CHAPTER 17
Internal communication

Introduction

When senior employee Sherron Watkins 'blew the whistle' (leaked information) on Enron's financial irregularities, she contributed to a chain of events that led rapidly to the company's spectacular downfall in 2001. When leaks, gossip and rumour replace organised communication as the key source of information inside an organisation, it is a sure sign that there is a management problem.

Communication happens inside organisations whether it is managed or not. Daily interactions between people are a necessary part of getting the job done. As companies and organisations grow globally, however, such interactions become increasingly complex. Employees may become disconnected by their place within the hierarchy, their office location, how the work is divided up or through psychological discomfort with management practices, as shown by the Enron example. Engaging staff in the 'bigger picture' – the many challenges, threats and opportunities faced by the organisation as a whole – often requires a managed system of communication.

Internal communication (IC) is a growing specialism inside the broader field of public relations. While public relations has traditionally communicated news and information to an organisation's employees through a house magazine or staff newsletter (and still does), this internal communication role has expanded alongside the need for organisations to communicate strategically with all their external stakeholders.

Internal communication is not just a concern for multinational or large organisations that need to communicate with thousands of employees. While it is essential for an international company like Sony or BT to have a sophisticated two-way communication system in order to engage with their employees worldwide, a small, family-owned printing firm also benefits from information sharing and feedback to help the business perform better. Internal communication is also regarded as essential where an organisation is re-branding; management has to develop a clear understanding of what employees think – as well as understanding external perceptions.

Public organisations also use internal communication. Hospitals need to tell staff about changes in government policy, but also to involve staff in improving the services to patients. In the UK, public organisations regularly survey staff attitudes to determine communication effectiveness.

This chapter: discusses the growth of internal communication as a strategic function; explores the employee perspective; discusses the importance of organisational culture and leadership as the context for effective internal communication; identifies the key communication methods and measures of success; and evaluates internal communication from an ethical perspective. (See Mini case study 17.1.)

Definition of internal communication

Internal communication is the term used in the UK and elsewhere to describe an organisation's managed communication system where employees are regarded as a public or stakeholder group. (See Chapter 12 for a further discussion of publics and stakeholders.) In the USA, the term most often used is 'employee communication'. Employees are communicated with through a variety of methods, including newsletters, noticeboards, staff briefings and intranets, which are designed to inform employees about the business. Internal communication has been defined as 'the planned use of communication actions to systematically influence the knowledge, attitudes and behaviours of current employees' (Stauss and Hoffmann 2000: 143).

From this definition we can see that the emphasis is on the management – employee relationship, rather than the reverse. White (1991) sees this man-

agement task as the management of 'meaning', which suggests that it is the role of managers to highlight to employees what is significant from the organisation's point of view. However, as we shall see later in this chapter, these definitions, which emphasise persuasive communication (see also Chapter 14), do little to acknowledge the shift in strategic management towards the 'co-creation' of meaning through employee participation.

Where it all began: the in-house journalist

The origins of internal communication lie in business or industrial journalism. In the UK, for example, professional recognition goes back to the formation of the British Association of Industrial Editors in 1949. Journalists were tempted by attractive salaries to write for the staff or 'house' journal in which a company's

mini case study 17.1

Orangina joins Cadbury Schweppes

Explaining company changes is an important part of the IC role. When Cadbury Schweppes European Beverages (CSEB) acquired Orangina, a French orange drink brand, it created, with the help of Hedron Communications, a pictorial 'roadmap' of the firm representing different parts of the business worldwide and the business objectives. The idea of these 'big pictures' helped employees understand what had happened and put it into con-

text. This was consistent with the company's communication policy of using pictures and stories to build an understanding of the Cadbury Schweppes ethos. Go to www.cadburyschweppes.com to look at ways in which different parts of the business are communicated online.

Source: Based on *PR Week* 5 March 2004

news and information was published. Better informed employees were thought to be better motivated employees who, in, turn, contributed to increased productivity – this is still a common belief today and we will examine it later in the chapter.

From the early days of internal communication, some organisations made audiovisual presentations to induct new staff, organised events such as long-service awards and created foyer displays to explain company policy to employees. Today, technology has provided a wealth of new media channels and formats – so that continuous internal news, information and feedback opportunities can be delivered direct to the desktop PC. (See Activity 17.1.)

Skills to strategy

We have noted that the roots of internal communication lie in journalism. While it is true that organisations still need writing and editing skills to create staff newsletters, intranet pages, factsheets, and so on, there has emerged during the past few years a more strategic internal communication role that has broadened the scope and complexity of the discipline. The internal communication function has 'grown in size, status and access to resources' (Kernaghan et al. 2001: viii). There are a number of factors leading to the trend towards strategic internal communication (see Figure 17.1).

Changes in the external environment affecting the organisation

Hardly any organisation is untouched by political, economic, social and technological (PEST) change. The following PEST analysis (see Chapter 2 for a fuller discussion of environmental analysis) identifies a wide variety of factors affecting organisations and employees in particular.

Political

Trends in the political environment relate to *new legislation, government policy, national* and *international politics*. Organisations have to be in tune with governments at both a national and international level – sometimes in order to survive. What happens in national and European elections will shape the
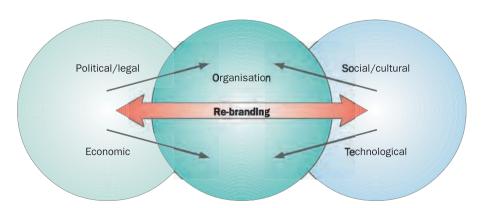

FIGURE 17.1   Factors leading to strategic internal communication

direction of government and whether its policies are favourable towards business enterprises and public services.

