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## Article

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## Optimizing employee engagement with internal communication: A social exchange perspective

Emma Karanges · Amanda Beatson · Kim Johnston · Ian Lings

**Abstract:** Employee engagement is linked to higher productivity, lower attrition, and improved organizational reputations resulting in increased focus and resourcing by managers to foster an engaged workforce. While drivers of employee engagement have been identified as perceived support, job characteristics, and value congruence, internal communication is theoretically suggested to be a key influence in both the process and maintenance of employee engagement efforts. However, understanding the mechanisms by which internal communication influences employee engagement has emerged as a key question in the literature. The purpose of this research is to investigate whether social factors, namely perceived support and identification, play a mediating role in the relationship between internal communication and engagement. To test the theoretical model, data are collected from 200 non-executive employees using an online self-administered survey. The study applies linear and mediated regression to the model and finds that organizations and supervisors should focus internal communication efforts toward building greater perceptions of support and stronger identification among employees in order to foster optimal levels of engagement.

**Keywords:** Employee engagement · Internal communication · Identification · Perceived support · Social exchange theory · Social identity theory · Workplace relationships

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## Introduction

Employee engagement is the extent to which employees display discretionary effort in their roles at work (Frank, Finnegan, and Taylor 2004). Engagement as a concept has gained substantial interest across academic and practitioner literatures (Shuck and Wollard 2011), due to its links to increased financial returns and improved organizational reputations (Saks 2006). Benefits of an engaged workforce contribute to these organizational outcomes through increased productivity, higher job satisfaction, and decreased turnover (Saks 2006). While these benefits have resulted in an increased priority, focus, and resourcing by managers worldwide to foster an engaged workforce (Shuck and Wollard 2011), recent industry studies suggest these efforts may not be working (see e.g., Gullup 2010; Towers Perrin 2008). Iyer and Israel (2012) identified internal communication as a key driver of employee engagement. However, this association has not been empirically confirmed. More specifically, understanding the mechanisms by which internal communication influences employee engagement remains unaddressed in the literature.

Internal communication is an internal organizational process that provides and shares information to create a sense of community and trust among employees (Rothenberg 2003; Ryyanen, Pekkarinen, and Salminen 2012). Developing a sense of community and trust through internal communication involves establishing and maintaining relationships between an organization, supervisors, and employees (Hume and Leonard 2013). While employees experience many relationships within their workplace, two essential relationships dominate an employee's professional life: a relationship with their organization (i.e., executive and senior management) and with their direct supervisor; commonly referred to as social exchange relationships (Masterson, Lewis, Goldman, and Taylor 2000; Sluss, Klimchak, and Holmes 2008). Favorable social exchange relationships are essential for achieving organizational and individual goals and objectives as each individual and/or group is interdependent on the other (Hume and Leonard 2013). Social exchange theory is a prominent theoretical paradigm for understanding workplace relationships (Cropanzano and Mitchell 2005) and employee attitudes (DeConinck 2010) and offers a lens to explore social exchange relationships within the organizational environment (Gersick, Dutton, and Bartunek 2000). Sluss et al. (2008) argue that further understanding of the mechanisms that underpin social exchange relationships is required to provide greater insight into the relationship between internal communication and employee engagement. The present study addresses this need.

The main purpose of this research is to propose and test a new theoretical model, based on the principals of social exchange and social identity, to explain the association between internal communication and employee engagement at both the organizational and supervisory level. While there is good reason to believe that social exchange (i.e., perceived support) will mediate the relationship between internal communication and employee engagement, research has not explored social identity (i.e., identification) and its potential mediating role in the association between internal communication and engagement (Sluss et al. 2008). The remainder of this paper is structured as follows. First, we review the theoretical background and concepts that are central to this study

and develop a conceptual model. Next, the research methodology is detailed followed by the data analysis and the discussion of the findings. Finally, the limitations of the study as well as suggestions for future research are discussed.

## **Theoretical background**

### **Social exchange relationships**

One of the most important aspects of an employee's professional life is the relationships they experience within the boundaries of their organization (Gersick et al. 2000; Masterson et al. 2000). Relationships play a critical role in shaping work environments (Bartunek and Dutton 2000). Work environments can have either a positive or negative effect on the amount of value, support, and identification an employee derives from their professional life (Gersick et al. 2000). Social exchange theory is a dominant theoretical paradigm used to explain workplace relationships (Blau 1964; Cropanzano and Mitchell 2005). Social exchange theory is a foundational theory for other theories including leader-member exchange theory (Abu Bakar, Dilbeck, and McCroskey 2010; Gerstner and Day 1977), organizational support theory (Baran, Shanock, and Miller 2012; Rhoades and Eisenberger 2002), transformational leadership (Judge, Piccolo, and Ilies 2004), trust (Dirks and Ferrin 2002), and service-dominant logic (Vargo and Lusch 2004). Social exchange theory consists of similar perspectives to service-dominant logic; a cognitive framework used to underpin the exchange of value co-creation between organizations and their customers (Karpen, Bove, and Lukas 2011; Vargo 2011). Vargo and Lusch (2008) extend service-dominant logic to include all parties (e.g., employees) that exchange resources of value to develop favorable cognitions, emotions, and behaviors to achieve mutual benefit for individuals, customers, organizations, and societies.

