DOCUMENT RESUME

ED 218 684 CS 503 882

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TITLE	Organizational Communication Concepts and the Job of the Corporate Executive.
PUB DATE	82
NOTE	20p.
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Administrator Attitudes; *Administrator Role; *Administrators; Business; *Employer Employee Relationship; Interpersonal Relationship; Job Skills; *Organizational Communication; *Personnel Management
IDENTIFIERS	*Interpersonal Communication

ABSTRACT

The communication responsibility of corporate executives within their organizations entails two dimensions: the information dimension involving the content or meaning of what is communicated, and the interpersonal dimension involving the relationship between the people communicating. To successfully manage a corporation, executives must have an efficient system for dealing with uncertainty. To reduce uncertainty, they need information that is descriptive, concerns value judgments, and pertains to policy. They must ask themselves evaluative questions pertaining to five areas of uncertainty, such as, What are the company's goals? Does it meet them? and Is the company encouraging the development of individual potential? The manager who has this information must also understand how to handle it effectively to avoid information overload. Information should be processed selectively, sequentially, and continually. Most of the information managers receive is from interpersonal communication, which they then interpret, store, use, or disseminate. Institutions can exist only when there are people interacting with one another, and such interaction structures firms by making coordination, control, and growth possible, and by enhancing the value of information. The basic role of the manager or executive is to maintain interpersonal communication to the benefit of the organization. (HTH)

ED218684

ORGANIZATIONAL COMMUNICATION CONCEPTS AND THE JOB OF THE CORPORATE EXECUTIVE

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The corporation is an institution dependent on its communication systems for information and interaction. This paper describes the major constructs of an information processing model of the executive's job. Among the processes discussed are the effects of uncertainty, information needs, information uses, information processing behavior, interdependence, and the maintenance of relationships through interaction.

The frame of reference for this paper is the corporation in America. This paper focuses on managers, because they perform the executive functions of the corporation. Thus, they speak on behalf of the company and they are responsible for establishing and maintaining the communication networks which generate support and cooperation among the firm's many constituencies. This paper presents a pragmatic approach to analyzing and improving organizational communication.

Central to this approach is the concept of 'responsibility'. Organizational communication is a responsibility of the corporate executive. It is a function of office. It is simultaneously normative and descriptive. Thus, Barnard's (1938, p. 82) classic statement that, "The first function of the executive is to establish and maintain a system of communication," can be taken to mean:

1. The executive <u>should be</u> responsible for the establishment and maintenance (and improvement) of a system of communication.
2. The executive <u>is</u> responsible for the establishment, maintenance, and improvement of the communication system, and
3. This responsibility is inherent in the position.

Corporate executives are responsible for communication. They can neither avoid nor delegate this responsibility. They must accept it. And in recent years the limits of this responsibility have been expanding. Barnard was concerned only that the executive accept responsibility for creating and maintaining a personal communication system, a private network of contacts. Administrative scientists and communication theorists have argued that executives must collectively accept responsibility for creating and maintaining an internal organizational communication system. Public relations professionals have long argued that executives must be responsible for creating and maintaining an institutional communication system, incorporating the personal contact networks, the organizational communication system, and all of the external groups which have a stake in the corporation (stockholders, suppliers, customers, legislators, the community, etc.) Recent laws in areas like privacy, disclosure, due process, notice, and employee rights have institutionalized the executive's responsibility for communication.

There are two dimensions to the executive's responsibility for the organizational communication system. First, there is an INFORMATION dimension involving the content or meaning of what is communicated. Second there is an INTERPERSONAL dimension involving the relationships between the people communicating. Corporations don't communicate. People do. The executive is the person who processes information on-behalf-of the firm, the person who communicates on-behalf-of the firm, the person who acts for the company as its agent, the person responsible for communication.

If this focus on responsibility seems subjective rather than objective, humanistic rather than scientific, that's because it is. Managers should accept the credit for effective communication. And they should take the blame for ineffective communication. Implicit in this method is the belief that communication is an intentional act of a free will, and not the circumstantial product of genetic, environmental, or theistic predetermination.

Information and Uncertainty

To successfully manage a corporation today demands that the executive have an efficient system for dealing with uncertainty. Uncertainty is psychologically uncomfortable. As human beings we have only limited tolerance for uncertainty. To be effective we need to feel that we know what is going on, that we have some control over our lives. If we do not act to reduce uncertainty, problems may occur. First, the executive may deny uncertainty. Janis (1972) has pointed out that this may give rise to a pathological feeling of invulnerability. If it had not been for this sort of separation from reality there may never have been a Bay of Pigs fiasco. Second, the manager may absorb uncertainty. Schein (1969) argued that managers tend to focus on areas which are measurable (providing the illusion of certainty) whether these are important to the organization or not. We can not measure human contributions, so we concentrate on costs and expenses. Third, the manager may avoid uncertainty. According to Cyert and March (1963) managers tend to focus on the short term so that they do not have to make long term plans. Administrators attempt control to avoid surprises. The strategies of denying, absorbing, or avoiding uncertainty are doomed to fail. Uncertainty exists. It cannot be ignored. It cannot be eliminated. It can, however, be anticipated. It can be reduced. Information is the principal human and institutional tool for reducing uncertainty.

