



INSTITUTIONAL COMMUNICATION STRATEGY TO MANAGE UNCERTAINTY IN ORGANIZATIONAL PROCESSES*

Estrategia de la Comunicación Institucional para Administrar la Incertidumbre en Procesos Organizacionales

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SÍNTESIS:

El presente artículo relaciona la teoría de la información y la administración de la incertidumbre (Brashers, 2001) y la Comunicación Institucional (Lammers & Barbour, 2006), como estrategia para incrementar la eficiencia de los canales de comunicación. La perspectiva institucional permite que las organizaciones aumenten la confianza con sus públicos de interés, a través del incremento de la transparencia organizacional y la eliminación de las barreras de comunicación.

DESCRIPTORES:

Administración de la incertidumbre, comunicación institucional, institucionalismo, comunicación organizacional.

ABSTRACT:

This research paper links the informational theory of uncertainty management (Brashers, 2001) to Institutional Communication (Lammers & Barbour, 2006), as a strategy to increase the efficiency of communication channels. The institutional approach allows organizations to develop confidence on stakeholders, by increasing organizational transparency, and reducing communication barriers.

DESCRIPTORS:

Uncertainty management, institutional communication, institutionalism, organizational communication.

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Institutional Communication allows organizations to manage uncertainty, in order to approach its corporative goals. Established practices increase efficiency within communication channels which allows stakeholders to build clear expectations on products and services offered by the organization. Confidence from customers prevents negative impacts during critical periods, and furthermore, managers are able to control communicative processes in both internal and external relations.

This article presents an institutional approach, based on the uncertainty management theory (Brashers, 2001). Organizations manage stakeholder relationships by institutional communication in order to pursue its interests; planning coordinators work with corporative and community members, in order to develop established practices. "The success of cross boundary communication depends on the presence of institutions" (Lammers & Barbour, 2006: 369).

The paper includes some theory suggestions (Madon et al, 2007) to implement institutional communication studies, through comparative methods. This follows the institutional tradition, about descriptive methods and diachronic analysis.

It is made under the uncertainty management theoretical approach (Braschers, 2001). Furthermore, it points out the role of

institutions to reduce uncertainty within organizational processes (Lammers & Barbour, 2006); its link with organizational communication and communication channels; and at last shows an institutional approach as a research method (Madon et al, 2007).

Uncertainty management

The lack of communication increases uncertainty. Organizations use institutional communication, in order to reduce the absence of information among their stakeholders. Organizations appraise uncertainty as a potential harm or benefit. These appraisals motivate people to engage in predictable behaviors to manage foreseeable events (Brashers, 2001). On one side, managers could widespread uncertainty in order to give more benefits to particular actors in relation to others. It promotes information asymmetry. Thus with more information have more participation in the decision making process which allows to pursue its own interests. On the other hand, people with lack of information tend to make further mistakes, or to lose opportunities. For instance, a customer without information about the benefits of a particular product or service cannot take advantage of it.

Managers could administer uncertainty, according to organization interests, in order to implement whereas seeking or avoiding information (Brashers, 2001). The CEO handles uncertainty among its stakeholders by uneven message allocation. It seeks to give higher

benefits to particular customers or to the organization itself.

The organization institutionalizes the routines and communication channels, in order to make more efficient organizational processes. Managers look for institutional environments, where processes are coherent with institutional setting, through inter-organizational communication that crosses the boundary (Finet, 2001). It qualifies internal and external processes. “Much communication in organizations concerns efforts to interpret and conform externally generated institutional demands” (Lammers & Barbour, 2006: 365).

Uncertainty is the main problem in organizational communication among the firm and their stakeholders (Furubotn & Richter, 2005). North (1990) defines uncertainty as the condition, where individuals cannot determine the occurrence or absence of an event. In contrast, organizational communication shifts uncertainty into risk. The more exchange of information, the more consciousness within decision making process. The likely of an event increases by institutional efficiency. Institutions exist in order to reduce the implicit uncertainty within human interaction.

Customers have more opportunities to take advantage of services from an organization, to the extent of the quality of the communication process. Clients will perceive the ways to take advantage of products and services. Uncertainty management feeds the client experience. Uncertainty exists, because the agents are unable to decipher the whole complexity of the problems of decision that they face, which prevents them from selecting the best alternatives (Hiener, 1993). The lack of information avoids manager to make decisions. The more or the less information about the

world defines the rational limits. Therefore, actors are not omniscient. They make decisions according to their ability to understand available information (Furubotn & Richter, 2005).