The most explored and applied facet of social exchange theory is workplace relationships (Cropanzano and Mitchell 2005). Various mutually dependent associations exist within workplaces; these are referred to as social exchange relationships (Cropanzano, Byrne, Bobocel, and Rupp 2001). Social exchanges involve a sequence of interactions between two parties that produce personal obligations, appreciation, and trust (Blau 1964; Emerson 1976). While numerous characteristics of social exchange exist, the most significant is reciprocity, whereby positive and fair exchanges between two parties (individuals or groups) result in favorable behaviors and attitudes (Cropanzano and Mitchell 2005). Employees experience social exchange relationships with their colleagues, customers, suppliers, direct supervisor, and their organization (Masterson et al. 2000). Each of these relationships have cognitive, emotional, and behavioral implications whereby employees reciprocate the socioemotional benefits they receive (Blau 1964; Cropanzano and Mitchell 2005). The two social exchange relationships which dominate an employee's professional life are the relationships with their organization and with their direct supervisor (Masterson et al. 2000; Sluss et al. 2008). An employee's desire to reciprocate favors toward their organization and their direct supervisor are the result of these relationships (Cropanzano and Mitchell 2005).

Calls have been made for more complex, empirical research on workplace relationships (see e.g., Cropanzano and Mitchell 2005; Van Knippenberg, Van Dick, and Tavares 2007; Masterson et al. 2000; Sluss et al. 2008). In particular, the need for research focusing on exchanges between an employee and their organization and between an employee and their direct supervisor has been highlighted as an important area (Masterson et al. 2000; Sluss et al. 2008). Therefore, this study examines the impact of internal communication on employee engagement at the organization-employee and supervisor-employee level.

## **Resources of exchange**

Social exchange theory provides an explanation of how individuals offer and obtain resources within social exchange relationships (Sluss et al. 2008). A social resource is defined as “any item, concrete or symbolic, which can become the object of exchange among people” (Foa and Foa 1980, p. 78). Foa and Foa (1980) explore the nature of interpersonal resource interactions (i.e., transactions within an organizational context) and cluster resources into six social categories: love, status, information, money, goods, and services. Foa and Foa’s (1980) six social classifications are grouped into two additional categories: concreteness and particularism.

The resource of interest within this study is information, which includes “advice, opinions, instructions, or enlightenment” (Foa 1971, p. 346) and is conceptualized as internal communication. Information is considered moderately particularistic and highly symbolic, implying it goes beyond object worth and its source has an impact on its value (Cropanzano and Mitchell 2005). Furthermore, Rhoades and Eisenberger (2002) posit that social exchange theorists (see e.g., Blau 1964; Cotterell, Eisenberger, and Speicher 1992) believe employees will value resources (i.e., rewards and desirable job conditions) more highly if their organization provides resources on a voluntary basis, rather than as a requirement from an external party such as a union or the government.

According to Smidts, Pruyn and Van Reil (2001) internal communication facilitates interactions between organizations and employees which create social relationships based on meaning and worth. In turn, this is believed to increase productivity and drive positive employee attitudes (Cropanzano and Mitchell 2005). The conceptualization of information as a resource of exchange is consistent with social exchange theory, whereby individuals use their cognitive filters to translate resources (i.e., information) into positive or negative actions. Therefore, this study equates the resource of information as the exchange of communication between an organization, a supervisor, and their employees. Furthermore, this study positions employee engagement as a favorable, pro-social attitude and behavior which employees are likely to reciprocate. The concept of internal communication and employee engagement are discussed in the following sections.

## **Internal communication**

To retain a satisfied and motivated workforce, senior leaders and managers must continually find ways to meet individual employee needs and stimulate their creativity,

while persuading them to act in ways aligning with organizational objectives (Kitchen and Daly 2002). One approach used by organizations to foster satisfied and motivated employees is internal communication (Ryynanen et al. 2012; van Vuuren, de Jong, and Seydel 2007). Internal communication plays an integral role in the management function due to its ability to provide value to an organization's internal and external customers (Ryynanen et al. 2012; Zahay and Peltier 2008). Furthermore, it is necessary for senior leaders and managers within service driven organizations to communicate frequently with employees concerning service delivery and quality to establish trust and develop performance goals (Smith 2011). An increasing amount of research has been published on internal communication within the human relations, organizational psychology, management, and internal marketing literature (Lings and Greenley 2005; Ryynanen et al. 2012; Smith 2011). Internal communication is considered an important, challenging process which strengthens the connection between an organization and its stakeholders, particularly employees (Gray and Robertson 2005; Mazzei 2010).

The existing literature offers several definitions to describe internal communication (see e.g., Bovee and Thill 2000; Carriere and Bourque 2009; Kalla 2005; Mazzei 2010; Welch and Jackson 2007). The four main themes derived from the various definitions are 1) transactional in nature, 2) exchange of information, 3) management process, and 4) communication flow. While the definitions by Bovee and Thill (2000), Carriere and Bourque (2009), Kalla (2005), Mazzei (2010) and Welch and Jackson (2007) provide insight into what constitutes internal communication, there is no one definition that fully encapsulates the concept in its entirety. Therefore, this study incorporates the definitions by Bovee and Thill (2000), Carriere and Bourque (2009), Kalla (2005), Mazzei (2010) and Welch and Jackson (2007) and defines internal communication as: The process responsible for the internal exchange of information between stakeholders at all levels within the boundaries of an organization.

