

## Internal communication and employee performance: The mediating role of motivation

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### Abstract

Internal communication is an important function in an organization in relation to human resource management. This research examined the employee-perceived internal communication and investigated the role of internal communication and employee motivation on employee performance. The mediating influence of motivation in influence of internal communication on organizational performance was also investigated. Questionnaires were distributed to employees of BPJS Malang City to collect the data of this study. Path Analysis was performed to analyze the data, which results revealed that internal communication could improve employee performance. Internal communication was also found to enhance employee motivation, which in turn would affect the employee performance. Internal communication will encourage organization-employee relationship. Employees should understand the company's core business to make them aware of the targets to achieve. Through effective internal communication, employees would have better comprehension on the importance of their performance. Future researchers are encouraged to examine job satisfaction as a mediating variable in the relationship between internal communication and employee performance .

Keywords: internal communication, work motivation, employee performance

### Introduction

In regards to the key role of human resources (HR), organizations need to establish effective internal communication with employees. Communication is an interesting subject to study (Verčič *et al.*, 2012). Internal communication helps an organization to improve employee performance (Sulaiman & Abdullah, 2019). Some organizations lack of comprehension about the importance of internal

communication as a component for creating a harmonious relationship between management and employees (Atambo & Momanyi, 2016) Effective internal communication will support organizational success (Ruck & Welch, 2012) and improve employee performance (Sulaiman & Abdullah, 2019). On the other hand, poor communication often leads to misunderstandings (Koontz *et al.*, 2020). Ineffective communication will bring negative impacts in the forms of decreased

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performance, poor interpersonal relationships, and poor customer service (Atambo & Momanyi, 2016). Considering the significant role of employees, employees need to have adequate organizational knowledge and understanding which can be enhanced through effective internal communication.

Research on internal communication has been associated with its impact on the quality of employee-organization relations (Men, 2014) and its influence on employee satisfaction (Jacobs *et al.*, 2016) in order to support work motivation (Hidayah & Pribadi, 2015; Safitri *et al.*, 2019), and other organizational outcomes such as better employee performance (Atambo & Momanyi, 2016; Men, 2014; Sektiaji *et al.*, 2021). However, inconsistencies were found in the results of research on this matter. (Kulachai *et al.*, 2018) found that internal communication only affected employee participation and satisfaction, but the impact was only limited on employee performance. In addition, the role of internal communication on work motivation and its contribution to employee performance has not yet been studied.

The importance of internal communication in organizations or companies has long been recognized, but is generally seen from a management perspective (Ruck & Welch, 2012). Internal communication is perceived as a management function that integrates the elements of human resource management, communication and marketing as a part of managerial and technical functions (Verčič *et al.*, 2012). Meanwhile, the role of internal communication within employee's perspective was rarely examined. Therefore, this study was performed to investigate the internal communication within employee's perspective by examining its influence on employee motivation and on employee performance.

## Internal Communication and Performance

The Human Relations will encourage two-way communication between a worker and the manager (Wrench & Punyanunt-Carter, 2012). Towers Watson study on Capitalizing on Effective Communication stated that internal communication has two main purposes: central communication or messages delivery and local communication and message delivery. Effective centralized communication helps companies disseminate company policies more effectively and educate the employees about organizational values and culture as well as providing information about organizational performance. Meanwhile, local communication helps employees understand the company's business which makes them aware of their actions which can affect the matters related to customers, and integrate new employees in the organization (Ruck & Welch, 2012). White *et al.* (2010) showed that employees needed to be informed about administrative decisions, budgets, personnel decisions, policy changes, goals, and future directions of the company.