In recent years, UK organisations of all kind have had to become more *accountable* and *transparent* to their stakeholders. Social and environmental reporting have become a requirement within the private sector, whereas in the public sector, government-led quality audits and league tables (e.g. for councils, schools and hospitals) have become the norm. The drive for improved business performance through employee involvement is encouraged by a number of organisations such as Investors in People (www.iipuk.co.uk/IIP/Web/Homepage1.htm), the Work Foundation (www.theworkfoundation.com) and the Department of Trade and Industry (www.dti.gov.uk).

Employee involvement and consultation has been given added weight through the 2005 European Directive that will affect employment law in Europe. Employees will have new information rights: a right to be informed about a business's economic situation; a right to be informed and consulted about employment prospects; and a right to be informed about decisions that are likely to lead to major changes in their workplace. All this presents a challenging role for internal communication.

Economic

Trends in the economic environment are often tied in with political decision making, such as *world trade agreements* or *legislation* surrounding how many companies can be owned by one enterprise. Then there are the laws of *supply and demand*: markets and consumer spending patterns fluctuate. What happens at the meta economic level will in turn affect how an organisation conducts its business. For many organisations it is a matter of keeping costs down while driving up quality to the customer, or end user, resulting in the following:

■ *outsourcing and 'offshoring'*, where services are contracted to an outside organisation or located overseas to reduce costs (for example, the international news agency Reuters was reported as outsourcing one of its services to India (*Independent* 22 November 2004)

■ *acquisitions*, where a company buys another company, such as BMW acquiring Rover (also known as a 'takeover' – see Chapter 24 on financial public relations for a more detailed discussion of company takeovers)

■ *mergers*, where an organisation merges with another organisation to provide a more cost-effective service, such as a hospital merging with another hospital.

There is a need for effective, timely communication during these changes because employees may be affected by the consequences. Organisational restructurings, relocations, redundancies and contractual changes could mean difficult times ahead for employees. A bank relocating its head office to another part of the country will need to manage communication very clearly and sensitively so that rumour and speculation (for example, about which staff groups are required to move and which are not), do not become 'official' information.

Social (and cultural)

Organisations need to monitor trends in the social and cultural environment because they determine not only which markets are likely to emerge, but also the future availability of skills and knowledge among the population. Global, as well as local, social factors that are likely to have an impact on organisations' recruitment and retention policies include: *demographic structure* of the population (especially *education and qualifications,* skills and competencies); workforce *mobility;* workforce *diversity*; *career/lifestyle* choices and aspirations. As we identify later in this chapter (see 'Psychological contract', p. 338), the nature of employment is changing. Because there is less job security, people (especially the under-35s) have different aspirations and expectations. Moving from job to job to gain experience is increasingly seen as the norm. With increased opportunities for mobility across the globe, more people are seeking job fulfilment elsewhere.

Also, as we shift towards a knowledge-based economy, more people fit into what might be called high-knowledge occupations. In Canada, for example, professional occupations accounted for more than 14% of the workforce in 2001, compared to 9% in 1971 (www.statcan.ca/Daily/English/031030/d03103a.htm, accessed 22 April 2004). Well-qualified knowledge workers need less supervision, but at the same time they have a higher level of need for involvement and consultation within an organisation.

Technological

Trends in the technological environment are, arguably, one of the most significant shapers of organisations, changing both the nature of work and the nature of jobs. Technology plays a major role in how employees behave – redefining expectations of work turnaround, privacy and politeness norms in an online environment (Eisenberg and Riley 2001).

The widespread use of information and communication technologies has opened up many new, interactive

channels for internal communication – email and intranets – with the benefits of speed and efficiency of communication and improved access to information.

However, there are drawbacks: the main disadvantages of electronic communication to employee relationships are communication overload and the replacement of face-to-face communication (Industrial Society 1999). And as we enter an age where risk and security are a concern for many organisations, there is also the reality of surveillance online (e.g. monitoring of external emails) as well as closed-circuit television cameras monitoring behaviour. Such trends threaten rather than encourage good employee relationships, yet in those same organisations 'excellent' two-way internal communication will often be emphasised.

Internal marketing or 'branding from the inside, out'

Many organisations – including government organisations such as the UK's National Health Service (NHS) – are defining brand values that consumers can emotionally identify with (e.g. Levi's jeans equals 'cool'). Such values require employee commitment and understanding. Communication plays a vital role in encouraging brand 'champions' or 'ambassadors' who, in turn, encourage customer loyalty. The concept of internally marketing to and through employees can be viewed as controversial, as we shall see at the end of this chapter.

Role and purpose of internal communication

Very little attention is paid to internal communication by public relations scholars yet it is viewed as part of an organisation's strategic communication function. If an organisation adopts two-way symmetric communication (see Chapter 8, p. 147), then, according to Grunig, 'open, trusting, and credible relationships with strategic employee constituencies [groups] will follow' (Grunig 1992: 559).

As we see in Chapters 13 and 28, the corporate communication school of thought regards employees as important stakeholders whose behaviour and communication both contribute to the corporate identity and project it to external stakeholders.

The strategic purpose of internal communication can perhaps best be summarised as one that is concerned with building two-way, involving relationships with internal publics, with the goal of improving organisational effectiveness.

In theory at least, internal communication viewed as part of the overall communication function may seem fairly straightforward, but, as we shall see in the next section, who 'owns' the IC function will vary from organisation to organisation. This chapter is placed within a public relations textbook, but it would be no surprise to find it in a strategic marketing or human resources textbook, because both functions have a claim on the IC role. Yet another school of thought sees internal communication as a new management discipline that should ideally report directly to the CEO. This is because, as Scholes (1997: xviii) puts it, IC cuts across:

> *The traditional boundaries of HR, PR and marketing expertise . . . We [IC practitioners] assume the need to be familiar with the business context (in particular the need to manage change), the role of strategic planning and of IC within it, also research methods and statistical interpretation, and budgeting.*

However, throughout this textbook we have discussed many examples of where internal communication has proven to be a vital component within a broader communication programme in:

- responding to issues and crises
- promoting brand values to consumers
- managing relationships with the community
- communicating with employees as shareholders.

