

IMPACT OF STRATEGIC INTERNAL COMMUNICATION ON EMPLOYEE PERFORMANCE AND THE MEDIATING ROLE OF EMPLOYEE ENGAGEMENT

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Abstract

The present study attempts to analyse the impact of strategic internal communication (SIC) on employee performance (EP) and the mediating role of employee engagement (EE). Data from 612 associates in public and private sector organizations (selected from most contributing industries to GDP) was gathered using a cross-sectional approach. All three constructs were reflective (first and second order). The indirect effect of SIC \rightarrow EE \rightarrow EP was moderately significant ($\beta = 0.19$, p < .000), while the direct effect of SIC on EP was highly significant ($\beta = 0.45$, p < .000). Employee Engagement was found to mediate the SIC-EP relationship moderately. The study assessed two models (No Mediation and With Mediation) to determine the mediator's impact (Sarstedt and Moisescu, 2023). Results indicate EE as a significant mediator. The study is unique in two ways. First, Strategic Internal Communication which is a popular concept with internal communication practitioners is hardly studied in academic literature. This paper provides an empirical investigation using this concept. Second, testing the quality of the mediated model against the original model to ascertain if the mediator is required to be introduced (recent statistical revelation) is checked in this paper.

Keywords: Strategic Internal Communication, Employee Performance, Employee Engagement, Mediation Effectiveness.

1. INTRODUCTION

The success of an organisation is greatly influenced by its human capital. Employees are considered the most crucial strategic constituency for organisations due to the continuously changing and interconnected modern work environment. They are primary brand advocates and corporate ambassadors for the organization to internal and external stakeholders (such as clients and investors) (Men, 2014). The performance of these employees is found to play a crucial role in accomplishing organisational goals. Therefore, organizations are putting massive emphasis on strategic ways to improve the performance of employees. Researchers across the disciplines have thoroughly examined the factors that foster employee performance, ranging from individual, contextual, and organizational-level factors (see Atatsi et al., 2019, for a review). One such factor investigated in the human resource and public policy literature to improve employee performance is strategic internal communication (SIC) (Imam et al., 2023; Tkalac Verčič et al., 2021; Welch, 2012). It is focused on effectively and purposefully disseminating information, aims, values, and objectives within an





organisation. SIC takes numerous forms, from casual conversations and office rumours to official messages from senior management to employees (Welch, 2012). Evidence from the literature indicates that trust, organisational commitment (Jo & Shim, 2005), job satisfaction (Gray & Laidlaw, 2004), organisational identification (Smidts et al., 2001), and positive employee-organization relationships (Kim & Rhee, 2011) are all examples of positive employee attitudes that are influenced by effective SIC. According to Berger (2008), these attitudes in turn promote higher productivity, and enhanced performance (Kim & Rhee, 2011).

SIC is thus crucial for organisations and businesses, but this has long been understood from a management standpoint (Dhone & Sarwoko, 2022). The role of SICs from the perspective of the performance of employees, however, has rarely been explored (Ruck & Welch, 2012). Another essential construct of importance to practitioners and researchers in the human resource management and communication literature is employee engagement. It is regarded as the foundation of the relationship between employees and organisations. Employee engagement "connects human resources management practises and strategies to tangible business outcomes such as customer service quality, employee loyalty, and job performance" (Kang & Sung, 2017 pg. 83).

According to existing research, companies that successfully engage their workforce have increased productivity and lower turnover, both of which contribute to increased overall firm profitability (Imam et al., 2023). In order to increase employee engagement, academics are now focusing on seemingly unconnected aspects including leadership style, cultural values, and employee personality traits (Kim, 2018). To improve organisational functioning, researchers have lately urged for studies to look at the causes of employee engagement (Barreiro & Treglown, 2020; Kwon & Kim, 2020). In this view, scholars have recently investigated the significance of internal communication (IC) in sustaining and boosting employees' engagement as well as their productive behaviours (Lee & Kim, 2021; Tkalac Verčič et al., 2021; Walden et al., 2017). By fostering understanding, trust, and a feeling of belonging among employees, SIC is said to act as a catalyst for employee engagement (Karanges et al., 2014).