Good internal organizational communication will contribute to better employee morale and performance (Sektiaji *et al.*, 2021), as it helps employees or teams to make good task coordination in order to achieve the expected performance (Bhatia & Balani, 2015). Atambo and Momanyi (2016) examined the conceptual framework of the relationship between internal communication and employee performance which results showed that internal communication could improve employee performance. It is further explained that effective communication could convey instructions and perspectives to employees about the importance of their performance. Hence, the management would get the feedback in the form of better employee performance. Likewise, Lestari and Kasmirudin (2017); Choiriyah *et al.* (2020) also found that better internal

communication would lead to better employee performance,

H<sub>1</sub>. Internal communication will affect employee performance

### Internal Communication and Motivation

Communication will encourage motivation for it delivers the message regarding things to do and how they should be done by employees (Atambo & Momanyi, 2016). In addition, effective internal communication is the key to optimal organizational performance because employees will have good knowledge about the organization. Prior research have shown that communication encouraged work motivation (Hidayah & Pribadi, 2015; Safitri *et al.*, 2019). Similarly, Sektiaji *et al.* (2021) found that internal communication was a factor that affected work motivation. Communication is considered a key element of effective development of the company's productivity (Martinez & Hurtado, 2018). Problems in internal communication can lead to lower motivation. Therefore, it is necessary to establish and maintain effective communication in organizations (Nakamura *et al.*, 2017). Internal communication has broader role than only providing information since it also controls and motivates the employees (Hidayah & Pribadi, 2015).

H<sub>2</sub>. Internal communication will affect work motivation

### Motivation and Employee Performance

The fluctuation in employee motivation will affect employee performance. Employee work motivation will direct employees' work behavior, through planning and determination of achievement targets, being responsive and responsible, creative and innovative to achieve certain targets (Sektiaji *et al.*, 2021). Hidayah & Pribadi (Hidayah & Pribadi, 2015) explained that work motivation positively affected employee performance, because employees gained enthusiasm to work. In line with other studies, the

achievement of employee performance can be determined by work motivation (Barbuto & Gifford, 2012; Harahap & Tirtayasa, 2020; Khan *et al.*, 2017; Ulum *et al.*, 2020), because higher motivation is followed by higher employee's motivation and enthusiasm in carrying out their duties (Azar & Shafiqhi, 2013).

H<sub>3</sub>. Work motivation will affect employee performance

## Methods

This quantitative study was carried out at the Office of BPJS Malang. This study analyzed the role of internal communication on employee performance, and examined the role of work motivation as a mediating variable. There were 45 people selected as samples to who questionnaires were distributed to examine their responses in a 5-point Likert Scale from agreement (scale 5) to disagree (scale 5) towards each statement.

There were four indicators used to examine the internal communication: understanding, fun, reciprocity, and mutual actions and good reliability shown by the Alpha Cronbach's value of  $0.751 > 0.6$  (Sarwoko, 2018). Work motivation was examined based on the N-Ach's motivation theory from McClelland consisting of the need for achievement, the need for power, and the need for affiliation. The results of the reliability test obtained a Cronbach Alpha value of 0.754. Whereas, employee performance variable was measured based on 3 indicators; outcome quality, outcome quantity, and timeliness, with a Cronbach Alpha value of 0.790.

Path analysis was used to examine the direct effect of internal communication on organizational performance, and to examine the mediating effect of work motivation. An error rate of 5% was set in hypotheses testing. The path analysis model is show in Figure 1.

