

# ORGANIZATIONAL COMMUNICATION AS AN IMPORTANT FACTOR OF COMPANY SUCCESS: CASE STUDY OF BOSNIA AND HERZEGOVINA

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## Abstract

It is not possible to have good human relations without communication. On the other hand effective communication is required not only for human relations but for a good and successful business. In practice there is no organization without communication. There are organizations with bad communication and these cannot be considered successful organizations. Managers spend the majority of their time communicating in several forms: meeting, face-to-face discussion, letters, emails etc. Also more and more employees realize that communication is a very important part of their work because a lot of work activities are based on teamwork among workers in different functional groups. This is the reason why communication has become more important in companies. Organizational communication as a scientific discipline is not new but recently it has been recognized as a field of academic study. The reasons for this are needs and concerns of modern business because managers of new age must be good speakers in order to build trust among their employees which will later result in confidence in the company. In this paper we will deal with the problem of communication between top management of the company and trade union in company. **Key words:** Communication, Organizational Communication, Management.

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## Organizational Communication – Theoretical Aspects

Before problem analysis we will present some theoretical aspects of communication in general and organizational communication as one segment of communication. For the purpose of this case study we will present two definitions of communication:

**Definition 1:** Communication is sending and receiving of messages by means of symbols and in that context organizational communication is a key element of organizational climate (Drenth et al, 1998).

**Definition 2:** Communication is transfer of information from sender to receiver under the condition that the receiver understands the message (Wehrich, Koontz, 1993).

Business communication can be inside the organization (internal communication) and outside the organization (external communication) (Fox, 2006). Internal communication is a process where all employees take part unlike external communication where only some employees take part (Fox, 2006). For the purpose of this paper we will focus on internal communication or

as it is called in some literature sources organizational communication. For the purpose of this paper we will define organizational communication as the process by which individuals stimulate meaning in the minds of other individuals by means of verbal or nonverbal messages in the context of formal organization (Richmond et al, 2005). In further text we will clarify some parts of this definition (Richmond et al, 2005):

- The word *process* indicates that communication is dynamic and ever changing. As we change as individuals over time and from one organizational event to another our communication is changed in the organizational environment.
- The words *stimulate meanings* are intended to suggest that it is through communication with others that we develop an idea entirely on our own. Many of our ideas are formed or created by meanings that others have stimulated.
- By *verbal message* we mean the language common to the culture and organization. These messages are transmitted in spoken or written form. We will pay attention to this problem in further text.
- By *nonverbal message* we mean messages other than verbal such as eye behavior, touch, hand gestures, body movements, and facial expression and so on.

Since the focus of this paper is the trade union we will present some theoretical aspect of trade unions and communication between the top management and the trade union in an organization. Trade union is a legal entity consisting of employees or workers having a common interest ([http://www.wordiq.com/definition/Trade\\_union](http://www.wordiq.com/definition/Trade_union), accessed 15.12.2010). Trade unions are generally classified as: (a) Company union that represents interest of one firm and may not have any connection with trade union movements. (b) General union that represents workers from several firms from the same industry. (c) Craft union that represents skilled workers in particular field (<http://www.businessdictionary.com/definition/trade-union.html>, accessed 15.12.2010). In Bosnia and Herzegovina, company unions are branches of general or industrial trade unions.

Every employee has gained work contract which is obligatory for both sides with clearly defined terms such as working hours, working period, job description, salary,

, holidays, and two week's notice period . These elements depend on law terms as well as on the collective agreements which are result of trade union activities (Kohl, 98).

On the other hand employers are obliged to inform employees about the situation in the company. In Republic of Croatia, in accordance with the Working Law, employers are obliged to inform the employees about the situation in the company and the development of the company twice a year (Jolić, 2003). Unfortunately, in Bosnia and Herzegovina, this kind of communication is not defined in the Working Law.

## Definition of the Problem

The problem of this case study is bad communication between the top management and the trade union in the company. The company chosen for this case study is a large engineering company in Bosnia and Herzegovina. The employees are organized in a company trade union which is branch of the general trade union of metal industry. The problem started on 15th October when head manager made the decision to close the internal restaurant. The closing of the restaurant was planned for 01.11.2010 and on 28.10.2010 the president of the trade union sent a letter to the top management asking for shifting the closing date. The reason was simple; there were five people who were working there part time. The reply from the top management was forming of a working group for the starting of a new restaurant and the task for the trade union was to prepare the business plan. Since the trade union was not able to prepare the business plan, the working group proposed a solution of donating 2 convertible marks (2 KM) per day from employees. Trade union presidency organized voting among employees. The result was as follows: 325 employees voted for donation of 2 KM 188 voted against and 187 employees did not vote at all. These results were sent to the working group with a cover letter that the trade union does not insist on the restaurant anymore because there was not the necessary 50% in favour of donating 2 KM.

On the other side, the top management prepared a decision for decreasing salaries of employees. That decision came out on 15.11.2010 and the reason was lack of money since there had not been any new business contracts. The trade union was not prepared for this decision.

## Mistakes

In this problem, we can identify mistakes from both sides, the trade union and the top management. In this part we will present these mistakes.

Firstly, we will present the mistakes of the trade union. The first mistake was trade union's involving in the business policy of the company, because decisions of the top management must be obeyed. The second mistake was starting the action about the restaurant illegally without consulting the members of the trade union. On the other hand, the trade union must be focused on upcoming problems and not to deal with past problems.

Now we will present the mistakes of the top management. The first mistake was letting the trade union start any action concerning the restaurant because every decision of the top management must be the last act in the company and it must not be taken into account. The second mistake was unfair relationship with the trade union. That unfair relationship was obvious later after the decision of decreasing salaries because the constitution of the working group was a trap for drawing attention away from the main problem, the lack of business contracts.

## Problem Solution

This problem can be solved in one way, by creating a communication plan. We distinguish two types of communication plan, general communication plan and special communication plan. General plan is defined for every day communication and special plan is defined for special situation (Holtz). If there is no communication plan in the company it must be created and it must follow strategic plan in the company because it is not possible to reach strategic goals of a company without good internal communication.

In the EU there is a clearly defined social policy which includes: improvement of environment in order to protect health and security of workers, working conditions, consulting and informing workers, equality between men and women at the workplace, integration of people who are out of labor market. From this definition it is clear that in our case study we have breaking one of the most important worker's rights, the right on information, which is completely against EU principles. It means that this problem has also new dimension on state level because it is obvious that Bosnia and Herzegovina needs better social policy in its process of joining the EU.

## Instead of Conclusion

The most important role of organizational communications is relationship building. Relationship building will provide strong basis in case of crisis management and help in facing the changes in the organization. This will raise moral of employees and make contribution to strategic goals of the organization. Definitely, it is not possible to make any business without good organizational communication and the employees who are the most important stakeholders of any organization.

Effective communication is very important for the creation of a successful company. If there is no communication in the company, the company can be considered as a bad and un successful company. Bad communication between managers and employees will result in conflicts inside the company which will further lead to moral decline and in the end it will not be possible to reach company's strategic goals. On the other hand, regular communication, especially with young employees will stimulate employee's creativity and experience shows that it is better to work with creative employees.

All processes in company are based on people's behavior and communication among them. The communication process is the representation of a company - from leadership style to team work among employees. Every top management has the task to develop consciousness about the effective communication and its importance in the company and to impact employee's career development through that communication, his/her enjoyment in the job, and what is most important to motivate employees to be devoted to sharing the values of the company.

Communication is a complex process and in order to survive in a company, we must know all communication flows as well as how it works.

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