

Building Successful Organizational Business Communication and Its Impact on Business Performance: An Intra- and Inter-Organizational Perspective

Authors : Aynura Valiyeva, Basil John Thomas

Abstract : Intra-firm communication is critical for building synergy amongst internal business units of a firm, where employees from various functional departments and ranks incorporate their decision-making, understanding of organizational objectives, as well as common norms and culture for better organizational effectiveness. This study builds on and assesses a framework of the causes and consequences of effective communication in business interactions between customer and supplier firms, and the path for efficient communication within a firm. The proposed study's structural equation modeling (SEM) analysis based on 352 sample responses collected from firm representatives at different job positions ranging from marketing to logistics operations, reveals that, in the frame of reference of intra-organizational communication, organization characteristics and shared values, top management support and style of leadership, as well as information technology, are all significantly related to communication effectiveness. Furthermore, the frequency and variety of interactions enhance the outcome of communication, that improves a company's performance. The results reveal that cultural factors are significantly related to communication effectiveness, as well as the shared beliefs and goals. In terms of organizational factors, leadership style, top management support and information technology are significant determinants of effective communication. Among the contextual factors, interaction frequency and diversity are found to be priority factors. This study also tests the relationship between supplier and supplier firm performance in the context of communication effectiveness, and finds that they are closely related, when trust and commitment is built between business partners. When firms do business in other multicultural contexts, language and shared values with destination country must be considered significant elements of communication process.

Keywords : business performance, intra-firm communication, inter-firm communication, structural equation modeling

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