Research consistently demonstrates that favourable organisational factors, such as engagement, result in favourable outcomes (Meng & Berger, 2019) such as improved employee commitment and performance. In other words, a SIC approach lays the groundwork for employee engagement, which in turn promotes increased employee performance. However, the linkage between SIC, employee engagement and performance is rarely examined. This study thus intends to explore the impact of SIC from an employee perspective by investigating its impact on employee performance. Secondly, this paper analyses the mediating role of employee engagement on the relationship of SIC with employee performance. The remainder of this article is structured as follows: The conceptualisation and relationships on SIC, employee engagement, and employee performance are discussed and grounded by the social-exchange theory in Section 2. Followed by outlining the research methodology employed to investigate the proposed relationships in Section 3. Section 4 presents the empirical findings, while Section 5 discusses the theoretical and practical implications for stakeholders. Finally, Section 6 offers conclusions and suggests future research prospects.





2. LITERATURE REVIEW

2.1. Strategic Internal Communication

Since the start of the 20th century, IC has drawn attention (Carriere & Bourque, 2008) as a crucial component in various disciplines such as organizational communication, management, and public relations (Lee & Yue, 2020). This is due to the growing complexity of contemporary organisations and significant technological advancements that have altered techniques used for IC in organizations (Bélanger & Watson-Manheim, 2006; Carrière & Bourque, 2009). The global pandemic has further intensified every aspect of the workplace, and it is anticipated to generate considerable changes in the sphere of IC (see, Kniffin et al., 2020). IC acts as a hub for employee communication, networking, and the development of organisational culture and values (Berger, 2008). It is a dynamic process that includes both formal and informal forms of discussion among various organisational levels (Qin & Men, 2023). Employees, for instance, engage with coworkers every day at the horizontal level and largely get knowledge about the organisation at the vertical level (Sollitto & Myers, 2015). IC at all levels thus offers accurate information, addresses employee concerns, fosters a sense of community, and encourages positive emotions which assist employees in getting through daily activities and difficult times. With the advancement of the concept of IC scholars and practitioners have also shaped the concept of SIC. Good SIC is said to improve employee morale and performance (Herbowo Sektiaji et al., 2021), as it enables individuals or teams to effectively coordinate strategic tasks in order to deliver the desired organizational outcomes. However, the concept of SIC is rarely explored in the literature. Employee perception of IC and work attitudes have, however, drawn a lot of attention since these factors are connected to important job outcomes on both individual and organisational levels (Carrière & Bourque, 2009). Numerous research has investigated the connection between IC and job satisfaction (Carrière & Bourque, 2009; Kang & Sung, 2017; Kim & Rhee, 2011), and employee engagement (Bakker et al., 2011; Pugh & Dietz, 2008; Ruck & Welch, 2012; Tkalac Verčič & Pološki Vokić, 2017). Scholars have also found a link between communication satisfaction and employee engagement (Eisenberger, R. Stinglhamber, 2011; Neves & Eisenberger, 2014).

Another study by Gallup (2012) discusses how IC benefits the organization's bottom line in several ways, including greater production and profitability. Each of these variables investigated with IC is significant because they relate to different job outcomes, including job performance (Carmeli & Freund, 2004), organisational citizenship behaviours (Ilies & Judge, 2002), counterproductive work behaviours (Spector et al., 2006), and employee withdrawal (Cohen, 1993).

2.2. Employee Engagement

In the late 1990s, Kahn (1990) introduced the topic of employee engagement to the academic literature. It is described as "an individual's involvement and satisfaction with as well as enthusiasm for work" (Harter et al., 2002 pg. 269). It is a behavioural concept that is characterised as "a holistic investment of the entire self, which focuses on work performed on a job, and involves a willingness to dedicate physical, cognitive, and emotional resources to





one's job" (Saks, 2006). The argument over how businesses may boost employee engagement (Harter et al., 2002; Kim, 2018) and foster an engaging workplace (Mazzei et al., 2019) captured academics' attention and intrigued the interest of organisational and public relations scholars over the years. The concept of employee engagement is related to various individual and organisational variables (eg. Bakker et al., 2011; Barreiro & Treglown, 2020; Harter et al., 2002; Kwon & Kim, 2020). Findings of studies by Barreiro & Treglown (2020) and Kular et al. (2008) suggested that engaged employees can assist their employers in increasing profitability and gaining a competitive edge over others.

2.3. Social Exchange Theory and Association between Strategic Internal Communication and Employee Performance

The current study utilizes social exchange theory (SET) to develop a theoretical basis to understand the impact of SIC in enhancing employee performance. The SET theory, which has roots in social psychology and sociology offers a useful framework for comprehending the dynamics of interpersonal relationships and their implications for work behaviour and performance in the setting of IC inside organisations. Three components of social exchange are worth observing, according to SET researchers (Cropanzano et al., 2017; Cropanzano & Mitchell, 2005): initiating action, relationships between participants, and reciprocity reaction. SET contends that people interact with others, especially those at work, with the hope of gaining advantages and rewards for their efforts.