Uncertainty turns more complex, because the individual making decision process is not just based on rational choices. Emotional sources provide significant influence on daily routines. Furthermore, there is uncertainty about the criteria, preferences and expectations within the decision making process of other agents. Individual behavior is based on their expectations about the predictions made by others. Their decision making processes is conducted by their knowledge about the information used by other individuals. Social behavior is a vicious circle, about an infinite regression of beliefs on how other people foresee their own predictions.

Institutions reduce uncertainty

Institutions are the organizational processes to reduce uncertainty among internal and external clients. Institutions allow customers to expect a repetitive behavior from the organization. This increases the efficiency of communication flows.

Institutions are norms or pattern of behaviors, which allow actors to expect outcomes. Are built on a routine of processes. Lammers & Barbour (2006) provide a definition of institutions, from organizational communication. “Constellations of established practices guided by formalized, rational beliefs that transcend particular organizations and situations” (Lammers & Barbour, 2006: 364). In the same line, Ménard & Shirley (2005) define institutions like formal and informal norms, which individuals create in order to reduce uncertainty. “These include (i) written rules and agreements that govern contractual relations and corporate governance, (ii)

constitutions, laws and rules that govern politics, government, finance, and society more broadly, and (iii) unwritten codes of conduct, norms of behavior, and beliefs” (Ménard & Shirley, 2005: 1). Institutions are mental abstractions (North, 1990). Institutional Communication claims the mental models and other aspects of cognition, which determine how human beings interpret the reality, which forms the institutional environment that they construct. It is not possible to touch institutions. However, institutions are implicit in each communication process. Institutions make influence on individual willing, and they affect each social interaction. The fundamental components of institutions are: behaviors, actors and beliefs.

Institutions are the material manifestation of accumulated knowledge (Phillips et al., 2004). They provide policy learning, in order to solve problems within a complex world. “In contemporary organizations, formal relationships (i.e., contractual or regulated) between members of different organizations may be as consequential for action as ongoing face-to-face relations among members within an organization” (Lammers & Barbour, 2006: 371). Formally established practices allow customers to get customer service, financial products, to buy a house, and other activities, which link external clients to organizations.

Institutional Communication strategy prognostics, allow a future plan in the short run, in order to achieve corporative goals. According to Scott (2001) relevant institutions to organizational communication reflect a means-ends orientation. This point of view links a behavior pattern to organizational goals through institutional communication. “We would emphasize three features by institutions—formal knowledge, rationality, and independence—as the key contributions of an institutional theory

of organizational communication” (Lammers & Barbour, 2006: 371). Formal institutions provide the customer a fix structure to maximize their opportunities within organizational exchanges (Furubotn & Richter, 2005). However, formal institutions do not stop to overcome incomplete information within the complexity of social transactions. Informal agreements emerge among the gap of formal institutions. It is a native feature of organizational processes. Informal institutions come from particular interest of individuals without the evidence of written rules. Actually, informal institutions survive within the daily interaction among individuals and organizations. Informal institutions are beliefs, motives, thought and behavior habits. Formal and informal institutions cohabite within the interconnection of individual decisions (Furubotn & Richter, 2005). A change in informal or formal institutions leads to shift each other, looking for a balance. The correspondence among formal and informal institutions impacts the organizational performance. Institutional Communication seeks how institutional performance promotes organizational outcomes. “Formal knowledge rules aspect is only one of the features of this formalism; by these codes, conduct is not only constrained but also guided and coordinated. That conduct is also informally guided and adjusted” (Lammers & Barbour, 2006: 371).

The key aspect in organizational performance is its institutional frame. The institutional structure survives within organizational processes. It defines the decision making process and the pattern for future plans in the long run. For instance, institutions provide the base for organizational transparency, in relation to the exchange of services and products among the organization and its stakeholders. Therefore, there is key difference among public organizations in developed and developing

countries: the governmental pattern to increase uncertainty, through policies fostered by institutional communication (Furubotn & Richter, 2005). This allows customers to take more or less advantage of resources, services and products. It gives to particular customers more benefits than others. It is a source of corruption such as clientelism. “Formal rules apply unevenly to institutional members, both within and across organizations” (Lammers & Barbour, 2006: 366).

Internal communication adds institutional adjustments. Communication flows run according to formal and informal rules, which allow internal clients to be engaged in organizational processes. “Institutional hierarchy is manifested in the organization” (Lammers & Barbour, 2006: 366). By doing so, institutional communication should ensure the message allocation, according to the need of information along the organizational structure. In this sense, institutional power is not evenly distributed across organizational environments. In contrast, institutional communication provides information according to the role played by internal clients in the organization. “Some members are more or less bound by rules, and some organizations and organizational members have more or less power to challenge prevailing institutional rules” (Lammers & Barbour, 2006: 366). Institutional communication allocates information, in order to concentrate the making decisions process in the top levels of the organizational structure. “Government and market institutions can concentrate authority in the decision making process” (Lammers & Barbour, 2006: 366).