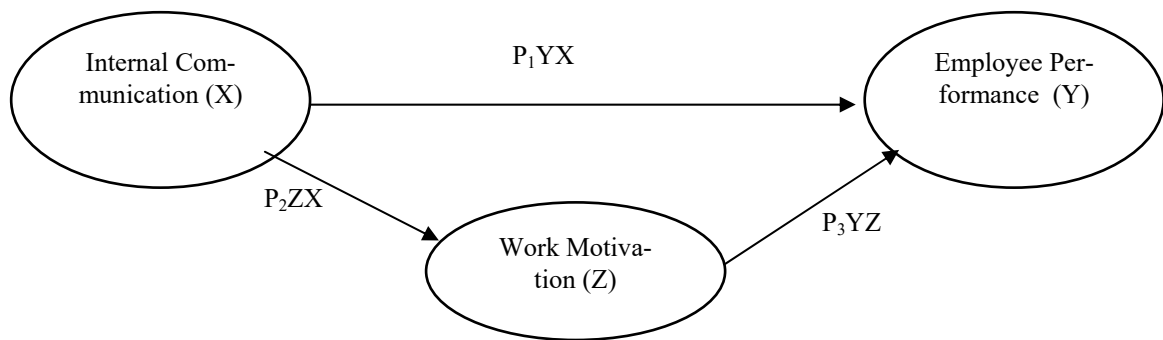


Figure 1. Research Model

In the path analysis, path equations between variables were developed as follows.

Model 1:  $Y = P_1YX + P_3YZ + e$

Model 1:  $Z = P_2ZX + e$

Remarks:

Y = Employee performance

X = Internal communication

Z = Work motivation

$P_1$  = Path coefficient of X to Y (*beta standardized*)

$P_2$  = Path coefficient of X to Z

$P_3$  = Path coefficient of Z to Y

The next stage was testing the statistical assumptions in F test to test the assumptions of normality and multicollinearity. If F value is significant ( $< 0.05$ ), the model is regarded accurate in explaining the causal relationship between the variables. The normality test was performed using the Normal P-P Plot method. If the data are spread around the diagonal line, the data were regarded normally distributed. Furthermore, multicollinearity test was conducted using the Variance Inflation Factor (VIF), in which criteria fulfilment lesser than 10 shows that the model is free of multicollinearity problems (Sarwoko, 2018).

The mediating role was tested in a Sobel Test (Baron & Kenny, 1986) on Sobel Test application available online at <http://quantpsy.org/sobel/sobel.htm>. If an indirect effect was found but direct effect was not, the variable had "full mediating" role, while if both indirect and direct effects

were found, the variable had a "partial mediating" role.

## Results

### The Results of Descriptive Analysis

Respondents' responses to internal communication are presented in Table 1 which shows that the internal communication within the company is categorized good (mean score 4.05). Internal communication is at the highest when pleasant communication and collaborative actions between both parties occur.

Table 1. Descriptive Statistics

Dimension	Mean
<b>Internal Communication</b>	
Comprehension	4.02
Fun	4.06
Reciprocal relationship	4.03
Mutual action	4.05
Mean	4.05
<b>Work Motivation</b>	
Need for achievement	4,50
Need for authority	4,10
Need for affiliation	4,50
Mean	4,37
<b>Employee Performance</b>	
Outcome quality	3.89
Outcome quantity	4.06
Punctuality	3.92
Mean	3.96

Source: processed data, 2022

Respondents' responses to work motivation as shown in Table 1 shows that employees have high work motivation (mean score of 4.37). The highest work motivation is reflected mainly in the fulfillment of the need for achievement and the need for affiliation.

Respondents' responses towards employee performance are presented in Table 1, showing that employees' performance is regarded good (mean score 3.96). Employee performance is shown by quantity of work results in meeting the predetermined work targets.

**The Results of the Statistical Assumption Test**

Parametric statistic test showed that the data of this study were normally distributed. The presence of multicollinearity in the model was also tested using the Variance Inflation Factor (VIF). VIF value lesser than 5 (Table 2) shows that the regression model is free of multicollinearity problems (Sarwoko, 2018).

**Table 3. The Results of Path Analysis**

Variable	Beta	Sig.
<b>Model 1</b>		
Internal communication → Performance	0.482	0.000
Work Motivation → Performance	0.397	0.002
<b>Model 2</b>		
Internal Communication → Motivation	0.652	0.000

Source: processed data, 2022

Furthermore, Internal communication also has a significant positive effect on motivation that H<sub>3</sub> is accepted.