Employees invest their time and energy in various communication activities, such as attending meetings, reading work emails, and taking part in team discussions, with the hope of receiving helpful information, support, recognition, and a sense of belonging from their company. Employees are more likely to respond favourably when these expectations are reciprocated, in the form of better job performance, greater job satisfaction, and higher levels of employee engagement. Furthermore, according to the SET theory, people are more likely to reciprocate when they believe that the trades are fair and equitable.

Employees are more inclined to reciprocate with greater effort and higher performance if they believe they are receiving useful information, recognition, and support through SIC. A study by Atambo and Momanyi (2016) examining the relationship between IC and employee performance found that employee performance is enhanced due to IC. Similar findings were made by Dhone and Sarwoko (2022), Atambo and Momanyi (2016) and Imam et al. (2023), who discovered that improved IC will improve employee performance. Based on the aforementioned propositions, we formulate the following hypothesise:

*H*₁: *There exists a significant impact of SIC on employee performance.*

2.4. Employee Engagement and Its Association with Strategic Internal Communication and Employee Performance

IC has been cited by Iyer and Israel (2012) as a major factor in increasing employee engagement. Its advantages include greater productivity, less attrition, an improvement in an organization's image and reputation, and higher financial returns. Numerous IC practices have





been found to improve employee engagement in previous studies. A study by Saks (2006) suggested that in order to increase employee engagement, businesses should interact with their workforce clearly and frequently. Another work (Teresko, 2014) emphasised the importance of clear and consistent communication with workers. Hence we hypothesise:

*H*₂: *There exists a positive relationship between SIC and employee engagement.*

Employee performance primarily consists of the outcomes and success attained by an individual while performing tasks at work. Although the core of performance management is performance evaluation, all organisational policies, practises, and design elements have a significant impact on an organization's performance, at the individual or organizational level (J., 2014). According to numerous research (Macey et al., 2011; Mone & London, 2010), employee engagement is one of the main factors that fosters high levels of employee performance. Employees who are deeply connected to their work, excited about their jobs, and committed to the objectives and values of the company are said to be engaged. Employees may feel more included and trusted if there is open, regular, and transparent communication within the company. Employees are more inclined to connect with their work and the organisation when they feel heard and informed. They perform better and are more committed to the organisation because they feel appreciated. Hence based on the aforementioned propositions, we thus propose the following hypothesis:

H3: There exists a positive impact of employee engagement on employee performance.

Moreover, engagement amongst employees developed due to IC further reciprocates in the form of improved job performance. Within the context of the organisational environment, SET (Cropanzano & Mitchell, 2005) provides a lens to examine the association between SIC, employee engagement and employee performance. The fundamental tenet of SET is that "relationships evolve into trusting, loyal, and mutual commitments," (Cropanzano & Mitchell, 2005). These connections develop when participants follow the norms or principles of the exchange process. Among these rules, the expectation of reciprocity is the most essential (Cropanzano et al., 2017; Cropanzano & Mitchell, 2005).

Employees return the favourable benefits they receive from SIC through employee engagement, improved performance and good organisational citizenship behaviours that go beyond the scope of their job. Hence, employees who engage in IC at the workplace can fulfil their social, and emotional needs, indicating employee engagement. This enhancement in engagement among employees helps them improve their performance given the exchange of important resources such as knowledge about organizational goals, changes, recognition, and opportunities for feedback (Ruck et al., 2017). Hence, it can be said that employee engagement mediates the association of SIC and employee performance. Based on the arguments put forth, we propose the following hypothesis:

H4: Employee engagement mediates the impact of SIC on employee performance.





3. RESEARCH METHODOLOGY

The present study is descriptive and cross-sectional. The data was collected using a survey methodology from professionals in the service and industry sectors (automobiles, auto components, banking, financial services, education and training, oil & gas, IT, ITes and Textiles) pan India. These sectors were chosen because they contribute 80% to India's GDP.

