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THE INFLUENCE OF INTERNAL COMMUNICATION DIMENSIONS ON EMPLOYEE SATISFACTION IN PUBLIC INSTITUTIONS

Abstract: This paper analyzes the impact of internal communication on employee satisfaction in public institutions of the Republic of Croatia, the Republic of Serbia and Bosnia and Herzegovina. The aim of the research was to examine the relationship between different dimensions of internal communication and determine their impact on employee satisfaction. The research was conducted on a sample of 98 respondents, and the data were analyzed using descriptive statistics, correlation analysis and multiple linear regression. The results of the research showed that there is a statistically significant relationship between internal communication and employee satisfaction, with communication climate standing out as the most important predictor. Regression analysis showed that the model explains 58.6% of the variance in employee satisfaction. The results obtained indicate the importance of quality internal communication as a key tool for managing human capital in organizations.

Keywords: Internal Communication, Employee Satisfaction, Communication Climate, Public Sector, Human Capital Management

****Artificial intelligence was used to translate the paper from Croatian to English and proofread it, which may result in certain parts of the paper being flagged as AI-generated in case of verification.**

1. INTRODUCTION

Internal communication is one of the key elements of the functioning of any organization, as it enables the exchange of information, coordination of work and shaping of relationships between employees. In modern organizations, especially in the public sector, its role is gaining additional importance due to the need for more efficient human resource management, transparency and increased employee satisfaction. The quality of internal communication directly affects the organizational climate, employee engagement and overall organizational efficiency.

Despite the growing interest in this topic, problems such as lack of feedback, inadequate exchange of information and insufficiently developed communication channels continue to occur in practice. Such shortcomings can result in reduced employee satisfaction, a worse working atmosphere and weaker organizational results.

In this context, the problem of this research relates to an insufficiently clear understanding of the role of individual dimensions of internal communication in shaping employee satisfaction, especially in public institutions. In particular, the question arises as to which dimensions of communication have the greatest impact on employee satisfaction and to what extent internal communication as a whole contributes to explaining this satisfaction.

The aim of the paper is to examine the connection between internal communication and employee satisfaction, as well as to determine the impact of individual dimensions of internal communication on employee satisfaction in public institutions in Croatia, Bosnia and Herzegovina and Serbia.

Considering the complexity of the relationship between internal communication and employee satisfaction, it is necessary to conduct empirical research in order to identify the key factors that contribute to the development of a quality communication environment and the improvement of human resource management.

This paper is structured in several units. The introductory part is followed by a theoretical framework in which the basic terms related to internal communication and employee satisfaction are defined and an overview of the relevant literature is given. In the methodological part of the paper, the sample, the research instrument and the statistical methods used are described. Below are the results of the empirical research, including descriptive, correlation and regression analysis, as well as the testing of the set hypotheses. In the final part of the paper, conclusions, research limitations and recommendations for future research are presented.

2. THEORETICAL FRAMEWORK

Internal communication in organizations is most often defined as the process of exchanging information, ideas and meanings between members of the organization with the aim of coordinating activities and achieving organizational goals. In the broadest sense, it refers to all formal and informal communication flows that take place within the organization (Kalla, 2005). According to Kalla (2005), internal communication encompasses all forms of communication that take place within the organization, including vertical (between superiors and subordinates) and horizontal communication, and represents an important element of knowledge transfer and work coordination.

Contemporary approaches further emphasize its strategic role. Verčič et al. (2012) define internal communication as an interdisciplinary management function that connects elements of human resources management, communication and marketing, with the aim of improving relations within the organization. Welch (2012) emphasizes that internal communication is a key process that enables organizations to align employees with the goals of the organization and encourages their engagement and involvement in the work of the organization, thereby contributing to organizational effectiveness.

Classical approaches to organizational communication also emphasize the importance of employees' perceptions of communication. Downs and Hazen (1977) introduce the concept of communication satisfaction, viewing communication as a set of processes that influence working relationships, motivation, and employee satisfaction.

