

Sager Lyudmila Yuriivna,

*Assistant Professor of the Department of Marketing and MIA,
Sumy State University (Sumy, Ukraine)*

PLACE OF THE INTERNAL COMMUNICATIONS IN THE INDUSTRIAL ENTERPRISES COMMON FUNCTIONING SYSTEM

The article analyzes the internal communications importance from the perspective of the company development assistance, particular their influence on economic performance through the implementation of business processes is given. There are defined the aims of internal communications depending on the stage of its life cycle and the place of internal communications in the total management.

Keywords: business process, internal communications, life cycle, targets, tools.

Problem statement. In modern conditions of competition growth on all enterprise levels, under influence of unstable environment factors, priority is given to the company's ability to make rapidly effective decisions and successfully implement change. That in turn requires not only employees' high level competence, but also flexible human capital management system. While most companies spend a lot of time and effort to develop relationships with the public, very few companies are willing to invest as much effort in the development of internal communication strategies. Thus, the administration puts the company in a distinct disadvantaged position. Strengthening of relationships with firm external clients and partners will not bring dividends if the company hasn't strong and cohesive team.

The primary problem of native companies is circularity, isolation work of departments and divisions. In large companies, the staff communicates mostly only within the department and with neighbors in the office or floor. Herewith most of the information about the company, its current marketing plans and achieved results remain in a narrow range of top managers. The lack of strong links and communications within the enterprise leads to information stagnation. The company employees cease to identify their activity with the name of the enterprise; they are not interested in its success, to increase profit and to conquer new heights.

Publications analysis. The problems of internal communications management were shown in the works of such scientists Melman B. [1], Anakshynova T. [2], Rudavinova E. [3], Welch M., Jackson P.R. [5], Tylevych N. [6], Usova N. [9], et al. Mostly all the authors insist on the importance of internal communications in enterprise management system, but there is no single comprehensive approach for defining the role of internal communications, taking into account their impact on all aspects of the company, the feedback from both external communication and a place in the business processes.

The aim of an article is to determine the degree of internal communications importance at the enterprise.

Main material. Cause-and-effect relation between the internal communications efficiency and organization activity results is confirmed by research, conducted among the employees of Western companies: 28% of them indicated that they received information too late and more than half (58% of employees) consider that the company disseminated information is not relevant to the profession. As a result, 60% of surveyed employees want to change jobs. Therefore to change the staff needs serious investments both for the selection and determination of the staff professional competence and the adaptation period. To advance new

level of “self-repayment” by employees (when the economic result of the new employee exceeds the investment in it) will take three to nine months [1].

As for the influence of internal communications on the financial performance, the Watson Wyatt research [2] shows that:

- 1) effective communication between employees and managers of the enterprise provides shareholders with 26% of additional income;
- 2) developed internal communications are able to increase the market value of the company by 30%.

The role of internal communications at the enterprise may be changed depending on the enterprise life cycle stage (Fig. 1). Thus, the internal communications task on the growth stage is to create a common information space, mechanisms for transmission of values, team building, horizontal relation, HR-branding (creating of an employer’s favorable image in order to attract the most qualified employees). Development stage in terms of the internal communication role is characterized by the need to strengthen corporate culture and enhance the interaction efficiency of all staff levels, HR-branding development in attracting staff to work and increase their loyalty, motivate employees to achieve the best results, increase the total capital of the company reputation, employee retention in the organization for a long time, adjustment the ratio of specific target groups to the company, etc. The role of internal communication on the maturity stage is to increase the employees’ communicative competence, to develop corporate culture and to motivate employees to achieve better results, etc. An effective internal communications system (ICS) during crisis is a tool to reduce stress of all company staff that is in crisis. Precisely this system gives opportunities to bring leader’s ideas to the staff, to reduce the negative impact of aggressive external circumstances, cohesion team and its uniting against the “outside enemy”.