Internal communication is operationalized in this study at two levels, organization-employee and supervisor-employee, and will be referred to as internal organizational communication and internal supervisor communication. Internal organizational communication occurs between an organization's executive team (i.e., chief executive officer, senior management) and employees, while internal supervisor communication occurs between supervisors and their employees. The importance of considering internal organizational communication and internal supervisor communication stems from Bennis and Nanus' (1985) belief that both levels of communication are essential within all organizations. Furthermore, Bennis and Nanus (1985) suggest organizations and supervisors must communicate with their employees about company goals, visions, and values, as well as specific role-related tasks, in ways which elicit and encourage employees to respond with feedback. Therefore, it is important to understand how internal communication enhances organizational effectiveness and whether internal communication is linked to employee engagement. Some authors (see e.g., Johlke and Duhan 2000; Smidts et al. 2001) conceptualize internal communication as a multidimensional construct, while others (see e.g., Carriere and Bourque 2009; Zahay and Peltier 2008) position internal communication as a unidimensional construct consisting of various items that reflect the entire conceptual domain of internal

communication. As there are differences in views and no widely accepted scale used to measure internal communication, this study utilizes a less contentious approach and describes the concept as a unidimensional construct. The conceptual domain of internal communication is drawn from the services marketing and management literature (Johlke and Duhan 2000; Maltz 2000).

## **Employee engagement**

Employee engagement is associated with favorable employee outcomes such as organizational effectiveness and positive financial returns (Saks 2006). Employee engagement has been the focus of both industry and academic studies (Shuck and Wollard 2011). Despite the increase in attention, there is a shortage of empirical research on employee engagement (Saks 2006). Furthermore, much of what has been written about employee engagement comes from consulting firms where it has its basis in practice rather than theory (Saks 2006). Despite growing interest in engagement-related research, consultancy studies reveal a decline in the number of engaged employees (Saks 2006). A global workforce study conducted by Towers Perrin (2008) found only 21 per cent of employees to be engaged with their work, and 38 per cent of employees were moderately to fully disengaged with their work. More recently Gallup Consulting (2010) found 11 per cent of employees worldwide are engaged in their job, 62 per cent are not engaged, and 27 per cent are actively disengaged. Employee engagement has therefore become a high priority for organizations worldwide.

This research aligns with Schaufeli, Salanova, González-Romá, and Bakker's (2002 p. 74) definition of engagement as "a positive, fulfilling, work-related state of mind characterized by vigor, dedication, and absorption". Vigor, also known as an employee's behavior, is defined as "high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties" (Schaufeli, Bakker, and Salanova 2006, p. 702). Dedication, also described as an employee's emotion, is defined by Schaufeli et al. (2006 p. 702) as "being strongly involved in one's work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge". Finally, absorption, or cognition, is defined as "being fully concentrated and happily engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work (Schaufeli et al. 2006 p. 702).

## **Internal communication and employee engagement**

Internal communication is suggested as one of the key determinants of employee engagement (Iyer and Israel 2012). Despite the importance accredited to internal communication and employee engagement within the practitioner literature, there is little empirical academic research testing and supporting an association between the constructs.

Three different levels of engagement are recognized by Truss, Soane, and Edwards (2006) and include emotional (being very involved in work related tasks), cognitive (focusing very hard on work related tasks), and physical (being willing to put in extra effort) (Truss et al. 2006). Although the source of the engagement components is not

acknowledged by Truss et al. (2006) these components directly align with Kahn's (1990) belief that when engaged, people employ and express themselves physically, cognitively, and emotionally during role performance. Truss et al. (2006) found three main drivers of employee engagement 1) opportunities for employees to feed their views and ideas upwards, 2) employees feeling well-informed about what is happening within their organization, and 3) employees sensing their manager is committed to the organization. An important conclusion, Truss et al. (2006) argues, is that keeping employees well informed about organizational issues is a major driver of employee engagement.

While there are no specific studies investigating the influence of internal communication on employee engagement, organization communication satisfaction is suggested to have a positive impact on employee engagement (Iyer and Israel 2012). One aspect of organization communication is inter-organizational communication (Downs and Hazen 1977) which parallels the current conceptualization of internal communication. Building on this, the present study aims to discover the mechanisms that play a mediating role in the relationship between internal communication and employee engagement.

Organizations and supervisors who communicate with their employees on a daily basis facilitate social exchange, commonly described as the sequence of interactions that produce personal obligations, appreciation, and trust (Blau 1964; Emerson 1976; Ruck and Welch 2012). The theorized relationship between internal communication and employee engagement is believed to operate through social exchange, whereby employees feel obligated to return the favorable benefits they receive (Saks 2006). Favorable exchanges based on obligation are characterized by the act of reciprocity (Cropanzano and Mitchell 2005). Duck (1994) supports this view and adds that internal communication is in fact a fundamental element of all exchange relationships. Furthermore Rich, Lepine, and Crawford (2010) posit that if communication within an organization is truthful, respectful, polite, and dignified, it is likely to play an important role in developing optimal employee engagement. On these grounds, the following hypotheses have been developed.

***Hypothesis 1:*** Internal organizational communication has a direct positive effect on employee engagement.

***Hypothesis 2:*** Internal supervisor communication has a direct positive effect on employee engagement.

### **Mediators of the internal communication and employee engagement exchange relationship**

This study focuses on both the direct and indirect relationships between internal communication and employee engagement at the organization and supervisor level (Jaccard and Jacoby 2010). Alternative explanations for the association between internal communication and employee engagement may be understood through the role



