

The Effectiveness of Internal Communication in Media Organization

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A well-organized system of internal communication is vital in any organization open to improvement and change, pursuing better management of its resources and caring for good work atmosphere. Internal communication is primarily to provide efficient, mutual flow of information between employees and management staff at all levels in each area of the organization. In order to present internal communication tools and evaluate their effectiveness a survey study was conducted among the employees of the listed media company Cyfrowy Polsat, one of the two leading private TV groups in Poland. The study involved 136 employees (17% of total employment). The majority of respondents were male (85%). All the respondents were 23 to 47 years of age. Almost half were below 24 years of age and 38% represented the age group 25-34 years of age. The majority of respondents declared higher education with master degree and working time exceeding three years. The survey showed that the dominant form of communication is message distribution via electronic channels which confirmed the research assumption that there was a dehumanization of contacts and indirect communication dominated over direct contact. Limited direct contact was also recognized as the major cause of conflicts and disputes. The study was based on the analysis of literature and source materials (reports, statistics, newsletters, and legal acts). Additionally, the paper provides the presentation of Cyfrowy Polsat's position in the Polish media market as well as the strategies and objectives of the company.

Keywords: internal communication, media organization, direct communication, indirect communication, forms of communication, media market

Introduction

Each organization is a social system consisting of various smaller social groups. The joint work would not be possible if members of the group were unable to properly communicate with one another. An efficient communication system is not only an integral part of the organization, but also a prerequisite for proper delegation of responsibilities and effective decision-making. According to Stankiewicz (1999), communication in an enterprise is internal communication across organizational units of a company, which results in the creation of a common language, relationships between individuals and dissemination of relevant information to facilitate the implementation of change.

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Communicating, especially in a workplace, is a process that is subject to specific rules. It takes place at different levels in a continuous and uninterrupted mode. There are two basic types of communication functioning within the organization, namely, formal and informal. “Formal communication networks allow people to handle predictable, routine situations, but they are inefficient means of meeting unanticipated communication needs for managing crises, for dealing with complex or detailed problems, for sharing personal information, or for exchanging information rapidly” (Conard & Poole, 2005). These principles apply to any organization, including media companies.

The Objectives and Methodology of Research

In order to present internal communication tools and evaluate their effectiveness, a survey was conducted among 136 employees (17% of total employment) of the listed company Cyfrowy Polsat. The study draws on the review of relevant literature and the analysis of source materials (reports, statistics, newsletters, and legal acts). The empirical material was collected by Sawa in March and April 2013. The majority of respondents were male (85%). All respondents are in the 23 to 47 age group. Almost half were below 24 years of age, and 38% were aged 25-34. The vast majority of respondents were declared to be graduates with Master degrees, no person had secondary education, and most of them had worked for the company for more than three years.

The Position of Cyfrowy Polsat in the Polish Media Market

Cyfrowy Polsat is one of the two leading private TV groups among Polish broadcasters. The company started as a third party on the satellite TV market after signing an agreement with Polsat TV in December 2000. Until the end of 2004, Cyfrowy Polsat recorded a steady growth in the number of customers which in the first years meant an increase of about 100,000 subscribers per year. Since 2005, the rates have increased very rapidly. The success can be attributed to a good and competitively priced program offer. It should also be noted that Cyfrowy Polsat was one of the most modern satellite centers in Europe and the company was the first operator in the market to introduce new set-top boxes with built-in hard disk.

In 2008, Cyfrowy Polsat expanded its product portfolio with a new service—mobile telephony. This was the first step in the implementation of the key objective of the brand owner—to become a provider of integrated services. Subsequently, the group introduced broadband Internet access, and since April 2012, Cyfrowy Polsat has been the owner of Internet TV IPLA. Consequently the company operates and competes in three sectors: television, broadband Internet, and mobile telephony.

Cyfrowy Polsat operates in two business segments: the segment of services provided to individual customers (delivery of digital television services, broadband Internet access, and mobile phones) and the segment of broadcasting and television production. Currently, Cyfrowy Polsat is present in every fifth Polish home and the brand itself has the highest name recognition among all satellite platform operators in Poland.