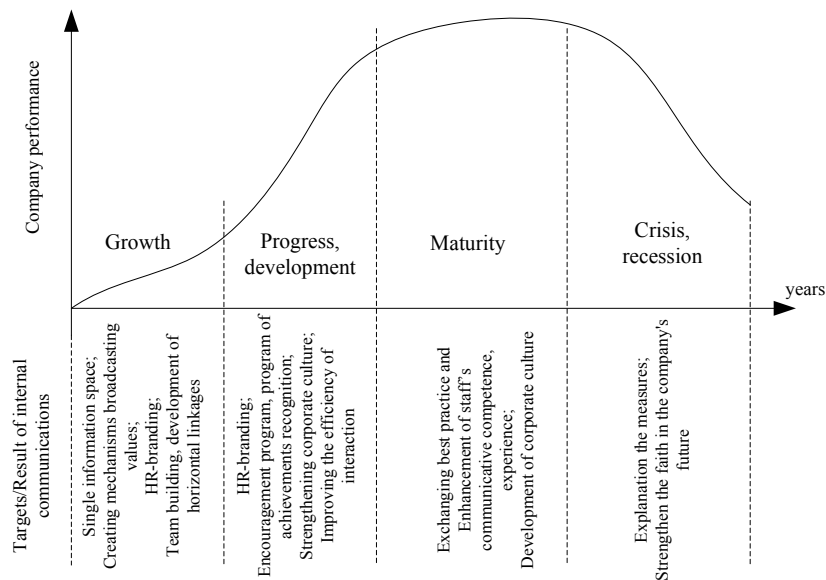


Figure 1 – The role of internal communications at different enterprise's life cycle stages, (based on [2])

During crisis the level of business environment competition is sharply increased. This environment requires a prompt response to any information signal, any changes. In a competitive race the one wins, who doesn't have information, but one, who quickly and efficiently manipulates it: finds, structures, transmits, receives. It is provided by communications system. All major business operations must be carried out quickly, accurately, efficiently.

The internal communications system is an enterprise management instrument. Clearly built it allows to increase the employees' involvement into the implementation of business strategy, controllability by reducing and optimizing of the information chain, thereby reducing costs. During crisis it is very important. Speed and quality of information flows is a necessary condition for the company's rapid response to the variable business environment and market situation [3].

It should be noted that native and Russian authors often identify internal communications with organizational ones or do not distinguish them among companies' communications. Sometimes the difference is unclear (Fig. 2), respectively there are difficulties to determine the place of internal communications in the enterprise management system.

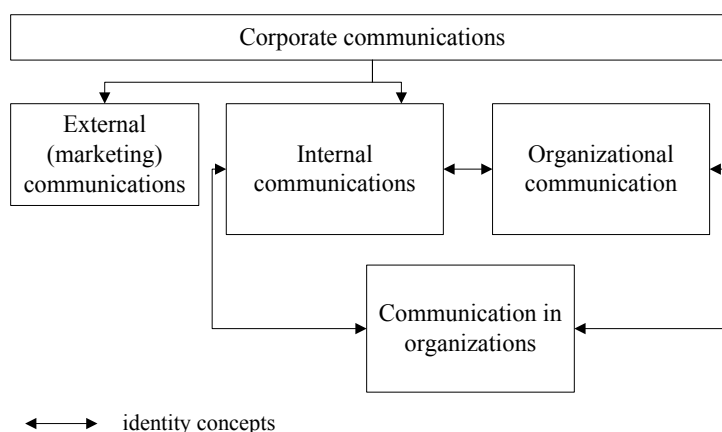


Figure 2 – Approaches to the definition of internal communications by the native and Russian authors

Foreign authors refer internal communications primarily as a component of organizational communications. It is the process by which the organization activity concentration and coordination is conducted in order to achieve individuals' and collective goals. It is a subfield of general communications studies, which is often a component for effective management in a workplace environment [4].

Thus, in Van Riel's integrated corporate communications model internal communications (Fig. 3) are part of the organizational communication elements, which are located with management and marketing communications on one level.

A key function of internal communication [6] is to create a common information space and systematize employees' knowledge. It is caused by the necessity of rapid decision-making under the internal and external environment influence factors.