Wherever the IC function is located, there is still a need for good internal communication practice.

Strategist or technician?

For many public relations practitioners working in organisations with small budgets, internal communication and external communication roles will be combined (see also Chapter 3 on the role of the practitioner). Table 17.1 (overleaf) illustrates the types of role that are conducted under the headings of 'strategic' (e.g. planning) and 'technical' (e.g. writing) internal communication. The roles are not exclusive: some elements may be combined in a small organisation; in a large organisation there will be a clearer demarcation between the roles of strategic manager and the technician.

Where does internal communication fit into the organisation?

What we call the 'internal communication function' may comprise just one individual or a team of 10 or more in a large corporation. In some organisations, the internal communication function may be a 'stand-alone' department reporting directly to the chief executive; in others, to the head of a functional department,

TABLE 17.1 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	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	Noticeboards
Facilitating feedback	Employee annual report
Enhancing managers' communication skills	Management journal/magazine

such as human resources. A survey of 115 internal communication professionals in the UK Europe and North America found that around one-third reported to the public relations or corporate communications function. In Britain, 35% of internal communication functions report to human resources but internationally the reporting lines vary more widely. Significant results among non-UK practitioners were 24% reporting to the CEO and 26% reporting to the board chair, compared to 21% and 9% respectively in the UK (Kernaghan et al. 2001).

However, some organisations do not have a dedicated full-time person for whom internal communication is the sole responsibility (for example, it could be a shared or part-time role), or indeed a separate budget for IC activities (Kernaghan et al. 2001). From these findings we can conclude that internal communication is still a relatively young discipline. Figure 17.2 shows a hypothetical corporate communication structure. (See Think about 17.1.)

Employee perspective: 'just a job'?

Psychological contract

Employees' communication needs may differ entirely from what the management of an organisation see as communication priorities – for reasons of job role, place in the organisation and geographical location, as we stated in the introduction to this chapter. In addition, the *psychological contract* that the employee has with their employer may not live up to expectations – resulting in low levels of trust, commitment and loyalty to the organisation.

Definition: Psychological contract means the perceptions of the two parties, employee and employer, of what their mutual obligations are towards each other. (Guest and Conway 2002)

The psychological contract has received attention in recent years because of the changing employment relationship. While the psychological contract used to refer to an employee offering commitment to an employer in exchange for job security, external factors affecting today's workplace – changing markets, technology and higher customer expectations – have undermined this contract. As identified earlier, organisations are cutting costs and cutting jobs, meaning that individual employees have to work harder with less job security. The so-called 'new contract', then, is based on offers of training and development (which allows for the possibility of getting another job), fair pay and treatment – in return for employee commitment (CIPD 2003). (See Box 17.1.)
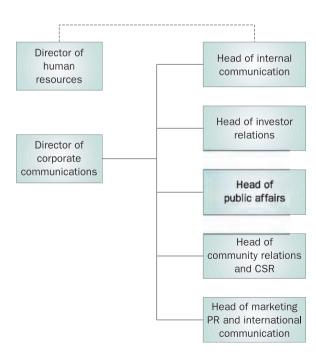

FIGURE 17.2 Internal communication in a hypothetical organisation

From Figure 17.2, note the reporting lines. Why do you think IC has a dotted line to the HR function? What possible issues could arise from this structure, where the IC manager reports to the director of corporate communications? Are there other potential issues that could affect the speed, direction or style of communication employed by the IC manager?

Feedback In many organisations, IC works closely with the HR function to ensure that messages and the timing of messages are consistent with HR policy. Conflict may arise from this dotted-line reporting where corporate communications has a different priority to HR. In the bank relocation example we mentioned on page 336, the director of corporate communications will want to announce the relocation at an early stage, to avoid rumours 'leaking' to the media. HR, on the other hand, may not have worked out all the details of the relocation plan. HR will want to keep this information confidential until they know exactly how staff will be affected.

While employee commitment is seen as relatively low – 37% of UK workers were found to be highly committed (MCA/MORI 1998) – levels of trust in organisations and their leaders have declined even more in recent years (Guest and Conway 2002). For example, recent research found that 20% of staff lacked confidence in senior management (Communicators in Business/MORI 2003).

Temporary contracts, part-time working, irregular shift patterns, as well as professional, social and cultural factors may give rise to an employee's 'disconnectedness' from the organisation and a resistance to corporate messages. Workers taking this position may hold different beliefs and values to those of the organisation and ignore a company's efforts to engage them in dialogue. Daymon (2000) found this to be the case in her research within a television company where journalists and production staff found satisfaction from peer group recognition and professional values of quality programming, as opposed to the values of the television company, which centred on economic performance. Similarly, Yeomans (2004) found that health workers largely ignored management's attempts to communicate key messages during a time of major change. (See Think about 17.2, overleaf.)

Segmenting internal publics

When employees are discussed, there is sometimes an assumption that they are a single, homogenous group who share the same worldview; as we have seen already, this is not the case. Employees can be segmented (broken down) as follows:

box 17.1   Employee commitment

Employee commitment refers to the expectations a line manager will have of an employee, but these expectations will be interpreted differently according to an organisation's culture. Common expectations include:

- making an effort to attend work
- getting to work on time
- concentrating on work
- getting as much done as possible while at work
- working to the best of your ability
- being willing to take on tasks outside your job description
- being flexible in the hours that you work to suit the organisation
- being a good team player
- developing and improving existing skills.