With 55% share in the domestic market of DTH platforms, Cyfrowy Polsat is the leader in this segment of media market and remains the only provider of own range of integrated services. In 2011, the share of Cyfrowy Polsat in pay TV market was the biggest and amounted to 41% followed by cable TV operators with shares at 32% (Retrieved from <http://www.CyfrowyPolsat.pl>).

Despite the initial difficulties, the group's consistently implemented strategy contributed to the fact that, with a number of 3.55 million subscribers, the company is currently the leader in satellite television market in Poland and among the largest digital platforms in Europe.

In August 2011, Cyfrowy Polsat started to provide LTE Internet access services, thus becoming Poland's first Internet provider using this technology. Over 24,000 towns, accounting for 70.4% of the population of Poland, are now within the reach of Cyfrowy Polsat mobile Internet. The current position of the company on the market can be illustrated with its financial results as shown in Table 1.

Table 1

The Financial Results of Cyfrowy Polsat in the Fourth Quarter of 2012

Figure category	2012 [million PLN]	Change 2012/2011[%]	
Revenue	753	↑	4%
Costs	506	↓	4%
EBITDA	247	↑	25%
EBITDA margin	32.9%	↑	5.5%
Net profits	122	↑	59%

Note. Source: Consolidated Financial Statements for the year ended December 31, 2012 and Internal analysis.

In 2012 Cyfrowy Polsat reported a 4% increase in revenue compared to 2011. The group's primary sources of revenue include retail customers (60%) and advertising and sponsorship (33%). The structure of revenue would be incomplete without proceeds from cable and satellite operators (3%), sale of equipment (2%) and other (2%) (Cyfrowy Polsat materials). Effective policy and ongoing cost synergies directly influenced the EBITDA margin, which recorded an increase of 5.5%. Such good financial results were also influenced by the effect of valuation of bonds and lower debt servicing costs due to lower interest charges following early debt repayment in the third quarter of 2012.

In 2012, the group being both a satellite TV provider and a broadcaster reported a little more than 2.78 billion PLN revenue (17.4 percent more than a year earlier), 790 million PLN in operating profit, more than one billion PLN EBITDA and 598 million PLN net profits. The number of subscribers of mobile Internet of Cyfrowy Polsat increased in the fourth quarter to 150,200. This represents a 28% increase over three months.

The Company's Strategy and Objectives

The principal aim of Cyfrowy Polsat management is to achieve the position of a leader in the multimedia market in Poland, gain a significant market share of broadband Internet services, attract a defined number of telephone service subscribers and, consequently, compete effectively in the changing media market.

The main elements of Cyfrowy Polsat strategy include:

- Building value of individual customer base by increasing the number of subscribers, increasing the average revenue per user (ARPU) and maintaining high levels of customer satisfaction;
- Creating value of broadcasting and television production segment by keeping audience shares of channels broadcast by Cyfrowy Polsat, improving the viewer profile and by widespread distribution of the content;
- Effective management of the cost base by making use of synergy effects achieved across the integrated media group (Retrieved from <http://www.CyfrowyPolsat.pl>).

Since the beginning of Cyfrowy Polsat the group has achieved a significant revenue growth in the retail

business segment and still plans to increase its market share through the implementation of marketing activities targeted at the existing and future customers. The group intends to use primarily the projected increase in consumer spending resulting from the increase in wealth of the Poles. To achieve this, the company offers attractive packages of channels, including HD channels as well as a range of additional services such as VOD/PPV, catch-up TV, and Multiroom service. The company also aims to increase the number of customers using mobile broadband access to the Internet. With mobile technology the group will be able to offer high quality services, which will improve customer satisfaction and bring further increases in future profits.

Another element of the strategy of Cyfrowy Polsat is closely related to television production. Channels offered by the company enjoy satisfying viewing figures and have a strong position in the television market. There is therefore a desire to continue to maintain a stable audience share and consistently improve the viewer profile by customizing services. It is also anticipated that as a result of relevant investment plans (building a broad portfolio of products and wide distribution of channels) the viewer profile will be consistently improved, which in the future will have a positive impact on the price of advertising airtime. In addition, it is planned to expand distribution of channels produced both within FTA and pay-TV models, which will attract audience and generate revenue growth for the distribution of channels by pay-TV operators.

