**Leaving Cert Business Chapter 6 Note – Communications**

**Chapter Objectives:**

1. To Explain the Central role of Communications in Business and Management
2. To identify and explain the main barriers to effective communication
3. To illustrate data in the form of memos, reports, formal letters, pie charts, bar charts etc.
4. To identify and explain duties of a chairperson and secretary and draft an agenda and minutes of a meeting
5. To distinguish between methods of communication
6. To discuss the importance of communication skills

**There are 2 types of communication in Business – Internal and External**

**Internal Communication** includes the use of memos, newsletters, intercom, face to face meetings, e-mail etc.

Internal Communication can be:

**Upward** – from a lower to higher level in a business – an employee to his manager

**Downward** – from a higher to lower level in a business – an employer to his employees

**Horizontal** – on the same level – a meeting between all department managers to discuss budgets.

**External Communication** involves communicating with any stakeholder outside the Business including:

Banks (email meetings), suppliers (order forms, phone), customers (face to face) etc.

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| --- | --- | --- | --- |
|  | **Written Communication** | **Oral Communication** | **Visual Communication** |
| **Examples** | Documents such as Invoices, orders, quotes.  Email, fax, Letters, Memos and reports, Facebook, advertising | Spoken word in the following ways – face to face, intercom, telephone, meeting, video conferencing, Skype | Pictures, symbols, diagrams and maps:  Bar charts, pie charts, Pictograms, Graphs, slogans etc |
| **Advantages** | 1. Permanent record and proof of communication.  2. Message can be re-read if necessary.  3. Technology has made it faster - email | Quick – response is instant  Problems can explained and confusion is minimised  Personal and can be good for persuasion  Can use emotion, tone and body language to emphasise points | Very good for simplifying and analysing statistics.  Can make data more clear and easier to remember.  Can be used in conjunction with written and oral communication. |
| **Disadvantages** | Feedback can be slow, although email has improved this situation.  A risk that information overload and jargon may cause confusion | No record of communication unless recorded – this must be planned.  A lack of preparation may result in misinformation.  The receiver may not be listening and therefore miss the message. | Not sufficient on its own.  Can be over simplified. |

**Principles of good Communication (necessary elements)**

**1. Appropriate Language:**

Appropriate language and avoidance of jargon is crucial for communication to understood clearly. Jargon is the use of technical language with which the receiver may not be used to (eg common in finance and technology). Managers must speak clearly to employees and may need message translated into other languages. Marketing managers must not confuse customers as this will drive them towards their competition.

**2. Read and write well:**

This includes grammar and spelling as well as neat presentation. While Microsoft word and other modern software have helped to improve this matter, it cannot be overlooked. While it is simple to get write, the misuse of grammar or incorrect spilling could have huge negative effects on a manager’s reputation. Customers may not want to deal with someone who does not give attention to detail to the simple things.

**3. Timing:**

Timing is crucial in communication. A message must not be delivered too early or too late. If delivered too early it may be forgotten about and a reminder may be necessary, if it is sent too late then the receiver does not have time to act on it and this can have huge negative effects. If a marketing manager does not inform customers of a sales event on time then customers may not purchase their products.

**4. Listen Carefully:**

It is important for the receiver of oral communication to listen carefully so they understand exactly what is being said to them. Failure to listen carefully can lead to confusion. In a business setting this is likely to lead to mistakes and a reduction in profits. Marketing managers must listen carefully to what customers say to them while employers need to listen to employees opinions to keep good industrial relations.

**5. Honesty:**

Those giving out information must be honest and trustworthy in what they say and do. Failure to be honest will lead to conflict in business relationships. If entrepreneurs are not honest with investors about profit levels etc, conflict will arise and the entrepreneur will struggle to get further investment when required. Dishonest employees will face losing their jobs and conflict will arise in the workplace.

**Barriers to effective Communication**

* A barrier to effective communication is any factor which may prevent the message reaching the receiver
* Use the 5 key-points above but change the explanations to say how they could be a barrier to effective communication

**Factors to consider when choosing a method of communication**

**These factors must be considered as a whole rather than individually.**

1. **Cost**

Businesses seek to keep costs low so as to increase their profits. They must decide on how much they can afford to spend on communication, email is very cheap but TV and radio advertising are very expensive. The effectiveness of each choice must also be taken into consideration to see which will give better value for money.

1. **Urgency**

How urgent a message is will determine the choice of communication to use. If a message is very urgent then email or telephone are instant, however if the message is written then a courier may be required.