(*Source:* This material is taken from 'CIPD Factsheet – *Managing the Psychological Contract*, December 2004, with the permission of the publisher, the Chartered Institute of Personnel and Development, London)

'Being flexible' may actually involve regularly working away from home, rather than working a few extra hours a week. And while 'being a good team player' may imply covering for colleagues who are sick in order to complete a task, in some organisations 'team player' might mean getting involved in a wide range of social activities that are tied in with improving chances of promotion.

Referring to your own experience, or the experience of someone you know, what do you think an organisation can do to tackle feelings of 'disconnectedness' among its employees?

Feedback There are no simple answers here. According to Quirke (2000), *understanding* is the key to employee motivation. If employees understand what makes their organisation successful, they usually want to know how to contribute to their organisation's success. But employees do not always understand or even wish to understand. It is a salutary lesson that 59% of the UK's workforce were intending to leave their jobs in 2005 (YouGov/Zynap survey reported in *The Guardian* 29 November 2004) because of their disillusionment with the balance between work and leisure time (known as the 'work–life balance') and a lack of attention by their bosses to their career development.

Given this scenario, is there a role for communication? According to research by the think-tank Demos, communication has a role but it needs to be rethought: 'In a world of looser, more flexible relationships between workers and hirers, customers and suppliers, organisations need new ways to communicate with networks of people without trying to bind them into exclusive or hierarchical relationships' (Miller and Skidmore 2004: 67).

- demographics – age, gender, income, educational/skill level
- psychographics – personality, attitudes, values, behaviours
- staff groups – top management (or the board), senior/middle managers, frontline employees, supervisors and junior managers, specialist professional employees, overseas employees, pensioners
- contract with the organisation – full time, part time or temporary
- geographical location – head office, regional office, manufacturing plant. (See Think about 17.3.)

Attitudes (discussed in Chapter 14) are a conventional way of segmenting employees, particularly in relation to the psychological contract (discussed earlier), the organisation's strategic direction and communication. We identified earlier that the rise of internal communication as a discipline is largely due to factors driving the organisational environment and organisational change. In discussing employees' attitudes to organisational change, Quirke categorises employees as shown in Figure 17.3.

'Unguided missiles' refers to employees who are willing to help but unclear about the direction their organisation is taking. Quirke asserts that 50% of employees do not know what the strategy is and these are often the people who are on the frontline dealing with customers. Their notion of strategy may be based on past practice rather than current thinking. An MCA/MORI study conducted in 1998 labelled this group 'loose cannons', claiming that 14% of the UK workforce fit this category (Thomson and Hecker 2000).

'Hot shots' refers to the group of enthusiastic employees who are totally in tune with their organisation's direction and their own role within it. The MCA/MORI research identified this group (37%) as *'champions'* or *'advocates'*.

'Slow burners' describes employees who are 'not knowing and not caring' (Thomson and Hecker 2000: 13). In reality, this is a mix of people who feel unmotivated through a lack of direction and those who prefer to follow their own priorities. This group roughly corresponds to the MCA/MORI study, which calls this group *'weak links',* and are typically 'switched off', representing 39%.

Can you think of other ways of segmenting employees?

Feedback There are many other ways of segmenting internal publics. Some organisations tune in to groups of employees' lifestyles as a way of connecting with them; others have to consider 'hard-to-reach' internal publics such as 'remote' (people working at home or on maternity/paternity leave) or mobile workers (for example, sales staff who are mainly on the road or nurses working in the community). Employees may also be shareholders, and members of the local community, which is why it is important to have a coordinated communication approach to avoid misunderstandings. Understanding the opportunities for contact with some groups of employees is a key challenge.
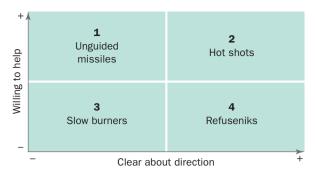
FIGURE 17.3   Different degrees of employee clarity and willingness (*source:* Quirke 2000: 12)

'*Refuseniks'* refers to employees who understand the organisation's direction but are most resistant to organisational change. Such groups may actively disagree with proposed changes and feel that their professionalism is under threat. The MCA/MORI study identified this group (deemed to be one in five employees in the UK) as '*saboteurs'* (Thomson and Hecker 2000).

> **Definition:** A '*refusenik'* was a citizen of the former Soviet Union, especially a Jewish person, who was not allowed by the government to emigrate. Now the term refers to somebody who refuses to cooperate with something.

We know from numerous studies (e.g. Communicators in Business/MORI 2003) that line managers – people who manage groups of staff – are the most trusted source of information among employees and that the second preferred channel among employees is *team briefing.* (See Think about 17.4.)

> **Definition:** *Team briefing* is a method of communication whereby a line manager briefs their team – usually on a regular basis – about company policy and on day-to-day issues related to the completion of team tasks. Team briefings are often structured to allow for staff feedback and questions.

However, it is the informal side of the organisation where we find clues on how employees communicate with each other.

Informal networks

Places where people gather inside organisations, such as watercoolers, corridors and post rooms, tend to be where the latest information, rumours and gossip can be shared. Informal networks play an important role in organisational communication, but traditionally they have been downplayed or frowned on in management handbooks because they are outside management's control. And yet informal networks often provide employees with meaningful interpersonal relationships, self-respect, greater job satisfaction and knowledge about their organisation (Conrad and Poole 1998). For example, an active networker who regularly attends management meetings – perhaps to take the minutes – might be regarded as the 'official' source of information by their informal network and so will enact the role of informant about 'what really goes on'.

As organisations become more fluid and their boundaries more permeable across time zones and cultures, it is a reasonable assumption that networks will become more important. Research seems to indicate this. Most internal communication practitioners play a role in creating and enabling networks such as 'intranets, cross-functional teams, knowledge management databases, and even informal grapevines' (Kernaghan et al. 2001: 58).