Internal communication is a fundamental process in an organization that involves the exchange of information, ideas, and knowledge among employees and enables the coordination of activities and the achievement of organizational goals (Bolfek et al., 2017). According to the same authors, effective internal communication plays a key role in creating positive interpersonal relationships and the overall organizational environment, which is directly reflected in employee satisfaction.

The role of internal communication is further emphasized in modern organizations that are facing changes and the need for greater transparency and employee involvement. Ilola (2024) emphasizes that internal communication has an important function in building trust between employees and management, with the availability of information and the clarity of communication channels significantly affecting the level of employee satisfaction.

Numerous empirical studies confirm the existence of a positive relationship between internal communication and employee satisfaction. Kulachai et al. (2018) found that internal communication has a positive impact on employee satisfaction, but also on their involvement in organizational processes, with employees who are more involved showing a higher level of job satisfaction. These results confirm that communication also has indirect effects, that is, it acts through other organizational variables such as employee engagement.

Similarly, research shows that internal communication plays a strategic role in organizational management, as it affects employee motivation, organizational culture, and overall work efficiency. Kalistratova (2024) points out that internal communication can be viewed as a management tool by which organizations shape the work environment and increase employee satisfaction, while inadequate communication leads to misunderstandings, reduced productivity, and dissatisfaction.

One of the key concepts in the study of internal communication is communication climate. Sušanj Šulentić (2014) defines communication climate as a set of employee perceptions of the quality of communication in an organization, including the availability of information, relationships between employees, and a sense of fairness. Research shows that communication climate has a strong impact on employee satisfaction, but also on their organizational loyalty.

Internal communication also significantly contributes to the development of employee engagement. Men (2014) states that quality communication increases employee engagement, their identification with the organization, and the level of trust in management. Furthermore, Seraj and Sundram (2025) confirm that internal communication also affects employee satisfaction through engagement, which acts as an indirect variable factor.

Internal communication plays an important role in shaping a positive work environment and relationships between employees, as it enables the exchange of information, strengthens mutual understanding and encourages cooperation. Research shows that quality internal communication has a positive impact on employee satisfaction, with open and two-way communication increasing the feeling of involvement and belonging to the organization (Pirrotta et al., 2025). Furthermore, communication within the organization contributes to building relationships between employees and the

organization, which leads to a higher level of job satisfaction and a decrease in the intention to leave the organization (Duarte & Silva, 2023). Research also confirms that elements such as the quality of communication, availability of information and feedback significantly affect the work environment and employee engagement, which is consequently reflected in their satisfaction (Gómez-González & Gallardo-Echenique, 2023).

A review of the literature clearly indicates the existence of a strong connection between internal communication, communication climate and employee satisfaction. Organizations that develop effective communication systems achieve higher levels of employee satisfaction, greater engagement and better overall organizational results. Considering the complexity of the relationship between internal communication and employee satisfaction, it is necessary to conduct empirical research in order to identify the key factors that contribute to the development of a quality communication environment and the improvement of human resource management.

3. METHODOLOGY

The research on the topic of internal communication in the public sector was conducted in December 2023 and January 2024, in the territory of the Republic of Croatia, the Federation of Bosnia and Herzegovina and the Republic of Serbia. The questionnaire consisted of 10 questions, of which the first 9 questions examine the attitudes of the respondents on various business situations related to internal communication, while 1 question out of the corresponding 6 sub-questions refers to the socio-demographic characteristics of the respondents. Data analysis was performed using the IBM SPSS v.23.0 tool.

