced costs. The quality of communication among people within an organisation can then be considered "a crucial variable determining organisational success" (Hargie and Tourish, 1993; Henderson and McAdam, 2003).

Poole and Jenkins (1996) point out that firms with equivalent technology vary greatly in their communication systems and processes based on their levels of competitiveness, suggesting that corporate communication issues are frequently the decisive factor in business success. Tourish (1997) found that managerial effectiveness correlates with an organization's ability to develop and sustain a coherent strategy for quality internal communication. Buckley et al., (1998) underline the centrality of communications dynamics to organizational effectiveness and a major study from Watson WyattWorldwide confirms a correlation between effective communication and financial performance.

For Harshman and Harshman (1999), communication is a key factor in how well the organisation performs. In fact, "high on the diagnostic checklist of corporate health is communication" (Hall, 1980). Yates and Beech (2006) contend that companies with highly effective internal communication programs have significantly higher market premiums and shareholder returns than companies in the low-communication-effectiveness category.
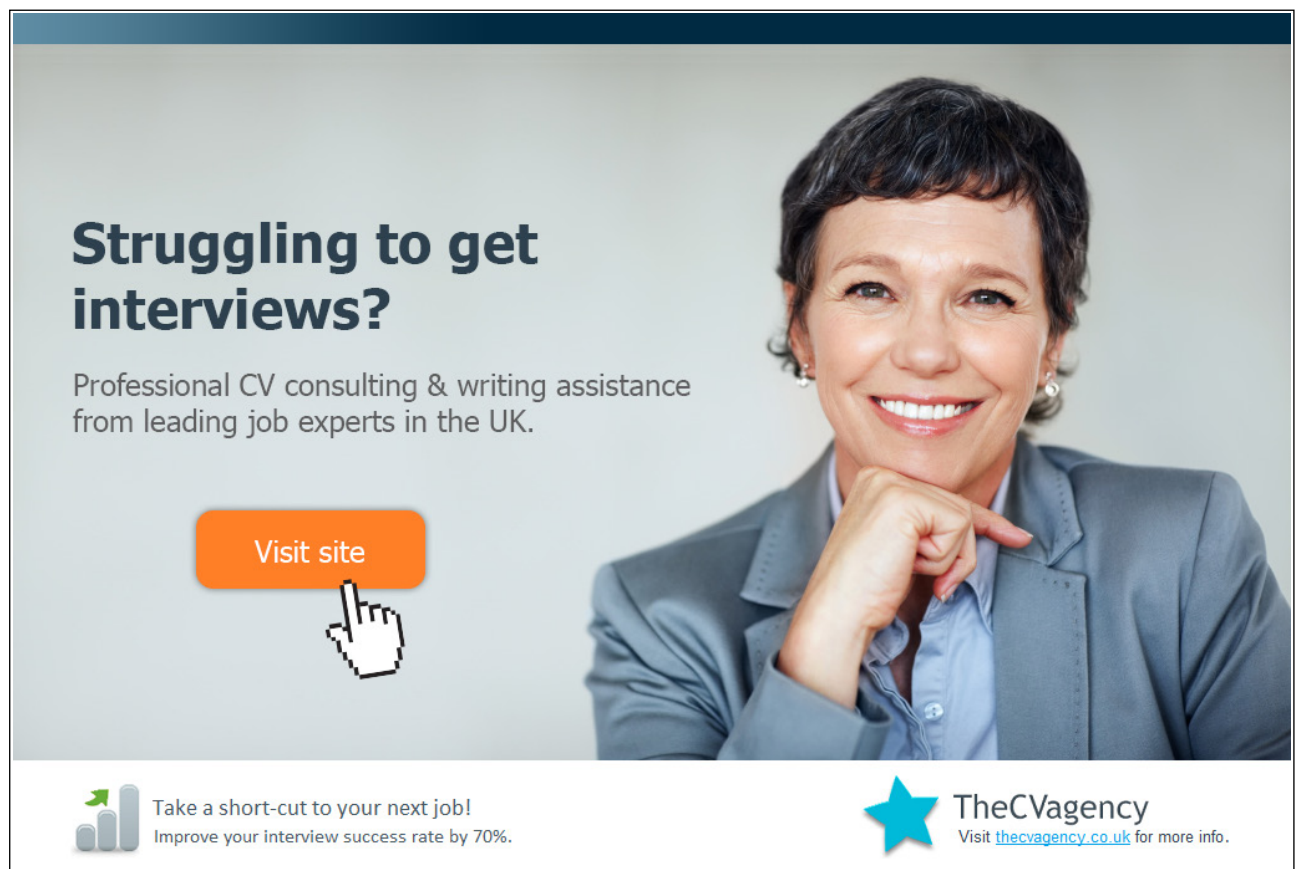
Clearly, a strategic relation between internal communication and business results exists (see also Dortok, 2006).