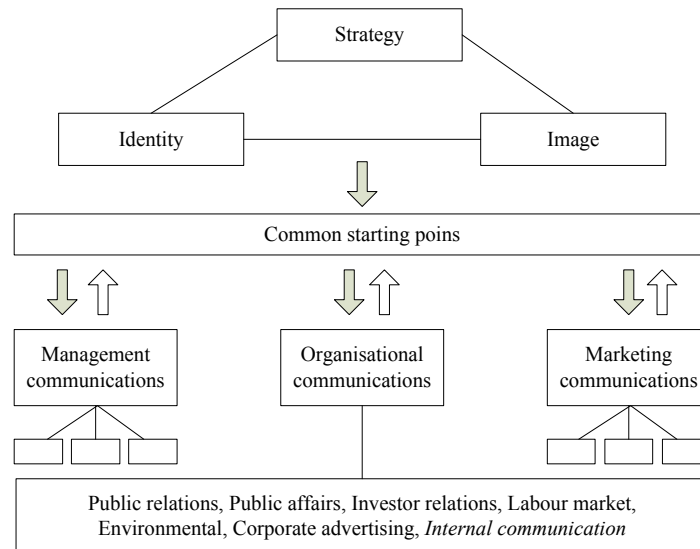


Figure 3 – Position of internal communication in the enterprises communication management system (by Van Riel's model) [5]

In general there are the following internal communications tasks [7; 8; 9; 2]:

- to form the common information space, involving employees of the company;
- information and feedback (two-way relation);
- the changes support;
- to overcome communication gaps and achieve mutual understanding between departments and employees;
- to identify and eliminate key inefficient communications that affect business performance;
- to expand the communication patterns of company management;
- to explain corporate policy in management, motivation, training and development of staff;
- to implement awareness of communication internal and external communication - internal communication state directly affects the effectiveness of communication with company's customers and clients;
- form the uniform standards of conduct in accordance with the corporate code and company's ethics;
- increase loyalty, involvement, affection, i.e. the creation and maintenance of the employees' emotional state that will motivate them to work as effectively as possible;
- strengthen the positive image of the company's brand as an employer in the eyes of employees, because they are one of the broadcast information channels about an organization from the outside;
- create a positive HR-brand companies (the image of an attractive employer) in the environment in order to attract the best experts and professionals;
- promotion of corporate values;
- the development of horizontal linkages;

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- improve the communicative competence of staff;
- improve employee's interaction;
- support corporate culture, etc.

The main task is to give information from the company's administration to employees in such way that it will be understood by them, contributes motivation to the efficient work, and forms a sense of belonging to the company.

The main goals of internal communications include [2; 5; 9]:

- to achieve planned business factors of the company through building of the effective relationships with staff;
- to develop the staff awareness of changes in the economic management;
- to make the staff understand the need to develop company while realizing their goals in terms of change the environment;
- promote a positive sense of belonging among the staff, etc.

Therefore, considering the evolution of internal communications functions (Fig. 4), we can see that the main purpose of internal communication is to improve efficiency of business processes on the last stage of its development. That is based on the informing, transmission of values and involving of staff. Accordingly, taking into account these basic internal communications goals and objectives, we can more accurately formulate the main purpose of internal communications. It means to improve the efficiency of business processes by building a system of effective relationships with staff, namely involvement and formation staff's loyalty.

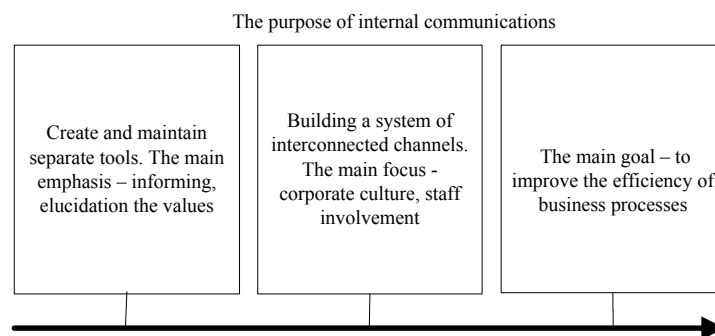


Figure 4 – Evolution of the internal communications value as a function [2]

It should be noted that employees' loyalty, involvement and commitment directly affects their motivation and effectiveness, and, consequently, the organization business indicators. According to research by Hewitt Associates, in companies where employees demonstrate a high level of involvement, one can see:

- reduce of costs for employment;
- productivity growth;
- increase of profitability;
- increase of the company market value;
- increase of customers' loyalty;
- increase of the profit per employee and additional profit.

