Communication in organizational context

Communication plays a pivotal role in information sharing. Individuals working together in the same organization need to speak to each other to keep themselves abreast with the latest developments in the organization.

Communication helps in the transfer of information from one party also called the sender to the other party called the receiver. The message has to be clear and well understood in effective communication.

There are two types of communication in organization:

1. **Interpersonal Communication (ONE-TO-ONE)** - Interpersonal communication generally takes place between two or more individuals at the workplace. Such communication may take several forms. Messages may be **verbal** (that is, expressed in words), or they may not involve words at all but consist of gestures, facial expressions, and certain postures ("body language"). **Nonverbal** messages may even stem from silence.
2. **Organizational Communication** - Communication taking place at all levels in the organization refers to organizational communication.

Organizational communication, as a field, is the consideration, analysis, and criticism of the role of communication in organizational contexts. Its main function is to inform, persuade and promote goodwill.

The flow of communication could be **formal** or **informal**. Communication flowing through formal channels are downward, horizontal and upward whereas communication through informal channels are generally termed as grapevine.

Formal and informal communication

Communication which follows hierarchy at the workplace is called as formal communication. Employees communicate formally with each other to get work done within the desired time frame.

Top-down approach: This is also known as downward communication. This approach is used by the Top Level Management to communicate to the lower levels. This is used to implement policies, guidelines, etc. In this type of organizational communication, distortion of the actual information occurs. This could be made effective by feedbacks.

Employees also communicate with each other just to know what is happening around. Such type of communication is called as informal communication and it has nothing to do with designation of individuals, level in the hierarchy and so on.

Informal communication, generally associated with interpersonal, horizontal communication, was primarily seen as a potential hindrance to effective organizational performance. This is no longer the case. Informal communication has become more important to ensuring the effective conduct of work in modern organizations.

Direction of Communication Flow

Flow of information from employees to managers is called **upward communication**. Upward communication takes place when employees share their views with their managers on their nature of work, job responsibilities and how they feel about the organization on the whole.

Downward communication takes place when information flows from managers to the subordinates.

Managers often give orders and directions to their subordinates as to what to do and how to do various tasks. Such type of communication is called downward communication.

Business-to-business communication

Business-to-business (B2B) refers to a situation where one business makes a commercial transaction with another. This typically occurs when:

- A business is sourcing materials for their production process (e.g. a food manufacturer purchasing salt).
- A business needs the services of another for operational reasons (e.g. a food manufacturer employing an accountancy firm to audit their finances).
- A business re-sells goods and services produced by others (e.g. a retailer buying the end product from the food manufacturer).

Business-to-consumer communication

B2B is often contrasted against business to consumer (B2C). In B2B commerce it is often the case that the parties to the relationship have comparable negotiating power, and even when they don't, each party typically involves professional staff and legal counsel in the negotiation of terms, whereas B2C is shaped to a far greater degree by economic implications of information asymmetry.

In most cases, the overall volume of B2B (business-to-business) transactions is much higher than the volume of B2C transactions. The primary reason for this is that in a typical supply chain there will be many B2B transactions involving subcomponents or raw materials, and only one B2C transaction, specifically sale of the finished product to the end customer.

For example, a producer of pierogi makes several B2B transactions such as buying flour for dough and potatoes, cheese, marmalade for filling. The final transaction, a finished pierogi sold to the consumer, is a single (B2C) transaction.

However, in certain cases, for example a toothbrush manufacturer may make lesser B2B transactions of raw materials than the number of B2C transactions of toothbrush units that are sold.