of mediating variables. Several factors have been proven to mediate the relationship between internal communication and favorable organizational outcomes, including motivation (Bambacas and Patrickson 2008), communication satisfaction (Carriere and Bourque 2009), commitment, and brand identification (Punjaisri, Evanschitzky, and Wilson 2007). However, there are numerous unexplored variables that may have a mediating effect on the association between internal communication and favorable outcomes within the work environment (Welch and Jackson 2007). Social exchange, as suggested above, offers an explanation for exchange-based transactions between organizations, supervisors, and employees. Insights regarding social exchange relationships are frequently represented by perceived support; a concept commonly described as the extent to which an employee feels as though their organization and supervisor genuinely values their efforts and cares about their well-being (Eder and Eisenberger 2008). However, research on workplace relationships has not considered another important aspect of an employee's professional life, specifically their sense of identity and belonging (Sluss et al. 2008). Calls have been made for further research investigating the role of identification within the context of social exchange relationships (Sluss et al. 2008). Identification is commonly referred to as an employee's perception of oneness and group membership and has the potential to influence social exchange relationships (Ashforth and Mael 1989). Therefore, both perceived support and identification, referred to as social factors within this study, will be investigated as potential mediators. As this research examines the social exchange relationships between organizations and employees as well as supervisors and employees, perceived support and identification will be considered at both levels. The first social factor to be addressed is perceived support.

**Perceived organizational support** is defined as an employee's belief that their organization values their efforts and cares about their well-being (Eder and Eisenberger 2008). Employees consider their relationship with the organization to be representative of a relationship between themselves and another more influential individual (Sluss et al. 2008). Social exchange theory implies that an organization's willingness to reward increased work effort, and to meet socio-emotional needs, is determined by an employees' ability to develop strong beliefs concerning the extent to which the organization values their contributions and shows a genuine interest in their welfare (Hutchison et al. 1986). Perceived organizational support, as suggested by (Rhoades and Eisenberger 2002), manifests when an employee believes the organization will provide the necessary, and even additional, resources when they are required to successfully perform their role efficiently and effectively. On these grounds, the following hypothesis has been developed.

**Hypothesis 3:** Perceived organizational support has a mediating effect on the relationship between internal organizational communication and employee engagement.

**Perceived supervisor support** has also been shown to have a significant influence on favorable organization-level and individual-level outcomes (DeConinck and Johnson 2009; Eisenberger, Stinglhamber, Vandenberghe, Sucharski, and Rhoades 2002).

Although perceived organizational support and perceived supervisor support are highly interrelated (Rhoades and Eisenberger 2002), research indicates they are distinct constructs (DeConinck and Johnson 2009). Perceived supervisor support is underpinned by social exchange theory and commonly defined as “the extent to which the supervisor values the employee’s contributions” (DeConinck and Johnson 2009, p. 334). According to Shanock and Eisenberger (2006) employees consider the support they receive from their supervisor as an indication of the organization’s positive or negative orientation toward them. On these grounds, the following hypothesis has been developed.

**Hypothesis 4:** Perceived supervisor support has a mediating effect on the relationship between internal supervisor communication and employee engagement.

The second social factor to be investigated is identification. The benefits of organizational identification and supervisor identification are best understood through social identity theory and principals of group membership. This study contributes to existing literature by adding social identity to the theoretical model and examining identification as a potential mediator of the relationship between internal communication and employee engagement.

**Organizational identification** occurs when employees feel as though they belong to an organization, whereby they identify themselves in terms of their social and group membership (Tajfel 1978). Employees who identify themselves with the organization view the success or failure of the organization as their own (Ashforth and Mael 1989). When employees take pride in their group membership, they are likely to generate favorable individual-level and organization-level outcomes including, organizational citizenship behavior, employee satisfaction, decreased turnover, performance, and commitment (Riketta 2005). In addition, organizational identification has a cognitive and affective component which influences an employee’s sense of pride and belonging to an organization (Smidts et al. 2001; Tajfel and Turner 1985). According to Tajfel and Turner (1985) the affective component of organizational identification plays the more important role in achieving positive social identity. On these grounds, the following hypothesis has been developed.

**Hypothesis 5:** Organizational identification has a mediating effect on the relationship between internal organizational communication and employee engagement.

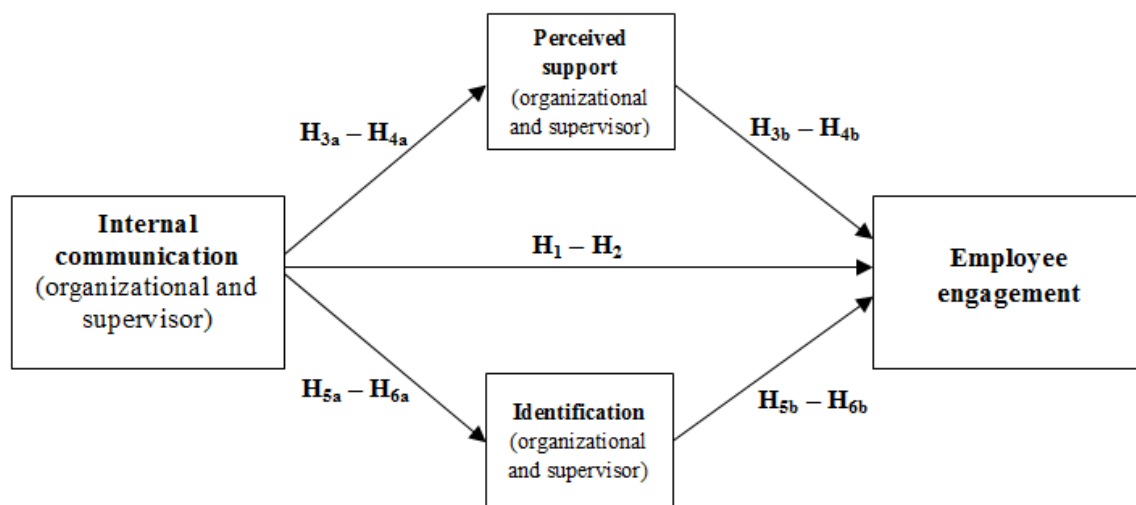
**Supervisor identification** facilitates interpersonal relationships among supervisors and their team members, namely employees (Becker, Billings, Eveleth, and Gilbert 1996). As Ashforth and Mael (1989) posit, employees who confidently identify with their organization exhibit a supportive attitude and are more likely to align with the organization’s overall goals and objectives. To date, research on identification has rather neglected an employee’s ability to identify with their direct supervisor, and the implications this may have for the supervisor-employee relationship, and of course employee engagement. Becker et al. (1996) consider supervisor-related identification