2.4   Support to change

Internal communication has a key role in the successful implementation of change management programmes, as the literature confirms (Lewin, 1951; Goodstein and Warner-Burke, 1991; Kotter, 1996; Goodman and Truss 2004). At the organizational level, communication enables change managers to challenge embedded cultural and structural norms (Deal and Kennedy, 1982; Lok and Crawford, 1999; Pinnington and Edwards, 2000). Appropriate communication helps employees understand both the need for change and the personal effects of the proposed change (Goodman and Truss, 2004). Indeed, how employees are engaged in the change process may determine its success (Peters and Waterman, 1982; Kanter, 1983; Porter, 1985; Clarkle and Clegg, 1998; Heller, 1998; Henderson and McAdam 2003). Effective communication, including transparency, supports the culture change cited as pivotal in delivering the desired organisational transformation (Pettigrew, 1985; Johnson, 1987).

Communication can increase the commitment to change (Morgan, 1988; Henderson and McAdam, 2003), prepare people for its positive and negative effects (Jick, 1993), or it can in fact be the context in which change actually occurs (April, 1999; Ford and Ford, 1995). Communication is also a way of avoiding the uncertainty that comes with change (Burns, 1992) because employees may well resist if communication is inadequate (Young and Post, 1993).

Communication is thus essential for implementing change programmes because it is a tool for announcing, explaining or preparing people (Spike and Lesser, 1995). Organizations must recognize their responsibility to function as agents of change in the corporate workplace (Wright, 1995). Quirke (1996a) emphasizes that getting communication right is vital to making change happen inside organisations, while poor internal communication sabotages efforts toward change. Internal communicators are frustrated by senior managers who seem committed, but ultimately only pay lip service to communication. The paradox created is that, during periods of organizational stress, employees want more information at the very time managers may not be able to provide it (Richardson and Denton, 1996). Communication, beyond its role in managing change, actually makes change happen. Change programmes without effective internal communications campaigns may not succeed (Quirke, 1996b; Coulson-Thomas, 1997; Kitchen and Daly, 2002). Gilsdorf (1998) contends that many mistakes in change management programmes can be directly linked to breakdowns in communication.

2.5   Knowledge sharing

Internal communication is positively associated with knowledge sharing. Kalla (2005) cites empirical data that "enhance our understanding of knowledge sharing as an important and strategic function of integrated internal communications". She argues that an *integrated approach* to internal communication is beneficial when assessing knowledge sharing in organisations. She says *integrated internal communications* comprises all the academic disciplines or domains that Miller (1996) identifies as meeting at the cross-section between communication and organisational life: business, organisational, management, and corporate communication. Furthermore, integrated internal communications are not limited to the formal tasks performed by the corporate communication function but include all formal and informal communication in an organisation. Evaluating the knowledge sharing function of internal communications is important since researchers agree that the ability to effectively share knowledge internally is fundamental for maintaining a competitive advantage (Grant, 1996; Kogut and Zander, 1993; Spender, 1996).

2.6   Social capital enhancement

'Social capital', a concept that is gaining attention in organisational literature, involves social relations among individuals, groups, communities, etc. Nahapiet's and Ghoshal's (1998; 243) definition of social capital includes both the individual and social aspect: "The sum of actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network". According to De Ridder and Human (2004), commitment and trust may generate social capital. And since internal communication creates commitment and trust, it can also indirectly foster the company's social capital. For Leana and Van Buren (1999), the associability of social capital refers to the willingness to engage in behaviours that benefit the organization (see also De Ridder and Human, 2004).

Thus defined, associability is closely related to organizational citizenship behaviour (OCB), which consists of helpful behaviours and gestures that are neither explicitly rewarded nor part of the individual's job description (Organ, 1988). Social capital – and the more specific concept of OCB – require a general attitude of helpfulness, considered a highly valued employee outcome, and justifiably so. Altruism and compliance directly affect achieving the organization's goals and mission because the strategic direction of an organization manifests itself in general organizational goals as well as its general approach to work (De Ridder and Human, 2004). Kalla's empirical research (2005) has shown that internal communication positively influences relational-cognitive embeddedness and knowledge-sharing, thus enhancing the company's social capital.

