

Communication Competence and Its Role in Managerial Decision-making: An Empirical Investigation on Communication Factors

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Abstract

Managerial communication and decision making goes hand in hand at workplace organisation. The role of both is not only crucial but instrumental for its smooth functioning at any workplace. Communication can be understood to be the transaction of messages across the levels of organization, whereas, decision-making leverages this information or message to establish direction, make strategic choices, and resolve problems which are the by-product of ineffective translation of these messages. It is through this interplay between communication and decision-making that an organization can navigate challenges and achieve its objectives. Decision Making is involved at every nuance and stage of employment. While it is widely known that decision making depends on analyzing probability and statistics, much often it is also affected due to an employee's failure or inability to read between the lines i.e. understanding, analyzing and calculating the said and the unsaid from any communication pattern. The inability to comprehend and effectively manage the various dimensions and elements of communication often results in suboptimal decision-making processes. This gap in understanding can lead to communication breakdowns, misinterpretations, and, ultimately, poor organizational outcomes. Therefore, an in-depth exploration of how different communication factors influence decision-making is crucial to improving managerial effectiveness. This research is focused to identify the issue in depth.

Key-words: Managerial Communication, Channels, Modes, Structures, Organizational communication, Decision Making.

Research Problem:

Knowing the effect of communication on decision making, the problem has been explored in this research minutely to observe and identify the specific communication factors that are causing barriers that affect decision-making. This research paper will also look into how enhancing communication skills can improve managerial and employee decision-making in organization and uncover how miscommunications and overlooked non-verbal elements contribute to suboptimal decisions, and what strategies can be implemented to improve organizational outcomes.

Research Questions:

1. What are the specific communication factors that influence decision-making within organizations?
2. In what ways do these communication factors play a critical role in shaping and guiding decision-making processes?
3. What are the most notable and empirically validated examples of communication factors impacting decision outcomes?
4. How can individuals and organizations overcome the challenges posed by communication barriers to enhance decision-making quality?
5. How does the ability to interpret implicit, non-verbal, and contextual cues in communication affect the accuracy and effectiveness of decision-making in organizational settings?

Aim of the Study:

This research seeks to employ a qualitative research methodology to examine how various communication structures, including formal and informal modes and channels, function as key determinants in managerial communication. The research will investigate how these diverse communication factors impact and influence decision-making processes,

providing insights into their role in organizational effectiveness and offering strategies for mitigating communication-related challenges. Through this analysis, the study aims to contribute to a more comprehensive understanding of the relationship between communication dynamics and decision-making in a managerial context.

Introduction

Since the turning point of entrepreneurship took its speed of growth and became a buzzword with startups, the global business had not remained alien as in the past. Many such organizations, institutions, and companies have been taking internationalization journeys, crossing their points of views from local business to multinational corporations (MNCs). The process of globalization and privatization has progressively brought about phenomenal changes within the business operations, whereby some organizations have exponentially grown, while others dwindled away or even failed. The phenomenon is further drawn from the realization of the role communication and the process of decision-making play in the determination of whether an organization succeeds or fails.

In the 21st century world economy, the world is a boundary-less entity. Businesses have transcended geographical boundaries. Companies like SpaceX, Twitter, Microsoft, and Tata have become global companies—living examples that suggest how profound the effect can be through an effective business strategy and communication on the destiny of a company. In this context, going international provides both opportunities and threats to the organization, especially in managing diverse cultural, economic, and regulatory climate.

