# Business Communication in Practice: Models, Stakeholder Analysis, and Barriers in Internal and External Organisational Communication

*An Educational Practice Paper*

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# Abstract

This educational practice paper presents a critically-informed teaching resource on business communication, structured around four learning objectives: the concept and purpose of business communication, communicating effectively in a business context, internal communication, and external communication. Rather than presenting the classic communication models of Shannon and Weaver (1949), Berlo (1960), and Schramm (1954) descriptively, the paper compares them critically, tracing their conceptual progression from a linear, technical view of communication to an interactive, meaning-centred one. Stakeholder analysis is grounded explicitly in Freeman's (1984) foundational definition, and the paper includes two worked, hypothetical illustrative examples — an internal stakeholder analysis for a system rollout and an external communication barrier scenario — to demonstrate practical application. Claims about the business value of communication are tied throughout to peer-reviewed evidence, including a 2025 systematic literature review linking internal communication practices to employee engagement. The paper is positioned explicitly as a practice-oriented pedagogical resource rather than an empirical research article, consistent with an action research and practice-focused readership, and its contribution, scope, and limitations are stated directly in the Introduction and Discussion.

Keywords: business communication; communication models; stakeholder theory; internal communication; external communication; organisational communication barriers; AI in business communication.

# 1. Introduction and Positioning Statement

From a two-line email to a company-wide crisis statement, almost everything a business does depends on someone communicating clearly to someone else. This paper's aim is to provide a critically-grounded, citation-supported teaching resource on business communication, addressing four learning objectives in turn: the concept and purpose of business communication and the models used to explain it; how to communicate effectively through verbal, non-verbal, and written channels; how a business communicates internally; and how a business communicates externally.

This paper is submitted as an educational practice paper rather than a conventional empirical research article. It does not present primary data collection or an original empirical methodology; instead, it offers a structured teaching resource that critically compares established communication models and frameworks, ties its claims to peer-reviewed evidence, and includes two clearly-labelled hypothetical worked examples to demonstrate application. This positioning follows directly from editorial guidance received during peer review, which recommended clarifying the manuscript's intended genre and strengthening its engagement with peer-reviewed literature and applied examples rather than presenting it as a purely descriptive study guide.

The paper is organised as follows. Sections 2 through 5 address the four learning objectives in turn, each combining a core definition, in-text citation of relevant theory and evidence, a Critical Perspective discussion, and — for Sections 4 and 5 — a worked illustrative example. Section 6 discusses the paper's contribution and limitations, and Section 7 concludes.

### ☐ AI Insight & Application

AI tools are increasingly part of how businesses draft, translate, and personalise communication at scale. Each section of this paper includes an AI Insight discussion addressing where these tools genuinely help, where they introduce risk, and where human judgement still has to make the final call.

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# Section 1. The Concept and Purpose of Business Communication

This section addresses the paper's first pedagogical objective: defining business communication, critically comparing the classic models used to explain it, and examining the evidence for why it matters to business performance.

## 1.1 Defining Business Communication

Business communication is defined here as the exchange of information within a business environment, spanning both internal communication between employees and external communication with customers, suppliers, and other stakeholders. This definition is consistent with mainstream business communication texts (Umn.edu, 2015) and provides the scope for the sections that follow.

## 1.2 Comparing Communication Models

Three models are commonly used to explain how business communication functions, and each has distinct strengths and limitations. The Shannon and Weaver model (Shannon and Weaver, 1949) depicts communication as a linear transmission from sender to receiver through a channel, introducing the concept of noise as anything that distorts the message; it remains valued for its clarity but has been criticised for treating communication as one-directional and technical, with little account of meaning or context. Berlo's Sender-Message-Channel-Receiver model (Berlo, 1960) responds to this by foregrounding the human factors — communication skills, attitudes, knowledge, and culture — that shape encoding and decoding on both sides, though it similarly offers no formal feedback loop. Schramm's model (Schramm, 1954) addresses that gap directly, reframing communication as a circular, two-way process built on a shared 'field of experience' between sender and receiver, with feedback as a defining feature. Read together, the three models trace a clear conceptual progression from a linear, technical view of communication toward an interactive, meaning-centred one, and this progression — rather than any single model in isolation — is what has the most explanatory value for a business audience.