2.7   Ethical relationships

A company's strategic communication program can help to build ethical relationships with targeted constituencies (Botan, 1997; Forman and Argenti 2005). De Bussy et al. (2003) argue that the use of new media in the workplace is positively related to the perception of an ethical work climate. The concept of an ethical work climate within organizations was developed by Victor and Cullen (1988). Ruppel and Harrington (2000) used Victor and Cullen's (1988) ethical work climate instrument for measuring perceptions of the 'right', 'just' and 'fair' treatment of employee stakeholders to test Hosmer's (1994) model linking the ethical treatment of stakeholders with trust and innovation in organizations. Strong support was found for Hosmer's (1994) model (Ruppel and Harrington, 2000). These results agree with Smidts et al.'s study (2001) on employee communication, which emphasized the central role of the communication climate – a concept closely related to the ethical climate. Thus, perceptions about ethical work climate and the degree of mutual trust within organizations comprise two key dimensions of effective internal communications.

2.8   Unified corporate identity

The internal communication process contributes to a unified corporate identity by giving employees more information on the overall philosophy of their organization and its strategic direction (Ambler and Barrow, 1996; Deal and Kennedy, 1982; Ford and Ford, 1995; Kanter et al., 1992; Asif and Sargeant 2000). While corporate identity is often targeted primarily at external stakeholders, corporate branding requires that all employees adopt and behave consistently in accordance with a predetermined and common set of brand identity cues (Harris and De Chernatony, 2001). Internal audiences are valid and important audiences for corporate identity activities (Hardaker and Fill, 2005). At the heart of the corporate brand are vision and culture, which encapsulate core values. These core values should ideally guide the behaviour of employees (Collins and Porras, 1996). Freeman and Liedtka (1997) and Hemsley (1998) argue that the role of employee is changing: where once they could be just part of the company, they now need to be recognized as brand ambassadors. In service environments where employees are the interface between an organization's internal and external environments and where their actions can have a powerful effect in creating images among customers (Balmer and Wilkinson, 1991), the concept of brand ambassador is especially pertinent. Harris and de Chernatony (2001) assert that a brand's 'emotional' values are communicated not so much by planned marketing communications, but by the interactions between employees and other stakeholders. Kennedy (1977) argues that managing corporate brands gives the customer (external) and employee (internal) interface added significance. Employee behaviour must meet management's expectations for brand continuity.

Corporate brand consistency, therefore, is not achieved through formal marketing and management communications alone but through the behaviour and interactions among employees, customers and other stakeholders, a view increasingly supported by many, including McDonald et al. (2001). Hardaker and Fill (2005) confirm the importance of employee involvement in organizational identity and services brand development. They offer new insights into developing employee communication strategies. Through a case study, they show how staff can learn what the desired brand identity is; how the brand is to be presented; how to identify the key values and their role within it. They conclude that "one of the key components of an organization's identity is its staff and, in a corporate service context, employees are instrumental to the development of identity and brand reputation".

2.9   Reduction of the potential for misunderstandings, discrepancies and conflict

Internal communication can reduce misunderstandings, discrepancies and conflict within and between internal departments (see, for example, Smircich and Morgan, 1982; Gioia, 1986; Cheney and Vibbert, 1987; Gilly and Wolfinbarger, 1998). Asif and Sargeant (2000) noted that this might be an appropriate goal for internal communications in the future, although their research did not focus on this topic.

2.10   Service quality enhancement

Internal communication can enhance service quality by ensuring an understanding of customer needs at every level (Acito and Ford, 1980; Piercy and Morgan, 1994; Reukert and Walker, 1987; Wolfinbarger and Gilly, 1991; Asif and Sargeant, 2000). Asif and Sargeant (2000) discovered that the staff of the bank they analysed was generally enthusiastic about the impact that changes in internal structures, procedures and communication had made on the service quality provided to external customers: "There's no doubt that I have been able to improve the quality of service I provide. It's a function of being better informed about what the bank has to offer and how it intends to offer it (Bank B)."

 (Asif and Sargeant, 2000).