3.1 Sample

The sample was chosen using multistage sampling. Firstly, an exhaustive list of industries was taken from the Ministry of Commerce website which falls under the service and industry sector. Twenty-five such industries were found. The companies listed on BSE falling under these industries were identified and the top five companies in terms of turnover were shortlisted from each industry. In total, 125 companies were identified and contacted to participate in the study but only 15 responded for participation with a response rate of 12%. The questionnaire was sent to 900 respondents and only 680 responses were received. After excluding incomplete or casually filled questionnaires, 612 (68%) responses were retained finally. The final responses consisted of 388(63.4%) males and 224 (36.6%) females. The 274 (44.8%) respondents were below the age of 35 years, while the rest were above the age of 35 years. The sample had 17% of respondents having up to 5 years of experience, 21.9% of respondents having 6 to 10 years of experience, 40.8% of respondents having work experience ranging from 11-20 years and 20.3% having more than 21 years of work experience respectively.

3.2 Tools used

The questionnaire consisted of general demographics and questions related to strategic internal communication, employee engagement and performance evaluation.

- Strategic Internal Communication: A questionnaire was developed and validated by authors to measure strategic internal communication. The dimensions included Internal Communication Control, Communication Practices, Communication Audit and Communication Channels. The 21-item questionnaire had an overall composite reliability of 0.91 and a Cronbach alpha reliability score of 0.95. The discriminant validity and construct validity were established.
- Employee Engagement Scale: A 26-item scale was developed by Lather and Jain (2014) measuring the dimensions of Job Satisfaction, Organizational Commitment, Intent to Stay, Pride, Advocacy and Emotional Connect. The scale has a Cronbach alpha reliability score of 0.84 and well-established construct and discriminant validity.
- Performance Evaluation Scale: A 13-item scale was developed by Lather, Jain, Bajaj and Singh (under patenting) measuring three dimensions namely Cognitive Performance, Social Performance and Personal Performance. The overall composite reliability score of the scale was found to be 0.91 and a Cronbach alpha reliability score of 0.85. The discriminant validity and construct validity were established.





3.3 Study Methodology

The data was collected from the respondents with individual consent either personally or via a Google form link. The participants were explained the purpose of the study and ensured anonymity of respondent identity and confidentiality of results. They were assured that results would solely be used for academic research purposes. They were also informed that their performance evaluation would be taken from their immediate supervisor. The questionnaire was administered only after receiving verbal or written consent directly.

4. DATA ANALYSIS AND RESULTS

The descriptive statistics were analysed using SPSS version 24.0, and the proposed correlations were investigated using SmartPLS version 4a. SIC, employee engagement and employee performance have been considered as reflective constructs in our work. PLS-SEM involves two steps of data analysis: (a) the PLS algorithm, where multicollinearity statistics, model reliability, validity, and predictive power are evaluated; and (b) boot-strapping, where the beta-coefficients, standard deviation, t-values, and p-values are evaluated.

4.1. Model Assessment

The two parts of a structural equation model are the outer model, which specifies the contribution of each indicator to its associated construct and assesses how well the total set of indicators measures the construct, and the inner model, which specifies connections among various constructs (Hair et al., 2013).

Assessment of Measurement Model

Three reflecting constructs—SIC, Employee engagement (EE) and Employee performance (EP) are included in our model. The examination of composite reliability, convergent validity, and discriminant validity is done to evaluate reflective measurement models (Sarstedt et al., 2017). The results confirm internal consistency as the range of the composite reliability and Cronbach's alpha are between 0.70 and 0.90 as reported in Table 1 (Hair et al., 2013). When reflective constructs' convergent validity was assessed, it was discovered that the average variance extracted (AVE) values were higher than the cutoff point of 0.50 (Hair et al., 2013).

The Heterotrait-Monotrait (HTMT) ratio was used to determine the discriminant validity of the reflective constructs SIC and EE. As shown in Table 2, SIC-CA and SIC-CC has correlations of more than 0.9, and SIC-CC and SIC-ICC have correlations of more than 0.8. Furthermore, EE-ITS has correlations of more than 1, and EE-ADV, EE-JS, EE-PRI have correlations of more than 0.9. Thus the discriminant validity of both SIC and EE is established (Table 2). By probing the value of VIF, the assessment of multi-collinearity statistics was carried out, and it was discovered to be within the threshold i.e. less than 3 (Hair et al., 2013). The indicators with loadings less than 0.708 were removed (Hair et al., 2013).

According to the results, the loadings of the indicators were significant and above the suggested value of >0.1. According to Table 3, all reflective indicator loadings have significant t-values (p < 0.001), offering empirical evidence for retaining all of the indicators (Hair et al., 2013).