Institutional communication allows a manager to predict phenomena beyond the control of individual organizational members, in order to constrain organizational behavior. It is a tool to

handle organizational processes in an accurate way. “Institutions contribute to understand organizational communication” (Lammers & Barbour, 2006: 364). Institutional Communication is the base for emergency plans. This way, established practices allow managers and organizational members to be engaged in solving problem alternatives through clear communication, tight coordination and complete cooperation. This effect is the outcome of reiterative rules in organizational communication (Boden, 1994).

A community benefit detected in institutions promotes cooperative solutions. North (1990) states that communication needs cooperation mechanisms, in order to make message exchange more efficient. For example, efficient information flow offers knowledge of particular activities historical performance, which involves organizations and its stakeholders. This way stable institutions reduce the risk of transaction costs within the relations in a world of unpredictable events (Ménard & Shirley, 2005). Inefficient institutions lead to gaps within the communication process. Therefore, available information diminishes and uncertainty increases. In contrast, in the long run institutional stability builds a pattern dependency. Nevertheless, institutional performance involves dynamics of social activities, like learning processes, adjustments in the environment and modifications in policies and beliefs. Institutions remain in an increasing change. There are small and hidden modifications. The historical analysis on institutional performance allows leaders in the long term to perceive the changes and organize them in a logical process. The incremental changes define the evolution of organization and alter the alternatives of individuals. In the short term, culture defines how stakeholders perceive the information and use it.

Communication sustains institutions

Organizational communication is inefficient, if there is uncertainty. Institutional communication emerges as strategic management to lead efficiently organizational processes toward corporative goals. “Institutions are communicatively constituted” (Lammers & Barbour, 2006: 364). Uncertainty avoids stakeholders to get useful information, in order to be engaged in social, commercial or organizational processes. Communication aligns organizations and institutions. Institutions constrain organizational change and serve in decision making. In contrast, institutions disrupt uncertainty. Institutional communication builds genuine expectative among customers.

Institutions increase the efficiency in the communication process between the organization and their customers. Institutions avoid the asymmetry of information by having decentralized its possession on part of a few stakeholders, or by the same organization; they eliminate information barriers, like the semantic noise in case official reports or press releases are presented in a technical language; and they help to promote the transparence of the communication process, by having reduced opacity of the information. It allows access of stakeholders to the information. The institutional communication is the phenomenon that guarantees communication flows. Information allows stakeholders to reduce uncertainty about the future. This develops clear points of view regarding the way on how they must behave.

The success of boundary-spanning communication depends on the presence of institutions. “When an organization communicates with its environment, it must reference to institutions (Taylor & Van Every, 2000). Institutional Communication points out

rational channels and methods to link 'macroactors' with the organizations structure. They are organizational negotiators, public relations professionals, board interlockers, crisis communicators, and mission statements writers, which design the forthcoming organizational performance. “They use schemas that have influence across organizations” (Lammers & Barbour, 2006: 365). In the same line, stakeholders would expect references of institutions in internal and external organizational communication.

Communication flow with stakeholders follow a pattern built from institutional communication. It guides the organization to be engaged with the external environment. “It is often through external communication that organizational members see reflected their decisions within the institutional environment” (Lammers & Barbour, 2006: 365).

Institutional communication is built on policy learning. Each experience provides intangible capital such as historical knowledge about organizational processes. The organization learns to face difficulties and to approach the solution in a more efficient way. Favorable experiences are reproduced. On the other hand, mistakes are avoided. Managers use competing discourses, in order to change or reproduce existing structures (Kuhn, 2005). The institutional approach would predict small changes in the organization, in order to get the organizations transformation. This will increase the ability of organization to face more complex processes.

Lammers & Barbour (2006) synthesizes institutional communication within the following five propositions: communication sustains institutions; communication aligns organizations with institutions; institutions

operate in organizations through formal communication; the success of external communication depends on the presence of institutions; institutional hierarchy is manifested in the organization.

Institutional Communication provides fixed protocols to stakeholders, in order to be linked to organizational processes. Established practices make more efficient the relation with customers and the other stakeholders, in order to fulfill the promises within services and products. It impacts the customer experiences, and becomes an added value. It increases the position of the organization within the top of mind, as an intangible asset.

“Institutions operate in organizations through formal communication. The planning department was the organizational code repository that represented the articles and knowledge of institutionalized planning” (Lammers & Barbour, 2006: 369). Planning process follows the application of formal knowledge to organizational practices. By doing so, institutional environment (codes, regulations, policies, contracts, beliefs, behaviors, motives, etc.) drives organizational decision making.