2.11   Shared vision and interpretation

A primary goal of internal communication is to create a shared corporate culture and organization goals (George and Berry, 1981; McDonald, 1995; Foreman, 1997; Slissarenko, 1999; Dolphin, 2005). Asif and Sargeant (2000) note that, thanks to good internal communication, most of their survey respondents were able to cite their organization's mission statement and knew what their organization was striving to achieve in the medium to long term. Similarly, De Bussy et al. (2003) state that another key objective and possible outcome of information dissemination (an aspect of effective internal communications) is shared interpretation. Slater and Narver (1995) identified three stages in the organizational learning process: information acquisition, information dissemination and shared interpretation. They maintain there must be a consensus on the meaning of information and its implications for organizational learning to occur. De Bussy et al. (2003) examine shared interpretation in relation to goals and conclude that the use of new media in the workplace is positively related to the degree of alignment between the goals of individual employees and those of the organization. Powers (1997) confirms the positive role of effective communications for achieving alignment, which requires planning, deployment and feedback. Planning includes shaping the vision, designing the messages, and developing a plan for disseminating the message. Deployment involves four methods: cascading the messages to employees at all levels; linking individual unit objectives with the corporate mission; repeatedly broadcasting strategic messages through all types of communication media; and catchball, a Japanese concept that facilitates horizontal alignment and seamless integration of customer-supplier relationships. Feedback assesses whether messages were received, understood, and internalised.

2.12   Organisational learning

According to Henderson and McAdam (2003), effective communication lends itself to organisational learning, comprised of knowledge acquisition, information distribution and interpretation (Argyris and Schon, 1996) in order to solve or overcome organisational problems. A learning organisation strives to make learning central rather than peripheral. Lampel et al. (1998) outline the basic fabric of the learning organisation in a set of five principles:

1) Organisations can learn as much, if not more, from failure as from success;
2) learning organisation rejects the adage "if it ain't broken, don't fix it";
3) Learning organisations assume that managers and workers closest to the design, manufacturing, distribution and sale of the product often know more about these activities than their superiors;
4) A learning organisation actively seeks to move knowledge from one part of the organisation to another to ensure that relevant knowledge finds its way to organisational units that need it;
5) Learning organisations spend a lot of time looking outside their own boundaries for knowledge.

2.13   Competitive advantage

The literature suggests that competitive advantage is a mediated outcome of internal communication, a result of effects more directly produced by the communication process. Competitive advantage results in part from knowledge sharing, service focus, change acceptance, trust and employee satisfaction, all of which can result from an effective internal communication process. Kalla (2005) points out that the knowledge sharing function of internal communications helps to maintain a competitive edge (see also Doz et al, 2001; Grant, 1996; Kogut and Zander, 1993; Spender, 1996). Dolphin (2005) states that at times of change or stress the internal message enables management to get employees on its side, contributing towards winning and sustaining a competitive advantage. Further, where conditions of trust, trustworthiness and cooperation exist between organizations and their stakeholders, opportunistic behaviour is minimized and the contracts between the parties may be executed more efficiently, reducing costs and creating a source of competitive advantage (De Bussy et al. 2003).

As we have seen, internal communication plays a key role in employee satisfaction, which leads to satisfied customers, better customer retention and, ultimately, a sustainable competitive advantage (Asif and Sargeant, 2000; Gronroos, 1988; Berry, 1981; George, 1990; Morvis, 1984). In general, internal communication as a source of competitive advantage derives from the importance now widely attributed to human capital (and to everything that enhances its value). The increasingly competitive environment has forced organizations to consider the role that their employees play in achieving competitive advantage. Internal communication has thus acquired added significance as organizations strive to communicate customer needs, organizational values, and other key information to staff at every level and to encourage a two-way dialogue with management (Asif and Sargeant 2000).

3 Conclusion

This study shows that, according to many scholars, an effective internal communication process can yield many positive outcomes both at an individual level and at an organizational level.

The main individual and organizational outcomes of a quality internal communication process are listed below.

Individual outcomes

1. Commitment
2. Trust
3. Employee and job satisfaction
4. Improved performance
5. Development
6. Organizational supportive attitude (OSA)
7. Motivation
8. Sense of belonging
9. Buying in
10. Engagement
11. Loyalty
12. Empowerment

Organizational outcomes

1. Corporate reputation
2. Innovation
3. Organisational success and business results
4. Support to change
5. Knowledge sharing
6. Social capital enhancement
7. Ethical relationships
8. Unified corporate identity
9. Reduction of the potential for misunderstandings, discrepancies and conflict
10. Service quality enhancement
11. Shared vision and interpretation
12. Organisational learning
13. Competitive advantage.

Internal communication, with its tremendous potential for positive outcomes, should be considered a true *business process* that affects the economic performance of the organization (Ragusa 2010).