Communication needs of employees

Consultant Roger D'Aprix's often-quoted 'communication needs' process shows how basic questions need to be answered before an employee can move through the second level of questions and play an active role in the organisation (see Figure 17.4 and Activity 17.2, overleaf).

In larger, more complex organisations, it is unlikely that employees will enjoy a personal relationship with the owner, managing director or person

*People need adequate answers
to the 'I' questions*

What's my job?

How am I doing?

Does anybody give a damn? …

*… before they start wanting
answers to the 'we' questions*

How are we doing?

How do we fit into the whole?

How can I help?

FIGURE 17.4   Communication needs process (*source:*
D'Aprix 1982, cited in Arnott 1987)

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box 17.2   Employee communication needs

Basic communication needs are:

- 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.

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with overall responsibility for the running of the organisation. Yet people want to feel part of a 'human' rather than remote organisation (Demos/Orange/MORI 2004). Communication needs have to be met. The list in Box 17.2 suggests different types of communication that an employee needs in order to work effectively. (See Activity 17.3 and Mini case study 17.2.)

We have seen in this section that while employees may actively resist management attempts to communicate with them, they nevertheless have communication needs, which may or may not be fully met by the organisation. And in times of change or crisis (see BBC case at the end of this chapter), it can be vitally important to keep everyone up to date with unfolding events and involved in the eventual outcome. In the following section we explore in more detail how the organisational context – the culture, leadership and strategic change – affect how internal communication is practised.

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activity 17.2

Shifting communication needs

You work for a small, profitable company that makes hard-wearing but trendy footwear. The company is privately owned by the footwear's creator and he gets on well with all the staff. The company has gone from strength to strength as its footwear sales have risen steadily over a five-year period. You are secure in your job and feel that you are contributing to the company's success. Annual bonuses have become the norm.

Referring to the preceding section, which questions are you likely to ask at this stage?

Now imagine that the owner wants to sell the company. There is a buyer but she wants to relocate the company abroad to save on staff and manufacturing costs. Again, referring to the preceding section, which questions are you likely to ask now?

Feedback

You can see from this scenario that circumstances can change very quickly. This will affect how an employee feels in relation to the organisation they are working for – and may affect their attitudes to future employment.

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activity 17.3

Communication roles

From the list in Box 17.2, tick off what you consider to be the communication role of the line manager, the communication role of the human resources department and the communication role of the IC practitioner.

Feedback

The line manager should undertake many of the communication tasks because this is the most important communication from the employee's perspective. Most day-to-day communication needs can be met by the line manager, preferably face to face. On a broader level, the HR department may be involved in communicating workplace practices (e.g. a car leasing or no-smoking policy) and offering company-wide training and development opportunities – but this will vary from organisation to organisation.

General information about the organisation and clarity about the organisational vision or direction should be provided by top management – with the help of the IC practitioner. In doing this, the IC practitioner can encourage two-way communication through channels such as team briefings, conferences, the staff newsletter and the staff intranet.

mini case study 17.2

A hospital communicates

Northampton General Hospital Trust in the UK identified that many staff perceived communication as being ineffective. Information appeared to be blocked by middle management level and there was little opportunity for two-way dialogue and feedback. This was set within the context of a rapidly changing health service environment where broader issues needed to be linked to individual areas of work and the Trust's key principles. An internal communication strategy entitled *Connect* was established to create a better understanding between management and staff. *Connect* involved:

- face-to-face briefings by the chairman and CEO to a broad cross-section of staff
- planned visits to hospital wards to talk to night staff
- opportunities for feedback and questions with responses from senior management
- publication of presentations, feedback, questions and responses in the monthly newsletter and on the Trust intranet

- video presentations available for staff unable to attend briefings and for new staff
- presentations on the intranet
- question and answer (Q&A) forum on the intranet
- printed summary of presentations and key messages for staff.

Over half the staff who completed evaluation forms at a briefing welcomed the opportunity to hear information and long-term plans. Staff had the oppportunity to let senior management know what they thought of the event and what should be included in the future. Future plans involved developing the Q&A intranet forum, further articles in the internal newsletter and more presentations and ward visits by top management. *Connect* was regarded as a success; the next step was to develop the strategy specifically for HR, clinical governance and other directorates within the Trust.

By kind permission of Northampton General Hospital NHS Trust

Organisations: culture, leadership and strategic change

Corporate culture

Broadly speaking, there are two views of organisational culture: the first sees culture as something that can be influenced, shaped and managed to the liking of top management (*'corporate culture'*); the second sees organisation *as* a culture which is, in turn, made up of subcultures formed from different networks and groups that make up the organisation ('organisational culture').

Definition: Corporate culture means 'values or practices that account for an organisation's success and that can be managed to produce better business outcomes' (Eisenberg and Riley 2001: 209). (See Box 17.3.)

The 'corporate culture' view is attractive to ambitious chief executives who believe that their organisation can be completely changed – if influenced, shaped and managed in the right way. An infamous example of this is the 'corporate culture' imposed by Enron, for example, whose chief executive insisted on the recruitment of 'high flyers' – well-educated, tough-dealing, competitive people with high-level career aspirations who were willing to sacrifice personal relationships and family life for the benefit of the company (Boje et al. 2004). Other commentators have pointed to successful brands like Disney, McDonald's and Pepsi for their conscious focus on corporate culture where these companies have striven for the correct alignment of shared values and practices – in other words, employees are required to share the espoused values and practices of the company. Box 17.4 (overleaf) contains the values statement from the Disney careers website.

box 17.3   Corporate culture: 'like swallowing an elephant'

'Thus, Chipco appeared conscious of itself as a culture, not just a technical system, and took steps to transmit its culture to newcomers in the managerial and professional ranks, through legends, stories, and special orientations at offsite meetings that were like boot camps. Just learning the job was not enough for success at Chipco; one had to learn the culture of the organization as well, and this could often be disorienting for the stream of new arrivals; "It was like trying to swallow an elephant", one recalled.'