and organization-related identification within their research on employee commitment. Their research found that employees from different organizations will distinguish between their identification with their organization and with their direct supervisor. Therefore, supervisor identification will be considered as a key determinant of the relationship between internal supervisor communication and employee engagement. On these grounds, the following hypothesis has been developed.

**Hypothesis 6:** Supervisor identification has a mediating effect on the relationship between internal supervisor communication and employee engagement.

In sum, social exchange and social identity have the potential to influence an employee's professional life and the ability to effect an employee's perceptions of the quality and value of their workplace relationships (Sluss et al. 2008). Therefore, both perceived support and identification will be considered within this research as the mechanisms (i.e., mediating variables) that influence the relationship between internal communication and employee engagement. Relationships among the constructs were empirically tested as follows (see Figure 1).

Fig. 1: The proposed research model



H1 – H2 Hypothesized direct relationships, H3 – H6 Hypothesized indirect (mediation) relationships

## Methodology

This study employed a quantitative approach (Cavana, Delahaye, and Skaran 2001). An online survey comprising of five sections was used (see Appendix for list of final scale items) (Becker 1992; Johlke and Dunhan 2000; Maltz 2000; Miller, Allen, Casey, and, Johnson 2000; Schaufeli et al. 2002; Shanock and Eisenberger 2006). All items were measured using a 7-point Likert-scale, ranging from '1 = strongly disagree' to '7 = strongly agree'. Two stages of pre-testing were implemented to resolve any fundamental problems in the survey and to test for content validity (Malhotra, Hall, Shaw, and

Oppenheim 2006). Stage one, 12 participants gained through a convenience sampling technique completed the survey and provided feedback regarding overall design and the clarity of wording and instructions. Subsequently, some design modifications were made to the survey before the second stage of pre-testing occurred. Stage two, a larger pilot study of 54 responses gathered using a snowball sample was conducted to achieve an acceptable level of reliability and validity (Zikmund 2011).

After pre-testing the survey and making slight amendments, the main survey was administered, via email, to a sample of 2,000 Australian males and females aged 18 – 65+ currently employed on either a full-time or part-time basis with an organization employing over 50 staff. It was required that hierarchical management levels existed within the participants' organization. This was important to the research enquiry which was aimed to understand the influence of internal communication, from both the organization and supervisor, on employee engagement. Participants holding an executive management (i.e., owner, partner, chief executive officer) or senior management (i.e., executive, general manager) position within their organization were excluded from the target population as they are generally the source of communication, rather than the receivers.

All respondents received an email containing the link to the online survey. A response rate of 18.25% was achieved (365 completed surveys, 200 usable due to the financial restrictions associated with the study). Respondents were almost equally split between male (49.5%) and female (50.5%) employees aged between 15 and 65 plus, with the largest age segment being those aged 55 to 64 (28%). The majority of respondents had worked for their current organization for one to five years (29%), attained a diploma/certificate as their highest level of education (34%), and worked within interpersonal type roles i.e. education and training sector (16.5%), government/public and health sector (14.5%), and the retail sector (13.5%). To minimize the risk of self-selection and non-responses bias, a third party was used to administer the online survey.

### **Scale validation and dimensionality of constructs**

The reliability and validity of the scales were addressed to minimize measurement error and to ensure the results were a true representation of the observed event (Hair, Black, Babin, Anderson, and Tatham 2010). Scale items were adapted from the services marketing (Johlke and Dunhan 2000; Maltz 2000), psychology (Schaufeli et al. 2002) and organizational behavior (Becker 1992; Miller et al. 2000; Shanock and Eisenberger 2006) literature and thus, the scales used were not specific to the context of this research. Furthermore, the items used to measure internal communication (organizational and supervisor) were significantly adapted to better suit this research. Therefore, it was essential to test the suitability of these items given that they were used in a different context (Nunnally and Bernstein 1994). Reliability was assessed by examining the Cronbach's (1951) alpha coefficients and item-to-total correlations. Individual items with alpha scores below .70 and item-to-total correlation scores less than .30 were deleted (Hair et al. 2010; Nunnally and Bernstein 1994).

Following the reliability tests, an exploratory factor analysis (EFA) was undertaken to determine the factor structure of each construct (Hair et al. 2010). Exploratory factor analysis using principal axis factoring and oblique rotation methods was performed (Allen and Bennett 2012). Following the recommendations of Field (2005), Hair et al. (2010), and Tabachnick and Fidell (2007), items were deleted if they had unique factor loadings less than .50 and/or if they cross loaded onto more than one factor. Factors with eigenvalues less than one were also deleted and the scree plot was inspected for a prominent elbow to provide further insight into the number of factors to be extracted from the data. All constructs were shown to be unidimensional. Internal organizational communication is measured by seven items and internal supervisor communication by 13 items which adequately represent the complete conceptual domain of internal communication.

