

# Formal and informal communication: an organizational approach

[Sociology](#), [Communication](#)



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## **Abstract**

This paper concentrates on the discussion of formal and informal communication and its usage in organizational approach. Although both formal and informal communication support the well-being of organizations, studies suggest that informal communication has taken a big part in determining the productivity in organizations and it has derived many benefits and many challenges. Managers should know how to deal with such thing and optimize the advantages that will create value added for the company and overcome the obstacles it might create. Many researches have studied and given results on this matter and its application in businesses worldwide. 1. Introduction Communication occurs in every single section in life, from personal to professional issues. It is inevitable that it supports the flow of social life and company's workflow. It has been taking an important role in organizations; therefore, many studies concentrate in the discussion of organizational communication. It is believed that both formal and informal

communication affect organization's productivity (Litterst & Eyo). However, unlike formal communication, informal communication is less controllable and unstructured. Informal communication plays a strong role in determining the result of scientific field by generating new ideas or improving the existed idea (Hagstrom). Since informal communication has a strong impact on organizational performance, managers should be able to manage the flow of not only formal, but also informal communication. As business grows and the requirements needed in surviving within the competition keep adding on, executives should make the most effective use of every resource available and by improving the flow of communication is one of the ways. This study will provide an analysis in dealing with managerial challenges regarding controlling the flow of informal communication and what managers should do to make the best of it.

## **Literature Review**

Communication is the activity to convey messages through different channels, such as words, symbols and signs. Based on Duncan and Moriarty (1998), communication is a human activity that links people together and creates relationship. In order to create a successful communication, it requires three elements; they are the sender, the message and the receiver. Both the sender and the receiver have to share the same understanding so that the message can be fully transmitted. The success of communication is determined by how the message is understood by the receiver. As defined by Gamble and Gamble (2002), communication is the transfer of meaning and there are seven essentials of communication, which are people,

message, channels, noise, context, feedback and effect. Although there are 126 different definitions on communication (Ruben & Stewart, 2006), but many scholars defined it as an exchange of information. Ruben & Stewart (2006) also stated that success in one's career may well depend on communication. Not only in the individual performance, communication also determines organization's performance. This present study will point out the importance of formal and informal communication and its applications within an organization.

## **Formal Communication**

Formal communication is an organized and structured communication within an organization. The communication occurs in many flows. Communication indicates the communication from employees to executives. Downward communication represents the flow of communication from executives to lower level employees. Horizontal communication shows the flow of communication within the same level of company, for example the communication flow of brand manager and finance manager. The last one is diagonal communication, which represents the communication of the upper level of a particular division with the lower level employees in another division. The types of formal communication within an organization that are commonly used are meetings, conference, phone calls, company bulletin and interview.

**Informal Communication** Informal communication is inevitable in every organizational entity. By communicating with other people, employees can find similarity in hobbies, opinions and experiences, which result in being

friends. Informal communication is based on social relationship among people (Litterst & Eyo, 1982). Informal communication is relaxed, casual and spread through word- of- mouth. Informal networks are communication links between individuals and sections that bypass the formal structures in an organization (Smith, 2011). There are four flows in communication networks; the first one is single strand in which one person tells another person, the second one is gossip hain in which one person tells the others, the third one is probability chain in which one person tells another person who pass the news to someone else and the fourth one is the cluster chain in which one person tells other two or three people who spread the news to other two or three people as well. There is another important term in informal communication, which is grapevine. Grapevine is best described as the way gossip travels through organizations. Robbins and colleagues (2008) indicate the characteristics of grapevine: it is not controlled by management, it is more believable and reliable for the employees and it serves he self-interests of those in the group.

## **Differences between Formal and Informal Communication**

Differentiation and Complimentary Studies have attempted to determine which one between formal and informal communication has the most impact in organizations. Research suggest that formal communication takes role in the authority in organizational hierarchy (Dow, 1988; Jablin, 1987), differentiation of labor and specialized tasks (Dow, 1988; Jablin, 1987) and mechanism for coordination of work (Dow, 1988). Meanwhile, business communicators strongly believe that informal. Not much chance of

Misunderstanding may communication plays an important role in increasing innovations within organizations (Johnson, 1990). Johnson, Donohue, Atkin and Johnson (1994) conducted a study on the means of formal and informal communication within an organization through three main perspectives: salience, channel factors and channel usage. The research suggested that the employees perceive informal communication as more effective and better used in achieving company's mission. However, in terms of cultural means, formal communication is perceived as a more appropriate way to communicate.

Case Study First and Tomic (2011) conducted a research regarding the role of informal communication in creating company brand image and preferences. In this research, the object was an international turnkey contractor specializing in oil and gas industry. This company employed more than 38,000 employees all over the world at the time this research was conducted. This company operates in business market, so not many people acknowledge this company's existence. However, this company concerns about its brand image. They use formal approach in spreading its existence to college graduates by coming to the university and do presentations on its company profile. Nevertheless, formal communication only does so much. They also rely heavily on informal communication role to spread the word-of-mouth on the culture of the company. For example, people know from their acquaintances that this company gives high salary to their employees and this news draws them to working for this company. The second example of case study comes from the research of Andrea, Arnaldo and Romano (2011).

The case was about Italian leading mineral water and soft drink company. In 2008, the company held 16% of the segment mineral water in Italy, 12% in soft drink and 19% in tea-based drink. Its ROE was 18.1% while its competitor was only 13.8%. Its inventory turnover was 12.6 compared to its major competitor whose inventory turnover was only 6.15. The study focuses on determining the role of formal and informal communication in making this company a leader in its field. The study was conducted in three steps. The first one is identifying the units that engage in the process of purchasing, manufacturing and logistics. The second step is tracing the flow of formal and informal communication during those activities. The final step is to identify how both formal and informal communication improved over time that results in a synchronized workflow of the company. The study suggested that formal communication was highly important in achieving internal integration (Andrea, Arnaldo & Romano, 2011), while informal communication is important in problem solving because it occurs in real time (Pagell).

## **Conclusion**

Based on the present and former studies conducted by many scholars on various objects (focuses on organizations in this matter), it can be concluded that both formal and informal communication are important in the productivity of the company and its performance as a whole. Managers should identify in which field the communication should be optimized and which way to use. There are several differentiations in the work progress on which it is better to use either formal or informal communication and managers should be well aware of it so they would not imply the wrong

method of communication. As in optimizing the informal communication, managers should use personal approach as it travels fast and is more favorable by the employees. Moreover, informal communication can be used in building company brand and image, so managers should be really careful that only the good values of the company is transmitted through informal communication.

## References

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