The company also aims to effectively manage the cost base and achieve synergy effects within the integrated media group to gain competitive advantage. It is essential for building discipline in finance management and creating value for shareholders. For this purpose, the company identified key areas for the cost base to be managed at the level of the whole group. These are primarily:

- Cross-promotion (combined services) and marketing activities to promote program packages, multi-play offer, and Polsat TV channels through various media platforms, including pay-TV, VOD, mobile telephony, and broadband Internet;
- Technological synergy (combination of technological solutions and technological resources of two or more companies in the group), which allows for more efficient use of satellite equipment and optimization of hardware and software systems, benefits from the acquisition of content for the entire platform and strengthening the bargaining power of the combined businesses;
- Synergies related to administrative facilities, providing benefits from large scale operations of combined businesses and sharing worked out solutions (Retrieved from <http://www.CyfrowyPolsat.pl>).

Another crucial element of the company's strategy is caring for its employees, the creation of such work environment that will attract and retain the best people and provide opportunities for them to develop their skills and competences.

Creating the corporate culture based on trust and encouraging productive work is largely dependent on how the company is managed especially at the highest level. Effective communication is important for the CEOs for two main reasons. Basic management functions are executed through communication processes and, at the same time, communicating consumes a vast amount of managers' precious time. Communication process is thus the foundation of leadership (Jaska, 2010).

The employees should know where their organization is going, what it wants to achieve and how it intends to do so. Cyfrowy Polsat developed an effective plan of action called 4P Formula defining the group's core values necessary to achieve the strategic objectives: competitive advantage, owner's perspective, priorities, and teamwork.

In order to gain a competitive advantage, the company encourages innovation, develops the ability to implement change and hires the best professionals, who effectively explore the changing market and seek development opportunities. The result is the leader position, positive image of the company and, consequently, satisfaction and trust of clients and business partners.

Internal communication is primarily to provide an efficient, two-way flow of information on every aspect of the organization's operations between employees and management at all levels (Pruszyńska-Witkowska, 2006).

Each task is approached constructively, that is when a problem is identified a solution is sought without thinking about limitations but rather how these constraints can be eliminated to the benefit of the company. It is the owner's perspective: looking with the owner's eye at any, even the smallest problem to be addressed, the broadly understood responsibility for the business, commitment to work and daily care for the effects of one's own actions.

The third factor is prioritization, which is the ability to focus on the most important tasks. Prioritizing can sometimes be a challenge, especially when a considerable number of problems should be managed in a short time. The ability to select effectively and give priority is a valuable skill. Prioritization is a daily practice in decision making; it strengthens task-oriented attitude and consistent implementation.

In the area of teamwork, priorities include good exchange of information, building friendly relationships, and encouraging mutual support. Without teamwork the company cannot think of achieving any satisfying results. Teamwork generates an added value exceeding the performance of a single employee. It creates structures for considerate, planned, and open cooperation.

Internal Communication in Cyfrowy Polsat in the Opinion of Employees

Since 2009 Cyfrowy Polsat SA, has had Corporate Communication Department, which is responsible for the broadly understood communication among the group, the market, investors, as well as employees of the company. Previously, these tasks were performed by the Promotion Department. The main tasks of Corporate Communication Department include: building the company's internal communication; managing internal communication tools; monitoring the effectiveness of communication activities; and initiating projects to improve internal communication (e.g., through initiatives that build a sense of identity with the company); and editing and distributing company newsletter or managing the intranet content.

Every day the employees of Cyfrowy Polsat use multiple communication forms. However, formal channels dominate decisively (89%). It means that message is distributed mostly through officially designated channels, often representing the hierarchy of subordination.

According to the employees of Cyfrowy Polsat most information is delivered or accessed electronically (43%). Electronic channel is used to transmit critical and urgent messages, especially as most desks are equipped with computers with Internet access. It is the result of regular use of this source of information which can ultimately lead to new mediaaddiction (Golka, 2008). Other instruments of internal communication that are regularly used include a telephone (23%) and face to face contact with the supervisor (18%). Only one in 10 respondents mentioned face to face contact with other employees while corporate newspaper, team building retreats, and newsletters were rarely used tools of communication in the company as shown in Figure 1.