## Analysis and results

This study tests two competing models which provide an explanation for the relationship between internal communication (organizational and supervisor) and employee engagement. The six hypotheses identified within the literature review were tested by performing a series of regression analyses. First, the standard direct effect models testing H1 and H2 were examined using linear regression. In the first regression involving internal organizational communication and employee engagement, a significant and positive association between the two variables was found ( $\beta=.48$ ,  $p<.001$ ). Furthermore, internal organizational communication accounted for 23% of the variance in employee engagement, thus supporting H1. In the second regression involving internal supervisor communication and employee engagement, a significant and positive association between the two variables was found ( $\beta=.57$ ,  $p<.001$ ). Internal supervisor communication accounted for 32% of the variance in employee engagement, thus supporting H2.

Second, the four indirect effect models testing H3-H6 were examined using multiple regression; a technique used to assess mediation (Hair et al. 2010). Baron and Kenny's (1986) four conditions of mediation were used to test for mediation: 1) the independent variable (IV) has a significant and unique effect on the mediator (M); 2) when the M is removed, the IV has a significant and unique effect on the dependent variable (DV); 3) the M has a significant and unique effect on the DV when controlling for the IV and; 4) the significant relationship between the IV and the DV will be reduced (partial mediation) or will no longer be significant (full mediation) when controlling for the M. Consequently, four regression analyses were conducted to test for mediation (see Table 1 and Table 2).

**Tab. 1:** Results of mediated regression (organization-employee model)

	Regression: H <sub>3</sub>		Regression: H <sub>5</sub>	
	Beta	t	Beta	t
1 (Constant) IOC	.48**	7.71	.48**	7.71
2 (Constant) IOC	-.10	-1.00	-.15*	-2.03
POS	.70**	7.24		
OI			.84**	11.39

Note. \* =  $p < .05$ ; \*\* =  $p < .001$

**Tab. 2:** Results of mediated regression (supervisor-employee model)

	Regression: H <sub>4</sub>		Regression: H <sub>6</sub>	
	Beta	t	Beta	t
1 (Constant) ISC	.57**	7.71	.57**	7.71
2 (Constant) ISC	.14	1.06	.33*	-2.03
PSS	.48**	3.72		
SI			.29*	11.39

Note. \* =  $p < .05$ ; \*\* =  $p < .001$

The results of the multiple regression analyses for each model indicated a significant and positive relationship between the independent variables (internal organizational communication and internal supervisor communication) and the mediators (perceived organizational support, organizational identification, perceived supervisor support, and supervisor identification), thus confirming the first condition of mediation for each model. The second condition required to support a median hypothesis was met for each model as described in the previous section. The third regression assessed the effect of the mediators (perceived organizational support, organizational identification, perceived supervisor support, and supervisor identification) on the dependent variable (employee engagement) when controlling for the independent variables (internal organizational communication and internal supervisor communication). The results of each regression revealed a significant and positive relationship between the mediator and dependent variable for each model, thus confirming the third condition. The final regression indicated that the relationship between internal organizational communication and employee engagement, and internal supervisor communication and employee engagement, decreased when perceived organizational support and perceived supervisor support was included (see Table 1 and Table 2). Both relationships also became non-significant at the  $p < .05$  significance level, thus confirming the fourth

condition and supporting H3 and H4. Furthermore, the relationship between internal organizational communication and employee engagement, and internal supervisor communication and employee engagement, decreased when organizational identification and supervisor identification were included. However, the relationships remained significant at the  $p < .05$  significance level, thus confirming the fourth condition and partially supporting H5 and H6. To further confirm whether full mediation had occurred, the Sobel's (1982) test was conducted and indicated that the indirect effect was significant at  $p < .001$  for each relationship within all models (MacDonald and Jessica 2006).

The final stage of analysis evaluated the adequacy or fit of each model using the  $R^2$  of the criterion variable (employee engagement) to determine which model within each level (organization-employee and supervisor-employee) explains the highest proportion of variance in employee engagement. Organizational identification explained the highest proportion of variance in employee engagement scores,  $R^2 = .54$ ,  $F(1, 197) = 129.79$ ,  $p < .001$  within the organization-employee model and perceived supervisor support,  $R^2 = .37$ ,  $F(1, 197) = 13.86$ ,  $p < .001$  within the supervisor-employee model. Following the recommendations of Chin (1998) both models represent moderate model fit and give the highest predictive ability for employee engagement.

## Discussion

### Theoretical implications

The overall purpose of this study was to test two competing models which provide an explanation for the relationship between internal communication (organizational and supervisor) and employee engagement. The study proposed that social factors, namely perceived support and identification, would have a mediating effect on the relationship between internal communication (organizational and supervisor) and employee engagement. This proposition was supported as the indirect effect models suggested that internal communication (organizational and supervisor) as a resource is having little to no impact on employee engagement in the presence of perceived supervisor support and organizational identification. The key theoretical findings are now discussed.

This research highlights the role of internal communication in influencing employee engagement. The relationship between internal communication (organizational and supervisor) and employee engagement received significant and positive support in the direct effect models testing H1 and H2. This finding supports the notion that internal communication has a significant role to play in optimizing employee engagement. Specifically, these results support the expectation that social resources, when viewed favorably by employees, will influence an employee's experience in the workplace (Sluss et al. 2008). This research provides empirical evidence for the association between internal communication (organizational and supervisor) and employee engagement. However, the indirect or mediating effects of the relationship between internal communication and employee engagement were theorized to provide a better

explanation for the association between internal communication (organizational and supervisor) and employee engagement.