## 1.3 Why Effective Communication Matters to a Business

The claim that communication quality affects business performance is not merely intuitive; a systematic literature review of 55 peer-reviewed studies found a consistent positive association between internal communication practices — particularly transparent, two-way, and leadership-led communication — and employee engagement outcomes (Nadales-Gallego, Galindo-Reyes and Garrido-Moreno, 2025). Communicating clearly and consistently with employees, customers, and partners is therefore linked in the empirical literature to trust, engagement, and organisational performance, rather than being an unsupported assertion.

★ **Core Definition**

Business communication is the exchange of information within and around a business — spanning internal communication between employees and external communication with customers, suppliers, and other stakeholders — aimed at ensuring messages are clearly understood.

### ☐ Critical Perspective

The three models discussed above are frequently presented in introductory teaching as equivalent alternatives, but they were developed for different purposes and are not equally applicable to a business setting. Shannon and Weaver's model originated in telecommunications engineering rather than human communication, and its treatment of 'noise' as a technical property of a channel maps only loosely onto organisational phenomena such as ambiguous language or conflicting priorities. Berlo's model, while more attentive to human factors, has been criticised for implying that skilled communicators can transmit meaning reliably regardless of context, understating the situational and cultural variability that Schramm's model was specifically developed to address. No single model fully captures the complexity of business communication in practice, and this paper treats them as complementary lenses rather than competing, mutually exclusive theories.

### ☐ AI Insight & Application

AI writing assistants can draft and tone-check routine business messages quickly, which helps with volume and consistency. They cannot judge which channel or model best fits a sensitive audience or message — that reading of the human context remains a judgement call for the sender.

# Section 2. Communicating Effectively in a Business Context

This section addresses the paper's second pedagogical objective: the individual elements that make up any act of communication, and how verbal, non-verbal, and written communication can be applied effectively.

## 2.1 The Elements of Communication

Drawing on the encoding-decoding structure common to the Shannon-Weaver, Berlo, and Schramm models discussed in Section 1, every act of communication can be broken into a source (the sender) and a receiver, connected through a medium such as face-to-face conversation, a phone call, or written correspondence. Coding describes how the sender encodes a message and the receiver decodes it, and feedback closes the loop, letting the receiver confirm their understanding and helping prevent misunderstandings.

## 2.2 Verbal and Non-Verbal Communication

Pitch and tone of voice shape how a message is perceived, so speaking clearly, confidently, and with an appropriate tone matters as much as the words themselves. Body language — gestures, facial expressions, posture — adds context that supports or undermines the spoken message. Listening is equally important: active listening, clarifying questions, and reflecting back what was heard all improve mutual understanding, and emotional intelligence underpins all of this, particularly in difficult conversations.

## 2.3 Written Communication

Digital communication — emails, messages, social media — calls for attention to grammar, tone, and formatting to stay clear and professional. Formal written documents such as reports and memos additionally require logically organised thoughts, clear language, and careful proofreading. Even where communication ultimately happens face-to-face, the discipline of writing a message down first often sharpens it before it is delivered.

### ★ Core Definition

The elements of communication — source, receiver, medium, coding, and feedback — describe the components any message passes through on its way from sender to receiver, and the points at which that message can succeed or break down.

### ☐ AI Insight & Application

AI tools can help draft an email or tighten a report's structure, which speeds up written communication considerably. They cannot read a room in a live conversation or judge tone in a sensitive meeting — verbal and non-verbal communication remain skills that have to be practised directly.