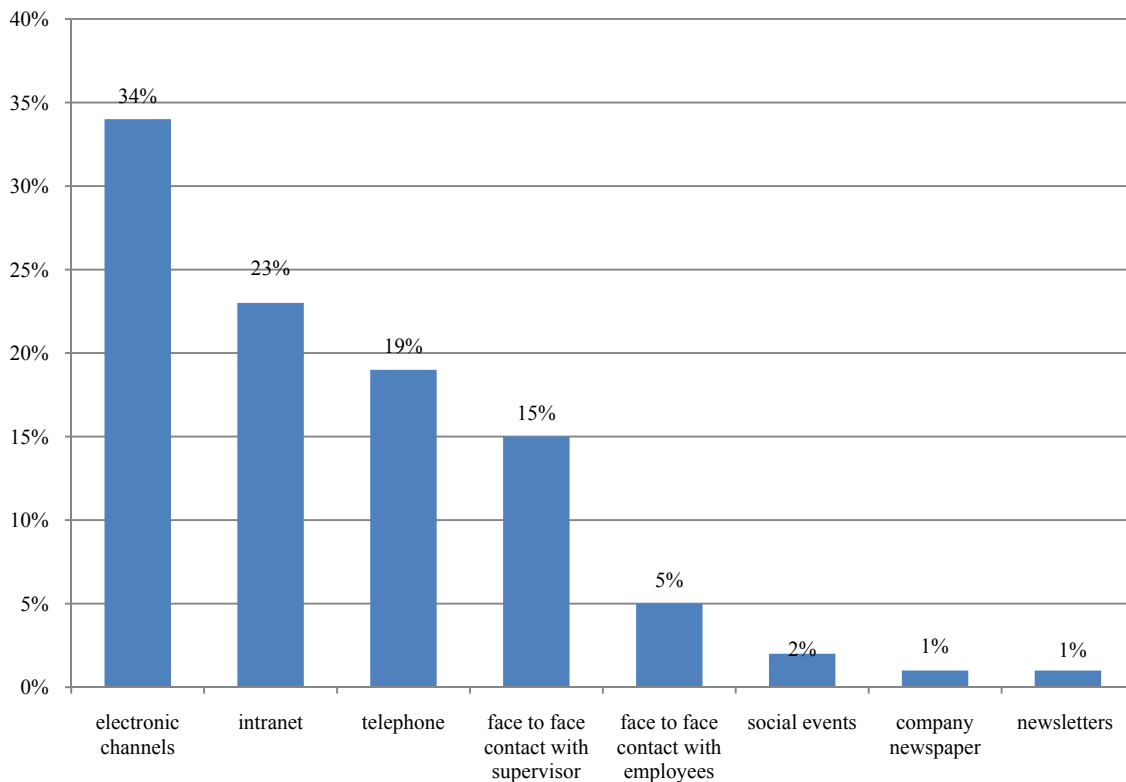


Figure 1. Internal communication tools used in Cyfrowy Polsat. Source: Authors' research.

Respondents felt that the most effective and preferred communication tools for their company would be direct communication (49%), social events (35%), and group discussions (16%). The most commonly used channel of the dominant electronic communication was e-mail (43%). The frequency of e-mail use on each working day undoubtedly proves its universality. Each employee sends an average of 30 to 40 e-mails a day and the company employs approximately 800 people. Other electronic tools such as instant messaging or intranet are also commonly used in the company. The intranet was indicated by 32% of respondents and instant messaging by every fifth respondent. It has also been found that Cyfrowy Polsat rarely uses such forms of electronic communication as video conferencing and voice chats or they are used only by the senior management staff.

Electronic communication was dominant both in dealings with other employees and between employees and supervisors (Werenowska & Adamus, 2013). It was followed by a telephone conversation (18%) and face to face conversation (7%). Only 2% of respondents pointed to memos.

When contacting their immediate supervisors the employees were more frequently involved in face to face conversations during conferences and meetings, which allowed them to ask questions and raise problems.

The vast majority of employees believed that instructions and messages provided by managers were always clear and easy to understand (39%) or usually clear and easy to understand (56%). Only 5% of respondents stated that they rarely understood these messages. Probably such a high level of message comprehension results from the fact that employees are informed in meetings, so they can directly ask questions if they need clarification.

