Internal communication, employee participation, job satisfaction, and employee performance

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ABSTRACT: The main objective of this research was to examine relationship between internal communication, employee participation, job satisfaction, and employee performance. The samples of this study were 489 state officials from 10 city municipalities in Chonburi (Thailand). Questionnaire was employed to collect the primary data which later were analyzed using structural equation modeling technique. The results indicated that internal communication had positive influence on employee participation and job satisfaction. Employee participation also had positive influence on job satisfaction. However, it did not have an influence on job performance of the employees. Furthermore, employee participation and job satisfaction played the mediating role in the relation between internal communication and job performance of the employees.

Keywords: communication, employee participation, job satisfaction, employee performance

1 INTRODUCTION

Robbins & Judge (2017) defined communication as "the transfer and the understanding of meaning." It plays important roles in management, feedback, emotional sharing, persuasion, and information exchange. There are two kinds of communication known as formal and informal communication. The former one is established by an organization to transmit message and information to its members. The latter one is a communication channel created spontaneously depending on individual preferences. When consider on the direction of the communication. It can be divided into two directions; downward and upward communication. It is an important factor enhancing management effectiveness and strategic decision making (David 2005).

Communication in organization also plays important role in enhancing participation of employees. When employees have an opportunity to participate in decision making, they will feel that they are important persons for the organization. On the other

hand, insufficient or limited employee participation in decision making will result in low level of job satisfaction, organizational commitment, employee engagement. It also leads to high level of intention to quit (Bonache 2005). Previous studies revealed that internal communication had positive impact on employee engagement (Ruck 2012). Therefore, the first hypothesis was proposed as follow:

H1: Internal communication has positive impact on employee participation

Internal communication is one of key factors enhancing employees to satisfy their job (Tourani1 & Rast 2012). Previous studies (Chen 2008, Carrière & Bourque 2009, Milan et al. 2013) found positive relationship between internal communication and job satisfaction. It also affected communication satisfaction, and organizational commitment. However, internal communication system should be designed to meet the information needs of organization's members (Carrière & Bourque 2009). Therefore, the second hypothesis was proposed as follow:

H2: Internal communication has positive impact on job satisfaction.

Effective internal communication can enhance organizational performance (Chen 2008). However, managers should understand the communication process so they can design the communication system to meet the organizational needs (Kinicki & Kreitner 2009). Communication also results in employee job performance. Previous studies found positive relationship between internal communication and job performance of employees (Asamu 2014, Bhatia & Balani 2015). Therefore, the third hypothesis was proposed as follow:

H3: Internal communication has positive impact on employee performance

Employee participation provides positive consequences for organizations. Participation in initiatives environment can lead to high level of employee engagement, and lower level of intention to quit (Benn et al. 2015). A study by Appelbaum et al. (2013) suggested that insufficient participation in decision making resulted in low level of employee job satisfaction and employee commitment. In this study, we focused on relationship between employee participation and job satisfaction. Hence, the fourth hypothesis was proposed as follow:

H4: Employee participation has positive impact on job satisfaction

Relationship between employee participation and job performance had been studied by some scholars (Harter, Schmidt & Hayes 2002; The Gallop Organization 2004, Balain & Sparrow 2009). They found positive relationship between employee involvement and job performance. Patterson et al. (2004) noted that employee involvement could enhance employee performance and resulted in company productivity. Therefore, the fifth hypothesis was proposed as follow:

H5: Employee participation has positive impact on job performance

Improving employee performance is necessary for an organization to gain a competitive advantage. However, to reach such goal, the organization should ensure that its employees are satisfied with their jobs. Siengthai & Pila-Ngarm (2016) stated that there is positive relationship between job satisfaction and job performance of employees. In addition, Yousef (1998) found the relationship between satisfaction with job security and job performance of employees in a multicultural non-Western environment. However, a study by Yang & Hwang (2014) found bilateral relationship between job satisfaction and job performance. Hence, the 6th hypothesis was proposed as follows:

H6: Job satisfaction has positive impact on job Performance

2 RESEARCH METHODS

2.1 Sample

The samples of this study were 489 state officials from 10 city municipalities in Chonburi (Thailand). The majority of the respondents were female accounting for 64%. Most of them were single (49%) and hold bachelor degree (56%). The average age and tenure of the respondents was 37 and 10 years respectively. Their average income was 19,400 Thai Baht.