The socio-demographic structure of the respondents in the study shows that the sample is predominantly made up of employees from the Republic of Croatia (74.5%), while a smaller share comes from Serbia (18.4%) and Bosnia and Herzegovina (7.1%). In terms of gender, women dominate, making up 68.4% of the sample, while men participate with 30.6%, and the share of respondents who do not declare themselves within the offered categories is negligible. The majority of respondents do not hold managerial positions (69.4%), while 30.6% are in managerial positions. The age structure indicates the dominance of the middle-aged and older working population, with the largest group being respondents aged 35 to 44 (33.7%), followed by those aged 45 to 54 (29.6%), while the share of those under 25 is very small. Similarly, the respondents' work experience is concentrated in the middle and higher range, where the largest number has between 10 and 19 years of experience (34.7%), followed by those with 20 to 29 years (29.6%) and more than 30 years (18.4%), while the fewest employees are at the beginning of their careers. When it comes to the level of education, the majority of respondents have a university degree, i.e. completed bachelor's or master's studies (58.2%), followed by high school (25.5%), while a smaller share has postgraduate education and shorter higher education.

A descriptive statistical analysis was carried out with the aim of determining the basic characteristics of the variables in the research. Mean values (M) and standard deviations (SD) were analyzed for all dimensions of internal communication and employee satisfaction.

Table 1: Description of research variables

Variable	M	SD
Feedback	2.78	1.18
Communication with superiors	3.61	1.26
Horizontal communication	3.2	1.1
Informal communication	3.05	1.15
Informativeness	3.3	1.12
Communication climate	3.45	1.2
Means of communication	2.95	1.05
Communication at meetings	3.35	1.18
Employee satisfaction	3.4	1.1

Source: Author's calculation.

Descriptive analysis shows that the average values of the observed dimensions of internal communication and employee satisfaction range from 2.78 to 3.61. Such a range indicates a moderate level of satisfaction with communication within organizations. The highest average value was achieved by communication with superiors ($M = 3.61$; $SD = 1.26$), which suggests that employees relatively positively assess the relationship with their immediate superiors. High values were also recorded for communication climate ($M = 3.45$) and communication in meetings ($M = 3.35$), which indicates a relatively favorable perception of the communication environment and organizational processes of information exchange. On the other hand, the lowest average value was determined for the feedback dimension ($M = 2.78$; $SD = 1.18$), which indicates a lack of quality work evaluation and feedback communication to employees. Lower values were also recorded for communication media ($M = 2.95$), which may indicate limitations in the methods and channels of information transfer. Other dimensions, such as horizontal communication ($M = 3.20$), information ($M = 3.30$) and informal communication ($M = 3.05$), are in the middle range, indicating an average level of satisfaction with these aspects of communication. Overall employee satisfaction is $M = 3.40$ ($SD = 1.10$), confirming that respondents are moderately satisfied with their jobs on average.

4. RESULTS AND DISCUSSION

To check the internal consistency of the measurement scales, Cronbach's α coefficient was used. The analysis was conducted for each dimension of internal communication separately.

Table 2: Cronbach α of each internal communication dimension

Diension	Cronbach α
Feedback	0.81
Communication with superiors	0.87
Horizontal communication	0.83
Informal communication	0.78
Informativeness	0.85
Communication climate	0.9
Means of communication	0.76
Communication at meetings	0.88

Source: Author's calculation.

The obtained Cronbach α coefficient values range from 0.76 to 0.90, which, according to the usual criteria in the social sciences, indicates good to very high reliability of the scales. The highest value was recorded for communication climate ($\alpha = 0.90$), while the lowest value was determined for communication media ($\alpha = 0.76$). These results confirm that the items used within individual dimensions are mutually consistent and reliably measure the same constructs, which justifies their further use in statistical analyses (Cronbach, 1951). This means that the items used within each dimension are mutually consistent and reliably measure the same construct.

4.1. Hypotheses

As a continuation of the research by Glavaš et al. (2024), and in order to deepen this topic through empirical research, the following hypotheses were set:

H1: There is a statistically significant relationship between internal communication and employee satisfaction.

H2: Communication climate has a statistically significant impact on employee satisfaction.

H3: Communication with superiors has a positive impact on employee satisfaction.

H4: Different dimensions of internal communication have different impacts on employee satisfaction.

H5: Internal communication significantly explains the variation in employee satisfaction.

4.2. Correlation analysis

In order to examine the relationship between the dimensions of internal communication and employee satisfaction, a Pearson correlation analysis was performed.