The communication structure is different at the top management level of Cyfrowy Polsat. According to information obtained in house CEOs prefer traditional forms of communication, e.g., meetings of the Board or sitting of the Supervisory Board. Since 2001, a new form of communication has been introduced—strategic meetings of the Board with managers. Their agendas include comprehensive presentations on the company strategy, the current market situation and competition. However, the aim of the meetings is also to enhance the managers' involvement in the implementation of the strategy and their understanding of its crucial role in achieving common goals.

According to the staff of Cyfrowy Polsat, the current system of corporate communication is not bad, although they pointed to a few shortcomings. About 85% of respondents felt that the existing system is properly adjusted to the profile of the company and works perfectly. A similar distribution of responses appeared in the question about the level of satisfaction, because 82% of the employees who took part in the study declared satisfaction with the current system of corporate communication and rated it as effective. Respondents who were unhappy with the exiting situation named the following problems: domination of indirect over direct communication, lack of appropriate communication tools, information overload and shortage of good team leaders. To address the problems they proposed the implementation of a training scheme in the field of communication for employees (47%), more frequent meetings and direct forms of communication such as briefings (32%) while 17% of respondents felt that a good way to combat ineffective communication could be social events, which so far had not been frequently organized. The analysis of the communication situation in the company also shows that the majority of conflicts occurred between the employees (51%) and an employee and a group (32%). Every fifth respondent stated that it is a serious and very common problem and the main reasons they indicated included: the lack of face to face contact, poor circulation of information, and communication problems as shown in Figure 2.

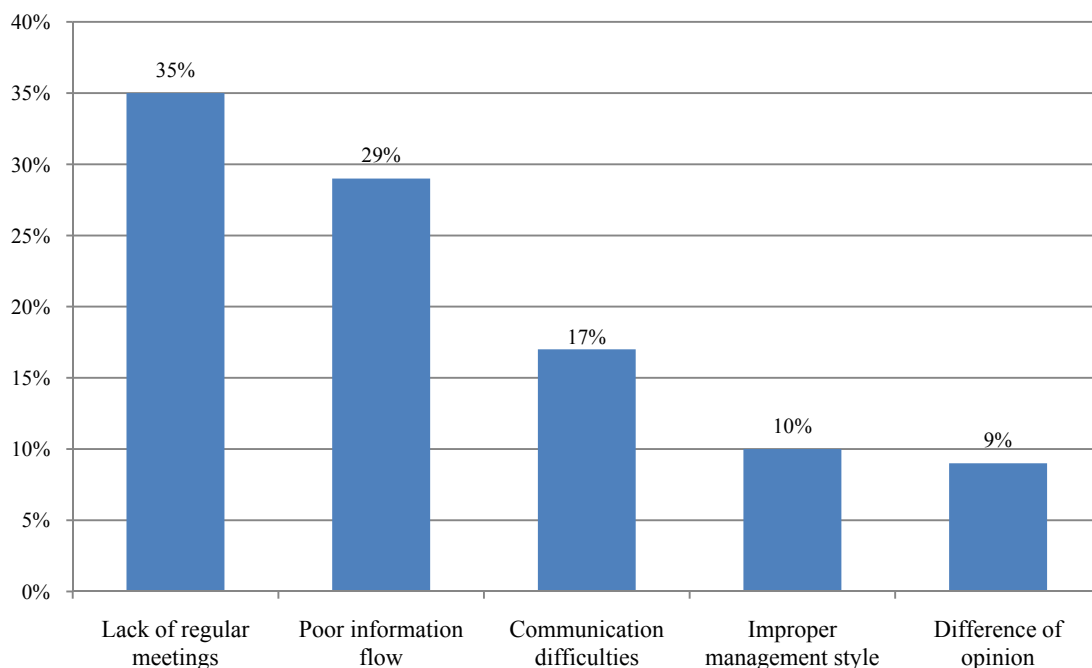


Figure 2. Causes of conflicts in Cyfrowy Polsat. Source: Authors' research.

It should be noted that malfunctioning communication can weaken or invalidate the effects of measures taken in order to shape employee attitudes and interpersonal relations, trainings and professional development. Communication errors can lead to loss of mutual trust, delays in the implementation of the plans and to obtain a genuine commitment of employees to the activities undertaken by the organization (Winkler, 2008).