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Construct	Items	Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Strategic Internal Communication (SIC)			0.862	0.878	0.706
Communication (DTC)			0.927	0.940	0.773
	CA2	0.871	0.921	0.910	0.775
	CA4	0.869			
CA	CA5	0.915			
	CA6	0.884			
	CA8	0.855			
			0.882	0.900	0.738
	CC1	0.898			
CC	CC2	0.850			
	CC3	0.905			
	CC5	0.778			
			0.924	0.930	0.653
	CP10	0.808			
	CP11	0.837			
	CP12	0.800			
СР	CP18	0.793			
	CP5	0.739			
	CP6	0.855			
	CP8	0.816			
	CP9	0.812			
			0.846	0.855	0.684
	ICC3	0.861			
ICC	ICC4	0.826			
	ICC5	0.853			
	ICC8	0.766			
Employee Engagement (EE)			0.929	0.958	0.823
			0.891	0.895	0.821
ADV	ADV1	0.906			
	ADV2	0.916			
	ADV3	0.897			
			0.864	0.870	0.710
	ITS1	0.827			
ITS	ITS2	0.862			
	ITS4	0.866			
	ITS5	0.814			A
		0.5	0.930	0.934	0.705
	JS1	0.792			
	JS2	0.775			
JS	JS3	0.859			
	JS4	0.830			
	JS5	0.868			
	JS6	0.879			
	JS7	0.869			
			0.846	0.905	0.761
PRI	PRI1	0.824			
	PRI2	0.874			
	PRI3	0.916			

Table 1: Loadings, Construct Reliability and Convergent Validity





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	ADV	CA	CC	СР	Cog Per	EE	EP	ICC	ITS	JS	PRI	Pers Perf	SIC	Soc Perf
Advocacy (ADV)														
Communication Audit (CA)	0.322													
Communication Channels (CC)	0.46	0.638												
Communication Pratices (CP)	0.319	0.813	0.736											
Cognitive Performance (Cog Per)	0.645	0.358	0.557	0.415										
Employee Engagement (EE)	0.928	0.289	0.419	0.325	0.643									
Employee Performance (EP)	0.606	0.349	0.491	0.392	1.062	0.623								
Internal Communication Control (ICC)	0.39	0.547	0.72	0.609	0.424	0.36	0.404							
Intent To Stay (ITS)	0.863	0.237	0.372	0.286	0.614	1.019	0.591	0.285						
Job Satisfaction (JS)	0.788	0.325	0.425	0.356	0.613	0.991	0.604	0.396	0.784					
Pride (PRI)	0.839	0.145	0.287	0.205	0.54	0.975	0.526	0.226	0.77	0.819				
Personal Performance (Pers Perf)	0.5	0.288	0.355	0.311	0.799	0.556	0.863	0.305	0.547	0.505	0.569			
Strategic Internal Communication (SIC)	0.409	0.921	0.886	0.978	0.486	0.386	0.456	0.81	0.328	0.418	0.236	0.356		
Social Performance (Soc Per)	0.57	0.343	0.446	0.382	0.939	0.592	1.047	0.387	0.555	0.593	0.469	0.723	0.438	

Table 2: Discriminant Validity–Heterotrait–Monotrait Ratio



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	Outer Loadings	Standard Deviation (STDEV)	T-statistics (O/STDEV)	P-values
Cognitive Performance \rightarrow	0.926	0.006	147.314	0.000
Employee Performance				
Personal Performance \rightarrow	0.846	0.016	53.037	0.000
Employee Performance				
Social Performance \rightarrow	0.916	0.007	124.208	0.000
Employee Performance				

Table 3: Testing of Significance of Outer Loadings of Employee Performance

Source: The authors

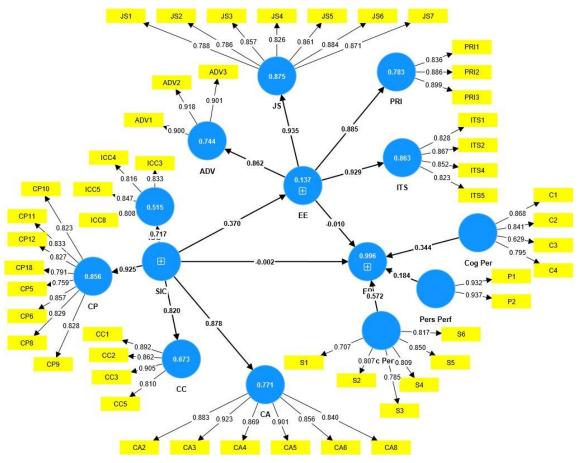


Figure 1: Measurement Model

Source: Authors' analysis

4.2. Assessment of Structural Model

The next stage was to evaluate the structural model, which indicates how well the model can identify variance in the dependent variables. With t-statistics of 13.553 (> 1.96) and β = 0.454, the connection between SIC and EP was determined to be significant (Table 4). These results





