Chapter 7
Formal and Informal Networks of Communications

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Chapter outline

1. What is Organizational communication?
2. What is Formal and Informal Communication?
3. Advantages and disadvantage of formal communication.
4. Advantages and disadvantage of informal communication.
Organizational Communication
Organizational communication

Organizational communication refers to the messages sent and received within the organization’s formal and informal groups. As the organization becomes larger and more complex, so do the communications. In a three-person organization communication is relatively simple, but in an organization of thousands it becomes a highly complex and often specialized function.
What is formal and informal communication?
Formal and Informal Communications

Organizational communication may be both formal and informal.

The formal communications are those sanctioned by the organization itself and are organizationally oriented. Formal communication is a system of passing messages and information between positions within an organization through officially designated channels.

The informal communications are socially sanctioned, they are oriented not to the organization itself, but to the individual members. Informal communication is communication between employees outside the formal communication structure of the company.
Organizational communication

- Formal Communication
  - Vertical (upward, downward)
  - Horizontal (parallel)
- Informal Communication
  - Grapevine Communication
Formal Communication

- **Meaning**: It is in the form of official messages and news that flow through recognized channels or routes formally laid by the organization.

- This communication may take place between a superior and subordinate, a subordinate and superior or among employees at same level or departmental managers.

- It flows in 3 directions: 1) downward 2) upward 3) laterally between departments. i.e. horizontal
Chart Showing Communication Flow In An Organisation.
Communication flow in organizations

• **Upward Communication**
  • Upward communication refers to messages sent from the lower of the hierarchy to the upper levels.

• **Downward Communication**
  • Downward communication refers to messages sent from the higher levels of the hierarchy to the lower levels, for example, messages sent by managers to workers. Perhaps the most obvious example of downward communication is the giving of orders.

• **Lateral or horizontal Communication**
  • Lateral communication refers to messages sent by equals to equals - manager to manager or worker to worker.
Advantages of formal communication

- Effective and dependable
- Truth information most of the time
- Provides close contact between members of the organization
- Flow of essential information in an orderly manner.
- It has documentary evidence which can be used as future references.
Disadvantages of formal communication

- Stiff and Slow
- The formal communication is inflexible
- Lack of personal relation
- As information flows through the chain it takes long time to convey information from upper level to lower level.
- Creates misunderstanding: in the way of communication messages can be distorted. Thus chance of distortion increases in formal communication.

- Costly: More time and more formality increases the overall cost of the communication.
Formal media

- Company’s news bulletins
- Special interviews
- Conferences
- Employees handbook
- Company magazines
Informal Communication

- **Meaning**: It is in the form of unofficial messages (work related or people related) that flow outside the officially designed channels.

- Technically called as grapevine communication.

- Result of natural desire to communicate with each other freely and frequently.
Grapevine

* An informal chat between people, seen as a network through which the information is reliably spread.

Grapevine is an informal channel of business communication. It is called so because it stretches throughout the organization in all directions irrespective of the authority levels.
Gordon Allport describes two conditions as controlling of the grapevine; importance of the subject to the speaker and listener, and the ambiguousness of the facts.

\[ R = IA \]

Where

- \( R \)= Intensity of the rumor.
- \( I \)= Importance of the rumor to the persons communicating.
- \( A \)= Ambiguity of the facts associated.
Types of Grapevine Chains

- Single Strand Chain
- Gossip Chain
- Probability Chain
- Cluster Chain
Single Strand Chain

- It flows like a chain, i.e. ‘A’ tells something to ‘B’ who tells it to ‘C’ and so on.
- The longer the strand the more distortion and filtering affects.
- Most inaccuracies occur in this chain.
Gossip Chain

• One person tells to other people.
• This chain passes a message regarding a ‘not-on-job’ nature.
• Generally considered to be slow in passing the information.
• Information may move from anybody to anybody.
• This chain is found when the information is somewhat interesting but not really significant.
• Only some people in the organization will get to know the information.
Cluster Chain

- Individual communicates with only those individuals he/she trust.
- Cluster chain is the dominant grapevine pattern in an organization.
• Most informal communication flows through this chain.

• ‘A’ tells something to a few selected individuals and then some of these individuals inform a few other selected individuals.
Informal Networks

- Chain
- Gossip
- Probability
- Cluster
**Grapevine Characteristics**

- oral → mostly undocumented
- open to change
- fast (hours instead of days)
- crossing organizational boundaries
- inaccuracy:
  - deletion of crucial details
  - exaggeration of the most dramatic details
Advantages of Grapevine

• More flexible and much faster.
• Feedback is Quick
• Helps in achieving better human relations
• Fulfills the psychological needs of the employees.
• Signals that Problems/Good news exist
• Substitute for formal channel of communication
Disadvantages of Grapevine

- Untruth information most of the time
- Partial information only spreads (rumours)
- Hampers the goodwill of the organization or the people
  - Information may be distorted.
  - Lacks official status and less dependable.
  - Has no definite origin and direction.
Thank You...