Analysis of Strengths and Weaknesses of Internal Communication Processes in Cyfrowy Polsat

The survey conducted in Cyfrowy Polsat shows that the use of electronic message distribution channels such as e-mail, instant messaging, and intranet is strength of the communication process in the company. The currently available information and communication technologies are very helpful in building internal communication system and replace both paper and oral message distribution.

The use of electronic means of communication enables faster and more efficient gathering, transferring and analysis of information. Additionally, it reduces the direct and indirect transaction costs due to accelerated exchange of information and saving time. It is noteworthy that the company management decided to use instant messaging as one of their in-house communication tools so that employees can keep each other informed and conduct independent discussions. This is an original move as many companies ban instant messaging or even block access to it. The newsletters of Cyfrowy Polsat are also issued in electronic form. It is a relatively simple and quick way to disseminate information in the office. This method of communication proves effective in situations requiring immediate response.

Cyfrowy Polsat publishes its own corporate newspaper, which is aimed at staff and collaborators. It is a very good way to communicate within the company, as each employee receives the same accurate information. Additionally, it is seen as an effective tool to integrate the team and build identification with the company. The disadvantages undoubtedly list the cost of magazine publication, time consumption and distribution problems.

Of course, no technology can replace face to face communication. This is the most effective but also the most time-consuming form of reaching an employee. On the other hand, direct contact provides instant feedback and allows the exchange of views. The management and their communication skills play a key role here as efficient internal communication requires a genuine dialogue with employees. Meetings of managers and subordinates are a forum for the exchange of opinions and making key decisions. Meeting forms differ depending on the purpose and usually take the form of a briefing held for a small group where the supervisor provides brief information and instructions for quick implementation and unit staff meetings called to discuss current issues, determine how to address them and define ways to implement solutions.

The weakness of Cyfrowy Polsat internal communication system is the domination of formal communication over informal forms. Generally, if the in-house communication is limited to official and inflexible forms the management should expect internal crises (Penc, 2010). In such case, employees develop their own system; they rely on the word of mouth which generates rumors and numerous misunderstandings. While the reduction in face to face contacts between managers and subordinates is rather a small scale issue, it becomes a noticeable problem in the relationships between employees. Electronic forms of communication effectively displace face to face ones which result in two workers sitting next to each other communicating via email or IM.

Another weakness of Cyfrowy Polsat communication system is the lack or limited number of team recreation or team building retreats. Throughout history, people have sought and still continue to seek close and

direct contact with other people. Events are a great way to meet these needs and the occasion for the organizers to get immediate feedback (Werenowska, 2011). Such meetings may result in an increase in trust and openness among employees and establishing two-way communication with management. Identification of the strengths and weaknesses of communication styles in an organization enables the understanding of the complexity of a given organization and its typical communication problems (Hamilton, 2011).

Conclusions

It is difficult to determine the effectiveness of a communication system in an organization, because, in practice, there are no precise measurement instruments. It is worth to recall the opinion that a communication system is effective if it does not just pass the knowledge on what should be happening in the company, but by providing information that makes things happen and this is the ideal which companies (including Cyfrowy Polsat), should pursue. If the company's objectives include continuous development, openness to improvement and change, effective management of its resources and care for the work environment, they are sufficient arguments for the existence of a well-organized system of internal communication.

The survey shows that the dominant forms of communication and transmission of information rely on electronic channels. This confirms the research assumption that interpersonal contacts have been dehumanized as indirect communication to a large extent dominated direct, face to face contact. Limited direct contact was also recognized as the major cause of conflicts and disagreements.

Therefore, it would be worthwhile to consider establishing the code and rule regulating the use of electronic mail, which would result in more frequent face to face contacts, both among employees and between supervisors and subordinates.

Another recommendation would be to consider organizing team building or social events, as well as training schemes to strengthen employees' identification with the organization, their understanding of the company's mission and vision as well as their cooperative skills and ability to communicate effectively.

The Management Board of Cyfrowy Polsat should also take into account the possibility of carrying out a communication audit to identify the strengths and weaknesses of the existing system of communication and recognize the preferences of workers in this area (Tworzydło, 2013).

Finally, it is important for an organization to use communication tools in a consistent and coordinated manner to provide its employees with basic knowledge about the company and the market in a simple and effective way and help senior management and employees communicate without difficulties and barriers.

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