Institutional channels

The organization uses the new technologies, in order to promote its contact with the stakeholders, and to improve the performance of its services (Jambeiro & Palacios, 2010). It offers new opportunities of information, and promotes the conditions to build more transparent information. Stakeholders have the opportunity to recall the satisfaction of its needs, across institutional channels. Another impact is the increasing demand for transparency in communication flows. Stakeholders increase their compromise with organization.

Institutional Communication implements efficient policies, if it promotes the access of stakeholders to the production of the contents in its channels for external communication. This aspect leads to their inclusion in organizational processes. This is a basic principle to achieve human and social development, in the context of the 'information society'. Stakeholders interact with organizations through communication flows within networks. (Jambeiro & Palacios, 2010). In this sense, there is a relation between the 'infoinclusion', from the access to information of organizations, by new media such as social networks and web sites. It provides efficiency to the communication process, and better access to the benefits offered by the organization (Maheshwari et al., 2006).

Institutional Communication cuts speculation among stakeholders. It makes clearer the occurrence of an event, because it provides a behavior pattern. Established practices in social or commercial relations leaves a short space for failed expectations. It gives stakeholders a clearer expectative. The communication process is more efficient. The processes can be institutionalized, by creating structures with symbolically recognized goals, linked to social activities and supported by appropriate material resources (Madon et al., 2007). First of all, citizens acquire habits. Then, they turn them into routines, through repetition. Institutions send a clear message to stakeholders. The communication process between the organization and the customers is more efficient, having been supported by the institutions.

The frequent repetition of an activity is not enough to promote efficient processes. Some failed practices are perpetuated in the social structure, and they are accepted by external and corporative members (Bartlett et al., 2007). It reproduces the same mistakes in the long run.

This way, the institutional inefficiency spends organizational processes within unproductive activities. Therefore, managers should give incentives to produce small changes, which turn mistakes into a friendlier environment.

Institutional Communication decentralizes the possession of information. The concentration of power on the information avoids stakeholders to take advantage of organizational services and products. A closed organization reduces the institutional transparency in the communication process. The scarcity of information about the organizational activities avoids future relations with stakeholders.

Literature proposes to reinforce the institutional environment, in order to curb negative effects within environmental contingencies. Efficient institutions promote a more suitable relation among the organization and the stakeholders. The institutional transparency propitiates the confidence within the customers. This condition increases the access of stakeholders to the information. It prevents negative effects within critical circumstances. In contrast, Institutional Communication provides managers more inputs for the decision making process to achieve corporative goals.

The institutional approach

Institutional theory for organizational communication follows a descriptive method. It allows researchers to look for a behavioral pattern in the long run within organizational processes, in order to point out the institutional environment. This compares formal and informal institutions, and proposes policy learning to promote organizational transformation. The goal is to increase the efficiency in organizational processes to achieve corporative goals (Madon et al., 2007). Research

on institutional communication seeks to link it to management uncertainty in the organization. Looks for information asymmetry, opacity in institutional transparency, and communication barriers to get access to information, in order to understand and use that information.

The first step to describe the institutional environment is to point out the institutionalized behavior. It is represented in traditions, professions, associations, industries, sectors or markets, where the organization takes place. It should state the requirements, benefits and costs of membership in the organization. It provides some clues about communication instances to be involved into a particular organization (Lammers & Barbour, 2006).

Second, the research within institutional communication should implement a diachronic approach. Institutions change slowly. Therefore, the researcher should look at the historical record of organizational phenomena, in order to understand particular organizational processes. The best exact data is not enough to capture the organizational background (Barley & Tolbert, 1997).

Furthermore, the institutional approach suggests comparative methods. Institutional communication follows the institutional performance of several organizations. This compares the most similar cases with key differences, which lead to different outcomes. On the other hand, it could compare the most different organizations, looking for critical points, which lead to similar outcomes. It points out that when a communication behavior has a widespread tendency, or if it is particular to the specific organization “Comparative and diachronic research can address the problem of an institution operating as a hidden constant” (Johns, 2001: 33).

Finally, unlike other approaches, the analysis unit is the organization itself. It allows researchers to understand formal communication. It draws communication flows and offers a clue about their management. It asks how policies, laws, regulations and contracts act into the organization. “Likewise, an institutional perspective invites researchers to reconsider traditional conceptions of level analysis. Levels, traditionally thought of as embedded degrees of aggregation (e.g., individual, group, organization), might also be thought of as markets, policy

arenas, and professional organizations” (Lammers & Barbour, 2006: 371).

Overall, an institutional approach should implement the following method: First, institutions are linked to particular organizations. After, it describes the organizational processes through the diachronic approach. Third, it follows comparative methods. And finally, it considers the institutional environment as analysis units (Lammers & Barbour, 2006).

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