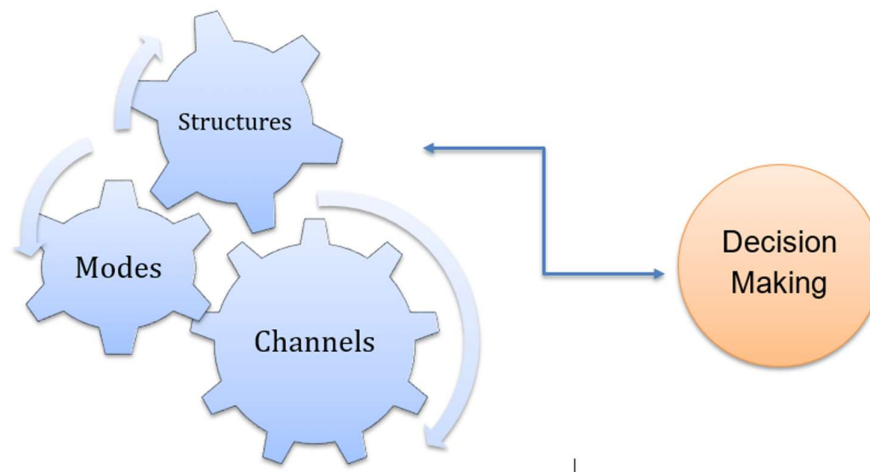
An example to this is the Indian conglomerate Tata Group, which has successfully forayed into diverse sectors across the globe by effective cross-cultural communication, local market understanding, and forming robust relationships with stakeholders. In their analysis of the global expansion of the Tata Group, (Khanna and Palepu, 2010) in a research found that the ability of the firm to adjust communication strategies in varying cultural contexts plays a large part in its success. Organizations that fail to introduce changes in their communication and decision-making structures usually struggle to remain relevant for long.

For instance, Nokia was one of the leading companies in mobile phone manufacturing globally. However, it fell dramatically due to its failure to communicate and make appropriate decisions that would have ensured a smooth transition and adjustments to changes in the market and technological advancements (Vuori & Huy, 2016). The company's rigid communication structure along with the slow decision-making process blocked its capacity for innovation and the ability to compete with new entrants such as Apple and Samsung. This proves that the negative impacts of bad communication and slow decision-making could depress a firm's success in the modern hypercompetitive global marketplace.

Making effective communication is a vital part of good decision-making within organizations, including at multinational corporations. The process by which leaders navigate the complexities of the world, communication, regards both formal and informal methodologies; it can be interpersonal, cross-cultural, or digital. With this, correctly passed information, reading between the lines, and building dialog across departments and between geographical locations form the groundwork for well-informed strategic decision-making. Studies have demonstrated that the sharing of relevant information in an organization builds trust, promotes collaboration, and improves the quality of decision-making. For example, Microsoft's rapid increase in its product lines and successful entrance into new markets has been due to its strong organizational communication culture. The company's top managers believe and practice open communication, welcoming new ideas and opinions while lowering barriers for employees so that they may communicate freely. It has driven resourcefulness in solutions and effective strategic choices, leading to the company's sustained, continuous global growth.

The objective of this study is to thoroughly examine how different communication structures, varying modes of communication, and informal channels function as critical factors in managerial communication. These 3-fold elements are explored to uncover the ways in which they impact and shape decision-making processes within organizations. This analysis will delve into how each aspect of communication contributes to the overall effectiveness of decision-making, highlighting the interconnectedness between communication dynamics and managerial outcomes.

Ultimately, the goal is to gain a deeper understanding of how these diverse communication factors influence the strategies and decisions that drive organizational success or its failure. Therefore, the chapter studies only three aspect of communication i.e. its structure, modes and channels which evenly influence and affects the decision making. The below figure shows the mechanism of the three major elements to be considered as factors that are directly associated to decision making in any global or local organisations.



Major Factors of Managerial Communication

Structures of Communication within Organisations

1. Hierarchical Structures:

Many companies and organizations operate within strict hierarchical structures that govern the flow of communication both upward and downward along the chain of flow. In these environments, a wide range of messages—such as commands, requests, grievances, suggestions, advice, reports, orders, letters, and emails—are exchanged through both written as well as oral means. The importance and impact of these messages often depend not only on the authority and position of the person delivering them but also on the interpretation and understanding of the individual receiving those. While the primary goal of this structured communication is to ensure that tasks are completed as per the demands, it also plays a crucial role in maintaining confidentiality and security within the organization. This dual purpose highlights the delicate balance between clear, direct communication and the need to protect sensitive information, ultimately contributing to the overall functionality and integrity of the organization.

2. Diagonal Structures:

In a diagonal structure, the exchange of messages—including advice, suggestions, reports, orders, requests, and complaints—is carefully managed and communicated across different levels of the hierarchy. This approach ensures that important information flows smoothly between various departments and positions, regardless of their rank. By facilitating communication across the traditional boundaries of hierarchy, the diagonal structure aims to enhance both the efficiency and effectiveness of the work being done. It allows for a more integrated and cohesive approach, where insights and directives can be shared more freely, helping to ensure that tasks are completed accurately and promptly. This method not only supports the smooth operation of daily activities but also fosters a more collaborative environment, where everyone's input is valued, and the organization as a whole can function more harmoniously.