There are at least five major sources of uncertainty facing the corporation:

1. Goals. Many firms have no clear idea of what their goals are. Others have no idea of the areas where they have goals (productivity, capital funds, innovation, etc.). Others are unable to resolve conflicts over competing goals. Still other firms do not know if they can achieve their goals. In some cases, the corporation does not even know if it can achieve basic goals, such as survival (witness Grants and Penn Central).
2. Structure. Most American firms have a hierarchical structure. They operate on a model of governance with final responsibility resting at the top. This encourages specialization, departmentalization, and control. However, it discourages integration, individual freedom, and local autonomy. The

hierarchy makes it difficult for the executive to know what is going on in various parts of the firm.

3. Functions. The common functions of personnel, marketing production, and finance are changing. Personnel is becoming more important as firms substitute people for equipment. Marketing is being forced to focus on the consumer. Production is beset with energy and raw material shortages. Finance is playing catchup with inflation. The administrative (self-maintaining) function of the firm is becoming more complex as government regulation, media scrutiny, and economic planning become more widespread. The institutional function of maintaining commitment, morale, and spirit is becoming more complex as turnover increases.

4. Environment. Companies are dependent on society for support. This support cannot be taken for granted. We have just lived through a period in America when the erosion of support has led to reduced confidence, restrictive legislation, political involvement in the firm, and criticism of the value of capitalism. We do not know if this period is over, or continuing, or getting worse.

5. Change. Some companies have long histories. They have well established patterns for handling issues of planning, organizing, staffing, and control. Many of their problems are handled by routing, by custom, by tradition. But most firms in this country have undergone dramatic changes in the last two decades. Changes like growth, government involvement and consumer demands have eroded many of the firm's unquestioned traditions. We can no longer do things the way we've always done them.

Information Needs

What kinds of information does the corporate executive need in order to reduce uncertainty? In general, the manager needs three types of information. First, the executive needs factual information. This type of information is descriptive in character. This information describes the company, its structure, its operations, its activities, its units, its people, its problems, its strengths, its goals, its resources, its needs, etc. This information also describes the company's environment; its supporters, its enemies, its competitors, its community, its threats, its opportunities, its potential resources, etc. Second, the manager needs value information. This type of information is judgmental in character. This information evaluates the firm's effectiveness, the performance of its functions, the achievement of its goals, the acceptance of its responsibilities, the satisfaction of its members, the value of its activities, and the quality of its relations (with community, government, business, educational, and family "others"). Third, the executive needs policy information. This type of information is tactical in character. This information suggests what options are available, what actions can be taken, what changes can be made, what activities can be eliminated, what consequences can be expected, what results can be achieved, what problems can be encountered, etc.

The corporate executive needs information in order to reduce uncertainty. Therefore, it is critical that the manager have information which is relevant to those areas of greatest uncertainty. Specifically, this means that the executive needs answers to questions about the sources of uncertainty facing the firm. Examples of the kinds of questions the manager needs to ask include:

1. Questions about Goals. Has the company defined its own goals? Has it been able to get the resources it needs? Has it been able to allocate those resources well? Is the firm aware of the goals of its members? Is it satisfying managers, employees, customers,

suppliers, community, etc.? Is it successfully resolving conflicts over the allocation of resources? Is it successfully resolving conflicts over priorities and achievement of goals?

2. Questions about Structure. Is the company encouraging the development of individual potential? Is it providing a range of values, viewpoints, and opportunities? Is it taking advantage of special skills, special roles, and special talents? Is the firm making an effort to integrate its specialists? Is it providing people opportunities to interact? Are people aware of the company? Do they understand its problems? Do they participate in its governance? Are they committed to it? Do they care about the company?

3. Questions about Functions. Does the corporation pursue high performance goals? Does it offer good products and services at reasonable prices? Does the firm consider its social responsibilities? Is the company developing mature, competent managers? Is it interesting to work for? Is it generating new ideas, new techniques, new understandings? Is the company encouraging community involvement? Is it making its people available? Is it helping the community to solve its problems?

4. Questions about Environment. Are relations between the business and the community good? Is the community receptive to the firm? Does it know about the firm? Does it have contact with the firm? Does it have a favorable attitude toward the firm? Does it support the

firm? Does it understand the firm's functions, goals, and problems? Is the company receptive to the community? Does it know about the community? Does it have contact with the community? Does it have a favorable attitude toward the community? Does it understand the community's needs, aspirations, and limitations?