2.2 Measures

Internal communication, a three items Likert's scale survey question was anchored by strongly agree and strongly disagree. The measurement provided an alpha reliability of 0.89.

Employee participation, a four items Likert's scale survey question was anchored by strongly agree and strongly disagree. The measurement provided an alpha reliability of 0.88.

Job satisfaction, a four items Likert's scale survey question was anchored by strongly agree and strongly disagree. The measurement provided an alpha reliability of 0.86.

Job performance, a four items Likert's scale survey question was anchored by strongly agree and strongly disagree. The measurement provided an alpha reliability of 0.85.

The data were analyzed using descriptive statistics, such as mean, frequency, percentage, and standard deviation. The validity of the measurement models was tested using confirmatory factor analysis (CFA). The authors also employed structural equation modeling (SEM) analysis to test the hypotheses.

3 RESULTS AND DISCUSSIONS

3.1 Confirmatory factor analysis

The confirmatory factor analysis (CFA) was conducted to test the validity of the measurement models. Figure 1 illustrated the result of CFA and overall fit details are showed in Table 1.
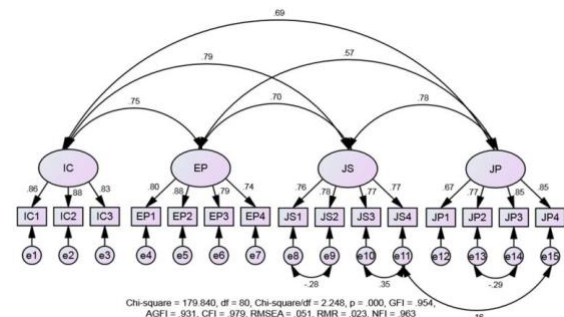

Figure 1 Standardized path estimates for the hypothesized SEM model

Table 1 CFA results

Goodness of fit index	Acceptable Value	Results
Chi-square	Sig. is expected	p = 0.000
Absolute fit measures		
GFI	>0.90	0.954
RMSEA	<0.07	0.051
RMR	Low	0.023
Normed Chi-square	2-5	2.248
Incremental fit indices		
NFI	Approach to 1	0.963
CFI	>0.92	0.979
RFI	Approach to 1	0.951
Parsimony fit indices		
AGFI	Approach to 1	0.931
PNFI	Approach to 1	0.734

Source: Hair et al. (2014)

Table 1 includes selected fit statistic from the CFA output. The overall model chi-square is 179.840 with 80 degree of freedom. The p-value associated with the result is .000. This p-value is significant using the Type 1 error rate .05. Thus, the chi-square goodness of fit statistic does not indicate that the observed covariance matrix matches the estimated covariance matrix within sampling variance. However, this study has the sample size of 489. The significant p-value is expected according to Hair et al. (2014). The value of RMSEA, an absolute fit index, is .051. This value indicates additional support for model fit. The normed Chi-square is 2.248 is considered acceptable fit for the CFA model. According to the incremental fit indices, the CFI has a value of .979 which exceeds the suggested cutoff values. In addition, the AGFI has the value of .931 which reflects moderate model fit.

3.2 Structural equation modeling

According to the analysis, all exogenous latent variables in the SEM model were allowed to covary in the hypothesized model (Kline, 2005). The fit indices of initial SEM test for the hypothesized model are presented in Table 2.

Table 2 Comparison of goodness-of-fit measures between hypothesized SEM model and CFA model

Goodness of fit index	CFA model	SEM model
Absolute fit measures		
Chi-square	179.840	270.012
Degree of freedom	80	85
p-value	0.000	0.000
Normed Chi-square	2.248	3.177
GFI	0.954	0.930
RMSEA	0.051	0.067
RMR	0.023	0.029

Table 2, cont.

Incremental fit indices		
NFI	0.963	0.944
CFI	0.954	0.961
RFI	0.951	0.931
Parsimony fit indices		
AGFI	0.931	0.901
PNFI	0.734	0.764

The information in this table illustrates the overall fit statistics from testing the hypothesized model. The chi-square is 270.012 with 85 degree of freedom (p < 0.05), and the normed chi-square is 3.177. The model CFI is 0.961 with RMSEA of 0.067. All of these measures are within a range that would be associated with good fit. These suggest that the model provides overall good fit. The overall model fit changed very little from the CFA model. The standardized path coefficients are illustrated in Figure 2.