1. **Need for confidentially**

If a message needs to be kept private then the business must use a secure method of communication. Face to Face meetings are the most private, however if the message is in written form then registered post with receiver signature is appropriate

1. **Nature of message**

The content of the message must also be considered. If it is long and detailed then written is most appropriate as it can be re-read by the receiver. If the message is short then a phone call would be appropriate.

1. **Legal requirements**

Legislation in a country may determine the type of communication chosen. By Law many transactions have to be communicated in writing. These include contracts for buying houses or property and contracts of employment. Failure to provide written proof could lead to the rescinding of a contract in a court of law.

**Purpose of Meetings – could also be interpreted as benefits:**

1. **To give/receive information too many people at one time:**

Legally all registered companies and organisations must have an AGM. This is so the directors can communicate all necessary information to all shareholders/members in private at one time. It allows for discussion/debate and also for the election of directors/officers for the following year.

1. **To bring people together to solve problems:**

Meeting with people face to face is a good way of giving/receiving information. It adds a personal dimension in that people can use use emotion and body language to express opinions. Great business relationships can be made at meetings and meetings are the most common places of business deals and relationships being made.

1. **To make decisions:**

Meetings are the most common method of making decisions in organisations. These can be agreements between sales staff and customers, employers and employees, the entrepreneur and their investors. Meetings let all stakeholders involved have a say in the decision and through negotiation decisions and agreements can be made.

**Essential elements of a meeting**

**1. A meeting must be well planned in advance. A** secretary will use send out a notice in time but not too early. They will also send an agenda to all shareholders. This ensures the meeting runs as smoothly as possible.

**2. A meeting needs a chairperson and a secretary.** The chairperson needs to take control of proceedings while the secretary must keep a record of all communication that takes place.

**3. Before the meeting proceeds the chairperson must ensure that a quorum is present.** A quorum is the minimum number of people required for a vote or a significant decision to be made. This prevents decisions being made by the minority for self-interest purposes.

**4. The secretary must keep the minutes** – a record of all communication. This is required for future reference if any person needs to refer back to decisions made at a future date.

**Duties of a Chairperson**

* + - 1. These are often the president of a club or managing director of a company. They represent the club/company at official functions or in discussions with the media.
      2. They motivate club members or company staff by setting down clearly any new objectives and reminding them of the important old ones
      3. They preside over meetings and ensure these meetings are run in an orderly and efficient manner. They must sure that the meeting starts and finish on time, that the agenda is followed and that all items are discussed
      4. People attending a meeting must be allowed to air their views and to vote on any resolutions. The chairperson must ensure that no one person dominates a meeting by speaking all the time.
      5. They ensure all discussions and contributions from those members present are relevant to the agenda topic under discussion
      6. All votes must be counted properly by tellers and the results announced by the chairperson. A chairperson must avoid dominating a meeting. They must strive to be impartial and abide by all standing orders. If the result is tied then the chairperson has the deciding vote

**Their characteristics include**

1. Impartiality and objectivity – do not serve their own self-interest but best interests of the business
2. Tactful – be firm but not rude
3. Speaking clearly and succinctly – important to make clear any decisions made.
4. Have a sense of humour – important not to bore shareholders
5. Be a successful delegator – ensure other officers/directors take responsibility also.

**Duties of a Secretary**

1. They read and reply to all correspondence that comes into the company
2. They keep records of all new members. In a company they keep record of all the Shareholders
3. To check out and arrange appropriate facilities for conducting a meeting
4. Send out the notices and agenda for all meetings
5. Keep the minutes of meetings

**Characteristics of a Secretary**

1. Attention to detail
2. Orderly mind and organised person
3. Easily contactable
4. Good communication skills
5. Prompt responses to queries and correspondence
6. Ability to summarize

**Treasurer**

1. This is an elected officer/official with the responsibility for the finances of the organisation.
2. They are the custodian of the organisations funds.
3. They have the authority to receive, take care of and pay out money on behalf of the association.

**A Notice**

This states the name of the organisation, the time, dates and the place of the meeting.

**An Agenda** – must include the following:

1. Minutes of previous AGM
2. Matters arising from that meeting (decisions or actions taken after the meeting)
3. Chairperson’s report
4. Auditor’s report
5. Election of new Directors
6. A.O.B.

**Structure of a business letter (see page 112)**

1. Sender’s Address and date at top RHS
2. Receiver’s Address LHS
3. RE:
4. Dear (Receiver’s Title)
5. Paragraph 1 – Introduction – Reason for writing
6. Paragraph 2 – Main body of the Letter
7. Paragraph 3 – Conclusions – what you would like to happen next
8. Yours Faithfully/Sincerely
9. Signature
10. Name and Title in capitals

**Structure of Report (see page 114/115)**

1. Title
2. Table of Contents
3. Executive summary – main points of report
4. Terms of reference – purpose of report
5. Findings – detailed findings of report
6. Conclusions and Recommendations

**Information Communications Technology (ICT)**

ICT has transformed the way companies do business. However companies must be willing to change with technology or risk being left behind and losing market share to competitors.