Source: Moss Kanter 1983: 133–134

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box 17.4   **Disney's values**

Values make our brands stand out

Innovation
We follow a strong tradition of innovation.
Quality
We strive to follow a high standard of excellence.
We maintain high-quality standards across all product categories.
Community
We create positive and inclusive ideas about families.
We provide entertainment experiences for all generations to share.
Storytelling
Every product tells a story.
Timeless and engaging stories delight and inspire.
Optimism
At The Walt Disney Company, entertainment is about hope, aspiration and positive resolutions.
Decency
We honor and respect the trust people place in us.
Our fun is about laughing at our experiences and ourselves.

Source: www.corporate.disney.go.com/careers/culture.html

There is a certain amount of controversy as to whether so-called 'strong' cultures can lead to organisational effectiveness. Alvesson (1993), for example, argues that corporate culture is better termed as 'management ideology' in that the preferred norms and values are the ideals of a particular group and as such cannot be uniformly imposed on an organisation that employs a wide range of people. Nevertheless, the management of culture, through the circulation of mission, vision and values statements, often forms the basis of a culture change management programme in which the communication function will play a significant role. The values statement for Marks & Spencer provided in Box 17.5 sets out clearly what behaviours are expected. (See Think about 17.5.)

Organisational culture

Many theorists agree that *organisational culture* is a set of beliefs held by members of the organisation (see Think about 17.6). Such beliefs can sometimes provide a fairly reliable clue to people's behaviour or actions, but not always (see also Chapter 14 for a more detailed discussion of attitudes, beliefs and behaviours). Others take this cognitive approach a stage further and focus on the pattern of 'meaning systems' held by members of an organisation. Other theorists consider organisational culture to be something that is more easily understood by analysing behaviours and actions. A comprehensive definition of organisational culture combines both the cognitive and behavioural understandings.

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box 17.5   **Marks & Spencer's values**

Our success has been built on a number of core company values that have remained almost unchanged since our earliest beginnings. They are:

Quality – Delivering excellent standards consistently.
Value – We need to deliver exceptional value to our customers.
Innovation – We need to continue to be at the forefront of innovation in both general merchandising and food.
Trust – We are the most trusted retailer. We have a proud heritage of staff welfare, customer care and involvement in the community. We want to continue to build this.
Service – Is about delivering the highest standard of services to our customers.

Source: www2.marksandspencer.com/thecompany/
workingwithus/corporateoverview/ourvalues.shtml

Values statements

Compare the Disney and Marks & Spencer values statements. What are the similarities and differences between the two statements? To what extent do you think each value statement is helpful to the employee? Do you think it is possible for all employees to follow these statements?

Definition: Organisational culture is 'the set of conscious and unconscious beliefs and values, and the patterns of behaviour (including language and symbol use) that provide identity and form a framework of meaning for a group of people' (McCollom 1993, cited in Eisenberg and Riley 2001, pp. 306–7).

Leadership and strategic change

It is widely recognised that organisations need good leaders to provide a clear direction to employees. Leaders and particularly founders, such as Richard Branson who started Virgin, also enact a cultural role. Schein (1985), for example, claimed that founders educate others through their actions and this is how cultures are learned. 'Charismatic' leaders – people who emotionally connect with their audiences – are talked about long after they have moved on to other organisations, such is their power to influence others. The communication approach of the leader is therefore important to the credibility and effectiveness of internal communication.

Leaders are also shaped by their national cultures. A key researcher in the field of national cultures and their impact on leadership is Hofstede (1991) who identified four dimensions of national cultures:

1 *Power distance* – the distribution of power in organisations (i.e. between leaders and subordinates).

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).

Sadler (2001) argues that leaders are more likely to be able to enact the role as 'change agents' in cultures where power distance is low and tolerance of uncertainty is high. In countries such as Sweden and Norway, for example, employees are more likely to participate in decision making (see 'co-creation' in Table 17.2, overleaf), because such a leadership style is culturally more acceptable.

In an age when symbolic acts help us make sense of the world, leaders have to 'show the way' to employees through 'symbolic acts of leadership and the rituals used to engage and enrol them' (Smythe 2004: 20) Leaders engage employees strategically through monologue (transmission of messages) or dialogue (conversations). As we can see in Table 17.2, Smythe identifies four different approaches to leading employees in strategic change:

1 telling
2 selling

Organisational culture

Think about an organisation with which you are familiar (this may be a college, university or an organisation where you work part time). Can you identify aspects of its culture? For example, do people behave informally or formally? Why? Does their dress code reflect this style? Do people in general like or dislike their work? Why? Does the work environment encourage or suppress self-expression and ideas? Why?

Feedback From this exercise you will probably see how difficult it can be to be precise about culture. As Eisenberg and Riley suggest, a starting point for research might be the 'new contract' that we referred to earlier on page 338. Within a global economy that has encouraged workforce mobility, how and to what extent do employees identify with an organisation? Scholars such as Banks (2000) believe that we need to have a better understanding of subcultures and diversity across industries in order to conduct more meaningful and culturally aware public relations and internal communication. (For more discussion on cross-cultural communication, see Chapter 7.)

TABLE 17.2   Four styles of leadership in strategic change (*source:* adapted from Smythe 2004: 34–35)

Approach to strategic change	Methods used
Telling (traditional information campaign)	Fragmented 'drip-feeding' news, cascade briefings; executive roadshows; 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; learning and problem solving)	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 '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; shopfloor 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

3   individual accountability
4   co-creation.

Table 17.2 suggests that a particular strategic approach is consciously chosen by the organisational leader. However, this is not the case. In reality such choices are often instinctive, reflecting the leader's experiences. It is also likely that more than one of the approaches will be adopted (Smythe 2004). (See Think about 17.7.)