Greenwald, in his one of the seminal works *Organisational Management* discusses about how different parameters of communication plays a pivotal role in decision making. Greenwald emphasizes that the structure of an organization, along with the informal dynamics of interpersonal relationships, plays a significant role in shaping communication. The organizational structure dictates the primary direction, volume, and content of information flow. At the same time, informal communication pathways, which are also influenced by the organizational structure, are present and active within all organizations (Greenwald, 139).

A little bad coordination or adapting to the strict flow of communication where lack of liberties across the sections in companies often result in decision failures. SpaceX, which today has a status of global success, at the first stage of his career in business, suffered from failures because of miscommunication between their teams that led to severe errors in some of the initial launches that they performed. However, the company learned from these mistakes and developed a much-improved internal communication process and better decision-making frameworks so that it could eventually go on to become a world leader in the aerospace industry. This move of transforming its communication strategy reflects that the improvement in communication can really have a direct impact on the performance of an organization.

In order to illustrate errors in decision-making that are more influenced by structures, modes, and informal ways, it is necessary to describe the real case studies of operating firms and institutions that are impacted by the spike or fall.

Modes of Communication:

Verbal and non-verbal modes of communication are crucial in determining the effectiveness and impact of the messages conveyed within an organization. In most companies, it is a common practice to use both verbal and written forms of

communication when addressing key aspects of employee growth, gathering feedback, requesting progress reports, and sharing important news such as appointments and resignations. These written verbal mode of communication ensure that the message is clearly understood and officially recorded.

However, Non-verbal communication differs significantly from verbal communication in several ways. Unlike written verbal communication, which follows a structured form, non-verbal communication is often spontaneous and unstructured. This spontaneity makes non-verbal cues more challenging to interpret and understand compared to verbal communication. As noted by Ili Kristiyanti (2012), this lack of structure contributes to the complexity of accurately decoding non-verbal messages. Thus organizations, must prioritize the development of communication skills that include both verbal and non-verbal comprehension to improve managerial effectiveness and decision-making quality (Mazzei, 2014). Understanding the "unsaid" in workplace communication is vital to fostering better organizational outcomes.

It is often observed that certain types of communication, particularly those involving subtle feedback, grievances, or expressions of disappointment, tend to be conveyed through non-verbal or paralinguistic means. These non-verbal cues—such as tone of voice, facial expressions, body language, and even silence—can carry significant weight, conveying emotions and reactions that may not be explicitly stated. These indirect forms of communication are frequently used to navigate more sensitive or potentially uncomfortable situations, where direct verbalization might be avoided.

This dual approach to communication—using formal, verbal channels for official matters and relying on non-verbal cues for more delicate issues—reflects the complex dynamics of workplace interactions. It underscores the importance of being attuned to both what is said and what is unsaid, as both verbal and non-verbal communication contribute to the overall understanding and atmosphere within an organization.

1. Informal Channels of Communication:

This makes it imperative to discuss the actual case studies of operational companies and institutions who are affected by the spike or fall and depict the errors of decision making more influenced by the structures, modes and informal means. Within an organisation and among individuals, informal channels of communication are the unofficial means through which information is shared and is also commonly identified as Grapevine Communication. In contrast to official communication that happens through meetings, emails, reports, and other official channels, informal communication transpires more spontaneously and casually. Potential effects of this communication channel are:

- a. Can tarnish the image of the organization/ individuals involved
- b. The news can spread with the highest speed and there is no way to curb the news
- c. It cannot be verified, increases conflicts, impacts decision making power.



Image Source: (Business Communication, 2023)

This image, illustrates an unofficial route of communication that exists within an organisation via pattern of single strand, gossip, probability or cluster. The network illustrates how many people interact through unofficial channels, from the CEO to staff members i.e. authorities to all level of workmen. The open exchange of ideas and information is made possible by these links, which are not a part of the formal framework and frequently result in original and creative solutions. Equally, it might also negatively impact the organisational relations and decision making.