Table 3: Pearson correlation analysis

Variable	Correlation
Communication climate	0.74
Communication at meetings	0.63
Informativeness	0.62
Informal communication	0.45
Horizontal communication	0.41
Communication with superiors	0.37
Feedback	0.28
Means of communication	0.18

Source: Author's calculation

The results show that there is a positive relationship between all observed dimensions of communication and employee satisfaction. The strongest correlation was found for communication climate ($r = 0.74$), while relatively high correlations were also recorded for communication at meetings ($r = 0.63$) and information ($r = 0.62$). Weaker but still positive correlations were observed with horizontal communication ($r = 0.41$), communication with superiors ($r = 0.37$) and feedback ($r = 0.28$), while communication media showed the weakest connection ($r = 0.18$). These results point to the conclusion that a higher level of communication quality in the organization leads to higher employee satisfaction, with the communication climate having the most pronounced influence.

4.3. Regression analysis

In order to determine the influence of individual dimensions of internal communication on employee satisfaction, a multiple linear regression analysis was conducted.

Table 4: Regression model summary

Indicator	Value
R ²	0.586

Source: Author's calculation

Table 5: Regression coefficients and significance levels

Variable	Beta coefficient	P-value
Communication climate	0.66	<0.05
Communication at meetings	0.2	>0.05
Horizontal communication	0.23	>0.05
Feedback	0.09	>0.05
Communication with superiors	-0.03	>0.05
Informal communication	-0.1	>0.05
Informativeness	0.08	>0.05
Means of communication	-0.09	>0.05

Source: Author's calculation.

The formula for multiple linear regression is derived as follows:

$$Y = \beta_0 + 0.66X_1 + 0.20X_2 + 0.23X_3 + 0.09X_4 - 0.03X_5 - 0.10X_6 + 0.08X_7 - 0.09X_8 + \varepsilon$$

where Y stands for the dependent variable – Employee satisfaction, and the X_n variables are all of the independent variables describing internal communication dimensions.

The model results show that internal communication explains 58.6% of the variance in employee satisfaction ($R^2 = 0.586$), which is a relatively strong model in social research. Analysis of individual influences revealed that communication climate is the only variable that has a statistically significant impact on employee satisfaction ($\beta = 0.66$; $p < 0.05$). Other dimensions, such as communication in meetings, horizontal communication, information and feedback, although showing a certain positive direction of influence, did not prove to be statistically significant in this model. This result suggests that communication climate plays a dominant role in shaping employee satisfaction and that other dimensions partially share a common effect with it.

The research results enabled the verification of the hypotheses set.

The first hypothesis assumed the existence of a statistically significant relationship between internal communication and employee satisfaction. The conducted correlation analysis showed that all dimensions of internal communication are positively related to employee satisfaction, which confirmed this hypothesis. The obtained results indicate that improving communication processes within the organization leads to increased employee satisfaction.

The second hypothesis assumed that the communication climate has a statistically significant impact on employee satisfaction. The results confirmed this hypothesis, since the communication climate had the highest correlation with satisfaction ($r = 0.74$), but was also the only one to show a statistically significant impact in the regression model ($\beta = 0.66$). This confirms that the perception of the overall communication environment plays a key role in shaping employee satisfaction.

The third hypothesis related to the impact of communication with superiors on employee satisfaction. Although a positive relationship was found between communication with superiors and employee satisfaction, the regression analysis did not show a statistically significant impact of this variable. Therefore, this hypothesis can be considered partially confirmed. These results suggest that communication with superiors influences employee satisfaction, but its effect is not independent of other communication factors, especially communication climate.

The fourth hypothesis assumed that different dimensions of internal communication have a different impact on employee satisfaction. The results of the regression analysis clearly confirm this hypothesis, since the communication climate had a dominant influence, while the other dimensions showed a weaker or statistically insignificant effect. This confirms that internal communication is a multidimensional construct in which individual components do not have equal importance.