American consultant D. Kerk [8] conducted research at many large companies and got the following results: 91% of the factors that make loyalty of employees and 99,5% of the factors that affect their satisfaction with work, is directly related to effective communication.

Recent studies [9] have shown that loss of companies from staff's disloyal attitude is three times higher than that of the poor sales service work. Thus, studies reaffirm the essential role of internal communications in the business processes management. Generalized scheme of business processes (management, development, main, basic service and service management processes) is shown in Fig. 5.

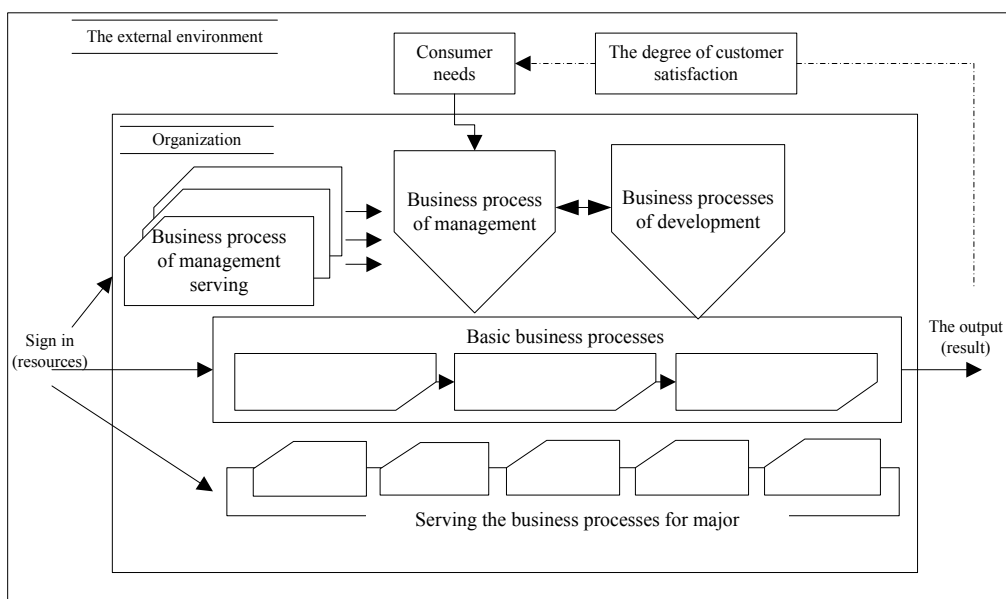


Figure 5 – Generalized scheme of business processes, (by materials [10])

Accordingly, on the enlarged diagram (Fig. 6) of key business processes we can see the role of internal communications. It consists in a process to agree objectives of the process existing elements.

It should be noticed that within each individual item of business process a number of people work to achieve its goal, whose aims and interests may differ from each other. It again emphasizes the importance to create an effective internal communications system at the enterprise.

Due to the materials it is possible to specify the value of communications at the enterprise as:

- 1) a tool to integrate all activities;
- 2) environment and mechanism of management;
- 3) means of flexibility ensuring and enterprise adaptability;
- 4) tool for development of innovative and staff potential;
- 5) tool for organizational culture based on integrity of goals and values;
- 6) tool for improving the efficiency of business processes.

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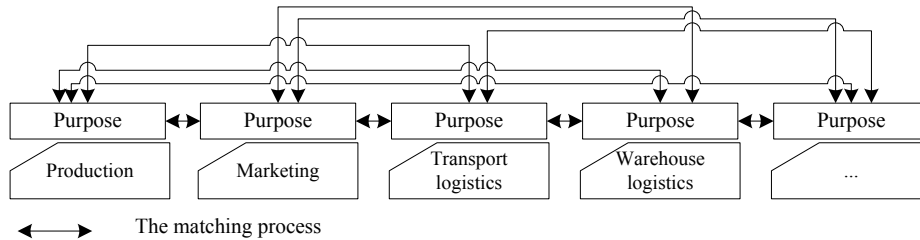


Figure 6 – The coordination process of the business processes key objectives as a internal communications important factor

In general, the role and position of internal communications in the business processes' management system is shown on Fig. 7.