The recent informal communication between Elon Musk and Mark Zuckerberg highlights how casual interactions can influence decision-making, even at the highest corporate levels. Their ongoing feud, sparked by Musk's challenge to a cage match, has been fuelled by social media exchanges, particularly on Musk's platform X (formerly Twitter). While initially playful, this rivalry took on a more serious tone, affecting their professional decisions and public personas. Zuckerberg eventually dismissed the idea, signalling that Musk wasn't serious about it, and decided to move on. Elon Musk's decision to rebrand Twitter as "X" stemmed from his vision to create an all-encompassing platform that would go beyond traditional social media, integrating features like payments, shopping, and more. This idea was influenced by informal interactions, including Musk's tendency to communicate spontaneously with his audience on Twitter itself. The rebranding to X also reflected Musk's long-held interest in building a "super app" akin to China's WeChat.

In contrast, Mark Zuckerberg capitalised on the situation by launching "Threads," a Twitter-like platform integrated with Instagram. By doing so, he leveraged the confusion and dissatisfaction among some Twitter users due to Musk's changes, positioning Threads as a more stable and familiar alternative. This move by Zuckerberg highlighted the advantages of quick, opportunistic decision-making in response to the shifts in competitors' strategies.

Analysing the decision of buying Twitter to rebranding of Twitter as X, also in the bind influence of the text *The Capitalism Manifesto* - his war from banning advertisers of the applications has led him to great downfall and bankruptcy. One wrong decision and the revenue of the company fall 52% - that is from \$4 BN in 2022 to \$1 BN in 2023. This loss of \$3 BN has made many lose their jobs in form of layoffs and many other internal change impacted negatively. This is a prime example of how informal communication channels, such as social media, can significantly impact corporate decisions. Meanwhile, Zuckerberg's rapid response shows how competitors can exploit such shifts to their advantage.

This incident shows how informal channels, like social media, can escalate into significant events, influencing decisions and public perception beyond formal corporate communications.

Steve Jobs often spoke about the value of informal communication in decision-making, especially in interviews where he discussed Apple's culture. He emphasised the importance of "serendipitous" interactions, where casual conversations in the hallway or over lunch could spark new ideas. Jobs believed that such unplanned exchanges were crucial for creativity and innovation. He even designed Apple's headquarters to encourage these types of interactions, with open spaces and common areas to facilitate spontaneous discussions among employees, as stated in the review titled "Steve Jobs and Innovation: How Informal Communication Drove the Creation of the iPhone" (Harvard Business Review, 2012).

A notable example of informal communication having a significant positive impact is the "Steve Jobs and the iPhone" story. In 2005, after an informal conversation between Steve Jobs and his team members about the future of mobile devices, Jobs was inspired to create a revolutionary product. These discussions led to the development of the first iPhone, which was unveiled in 2007. The idea wasn't born out of formal meetings or structured brainstorming sessions but from casual, spontaneous conversations that allowed for creativity and innovation. This approach was part of what made Apple a hub of creativity, leading to innovations like the iPhone. This informal exchange ultimately led to the creation of one of the most influential products in history, showcasing how informal communication can lead to ground-breaking decisions.

Conclusion

Overcoming the obstacles of communication, organizations must invest in communication training, foster a culture of openness, and use technology to advantage good communication across diverse teams for improved decision-making and breaking down such barriers. Jarvenpaa and Leidner's (1999) research put front the need for building trust among the virtual teams, especially global organizations where team members are spread across different regions. This can be enhanced by the use of digital communication tools and the fostering of a knowledge sharing culture within the organization.

The second way that helps organizational members be responsive to cultural nuances in communication is Hofstede's theory of cultural dimensions, 1984, which greatly goes on to identify how cultures can influence the style and even the decision-making process. These components are influenced by cultural variations; therefore, multinational corporations must change their modes of communication to avoid misinterpretation that could otherwise jeopardize effective decision-making. An example is that the effectiveness of Tata Group in negotiating global markets has been, among other factors, its emphasis on understanding and respecting cultural differences, which is credited for building a good relationship with local partners and stakeholders (Khanna & Palepu, 2010).

In other words, effective communication and proper decision-making in the global business environment are a determining factor in the success or failure of multinational corporations. Tata, Microsoft, and SpaceX are just examples that allude to the fact that effective communication underpins proper decision-making and thus enables organizations to navigate complex global environments, foster innovation, and experience sustainable growth. On the other hand, the lack of consideration of communication leads to poor decision-making, which in turn accounts for much organizational downfall. As businesses are increasingly spreading their wings across different parts of the world, the role of communication in determining the outcome of an organization is huge, and leaders need to invest in strategies that ensure effective communication and informed decision-making.

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