Line manager role: listening and interpreting

Throughout this chapter we have stressed the importance of the line manager in internal communication. However, line managers (who are part of middle management) may not always be the best communicators. Middle managers have traditionally been viewed as 'blockers' of information because they may

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think about 17.7   Engagement with employees

Evaluate the four approaches of Smythe from a public relations perspective, referring back to the 'relational' theories of public relations in Chapter 8. What could be the strengths and weaknesses of each approach in making change happen?

Feedback   Consider: personality of the leader; national culture; organisational culture; time available; employee involvement; commitment.

PICTURE 17.1 Behind every good leader is a team pulling towards a common goal (*source:* Getty Images Sport).

perceive sharing information as a threat to their own status.

Good communication skills can sometimes be confused with good presentation skills, when in reality a wide variety of communication skills are needed to deal with large and small groups and one-to-one situations. It is increasingly recognised that line managers need well-developed listening skills to interpret messages from staff and well-developed judgement to interpret the messages cascaded down through senior management from the board.

The UK supermarket Tesco, for example, has found it more effective to communicate the business plan to employees face to face through in-store managers, using plain language and desktop presenters. This approach enables employees to understand the plan in terms of their own day-to-day operations and to act on them (Quirke 2000).

Communication channels

Communication channels have been identified throughout this chapter, especially in Table 17.3,

overleaf. While we resist the 'toolkit' approach to internal communication – an approach that often ignores the context in which communication takes place – it is worth examining the more popular channels in a little more detail to assess their usefulness.

As we have seen from the discussions so far, the key component of internal communication is face to face, where there is the opportunity of *upward communication.*

> **Definition:** *Upward communication* is a system of communication that allows employees to feed back their views to their team leaders or line managers, and where line managers in turn feed back these views to senior management.

While less than half (48%) of UK employees find their boss the most trusted and reliable channel, with team briefings (43%) second, the traditional internal communication channels of staff magazines are even less trusted. This is hardly encouraging news when we examine what internal communication people actually *do.* Looking at Table 17.3, there continues to be a strong bias towards written communication, albeit using interactive media. (See Think about 17.8, overleaf.)

Evaluation

Internal communication practitioners need to demonstrate the value of managed communication to their bosses. Having a separate budget for internal communication leads to expectations that IC people can show a return on investment (ROI) for their work. The key objectives for measuring the contribution of the internal communication function are:

- understanding by employees at all levels of the business objectives and priorities
- top management's communication effectiveness.

Common measurement and evaluation tools are staff attitude surveys and employee focus groups or interviews (see Chapter 11 for a fuller description of measurement and evaluation). Quantifiable feedback is obtained on channels such as briefing systems, magazines/newsletters and e-media. Evaluation against the strategic objectives listed above is less common than the evaluation of specific communication channels (Kernaghan et al. 2001).

The problem for internal communication is that it is hard to evaluate what is not entirely within the control of the IC function. As we have already identified, other important factors are the influence of leadership, strategic approach and line management.

TABLE 17.3   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: 1 Electronic version of the house journal 2 E-newsletter is shorter and more frequently distributed. More likely to be weekly publication but format can adapt more easily to current issues	As for house journal 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 addressing all staff' type conferences to those that are run along the lines of workshops involving staff	Transmission of key business messages, through to role playing and participation	Usually downwards, although could involve 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
Noticeboards	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

What are the strengths and weaknesses of the channels just examined in relation to the following objectives for employees (refer also to Chapter 10, p. 192 on objectives):

- adopt a healthier lifestyle
- understand the company's new mission statement
- be aware of the company's expansion plans overseas.

Are there other potential channels that you would use that are not listed here (e.g. corporate video, CD-ROM, posters, etc.)?

Ethical communication

We mentioned at the beginning of this chapter that one of the key influences in the growth of internal communication is internal marketing. Internal marketing views employees as consumers whose needs and wants have to be satisfied in order for them to embrace brand values and pass these values on to the customer.

Internal marketing, as we have seen in Table 17.2, is associated with persuading, or 'selling' ideas to employees using communication techniques that are usually reserved for the external marketplace. Mudie (2000) questions how far internal marketing – popular though it is – can be sustained when trust is 'a key feature of organisational life'.

From an ethical perspective, we need to ask whether employees are respected for themselves and their contribution to the organisation or instrumentally viewed as means to ends. (See Mini case study 17.3.)

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mini case study 17.3

Internal marketing

Vodafone UK and corporate donations

As part of its corporate social responsibility, Vodafone formed a partnership with the National Autistic Society charity to raise money for sufferers of autism (a communication disorder). The initiative was aimed at customers, but it was felt important that employees supported and promoted the initiative. Vodafone offered its staff time off work to volunteer and to match every donation they made. The objectives of the campaign to employees were: to raise awareness about autism; to ensure that the partnership was seen as beneficial; and to encourage employees to donate their time and money to the charity. The campaign included:

- research published in the employee magazine showing the benefits of similar schemes in other companies
- teaser posters about autism placed in staff canteens and meeting rooms

- case studies in brochures and the employee magazine showing employees whose lives had been affected by autism
- opportunities to speak to carers of people with autism and representatives from the charity
- an employee volunteering week, involving exhibition stands at call centres and staff head offices across the UK.

Evaluation showed that 75% of Vodafone UK employees recognised the scheme as a mutually beneficial partnership and 73% said it was a partnership they could get involved in and support. Over half of employees thought the partnership would improve perceptions of Vodafone's brand. Over 100 people got involved in fundraising activities. The target donation of £30,000 was raised in three months. (See Think about 17.9.)

