Chapter 10

The Role of Communication in Business Decision Making: Communication in Business

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ABSTRACT

The contemporary world bears the mark of a great development process that triggers new challenges and opportunities. In order to evolve, organizations and their members must constantly adapt to this ever-changing environment and, in this regard, communication and feedback play a major role. This chapter deals with the importance of communication, in general, and of internal communication and feedback, in particular, within organizations. The theoretical part of the chapter tackles several important issues related to communication and feedback, such as definitions, models and types of communication, the main barriers to effective communication, and feedback within organizations. The second part of the chapter is focused on a study analyzing the answers to a questionnaire administered to the employees of an insurance company, in order to assess its internal communication and to find correlations between the satisfaction degree resulted from the communication process and the way of viewing the organization’s efficiency.

INTRODUCTION

We are living in a rapidly changing era, characterized by a great development process, especially at technological and scientific level, where organizations must constantly adapt themselves to these new challenges and opportunities. Within organizations, members must also change: acquire new knowledge, address new tasks, improve their level of competence and, very often, change their work habits, values and attitudes. All these changes and updates are essential and depend largely on the communication process within the respective organizations, and implicitly on the existing feedback at all hierarchical levels.

DOI: 10.4018/978-1-5225-3773-1.ch010
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In our opinion, understanding the way communication functions in an organization relies on knowledge of what communication is, the types of communication e.g. verbal (words, speech, utterance, dialect, register), nonverbal (proxemics, orientation-posture, haptics/touch, body movements, gestures, facial expressions, oculesics, physical appearance), paralanguage; intrapersonal (communication within and to the self), interpersonal, group communication and mass communication; formal and informal; barriers to communication, quality of feedback, communication effectiveness measured in connection to motivation and feedback.

One of the general objectives of our study is to discuss the role of different types of communication in general, and in business and decision-making in particular. Another general objective, directly connected to the first one, is to demonstrate and underline the importance of interdisciplinarity in approaching business communication issues, such as theories of communication (types of communication, feedback), linguistics (words, phrases, sentences), psychology (people’s psychological traits, their needs and expectations), economics (factors leading to high productivity, efficiency), organization’s structure, culture and policy.

For the purpose of our general objectives, we carried out an assessment of the internal communication and feedback within an insurance company, having in view several goals, such as the identification of the procedures that provide an efficient communication within the company, of the level of feedback among employees and of opportunities to improve communication. Another goal consisted in the evaluation of the manner in which the management harmonizes the activities of departments, ways to create a feedback favorable to conducting business. Last, but not least, we tackled the permanent development of communication in general, and especially the feedback between team members and verification of the quality of the company’s performance. This process brings competitive power resources to the company, leading to future employment vacancies.

BACKGROUND

Definitions of Communication

There is no standard definition of communication. The concept of communication has been addressed in time from multiple perspectives, which determined a dramatic proliferation of definitions (Craia, 2000, p. 5). Rückle (2000, p. 49) mentions the performance of two American researchers who inventoried no less than 120 definitions.

Talking about the inclusiveness of communication, Petrescu (1993, p. 32) states that “Communication is a fundamental characteristic of human existence”. Communication has primarily the role of conveying information. According to Rosengren (2000), the word “communicate” has the root in the verb “communicare” which means “to share”, “to make common”, because when people communicate, they share a piece of information; therefore, they increase the shared knowledge.

Horst Rückle (2000, p. 51) states that “Communication is the exchange of information” and that “it requires social interaction, using … verbal or non-verbal signals that are emitted and received consciously or unconsciously…” In his turn, Moran (2010) asserts the same idea of sharing information, adding that people create systems by means of agreed upon symbols, conventional signs and structures. Likewise, he affirms that communication can be accomplished if barriers to communication do not exist.