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support hypothesis H₁, which states that SIC has a favourable effect on EP. With t-statistics =8.696 (> 1.96) and β = 0.398, the association between SIC and EE was also shown to be significant. As a result, hypothesis H₂ is accepted, showing that there is a positive relationship between SIC and EE. The relationship between EE and EP was then evaluated, and according to t-statistics = 0.514 (> 1.96) and β = 0.514, it was determined that it was significant. As a result, it is established that EP and EE have a positive relationship (hypothesis H₃).

For examining the predictive accuracy of the model, the values of R^2 and R^2 adj were found to be weak for POPS ($R^2 = 0.092/R^2$ adj =0.09) and moderate for EWB ($R^2= 0.384/R^2$ adj = 0.382). Organisational politics' effect size (f 2) was discovered to be extremely minimal ($f^2 =$ 0.002). To further verify the model's predictive validity, the Q² value was looked at (Chin et al., 2003). As shown in Table 6, the resultant values were found to be too low for POPS (0.086) and moderate for EWB (0.368). However, the fact that values for Q² were found to be greater than 0 indicates that the structural model has predictive value (Hair et al., 2017).

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-statistics (O/STDEV)	P- values
Strategic Internal Communication → Employee Engagement	0.398	0.400	0.046	8.696	0.000
Strategic Internal Communication → Employee Performance	0.454	0.455	0.034	13.553	0.000
Employee Engagement → Employee Performance	0.514	0.517	0.034	15.247	0.000

Table 4: Significance of Path Coefficients

Table 5: Q² Values

	Q^2	R ²	R ² Adj
Employee Performance	.201	0.206	0.205
Employee Engagement	.144	0.158	0.157

The values of R^2 and R^2 adj were used for analysing the predictive accuracy of the model. It was found that both R^2 and R^2 adj were moderate for EP (R^2 = 0.206/ R^2 adj = 0.205) and EE (R^2 = 0.158/ R^2 adj =0.157). The Q^2 value was examined to check the predictive validity of the model (Chin et al., 2003). As Table 5 depicts, values obtained were observed to be small for EE (.144) and moderate for EP (.201). Nevertheless, since values for Q^2 were found >0 it establishes predictive relevance of the structural model (Hair et al., 2017). The standardized root mean square residual (SRMR) value was found to be 0.06, well within the prescribed range (Hu & Bentler, 1999).

4.3. Mediation Analysis

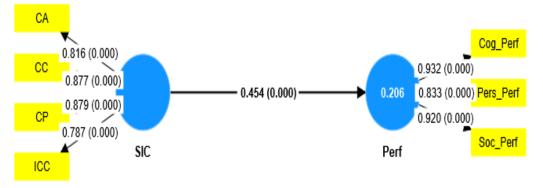
The next stage was conducting mediation analysis using bootstrapping with 5,000 samples (Hair et al., 2017). Figure 2 shows the analysis of the unmediated path (direct effect) between SIC and EP, which was significant at p < 0.005 (($\beta = 0.454$). Thereafter, the indirect effect was examined and was found to be insignificant, having a β value of 0.199 (Table 7). When the mediation relationship with employee engagement was added, the impact of SIC on EP and





again on employee engagement was found to be significant at p < .05 (Figure 3). Additionally, it was discovered that there was association between employee engagement and EP, indicating a mediation effect (Zhao et al., 2010). Table 8 clearly summarises the results. Further, the relationship between EE with EP (Figure 4) was found to be significant ($\beta = 0.514$).

The earlier findings indicate that SIC had a significant direct relationship with employee engagement and EP. Employee engagement also exhibited a significant association with EP. The mediating role of employee engagement as a mediator shows a significant relationship between SIC and EP. This supports hypothesis H4 that employee engagement significantly mediates the relationship of SIC with EP.