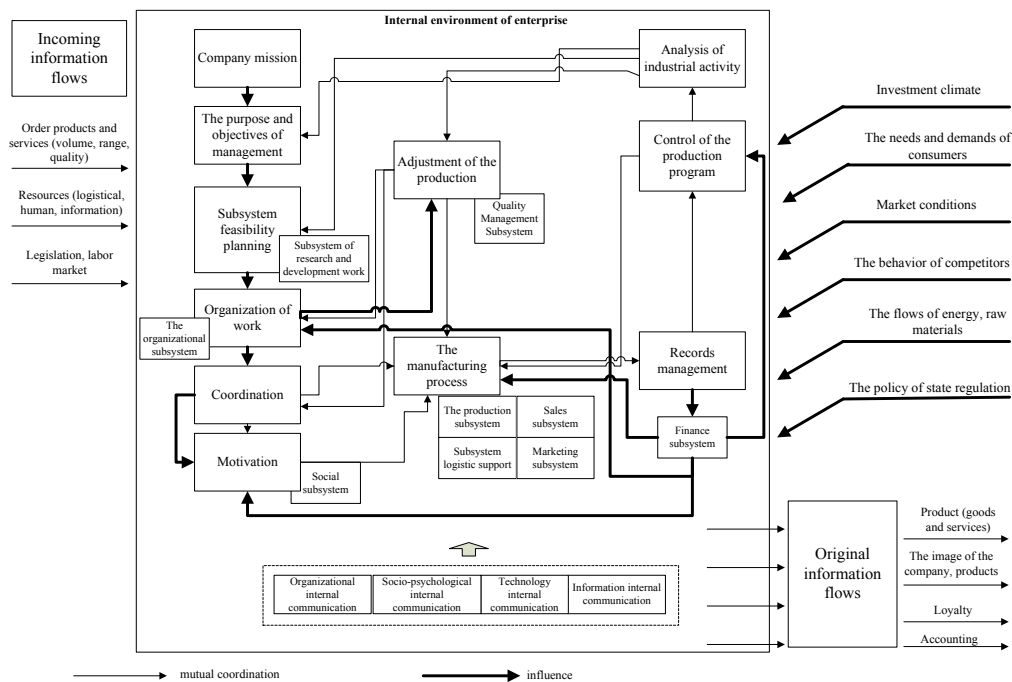


Figure 7 – Place of communications in enterprise management system

The whole system of the enterprise is absolutely interfused with communications. Their condition determines primarily the efficiency of the employees' duties performance, creates a vector of external communications company, and therefore has a direct impact on the interaction of companies with market partners (whose role is increasing for industry enterprises) and thus can significantly affect overall enterprise economy. Accordingly, the role of internal communications in the industrial overall system cannot be underestimated. Instead, it is necessary to use methods for their analysis and to implement appropriate measures to improve their condition, which will be the basis for further research.

Л.Ю. Сагер. Визначення місця внутрішніх комунікацій у загальній системі функціонування промислового підприємства

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Л.Ю. Сагер, асистент кафедри маркетингу та УІД, Сумський державний університет (м. Суми, Україна)

Визначення місця внутрішніх комунікацій у загальній системі функціонування промислового підприємства

У статті проаналізовано значення внутрішніх комунікацій із позиції сприяння розвитку підприємства, зокрема, наведено їх вплив на економічний стан підприємства через реалізацію бізнес-процесів. Визначено цілі внутрішніх комунікацій залежно від етапів його життєвого циклу та місце внутрішніх комунікацій у загальній структурі управління підприємством.

Ключові слова: бізнес-процес, внутрішні комунікації, життєвий цикл, цілі, інструменти.

Л.Ю. Сагер, асистент кафедри маркетингу та УІД, Сумський державний університет (г. Суми, Україна)

Определение места внутренних коммуникаций в общей системе функционирования промышленного предприятия

В статье проанализировано значение внутренних коммуникаций с позиции содействия развитию предприятия, в частности, определено их влияние на экономическое состояние предприятия через реализацию бизнес-процессов. Определены цели внутренних коммуникаций в зависимости от этапов его жизненного цикла и место внутренних коммуникаций в общей структуре управления предприятием.

Ключевые слова: бизнес-процесс, внутренние коммуникации, жизненный цикл, цели, инструменты.

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