Chi-square = 270.012, df = 85, Chi-square/df = 3.177, p = .000, GFI = .930, AGFI = .901, CFI = .961, RMSEA = .067, RMR = .029, NFI = .944
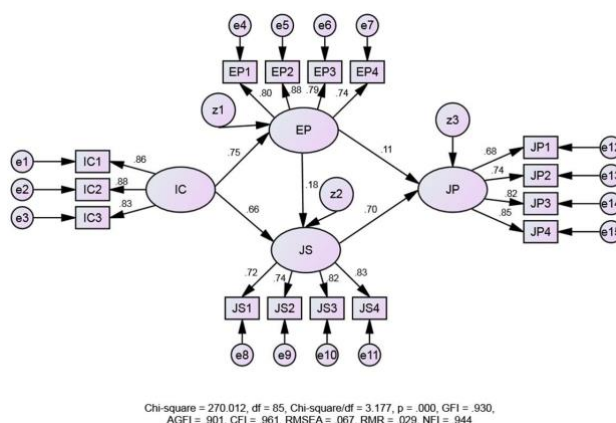
Figure 2 Hypothesized SEM model

Based on the residuals and modification indices information from the initial SEM model, we conducted the post hoc analysis allowing covary between errors of estimation. Then, the model was re-estimated. The model fit statistics are shown in Table 3 and Figure 3.

Table 3 Comparison of goodness-of-fit measures between hypothesized SEM model and revised SEM model

Goodness of fit index	Hypothesized model	Revised model
Absolute fit measures		
Chi-square	270.012	149.189
Degree of freedom	85	80
p-value	0.000	0.000
Normed Chi-square	3.177	1.865
GFI	0.930	0.961
RMSEA	0.067	0.042
RMR	0.029	0.019

Table 3, cont.

Incremental fit indices		
NFI	0.944	0.969
CFI	0.961	0.985
RFI	0.931	0.959
Parsimony fit indices		
AGFI	0.901	0.942
PNFI	0.764	0.738

Table 3 illustrates the overall fit statistics from testing the revised model. The chi-square is 270.012 with 80 degree of freedom ($p < 0.05$), and the normed chi-square is 1.865. The model CFI is .985 with RMSEA of 0.042. All of these measures are within a range that would be associated with good fit. These suggest that the model provides overall good fit. The overall model fit changed very little from the hypothesized model. The standardized path coefficients are illustrated in Figure 3.
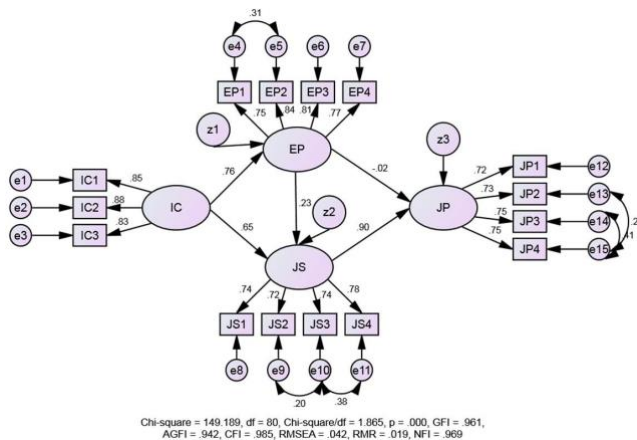

Chi-square = 149.189, df = 80, Chi-square/df = 1.865, p = .000, GFI = .961, AGFI = .942, CFI = .985, RMSEA = .042, RMR = .019, NFI = .969

Figure 3 Revised SEM model

4. CONCLUSION

The results indicated that internal communication had positive influence on employee participation which was consistent with the study of Ruck (2012). The findings also supported the results of previous studies (Chen 2008, Carrière & Bourque 2009, Tourani & Rast 2012, Milan et al. 2013) which found positive relationship between internal communication and job satisfaction of the employees. The authors found that employee participation also had positive influence on job satisfaction which supported the findings of previous studies (Appelbaum et al. 2013). However, it did not have an influence on job performance of the employees. Furthermore, employee participation and job satisfaction played the mediating role in the relation between internal communication and job performance of the employees. This can be implied that internal communication would enhance employees to satisfy with their job.

The more likely they are happy with their jobs; the greater job performance they will have.

Job satisfaction is the most important factor affecting employees' performance. It is enhanced by effective internal communication and employee participation. To gain better organizational and employee performance, executives should improve the internal communication to meet the needs of the organization.

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