**1. EDI – Electronic Data Interchange**

This is an I.T. system that links 2 businesses together. It usually links a business to its suppliers and/or service providers. Computers are programmed to automatically send orders, invoices and delivery statements. It is commonly used in stock control whereby orders are sent directly to a supplier when stock falls to a certain level.

**Advantages include:**

1. Reduced paper work – saves time and money
2. Reduced wage costs – no need for employees to do this work.
3. On time orders – orders sent directly reduces the risk of running out of stock. This prevents lost sales and increases customer loyalty.

**2. Videoconferencing**

A meeting between 2 or more people using the internet and software such as Skype. This requires a good Broadband service or ISDN line (Integrated services digital network). **Advantages include:**

1. Managers do not have to travel to meetings – this saves time for other important functions and also huge travel costs.
2. People can see and hear each other – the use of body language and facial expressions improves communication.

**3. Internet – World Wide Web**

This includes a vast collection of websites and an estimated 1 trillion pages on millions of topics. As of June 2011 there were 346,004,403 websites in existence. The vast majority of businesses have a webpage. **Advantages include:**

1. **Businesses can sell their products and services online** – this reduces the huge costs of having retail premises. EG. Ryanair no longer has any retail shops and sells 100% online or through agents.
2. **Businesses can advertise online. It** is free on their own website and they can pay search engines such as Google to advertise their webpage prominently.
3. **Businesses can increase market share by selling their products worldwide.** Together with fast distribution networks a person in Austrailia could purchase Irish products and have delivered in a short space of time.
4. **Businesses can use the Internet to do market research.** With a vast amount of information businesses can generate information on markets, consumers and competition easily.

**4. Email**

Allows people and businesses to send typed messages and add attachments such as word documents, excel sheets and photos.

**Advantages include:**

1. It saves money on postage and stationary; it also saves on wage costs because 1 person can send multiple messages instantly.
2. It is an instant form of communication. Receivers can get data instantly and respond just as quickly. In fact a person can have several communications in place at one time using email, which is not possible using telephone.

**Problems include:**

1. Email can only be used if the receiver has a computer and internet. However this is becoming less a problem as internet usage and coverage has increased dramatically.
2. Sending email is not secure – your computer could be hacked resulting in damaging emails being sent to stakeholders.
3. As email has become so popular many people ignore messages sent by unknown senders. This could result in wasted messages or may need a follow up phone call to ensure a receiver has received and read the mail.

**Data Protection Act 1988**

Introduced by Government to protect consumers and citizens **(data subjects**) who have personal information about them held by organisations and businesses **(data controllers)**.

**Rights of Data Subjects (citizens)**

1. **Get a copy of data that is kept about you on computer** – all you have to do is ask for a copy. EG medical records.
2. **Have errors corrected or deleted** – any incorrect information such as age, address, criminal record.
3. **Complain to Data Protection Commissioner** – if a data controller refuses to give you a copy of information or refuses to correct information held on you, you can complain to the data protection commissioner who has legal powers to force data controllers to correct this information.
4. **Compensation if you have suffered as a result of incorrect information.** If you are damaged by incorrect information you can sue the data controller. Eg an incorrect criminal record which prevents employment.

**Responsibilities of the Data Controller (Businesses and Organisations)**

Businesses using computers to store personal information about individuals must ensure that:

1. **Information has been obtained fairly and openly** **i.e.** the Data Subject must not be misled or deceived about the purpose of the data.
2. **Information is accurate and up to date** – updates and corrections should be performed instantly. This ensures that all data reflects the present situation and isn’t out of date
3. **Data should be secure** - Information is protected against unauthorised access or theft
4. **Data should be kept only for as long as necessary** – should be deleted when no longer needed.

**Data Commissioner**

This person supervises the operation of the law and investigates complaints of breaches of it.

Certain categories of controllers and processors are obliged to register with the Commissioner including all:

* Public Authorities (Gardai, The HSE etc)
* Financial Institutions (Banks, Insurance companies etc)

**Functions of the Data Protection Commissioner**

1. Keep a register of data controllers and processors
2. Enforce the law through orders and notices
3. Encourages the preparation and adoption of codes of practise
4. Prosecutes offenders under the Act