Source: adapted from PR Week 24 September 2004: 30

Evaluate the Vodafone campaign using the ethical frameworks (e.g. teleology and deontology) described in Chapter 15. Is this an ethical campaign? Are employees respected? Or are they seen merely as a means to 'improve perceptions of the brand'? Could the campaign be more ethical?

think about 17.10   BBC case study

- Why do you think the BBC internal communication strategy worked?
- What might have happened had management forbidden expressions of rage and grief?
- What are the dangers in allowing employees to express their views freely?
- What was the role of senior management in securing a successful outcome?

case study 17.1

BBC and Hutton – the internal communication role in a crisis

The BBC, renowned worldwide for its quality programming, has been at the leading edge of good internal communication practice for many years and the corporation's internal newspaper *Ariel* has formed one of the backbones of internal communication under different management regimes and culture change initiatives. Culture change within an organisation depends very much on credible internal communication. If the internal communication system is clear and people feel committed to the change, then a crisis is the ultimate test. This is just what the BBC faced in January 2004.

With the arrival of new director general Greg Dyke in 2000, the BBC started to engage its staff in a process of culture change. In 2004 BBC staff numbered 29,000 worldwide, with a further 15,000 or so working on a freelance or contract basis. The journalists, presenters and creative people working for the BBC have been described as 'independent thinking', 'free radicals' who are 'articulate, worldly, intelligent and sceptical' (Grossman 2004). The change programme had placed an increased emphasis on collaboration within teams to encourage creative output as well as improve audiences and reduce overheads.

Research into staff attitudes and behaviour conducted by MORI on behalf of the BBC in November 2003 suggested that the majority of staff (62%) supported the change programme instigated by Greg Dyke.

On 28 January 2004 the BBC's internal communication was tested to the full when Lord Hutton, who was leading the inquiry into the death of Dr David Kelly, heavily criticised the BBC's role in the reporting of claims about Iraq's weapons capability. Hutton accused the BBC of irresponsible reporting of information that later turned out to have come from government weapons expert, Dr David Kelly. The next day, following the resignation of the chairman of the BBC board of governors, Greg Dyke resigned – reluctantly.

The immediate issues facing the BBC were the very strong emotions felt by staff at Greg Dyke's resignation – 'shock, grief, denial, disbelief, anger, revenge, protest, rage' (Grossman 2004). While on the one hand it was important that people should share grief, reflect and move on, it was vital, on the other, that they understood the context of the crisis and felt able to talk about it and explain the BBC's position to others. The key communication objectives established were to:

1. support business as usual
2. provide reliable, timely and continuous context
3. maintain focus on continuing change in the BBC
4. use the opportunity to further good internal communication.

Later on, a further objective was established, which was to:

5. use the new culture to share grief and help move people on.

The communication strategy adopted was an open, direct, honest approach: acknowledge all facts or rumours; promote dialogue, not stifle it; 'best endeavours' for getting basic news internally first – but more effort on explaining external stories; closely synchronise internal and external messages; and to promote the key message of 'no change on change' – the process of culture change would continue.

A key tactic was the visibility of the BBC's top management throughout the crisis; they acknowledged that certain things could not be said by the BBC's internal community but were upfront with staff about recognising that situation. The staff newspaper *Ariel* played an important role in that it was given editorial freedom to provide and receive internal comment and opinion. *Ariel-i* , the daily intranet version, was able to report live updates on the events as they unfolded – not just getting news out to staff but providing a context, and encouraging people to air their views. Eighty per cent of the internal communications were set up to allow people to air their views – for example, Greg Dyke's farewell email attracted more than

▶

case study 17.1 (continued)

4000 responses from staff and some of these were published on the intranet as well as in *Ariel*.

Much of the communications activity, however, was conducted face to face. Directors visited different locations across the UK, suspending their normal business. There were corporate question and answer sessions (Q&As), emails, intranet feedback and team meetings with managers. Hundreds of questions were asked and answered. Nonetheless, many staff walked out in protest and paid for an advertisement in *The Daily Telegraph* in support of the director general Greg Dyke. Protestors carried 'Bring back Greg' posters. BBC management did not oppose these actions. The following day the top 400 managers at the corporation gathered with the acting director general. This top group had to consider their own reactions and agree a common approach before communicating with teams. A televised session was held for all staff a week later to allow people to vent their anger.

After three weeks, issues tracking through email surveys and anecdotal feedback from face-to-face sessions suggested that calm had returned to the BBC. The culture change programme continued. *Ariel-i* hits increased by threefold and *Ariel*'s own credibility had increased among staff. The strategy adopted had paid off. Anger had been vented internally. The BBC's top 400 managers looked and behaved like a leadership team. Managers collaborated to help each other out and there was good support for the top team who remained in post. The strategy to provide the context of what had happened had helped people to explain the situation to themselves and others – meaning less work for the communications team at a difficult time.

Three weeks in crisis communications

28 January 2004 – Hutton Report published, attacking the BBC

29 January – Greg Dyke resigns; BBC staff walk out

30 January – BBC staff place ad in *The Daily Telegraph*

End of February – issues tracking suggested most people are ready to move on.

See Think about 17.10.

PICTURE 17.2   Front cover of *Ariel,* the BBC's internal newspaper.

Source: With kind permission of the BBC

Summary

This chapter has examined the key issues for organisations in building relationships with employees or internal publics. We have identified the main external and internal factors driving organisations today and interpreted these from a communication perspective. We have argued that the changing nature of work and jobs is presenting many challenges for the IC function and in particular the task of achieving a sense of unity within an organisation. We have emphasised the importance of organisational culture and leadership in providing the context for the internal communication strategy and demonstrated these through case studies.

Throughout this chapter we have evidenced the essential role of face-to-face communication and, in particular, the role of the line manager in providing the link between the top of the organisation and small teams of employees. We have assessed the top five communication channels and discussed key evaluation issues for internal communication. Finally, we have raised questions of ethics surrounding communication campaigns where employees are target publics.

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