Hypothesis 3, 4, 5, and 6 posit that identification and perceived support have a mediating effect on the relationship between internal communication (organizational and supervisor) and employee engagement. The findings for the organization-employee model are consistent with established studies (see e.g., Ashforth and Mael 1989; He and Brown 2013; Lings and Greenley 2005; Riketta 2005; Smidts et al. 2001), and indicate that organizational identification partially mediates the relationship between internal organizational communication and employee engagement, thus supporting H4. In other words, internal organizational communication influences employees' ability to identify with their organization which then has an expositive impact on employee engagement. Organizational identification also represented the highest proportion of variance in employee engagement over perceived organizational support. These findings suggest that identification is an important component of an employee's professional life and influences their ability to engage with their work. The findings also favor social identity theory which has been used to gain an informed perspective on the perceived oneness between the individual and the organization (Ashforth and Mael 1989; Dutton, Dukerich, and Harquail 1994).

The findings for the supervisor-employee model are consistent with established studies (see e.g., DeConinck 2010; Hutchison et al. 1986; Panaccio and Vandenberghe 2009; Rhoades and Eisenberger 2002; Saks 2006; Shanock and Eisenberger 2006; Sluss et al. 2008), and indicate that perceived supervisor support fully mediates the relationship between internal supervisor communication and employee engagement, thus supporting H5. In other words, internal supervisor communication influences perceptions of perceived support which then has an expositive impact on employee engagement. Perceived supervisor support also represented the highest proportion of variance in employee engagement over supervisor identification. However, the proportion of variance in employee engagement represented by perceived supervisor support and supervisor identification differed by only 2%. This implies that both social factors play a role in influencing employee engagement. Overall, these findings support social exchange theory, which emphasizes the role of reciprocity in social exchange relationships between supervisors and their employees (Cropanzano and Mitchell 2005; Rhoades and Eisenberger 2002). This result is similar to the theoretical assertion that when supervisors provide resources (internal communication) in a way that is perceived to be beneficial, employees will consider the relationship favorably and will reciprocate with engagement (Cropanzano and Mitchell 2005).

While no direct comparisons between the organization-employee model and supervisor-employee model have been statically drawn, soft conclusions regarding their interdependence can be made. It appears that resources (social and economic) are usually allocated and exchanged by an organization's team of supervisors as they are in contact with employees more frequently than the chief executive officer and senior management team (Sluss et al. 2008). While the organization-employee and supervisor-employee models operate through different mechanisms one may assume that the



supervisor-employee relationship is responsible for the development of the organization-employee relationship. In sum, principals of social exchange and social identity influence an employee's professional life and their willingness to reciprocate engagement.

### **Practical implications**

This research also offers practical implications for supervisors and organizational leaders. The results provide organizational leaders and supervisors with some of the internal drivers and tools which influence employee engagement. Organizational leaders should take advantage of identification, namely perceptions of value and pride, in influencing employee engagement through internal communication. That is, in order for employees to become engaged, they must develop knowledge of their group membership to which they attach value and emotional significance (Tajfel 1978). Organizations can achieve this through internal communication which builds employees' knowledge of group membership and strengthens identification with their organization. For instance, communication should be focused on increasing employees' sense of pride and belonging (Tajfel 1985). Furthermore, internal communication should facilitate an employee's ability to link their values and goals to those of the organization (Miller et al. 2000). Supervisors should take advantage of perceived support, namely perceptions of the quality of the exchange relationship, in influencing employee engagement through internal communication. That is, in order for employees to become engaged, they must develop a strong belief that their supervisor values their efforts and cares about their well-being (Shanock and Eisenberger 2006). Supervisors can achieve this through internal communication which builds employees' perceptions of support. Furthermore, supervisors should involve employees in discussions about their individual role and team objectives frequently (Johlke, Dunhan, Howell, and Wilkes 2000).

In summary, from a practice perspective, organizational leaders and supervisors should focus internal communication toward strengthening identification with the organization and perceived support from the supervisor, rather than using internal communication to drive employee engagement directly.

### **Limitations and future research**

Although this research contributes to academic and practitioner knowledge, each research design contains inherent limitations. However, these limitations can be addressed by future research. Four main limitations were identified within this study. First, cross-sectional and self-report data were used which implies issues of causality and common method bias (Robson 2011; Zikmund 2011). Therefore, while the findings are consistent with social exchange and social identity theory and literature (Cropanzano and Mitchell 2005; Masterson et al. 2000) the results do not confirm causality. Future research with longitudinal and experimental designs are required to provide more specific conclusions about the causal effects of internal communication (organizational and supervisor) on employee engagement, and the extent to which this association is mediated by principals of social exchange and social identity. Second,

some of the variables were highly inter-correlated, commonly referred to as multicollinearity. Tolerance and its inverse, the Variance Inflation Factor (VIF) (Allen and Bennett 2012) were used to test for multicollinearity. While the results of both tests confirmed that multicollinearity did not pose a major threat to the study, some of the tolerance values did not meet the more rigorous requirements of Menard (2002). Hence, future research incorporating other predictors (i.e., trust and fairness) of perceived quality and value of the exchange of resources between organizations, supervisors, and employees may overcome this potential issue. Third, the non-probability sampling technique used within this study limited the generalizability of the results. Fourth, the most important social exchange relationships experienced by employees were investigated within this research: an employee's relationship with their organization and with their supervisor. While each model was tested individually, the findings did not make direct comparisons between the models because of construct equivalence. Future research could investigate both models and then make comparisons between the organization-employee and supervisor-employee relationship by utilizing analysis methods to test for construct equivalence, such as CETSCALE (Malhotra et al. 2006). This would ensure that construct measures are consistent across both models, thus increasing the ability to make hard conclusions about the significance of the findings.

