Communications is fundamental to the existence and survival of humans as well as to an organization. It is a process of creating and sharing ideas, information, views, facts, feelings, etc. among the people to reach a common understanding. Communication is the key to the Directing [function of management.](https://www.toppr.com/guides/business-studies/nature-and-significance-of-management/levels-and-functions-of-management/)

A [manager](https://www.toppr.com/guides/business-management-and-entrepreneurship/nature-of-management-and-its-process/management-functions/) may be highly qualified and skilled but if he does not possess good communication skills, all his ability becomes irrelevant. A manager must communicate his directions effectively to the subordinates to get the work done from them properly.

**Communications Process**

Communications is a continuous process which mainly involves three elements viz. sender, message, and receiver. The elements involved in the communication process are explained below in detail:

**1. Sender**

The sender or the communicator generates the message and conveys it to the receiver. He is the source and the one who starts the communication

**2. Message**

It is the idea, information, view, fact, feeling, etc. that is generated by the sender and is then intended to be communicated further.

**3. Encoding**

The message generated by the sender is encoded symbolically such as in the form of words, pictures, gestures, etc. before it is being conveyed.

**4. Media**

It is the manner in which the encoded message is transmitted. The message may be transmitted orally or in writing. The medium of communication includes telephone, internet, post, fax, e-mail, etc. The choice of medium is decided by the sender.

**5. Decoding**

It is the process of converting the symbols encoded by the sender. After decoding the message is received by the receiver.

**6. Receiver**

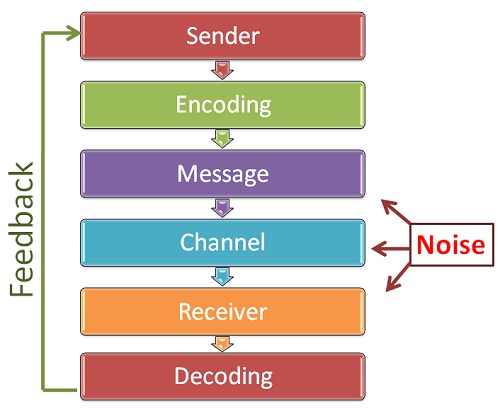
He is the person who is last in the chain and for whom the message was sent by the sender. Once the receiver receives the message and understands it in proper perspective and acts according to the message, only then the purpose of communication is successful.

**7. Feedback**

Once the receiver confirms to the sender that he has received the message and understood it, the process of communication is complete.

**8. Noise**

It refers to any obstruction that is caused by the sender, message or receiver during the [process of communication](https://www.toppr.com/guides/business-management-and-entrepreneurship/elements-of-direction-communication/). For example, bad telephone connection, faulty encoding, faulty decoding, inattentive receiver, poor understanding of message due to prejudice or inappropriate gestures, etc.

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**Importance of Communication**

**1. The Basis of Co-ordination**

The manager explains to the employees the organizational goals, modes of their achievement and also the[interpersonal relationships](https://www.toppr.com/guides/business-correspondence-and-reporting/communication/interpersonal-skills-listening-skills-and-emotional-intelligence/) amongst them. This provides coordination between various employees and also departments. Thus, communications act as a basis for coordination in the [organization](https://www.toppr.com/guides/business-studies/organising/intro-to-organisation-and-its-importance/).

**2. Fluent Working**

A manager coordinates the human and physical elements of an organization to run it smoothly and efficiently. This [coordination](https://www.toppr.com/guides/business-management-and-entrepreneurship/direction-and-coordination/concept-and-features-of-coordination/) is not possible without proper communication.

**3. The Basis of Decision Making**

Proper communication provides information to the manager that is useful for [decision making](https://www.toppr.com/guides/business-management-and-entrepreneurship/planning/decision-making-in-groups/). No decisions could be taken in the absence of information. Thus, communication is the basis for taking the right decisions.*.*

**4. Increases Managerial Efficiency**

The manager conveys the targets and issues instructions and allocates jobs to the [subordinates](https://www.toppr.com/guides/english/conjunction/subordinating-conjunctions/). All of these aspects involve communication. Thus, communication is essential for the quick and effective performance of the managers and the entire organization.

**5. Increases Cooperation and Organizational Peace**

The two-way communication process promotes co-operation and mutual understanding amongst the workers and also between them and the [management](https://www.toppr.com/bytes/principles-of-management/toppr-icons_studying-on-computer59/). This leads to less friction and thus leads to industrial peace in the factory and efficient operations.

**6. Boosts Morale of the Employees**

Good communication helps the workers to adjust to the physical and social aspect of work. It also improves good human relations in the industry. An efficient system of communication enables the management to motivate, influence and satisfy the subordinates which in turn boosts their morale and keeps them motivated.

