**The Importance of Internal Communication in an Organization**

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**Abstract**

The purpose of this paper is to understand the importance of internal communication in organizations. It defines internal communication; it shows how effective internal communication is to the organizations; the role and objectives of internal communication is also discussed. Overall the sentiments are positive about how internal communication is perceived in the organizations as shown in the conclusion.

***Keywords****:* internal communication, effective internal communication, organizations

**The Importance Of Internal Communication In An Organization**

Internal communication is a cycle consisting of a communication strategy appropriate for the future of the company, and internal communication plan aligning employees’ expectations with the expectations of the company, as well as application, measurement and evaluation (Dortok, 2006).

Internal communication is receiving focus and organizations are investing in the function. The role of internal communication is to improve business value by communicating effectively with employees, being ‘an important asset to the firm’ and instilling a sense of belonging. Effective internal communication can reduce uncertainty and rumors, serve as a catalyst of change and the internal audience is the most important for the communicator. It also contributes to enhancing internal relationships and inculcating awareness of environmental change. Communicating effectively with employees can build organizational commitment, achieve superior business outcomes, influence corporate reputation, share knowledge, gain trust, instill a sense of belonging, create awareness and engage employees. There is increasing evidence that employees are considered an important stakeholder, can influence corporate reputation, and act as ambassadors of the brand. Internal communication is viewed as the management of strategic relationships and interactions, impacting organizational effectiveness and as a systematic process and distribution of information at all levels. Communicating effectively with employees can build organizational commitment, achieve superior business outcomes, influence corporate reputation, share knowledge, gain trust, instill a sense of belonging, create awareness and engage employees. (Kalla, 2005; Yates, 2006; Dortok, 2006, Welch and Jackson, 2007 and White, Vanc and Stafford, 2010).

Employees can be connected emotionally to the products or services the organization sells to customers, be motivated to work harder and stay loyal. However, the role of employees in making the organization’s brand come alive for customers is less understood and employees are often ignored as a stakeholder (Mitchell, 2002). There is increasing evidence that employees are considered an important stakeholder, can influence corporate reputation (Dortok, 2006) and act as ambassadors of the brand (Dolphin, 2005).

Effective internal communication leads to improved business outcomes and committed employees are more productive. A Watson Wyatt study (Yates, 2006) with 260 US and 75 Canadian companies and among 335 participants discovered that effective communication is a leading indicator of an organization’s financial performance and higher communication effectiveness results in a 19.4% increase in market premium. Such organizations are also 4.5 times more likely to have highly engaged employees. On the other hand, poor internal communication can be detrimental to organizational effectiveness and internal relationships if employees don’t receive information in formats that are useful or acceptable to them (Welch, 2012).

The function is understood to be strategic in nature, multidimensional, multilevel and interconnected with the external environment. (Kalla, 2005; Dolphin, 2005; Welch and Jackson, 2007, Cheng, 2007) and there are calls to recognize internal communication as a field of its own (Sriramesh, 2012).

Internal communication plays a role in educating employees about the brand and reinforcing the psychological contract between the employee and the organization (Cheng, 2007, Mangold and Miles 2007). Although practitioners view internal communication as a management function that handles intra-organization interaction and which integrates different functions such as human resources management, communication and marketing there is a gap on the boundaries that it has influence over (VerCiC and Sriramesh, 2012).

Furthermore, ongoing changes at the workplace with respect to the evolving expectations of the employees, disengaged workforces who want more open communication with managers make internal communication more important. (Argenti,1998). With increased adoption of technology and usage of social media by employees (Cornelissen, 2011) what constitutes a boundary for an organization in relation to internal communication is still in question (VerCiC and Sriramesh, 2012).

***Role and objective of internal communication***

The role of internal communication is understood as wide ranging and relevant for business success. Internal communication is believed to be a key intangible factor driving organizational performance. Considered a competitive advantage and that which differentiates high performing organizations from the rest effective internal communication is known to conduct a market premium, bring higher shareholder value, reduce employee turnover and increase employee engagement. Higher performing organizations in the public and private sector organizations were more likely to use certain collective and individual mechanisms of internal communication. (Yates, 2006, Work Foundation, 2007). Senior managers have a role to play. Without sufficient upward communication managers may not get the complete picture of their problems thereby limiting their ability to find suitable solutions (Robson and Teurish 2005).

Although internal communication is growing practitioners are divided about its functioning and how it relates within a multidisciplinary perspective. It is known to be interdisciplinary and seen as a separate domain since it has different skills and knowledge areas. However their isn’t consensus on where it needs to be housed and managed within HR or corporate communication or as a separate department (VirCiC and Sriramesh, 2012). Most organizations had one or two dedicated staff manning internal communication (The Work Foundation, 2007).

The role is seen as technical in nature-distributing information and overseeing the creation of internal media content and in aligning the goals of the employees to that of the organization they work for. The internal communicator is known as an ‘information manager,’ ‘coach,’ and ‘mediator’ and the objectives include motivating, aligning employees thereby creating value and building culture (VerCiC and Sriramesh, 2012). Internal communication is also challenging and complex (Chalmers, 2008) although viewing it as a strategic approach leads to improved results (The Work Foundation, 2007).

Return On Investment (ROI) for internal communication considers financial and non-financial measures. Organizations which measure effective usage of resources have a competitive advantage. There is no one best size fits all measure. A comprehensive internal set-up is needed to ensure all communication activities are interlinked and measured right. Need to monitor ROI at different times of the communication process and journey, timing matters while calculating ROI. Use alternate measures to address ROI when direct measures are tough to arrive at (Meng and Berger, 2012).

Employee communication is seen on par with external communication since it is known to be as sophisticated. The newsletter is seen as an opportunity to create an image of the firm, linked to communication strategy and aligned with both internal and external messages. Informal discussions are the best approach to have with employees. Respect and listening are two important factors. Allow employees to be the first to know. Managers are the most important factor in internal communication decision making, involvement key (Argenti, 1998). Most organizations have internal communication as part of the communication department (Dolphin, 2005).

In conclusion, internal communication can help employees relate to identification, commitment and loyalty by focusing on brand promise (Sharma and Kamalanabhan, 2012). Effective internal communication brings about adequate information to support employees’ understanding of organizational messages, quality of downward communication impacts relationships between management and employees’ perceptions of communication channels and culture influences communication. Hence, internal communication is very important and every organization should adopt it.

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