It is a powerful tool that can bring exceptional advantages to any organization. Consequently, internal communication should be handled in a structured, systematic way. A professional approach must account for all the potentialities of the process, carefully manage inputs and operations, and measure results.

Our research represents a preliminary analysis that has uncovered many avenues for future studies, including these neglected areas:

- Inputs to the internal communication process, including the resources (information, values, etc.) necessary at the start
- Operations, where inputs become outputs
- Monitoring and improving the processes
- How to best manage the overall process to achieve the projected goals.

We believe that a systematic research approach to internal communication as a strategic business process could lead to better management practices in a number of areas.

4   About the Author

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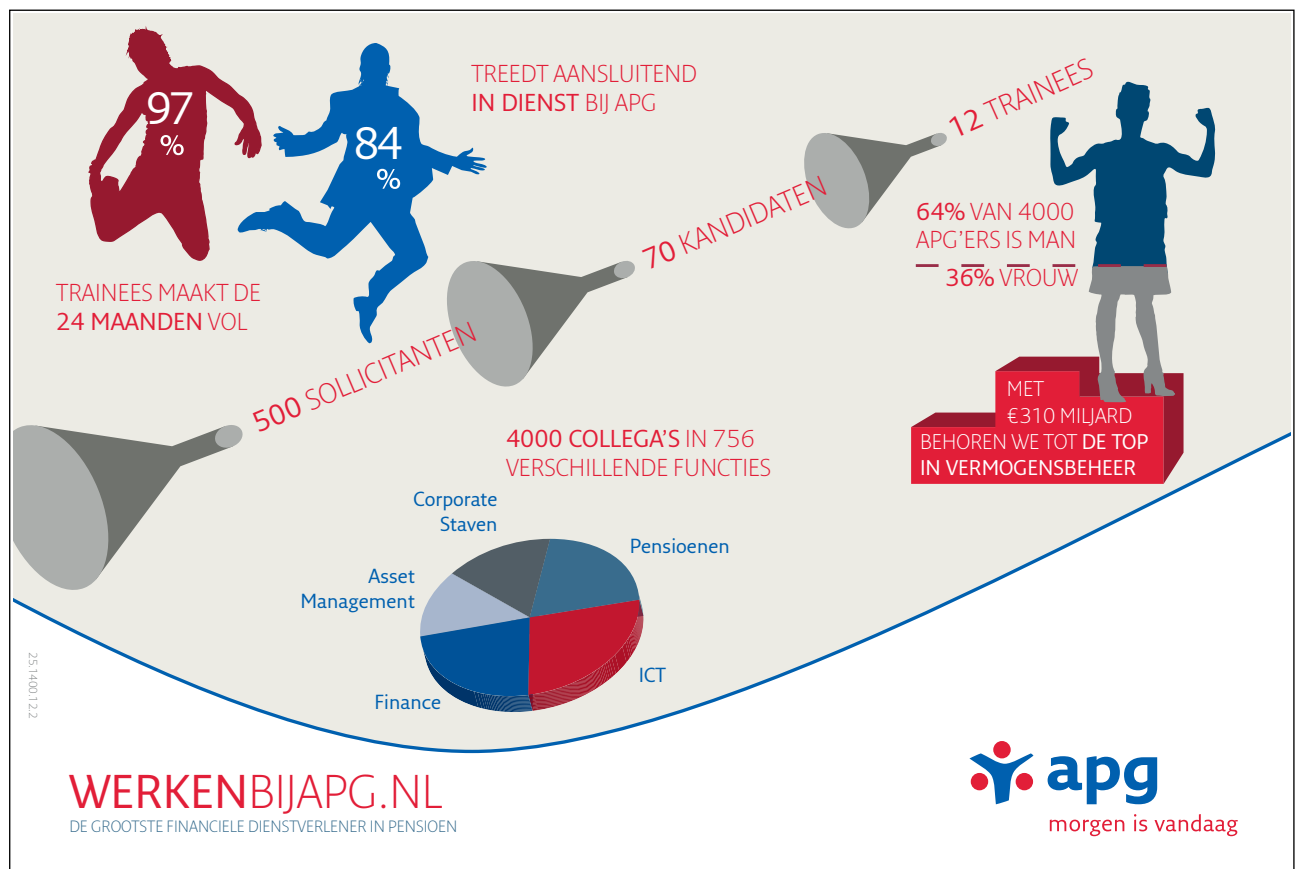
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