The last hypothesis assumed that internal communication significantly explains the variation in employee satisfaction. Given that the regression model explains as much as 58.6% of the variance of employee satisfaction, this hypothesis is confirmed. This result indicates that internal communication represents one of the key factors in understanding employee satisfaction, although part of the variance remains explained by other organizational and individual factors.

Overall, the research results confirm the complexity of the relationship between internal communication and employee satisfaction and indicate the need for further research into individual communication dimensions

The research results are largely consistent with previous empirical research. A significant association between internal communication and employee satisfaction was confirmed, as confirmed by Kulachai et al. (2018). Furthermore,

communication climate proved to be the most important predictor of satisfaction, which is consistent with the findings of Sušanj Šulentić (2014). Although communication with superiors shows a certain association with satisfaction, its impact was not statistically significant, which may indicate the dominance of the broader communication climate (Erjavec et al., 2017). It was also confirmed that different dimensions of communication have different impacts, which confirms the multidimensional nature of communication (Tkalac Verčič et al., 2021). Finally, the results of the regression analysis confirm that internal communication is a strong predictor of employee satisfaction, which is consistent with the research of Santos et al. (2024).

5. CONCLUSION

The results of the conducted research clearly confirm that internal communication has a significant impact on employee satisfaction in public institutions. The analysis of the obtained data established a positive correlation between all observed dimensions of internal communication and employee satisfaction, with communication climate standing out as the most important predictor. This finding indicates that employees do not value exclusively the quantity and availability of information, but especially value the overall quality of the communication environment, the relative level of openness, transparency and mutual trust in the organization.

The obtained results additionally confirm that the communication climate, as a broader context within which communication processes take place, plays a key role in shaping employee satisfaction. Although other dimensions of communication, such as communication with superiors, horizontal communication and information, have also shown a certain connection with satisfaction, their impact did not prove to be statistically significant when observed together with other variables. Such results confirm that internal communication represents a complex and multidimensional construct in which individual components do not have equal importance.

From a practical aspect, the research results indicate the need for systematic and strategic management of internal communication in organizations, especially in the public sector. Organizations should pay more attention to developing a communication climate that encourages open dialogue, timely exchange of information, and employee involvement in organizational processes. Such an approach can contribute to increasing employee satisfaction, strengthening their engagement, and consequently improving organizational efficiency. In conclusion, internal communication should not be viewed solely as an operational process of information exchange, but as an important strategic tool for human capital management. Investing in the development of a quality communication climate is a key prerequisite for creating a positive work environment and long-term successful operations of organizations.

5.1. Research limitations

This research has several limitations that need to be taken into account when interpreting the results. First of all, the research was conducted on a relatively limited sample of 98 respondents, which may affect the possibility of generalizing the results to a wider population of employees in public administration. Also, the sample was not evenly distributed by country, since the majority of respondents were employees from Croatia, which may affect the representativeness of the results in a regional context.

Furthermore, the data were collected using the self-assessment method via a questionnaire, which may lead to subjectivity of responses and the appearance of socially desirable responses. Also, the research was conducted at a single point in time, which is why it is not possible to determine cause-and-effect relationships between variables, but only their correlation.

In addition, the research focused exclusively on the dimensions of internal communication, without including other relevant factors such as organizational culture, leadership styles or working conditions, which can also have a significant impact on employee satisfaction.

5.2. Recommendations for future research

Given the above limitations, future research should include a larger and more representative sample of respondents to enable broader generalization of the results. It is also recommended to have a more even representation of respondents from different countries and organizational systems, which would allow for comparative analyses.

Also, future research could include additional variables, such as organizational culture, leadership styles, employee motivation and trust in the organization, to gain a more comprehensive insight into the factors that influence employee satisfaction. It is also recommended to apply a longitudinal approach to monitor how the relationship between communication and satisfaction changes over time.

In addition to quantitative methods, it would be useful to include qualitative approaches, such as interviews or focus groups, to gain a deeper understanding of employees' experiences and perceptions regarding internal communication. Finally, future research can be extended to other sectors to determine differences in the role of internal communication in different organizational contexts.

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