**Types of Communication**

**1. Formal Communication**

[Formal](https://www.toppr.com/guides/english/writing/formal-letters/) communications are the one which flows through the official channels designed in the organizational chart. It may take place between a superior and a subordinate, a subordinate and a superior or among the same cadre employees or managers. These communications can be oral or in writing and are generally recorded and filed in the office.

Formal communication may be further classified as Vertical communication and Horizontal communication.

**Vertical Communication**

[Vertical Communications](https://www.toppr.com/guides/business-communication-and-ethics/intro-to-business-communication/effective-oral-communication/) as the name suggests flows vertically upwards or downwards through formal channels. Upward communication refers to the flow of communication from a subordinate to a superior whereas downward communication flows from a superior to a subordinate.

Application for grant of leave, submission of a progress report, request for loans etc. are some of the examples of upward communication. Sending notice to employees to attend a meeting, delegating work to the subordinates, informing them about the company policies, etc. are some examples of downward communication.

**Horizontal Communication**

Horizontal or lateral communication takes place between one division and another. For example, a production manager may contact the finance manager to discuss the delivery of raw material or its purchase.

**Types of communication networks in formal communication:**

* **Single chain:** In this type of network communications flows from every superior to his subordinate through a single chain.
* **Wheel:** In this network, all subordinates under one superior communicate through him only. They are not allowed to talk among themselves.
* **Circular:** In this type of network, the communication moves in a circle. Each person is able to communicate with his adjoining two persons only.
* **Free flow:** In this network, each person can communicate with any other person freely. There is no restriction.
* **Inverted V:** In this type of network, a subordinate is allowed to communicate with his immediate superior as well as his superior’s superior also. However, in the latter case, only ordained communication takes place.

**2. Informal Communication**

Any communication that takes place without following the formal channels of communication is said to be [informal](https://www.toppr.com/guides/english/writing/informal-letters/) communication. The Informal communication is often referred to as the ‘grapevine’ as it spreads throughout the organization and in all directions without any regard to the levels of authority.

The informal communication spreads rapidly, often gets distorted and it is very difficult to detect the source of such communication. It also leads to rumors which are not true. People’s behavior is often affected by the rumors and informal discussions which sometimes may hamper the work environment.

However, sometimes these channels may be helpful as they carry information rapidly and, therefore, may be useful to the manager at times. Informal channels are also used by the managers to transmit information in order to know the reactions of his/her subordinates.*.*

**Types of Grapevine network:**

* **Single strand:** In this network, each person communicates with the other in a sequence.
* **Gossip network:**In this type of network, each person communicates with all other persons on a non-selective basis.
* **Probability network:**In this network, the individual communicates randomly with other individuals.
* **Cluster Network:** In this network, the individual communicates with only those people whom he trusts. Out of these four types of networks, the Cluster network is the most popular in organizations.

**Barriers to Communication**

The [communication barriers](https://www.toppr.com/guides/business-correspondence-and-reporting/communication/barriers-in-communication/) may prevent communication or carry incorrect meaning due to which misunderstandings may be created. Therefore, it is essential for a manager to identify such barriers and take appropriate measures to overcome them. The barriers to communication in organizations can be broadly grouped as follows:

**1. Semantic Barriers**

These are concerned with the problems and obstructions in the process of encoding and decoding of a message into words or impressions. Normally, such barriers result due to use of wrong words, faulty translations, different interpretations, etc.

For example, a manager has to communicate with workers who have no knowledge of the English language and on the other side, he is not well conversant with the Hindi language. Here, language is a barrier to communication as the manager may not be able to communicate properly with the workers.

**2. Psychological Barriers**

Emotional or psychological factors also act as barriers to communication. The state of mind of both sender and receiver of communication reflects in effective communication. A worried person cannot communicate properly and an angry recipient cannot understand the message properly.

Thus, at the time of communication, both the sender and the receiver need to be psychologically sound. Also, they should trust each other. If they do not believe each other, they cannot understand each other’s message in its original sense.

**3. Organizational Barriers**

The factors related to organizational structure, rules and regulations authority relationships, etc. may sometimes act as barriers to effective communication. In an organization with a highly centralized pattern, people may not be encouraged to have free communication. Also, rigid rules and regulations and cumbersome procedures may also become a hurdle to communication.

**4. Personal Barriers**

The personal factors of both sender and receiver may act as a barrier to[effective communication](https://www.toppr.com/guides/business-correspondence-and-reporting/communication/characteristics-effective-communication/). If a superior thinks that a particular communication may adversely affect his authority, he may suppress such communication