5. Questions about Change. Does the firm have a history it can be proud of? Has it developed a distinctive character? Has it adapted itself to changing times? Are people proud of it? Do they care about it? Would they feel a loss if it died? Is the company facing problems of its own making? Is it responding to issues of the day? Is it taking advantage of its opportunities? Is the firm planning for its future? Is it preparing for tomorrow's problems and opportunities? Does it have a clear vision of where it is going and a commitment to get there?

Information Processing Behavior

The company can be viewed as a complex system for processing information. The members of the firm acquire information. They interpret it. Some of it they store for future use. Some of it they use immediately. They disseminate information to others. The success of this information processing is critical to the firm.

How does the company handle information? If an executive suddenly had the answers to all of the sample questions the result would be chaos. Every information processing system has a maximum capacity; the human being is no exception. When the amount of information in the system exceeds the system's capacity, the result is called overload. Farace, Monge, and Russell (1977) have argued that, because of the complexity of our organizations and environment, overload has become a problem of epidemic proportions. This seems especially true for the manager. Overload in the individual results in confusion, stress, and uncertainty. Too much information is as bad as too little. The manager needing information to reduce uncertainty must understand how to effectively handle information to avoid overload.

Boulding (1956) has argued that sensory data give each of us an image of the world. Our behavior depends on that image. Nadler (1977) suggests that the information we have about the world affects our behavior in two ways. First, it motivates behavior. Information arouses us. It stimulates us. It gets us involved. It makes us think. Second, information directs our behavior. It causes us to focus on certain parts of our world and to ignore others. According to Bavalas and Barrett (1951, p. 368):—

> It is not surprising, in these terms, that the effectiveness of an organization with respect to the achievement of its goals should be so closely related to its effectiveness in handling information. In an enterprise whose success hinges upon the coordination of the efforts of all its members, the managers depend completely upon the quality, the amount, and the rate at which relevant information reaches them. The rest of the organization in turn, depends upon the efficiency with which the managers can deal with this information and reach conclusions, decisions, etc.

There are three characteristics of an effectively functioning information processing system. First, and most important, information is processed selectively. The manager selects the information to be acquired from that available. The manager selects the information to be interpreted from that acquired. The manager selects the information to be retained and/or used from that interpreted. The manager selects the information to be disseminated from that retained and/or used. Second, information is processed sequentially. The first information received is the first input. The first information input is the first processed. The first information processed is the first output. (It is a simple model: first in - first through - first out.) Third, information is processed continuously. The manager continuously receives information. The manager continuously processes information. The manager continuously disseminates information.

How does the executive get information? Most of the information the manager receives comes from personal contacts (the interpersonal system of communication) in dyadic conversations, small group meetings, or over the telephone. The typical executive spends up to 90% of the working day talking with people. More information comes from formal media, such as letters, memos, reports, newspapers, radio, television, etc. Much of this, however, is simply confirmation rather than new information. A great deal of the manager's information is received serendipitously. No effort was made to acquire the information. It happened to be available and the manager paid attention to it. Some of the executive's information is received because other people in the personal contact network think the information might be of interest or value. The manager's needs and interests are, in Thayer's (1968) phrase, taken-into-account. Some of the manager's information is received as a result of personal effort. The executive calls people on the phone or meets with them or asks for reports. This informal search for information is, according to Cyert and March (1963), usually stimulated by a problem and directed toward finding a solution to that problem.

Very little of the manager's information is received as a result of formal search activities. Very little of the manager's activity is stimulated by needs for long term plans, adequate descriptions of the business or adequate descriptions of its environment. Executives who rely on chance, good will, and occasional bursts of energy to acquire the information necessary to plan, coordinate, manage, and improve their companies can do their institutions a disservice. Wilensky (1967) has documented a grizzly collection of organizational abuses stemming from failures to have or use information. More generally, low effort search strategies cause managers to focus on the present, on fire-fighting. This produces a kind of 'organizational drift' in which the institution loses sight of its goals and loses control of its direction of movement. Clark (1956) showed how an adult education program in attempting to respond to the demands of its students and its need for enrollment, eventually lost its power to set or maintain academic standards. It is important that companies exercise self control. And information is the key to self-regulation. Goldhaber and Rogers (1979) presented an extended discussion of the Communication Audit as a process for generating, analyzing, and using information about the institutional communication system. They argued that organizations must evaluate the strengths and weaknesses of their communication system in order to retain control of decision making.

Handling Information

What does the company do with information? There are five things that the manager does with information. First, the manager ACQUIRES information. This process has already been discussed. Information comes from both internal and external sources; mostly by word of mouth; sometimes by luck, sometimes by design. The most common errors in acquiring information are over-reliance on a single or limited set of sources, failures to acquire enough information (jumping to conclusions), and failures to screen/filter out irrelevant information.

Second, the manager INTERPRETS information. Interpreting information is a process of analyzing, evaluation, or judging it. Managers make two kinds of critical inferences about information. They make inferences about the meaning