# Section 3. Internal Communication

This section addresses the paper's third pedagogical objective: defining internal communication, comparing the channels used to deliver it, applying stakeholder theory to internal audiences, and examining the barriers that limit its effectiveness — illustrated with a worked example.

## 3.1 Defining Internal Communication

Internal communication refers to the exchange of information, feedback, and ideas within an organisation, through both formal and informal channels. The systematic review discussed in Section 1.3 (Nadales-Gallego, Galindo-Reyes and Garrido-Moreno, 2025) specifically identifies internal communication as a consistent predictor of employee engagement across the 55 studies examined, lending empirical weight to the widely repeated claim that internal communication 'fosters transparency, trust, and collaboration.'

## 3.2 Channels of Internal Communication

Email remains one of the most common internal channels, allowing quick, documented exchange of messages and files. Briefings deliver important information concisely and directly. Meetings provide real-time, face-to-face interaction for idea-sharing and decision-making. An intranet acts as a centralised hub, giving employees ongoing access to company information, resources, and collaboration tools.

## 3.3 Conducting an Internal Stakeholder Analysis

Stakeholder analysis applies stakeholder theory, first fully articulated by Freeman (1984), who defined a stakeholder as 'any group or individual who can affect or is affected by the achievement of the organization's objectives' (Freeman, 1984, p. 46). Applied internally, this means identifying key stakeholders within an organisation and assessing their level of participation, interest, and influence in a given project, so that communication can be tailored to engage each group effectively throughout its lifecycle.

## 3.4 Barriers to Internal Communication

Cultural barriers arise from differing norms, beliefs, and communication styles across a diverse workforce. Language barriers can be reduced with language training or translation support. Technology barriers — outdated systems, poor infrastructure, low digital literacy — call for investment in modern tools and training. Interpersonal barriers, including poor relationships, conflict, and low trust, are best tackled by building a positive work culture and resolving conflict proactively.

***Worked Example: Illustrative Internal Stakeholder Analysis for a New HR System Rollout (Hypothetical Case)***

| Stakeholder Group | Interest | Influence | Communication Approach |
|---|---|---|---|
| Senior Management | High — budget owner, accountable for outcome | High | Regular briefings; involve in key decisions |

| Stakeholder Group | Interest | Influence | Communication Approach |
|---|---|---|---|
| HR Team | High — day-to-day system users | Medium | Hands-on training; frequent two-way feedback |
| Line Managers | Medium — affects team workflows | Medium | Targeted briefings; early notice of changes |
| General Staff | Low-to-medium — end users of self-service features | Low | Simple intranet updates; short how-to guides |
| IT Department | High — responsible for integration | High | Direct involvement from project outset |

### ★ Core Definition

An internal stakeholder analysis is the process of identifying employees and groups within an organisation and assessing their level of participation, interest, and influence, so that communication can be tailored to engage each group effectively.

### ☐ Critical Perspective

Stakeholder analysis, while widely taught, has been criticised in the strategic management literature for the practical difficulty of measuring 'interest' and 'influence' objectively — these are typically estimated through manager judgement rather than through validated instruments, which introduces the same subjectivity the tool is meant to reduce. The illustrative example above is a hypothetical scenario constructed for pedagogical clarity, not a documented case from primary research, and should be read accordingly; a genuine internal stakeholder analysis would require direct consultation with the stakeholders themselves rather than analyst assumption alone.

### ☐ AI Insight & Application

AI-powered intranets and chatbots can route routine internal queries and free up time for more substantive conversations. Overusing automated messaging for anything sensitive tends to erode the trust that internal communication research links to engagement, so judgement is still needed about when a human conversation is required instead.

# Section 4. External Communication

This section addresses the paper's fourth pedagogical objective: defining external communication, comparing the channels available, applying stakeholder theory to external audiences, and examining barriers to effective external communication — illustrated with a short case scenario.

## 4.1 Defining External Communication

External communication is the exchange of information, messages, and data between an organisation and outside parties — customers, suppliers, investors, and the general public. It matters because it establishes a company's image and reputation, helps attract and retain customers by keeping them informed, and supports smooth, conflict-free relationships with suppliers and partners.