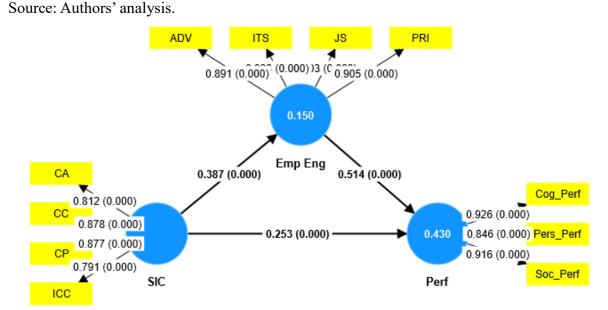


Figure 3: Direct Effect and Indirect Effects in the Presence of Mediator after Bootstrapping

Source: Authors' analysis





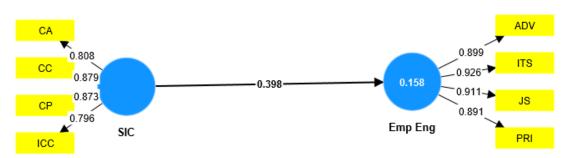


Figure 4: Direct Effect of SIC and EE

Source: Authors' analysis.

Table 6: Indirect Effect of Strategic Internal Communication → **Employee Performance**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-statistics (O/STDEV)	P- values
Strategic Internal communication → Employee Performance	0.199	0.201	0.033	5.976	0.000

Table 7: Total Effects in Presence of Mediator: Mean, STDEV, T-values and P-values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Employee Engagement → Employee Performance	0.514	0.517	0.034	15.247	0.000
Strategic Internal Communication → Employee Engagement	0.387	0.388	0.048	8.011	0.000
Strategic Internal communication \rightarrow Employee Performance	0.452	0.452	0.034	13.162	0.000

4.4. Quality Test of Mediated Model

Sarstedt and Moisescu (2023) suggested a new dimension of quality assessment of the mediated model. They proposed that researchers check through a series of steps for potential mediating effects in a model. They suggested moving one step ahead and checking whether the introduction of the mediator is improving the quality of the overall model or deteriorating it. This will help to determine whether a mediator should be introduced or not. This process improves the replicability of research results thus enhancing the external validity of the model.

Sarstedt and Moisescu (2023) proposed to compute BIC-based Akaike weights for each model and contrast the effects' confidence intervals in individual models with the uncertainty interval derived for the overall candidate model set. The judgement of keeping a mediator should be based on uncertainty interval. A wider uncertainty interval implies that introducing the mediator adds more uncertainty, making it harder to replicate the mediating effect (Rigdon et al 2023), potentially lowering the model's external validity. Conversely, a narrower uncertainty interval indicates that including the mediator reduces uncertainty, boosting confidence in the effects' consistency for future studies (e.g., Rigdon et al. 2020).





	Model #1 (without mediator)	Model #2 (with mediator)
BIC _i	-128.305	-325.37
$\Delta_i = BIC_i - min(BIC)$	197.07	0
Relative likelihood $L(m_i) = \exp(-1/2 \cdot \Delta_i)$	0.000	1
Akaike weights $w_i = L(m_i)/\Sigma_i L(m_i)$	0.000	1

 Table 8: Computation of Akaike weights

In the present case, the uncertainty quantification is difficult as only two models are compared. The two models show vastly different BIC values. Because of these strong differences, the weights univocally favour Model #2, which renders the computation of the uncertainty interval meaningless. Thus model comparison shows that the mediated model is better and can be replicated. This implies that employee engagement should be considered as a mediator between the relationship of strategic internal communication and employee performance.

5. DISCUSSIONS AND CONCLUSION

The present study is novel in finding the relationship among strategic internal communication, employee engagement and employee performance as these three variables are rarely studied together and the mediating role of employee engagement is never explored. Effective internal communication plays a crucial role in organizational development and strategic initiatives (Strahan, 2015). By fostering alignment and engagement among employees, robust internal communication empowers strategic leaders to successfully execute their goals and vision (Welch & Jackson, 2007).

Strategic internal communication plays a crucial role in enhancing employee performance and engagement within organizations. Effective communication strategies that provide clear direction and planning and align employee goals with the company's mission are essential for organizational success (Miller & Banks-Hall, 2020). The findings of this study indicate that strategic internal communication has a significant positive effect on employee performance (Titang, 2013).

Employees who feel connected to the organisation's values and mission, and are empowered to bring their energy and passion to their work, demonstrate higher levels of performance (Nugraha et al., 2022; Ewing et al., 2019). Furthermore, the study reveals that strategic internal communication has a significant positive effect on employee engagement (Miller & Banks-Hall, 2020). Engaged employees, who are enthusiastic and dedicated to their jobs, have a positive impact on overall organisational performance (Nugraha et al., 2022, Ewing et al., 2019). The study also demonstrates that employee engagement significantly mediates the relationship between strategic internal communication and employee performance (Nugraha et al., 2022). When employees are emotionally and intellectually invested in their work, they tend to be more motivated, productive, and aligned with the company's objectives, which ultimately enhances their performance and contributes to the overall success of the organization (Nugraha et al., 2022; Titang, 2013; Ewing et al., 2019).