Another avenue of future research stems from the findings of previous studies suggesting that proficient management and delivery of customer-related communication is a driver of successful customer relationships (de Chernatony and Segal-Horn 2003; Ryyanen et al. 2012). While the present study focuses on an organization's internal customers, namely employees, it would be beneficial to apply the current theoretical model to an organization's external customers. Such an investigation could help researchers gain insight into the social factors which drive customer engagement.

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## Appendix: Scale Items

### Internal Organizational Communication

Items	Communalities	Factor Loading
At work, communication flows two-way (e.g. from the executive team to me, and from me to the executive team)	.85	.92
At work, I exchange ideas and information with the executive team freely and easily	.81	.90
At work, open lines of communication between me and the executive team are encouraged	.75	.87
Discussions with the executive team go beyond mere direction about how to do my job	.72	.85
I often discuss work-related matters with the executive team	.65	.81
The executive team regularly discusses organizational issues with me	.61	.78
The executive team communicates with me frequently	.56	.75
<b>Cronbach's Alpha</b>		<b>.94</b>

### Internal Supervisor Communication

Items	Communalities	Factor Loading
At work, I exchange ideas and information with my direct supervisor freely and easily	.84	.92
Communication from my direct supervisor is accurate	.81	.90
At work, communication flows two-way (e.g. from my direct supervisor to me, and from me to my direct supervisor)	.78	.89
Communication from my direct supervisor is adequate	.80	.89
Discussions with my direct supervisor go beyond mere direction about how to do my job	.76	.87
Communication from my direct supervisor is timely	.76	.87
At work, an open line of communication between me and my direct supervisor is encouraged	.76	.87
My direct supervisor and I discuss the best actions for me to take in my role	.76	.87
I often discuss role-related matters with my direct supervisor	.73	.85
My direct supervisor tells me how my job tasks fit into the overall aim of the organization	.72	.85
My direct supervisor communicates with me frequently	.71	.84
Communication from my direct supervisor is complete	.68	.83
My direct supervisor and I regularly discuss my day-to-day activities and goals	.65	.80
<b>Cronbach's Alpha</b>		<b>.98</b>



**Perceived Organizational Support**

Items	Communalities	Factor Loading
My organization really cares about my well-being	.85	.92
My organization strongly considers my goals and values	.85	.92
My organization cares about my opinions	.84	.91
My organization shows a great deal of concern for me	.80	.89
My organization is willing to help me when I need a special favor	.70	.84
Help is available from my organization when I have a problem	.63	.79
My organization would forgive an honest mistake on my part	.62	.79
My organization would not take advantage of me	.59	.77
<b>Cronbach's Alpha</b>		<b>.96</b>

**Perceived Supervisor Support**

Items	Communalities	Factor Loading
My direct supervisor really cares about my well-being	.86	.93
My direct supervisor cares about my opinions	.85	.92
Help is available from my direct supervisor when I have a problem	.82	.91
My direct supervisor shows a great deal of concern for me	.82	.91
My direct supervisor strongly considers my goals and values	.78	.89
My direct supervisor is willing to help me when I need a special favor	.77	.88
My direct supervisor would forgive an honest mistake on my part	.74	.86
My direct supervisor would not take advantage of me	.62	.78
<b>Cronbach's Alpha</b>		<b>.97</b>

**Organizational Identification**

Items	Communalities	Factor Loading
I am proud to be an employee of my organization	.84	.92
I am glad I chose to work for my organization rather than another company	.82	.91
I talk up my organization to my friends as a great company to work for	.74	.86
I find it easy to identify with my organization	.73	.85
I feel that my organization cares about me	.52	.84
I would describe my organization as a large "family" in which most members feel a sense of belonging	.70	.83

I find my values and the values of my organization are very similar	.69	.83
I have warm feelings toward my organization as a place to work	.68	.82
My organization's image in the community represents me well	.66	.81
The track record of my organization is an example of what dedicated people can achieve	.61	.80
I would be willing to spend the rest of my career with my current organization	.60	.77
I really care about the fate of my organization	.52	.72
<b>Cronbach's Alpha</b>		<b>.96</b>

**Supervisor Identification**

Items	Communalities	Factor Loading
Since starting this job, my personal values and those of my direct supervisor have become more similar	.75	.87
When someone praises my direct supervisor, it feels like a personal compliment	.72	.85
My direct supervisor's successes are my successes	.72	.85
The reason I prefer my direct supervisor to others is because of what he or she stands for	.71	.84
My attachment to my direct supervisor is primarily based on the similarity of my values	.71	.84
When I talk about my direct supervisor, I usually say 'we' rather than 'they'	.71	.84
I feel a sense of 'ownership' for my direct supervisor	.64	.80
<b>Cronbach's Alpha</b>		<b>.94</b>

**Employee Engagement**

Items	Communalities	Factor Loading
I am enthusiastic about my job	.82	.91
At my work, I feel I have lots energy	.72	.86
At my job, I feel strong and vigorous	.71	.84
My job inspires me	.68	.83
I am immersed in my work during work hours	.66	.80
When I get up in the morning, I feel like going to work	.61	.78
I feel happy when I am working intensely	.60	.76
I am proud of the work that I do at my organization	.57	.76
<b>Cronbach's Alpha</b>		<b>.94</b>