## 4.2 Channels of External Communication

Traditional marketing uses print, television, and radio to reach a broad audience. Digital marketing — email, social media advertising, search engine optimisation — offers a faster, more targeted channel. Public relations manages a company's public image through press releases, media relations, and crisis communication. Networking and community involvement build relationships and trust directly with external stakeholders.

## 4.3 Conducting an External Stakeholder Analysis

Applying Freeman's (1984) stakeholder framework externally means identifying and prioritising individuals or groups outside the organisation — customers, suppliers, regulators, competitors, community groups — who affect or are affected by the business, gathering their needs and expectations, and developing a stakeholder engagement plan based on the findings.

## 4.4 Barriers to External Communication: A Short Illustrative Scenario

Consider a hypothetical scenario in which a UK-based supplier holds a video conference with a prospective overseas distributor. A poor internet connection introduces technology noise that repeatedly cuts the audio, consistent with the channel-level noise identified in Shannon and Weaver's (1949) model. Once the connection stabilises, a further misunderstanding arises when the supplier uses an idiom the distributor does not recognise — an example of the cultural and semantic barriers Schramm's (1954) model highlights through its emphasis on shared 'field of experience.' The meeting is salvaged only once both parties agree to follow up key points in writing, illustrating the practical value of the feedback loop that Schramm's model, but not Shannon and Weaver's, explicitly accounts for. This brief scenario is offered as an illustrative application of the models discussed in Section 1, not as a documented case from primary research.

> **★ Core Definition**
>
> An external stakeholder analysis is the process of identifying, prioritising, and understanding the needs and expectations of individuals or groups outside an organisation who affect, or are affected by, its business activities.

### ☐ AI Insight & Application

AI tools can monitor brand mentions, personalise marketing content, and draft first versions of press releases or social posts at scale. Because external communication is the public face of the business, anything AI-assisted still needs a human check before release — a factual error or off-brand tone in an external message carries real reputational risk.

# 6. Discussion

Read together, the four sections above make a consistent methodological point: the value of teaching classic communication models and frameworks lies not in presenting them as settled fact, but in comparing them critically and tying their claims to evidence. Presenting Shannon and Weaver (1949), Berlo (1960), and Schramm (1954) as a conceptual progression, rather than as three interchangeable descriptions of the same idea, better equips learners to select the right lens for a given communication problem. Similarly, grounding stakeholder analysis explicitly in Freeman (1984) and its documented practical difficulties — rather than presenting it as an uncomplicated checklist — better reflects how the technique is actually used and critiqued in professional and academic practice.

This paper's main limitation is one it states directly rather than leaves implicit: the two worked examples in Sections 4 and 5 are hypothetical illustrations constructed for pedagogical clarity, not documented findings from primary research or a completed reflective practice cycle. A natural extension of this work — and one better suited to a full empirical or action research submission — would apply the internal stakeholder analysis and communication barrier framework to a real organisation, with data gathered through interviews or observation and a genuine reflective cycle documenting what was learned. The present paper's contribution is more modest and more clearly bounded: a critically-informed, citation-supported teaching resource rather than an original empirical study.

# 7. Conclusion

This paper has presented a critically-informed pedagogical resource on business communication, structured around four learning objectives and grounded throughout in peer-reviewed theory and evidence rather than unattributed assertion. By comparing the classic communication models critically, grounding stakeholder analysis in its original theoretical source, and illustrating both with clearly-labelled hypothetical worked examples, the paper aims to produce learners who can apply these frameworks critically rather than mechanically.

Consistent with the practice-oriented positioning set out in the Introduction, the paper does not claim to offer original empirical research; its contribution is pedagogical. Future work, ideally submitted as a full research or action research article, could extend this framework with a genuine case study conducted within a real organisation, including primary data collection and a documented reflective cycle.

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