6. IMPLICATIONS

6.1 Theoretical Implications

Guided by the theoretical underpinnings of social exchange theory, this study aims to investigate the mediating role of employee engagement in the relationship between strategic internal communication and employee performance. The findings of this research contribute to the field of organizational behavior by providing empirical evidence on the mechanisms through which strategic internal communication can lead to improved employee performance.

The results indicate that strategic internal communication has a significant positive effect on both employee performance (Titang, 2013) and employee engagement (Ewing et al., 2019) (Welch & Jackson, 2007). Moreover, employee engagement was found to significantly mediate the relationship between strategic internal communication and employee performance, highlighting the critical role of employee engagement in this process (Nugraha et al., 2022).

The theoretical implications of this study are twofold. First, it expands the existing literature on the antecedents of employee performance by demonstrating the important role of strategic internal communication and the mediating mechanism of employee engagement. Second, the findings contribute to the understanding of the dynamics of internal communication and its impact on employee-related outcomes, aligning with the social exchange theory perspective (Kular et al., 2008). Overall, this research provides valuable insights for organizations seeking to enhance employee performance by emphasizing the importance of strategic internal communication and the pivotal role of employee engagement.

6.2 Managerial Implications

The implications of these findings are twofold. First, organizations should prioritize developing and implementing effective strategic internal communication strategies that foster employee engagement (Miller & Banks-Hall, 2020) (Ewing et al., 2019). This may include clear communication of goals, regular feedback, and opportunities for employee involvement in decision-making processes. Second, organizations should recognize the crucial role of employee engagement in mediating the relationship between strategic internal communication and employee performance (Nugraha et al., 2022). By creating an environment that encourages employee engagement, organizations can leverage the positive impact of strategic internal communication to drive improved employee performance and, ultimately, organizational success (Titang, 2013; Miller & Banks-Hall, 2020; Ewing et al., 2019; Nugraha et al., 2022) A key aspect of strategic communication is its alignment with the overall strategy of the organization (Pereira et al., 2019). However, this alignment is often a significant challenge, as strategy implementation in today's complex business environment can be arduous (Pereira et al., 2019). Organizations must ensure that strategic objectives and priorities are effectively communicated and understood throughout the workforce (Deng, 2018) (Strahan, 2015). By embedding communication planning into the business strategy, organizations can empower their internal communication teams to serve as proactive partners in driving employee engagement and execution against strategic initiatives (Strahan, 2015). This shift from a reactive, tactical role to a more strategic, consultative function enables internal communicators





to maintain credibility at the leadership level and become true communication coaches for organizational leaders (Strahan, 2015). Moreover, a stakeholder-centric approach to internal communication can further enhance its strategic impact (Welch & Jackson, 2007). Instead of treating employees as a homogeneous group, internal communicators should recognize the diverse needs and perspectives of different employee stakeholders (Welch & Jackson, 2007). This nuanced understanding allows for more targeted and effective communication that resonates with the unique concerns and motivations of different employee segments (Welch & Jackson, 2007). Ultimately, strategic internal communication is a critical organizational development intervention that can foster greater employee engagement, alignment, and execution of strategic objectives (Miller & Banks-Hall, 2020) (Strahan, 2015). By prioritizing clear, consistent, and targeted internal communication, organizations can unlock the full potential of their human capital and drive sustainable success.

Limitations and Future Research Directions

This study contributes significantly to our understanding of organizational behaviour, yet, like all empirical research, it has its limitations. The study was conducted using a cross-sectional survey method and collected data for a specific point in time; therefore the study could not gauge the consistency of relationships between variables over a while. Future research may be conducted to see if strategic internal communication practices consistently govern employee engagement and employee performance. Second the study has attempted to do the quality test of the mediated model but due to only two models and vast differences in BIC values, a clear comparison could not be established. Researchers suggest having at least three models to compare as BIC values are less extremely divided in that case and it is easier to determine the breadth of confidence intervals to ascertain if the mediator has significantly improved the model or not. This requires a minimum of four variables (IVs, DVs, Mediators all included). In its limited way, the present study provides evidence for future studies to make a quality check of the mediated models so that researchers can determine whether a mediator is significantly adding value to the prediction of the relationship between independent and dependent variables.

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