**Table 4. Sobel Test**

	Test statistic:	Std. Error:	p-value:
Sobel test:	2.81504419	0.06071379	0.00487705
Aroian test:	2.78248598	0.06142421	0.00539442
Goodman test:	2.84877273	0.05999496	0.00438882

The results of the mediation test (Table 4), a Sobel Test value of 2.815 is

**Table 2. Multicollinearity Test**

Variable	VIF
Internal Communication	1.729
Work Motivation	1.729

Source: processed data, 2022

As indicated by the VIF value, each variable was regarded free from multicollinearity problems.

**The Results of Path Analysis and Hypothesis Testing**

In the path analysis, the Beta Standardized coefficient from the path of the causal relationship between variables was tested in Linear Regression Analysis. Tests were carried out for Model 1 first and followed by the test for Model 2.

Table 3 shows that internal communication has a significant positive effect on performance, thus H<sub>1</sub> is accepted. Work motivation has a significant positive effect on performance and H<sub>2</sub> is accepted.

found that p value = 0.0048 smaller than 0.05. Therefore, motivation mediates the relationship between internal communication and performance with partial mediation.

**Discussions**

This study revealed that employee performance is determined by the quality of internal communication in an organization. Good internal

communication guarantees optimal transfer of information from the company to employees. Hence, employees will understand the goals that the company expects to achieve. Effective internal communication also improves employees' knowledge about their important role in the organization that they always need to show the best performance (Atambo & Momanyi, 2016) to achieve the organizational goals. Effective internal communication will certainly help employees or teams to make good coordination of their tasks, allowing every employee to show the optimal performance (Bhatia and Balani, 2015). In addition, internal communication allows reciprocal relationships between companies and employees, thereby actions made by company management and employees will affect the achievement of goals.

The findings of this study are relevant to the Human Relations approach that communication will encourage two-way communication between a worker and manager (Wrench & Punyanunt-Carter, 2012), which eventually contributes to optimal employee performance. In line with the results of this study, Lestari and Kasmirudin (2017); Choiriyah *et al.* (2020); Bhatia and Balani (2015); Sektiaji *et al.* (2021) also found that better internal communication would lead to better employee performance.

Internal communication was also found to have influence on work motivation. Company's internal communication can enhance employees' knowledge about their work, understanding of what to do and how they should do it (Atambo & Momanyi, 2016). Eventually, this condition will create strong enthusiasm and passion among employees in carrying out their duties well. Internal communication also improve the relationship between management and employees, thereby increasing their motivation. Likewise, Hidayah and Pribadi (2015); Safitri *et al.* (2019); Sektiaji *et al.* (2021) also found that internal

communication is a factor affected work motivation.

The results of the analysis also revealed that employee performance would be determined by employee motivation. Employees' internal and external work motivation can direct them to complete the job as good as possible. This study confirmed the presence of partial mediating role of work motivation in the relationship between internal communication and performance. Internal communication plays a direct role on employee performance and it also increases employee motivation which then positively affects employee performance.

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### **Conclusions**

This study confirmed the presence of a positive influences of internal communication and work motivation on employee performance. More effective internal communication and stonger motivation will lead to better employee performance. Motivation shared a partial mediating role in the relationship between internal communication and employee performance. Therefore, in addition to its

direct influence on performance, internal communication also has indirect influence through motivation. Internal communication can improve employee motivation, and high motivation improves employee performance. It can be drawn into conclusion that the conceptual model proposed in this study regarding the role of internal communication and motivation as a supporting factor for employee performance is accepted.

This study proposes several practical implications for companies. Companies need to understand that employee performance can be improved by increasing the effectiveness of internal communication to establish two-way communication, from which companies can obtains feedback from employees.

The limitation of this study relates to the scope of this study. This study only included companies or agencies as the subjects. Future researchers can make the scope broader to obtain broader generalizations. In addition, future researchers can include job satisfaction as one of the factors that is influenced by internal communication.

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