

The Impact of Digital Internal Communication on Employee Engagement: Evidence from SMEs

Dr. Nidhi Bhatnagar

Assistant Professor, English, Department of Humanities and Applied Sciences
Engineering College, Jhalawar

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Abstract

In contemporary workplaces, digital internal communication has emerged as a crucial organizational practice, especially in Small and Medium Enterprises (SMEs), where limited resources necessitate effective and adaptable communication solutions. The impact of digital communication technologies on employee engagement in SMEs is investigated in this analytical study report. The study finds important factors like transparency, engagement, collaboration, and technological adoption through the use of secondary data analysis and literature synthesis. The results show that through enhancing information flow, lowering hierarchical obstacles, and building organizational trust, digital communication dramatically raises employee engagement. But too much digital connection can also lead to problems like work-life imbalance and information overload. For SMEs to successfully use digital communication, the report offers strategic recommendations.

Keywords: Digital Communication, Employee Engagement, SMEs, Internal Communication, Organizational Behaviour.

Introduction

Internal communication in businesses has changed dramatically in the digital age as a result of the use of digital platforms like intranet systems, enterprise social media, and collaboration tools. SMEs, which account for a significant amount of the world economy, depend more and more on digital communication to preserve employee satisfaction, productivity, and coordination. The term "emotional commitment" describes how employees feel about their company, which affects their creativity, loyalty, and performance. Good internal communication is regarded as one of the key factors influencing employee engagement.

According to research, digital communication tools provide improved employee engagement, quicker decision-making, and real-time cooperation across geographical boundaries.

In many developing nations, including Indonesia, small and medium-sized businesses (SMEs) are essential to local innovation, job creation, and economic progress. But when it comes to human resource management, SMEs frequently encounter significant obstacles, particularly when it comes to employee engagement. The degree to which people are emotionally and intellectually invested in their work and driven to help the company succeed is known as employee engagement (Kusmantini et al., 2011). This involvement is essential in the context of SMEs because the business's relatively small scale necessitates a dual role and high levels of commitment from each member. Reduced productivity, increased staff turnover, and a halt in innovation and competitiveness can all result from low employee

engagement (Gaspersz & Manafe, 2023).

Numerous elements, including leadership style, organizational culture, reward systems, internal communication, workload, and psychological well-being, have been identified in prior research as having an impact on employee engagement in SMEs (Wiratama, 2022; Sucahyowati & Hendrawan, 2020). The successful implementation of digital innovation and organizational change can be influenced by employee involvement, according to a number of studies (Kholmi & Wahyuningsih, 2023). Furthermore, this issue cannot be disregarded in small- to medium-sized business development strategies because to the strong correlation between staff engagement and retention as well as the operational performance of SMEs (Junaedi, 2023). Nevertheless, there is still a dearth of research that thoroughly examines how these elements work together and how employee engagement affects SME success overall.

Review of Literature

The results of this study demonstrate that a number of characteristics that are consistently present in the examined literature have an impact on employee engagement in small and medium-sized businesses (SMEs). As the most important factor, leadership style comes in first (15 out of 20 studies), which confirms the findings of Kholmi & Wahyuningsih's (2023) study that leaders who can create a common vision and encourage their teams are crucial to the effective adoption of innovation and digital transformation in SMEs. Employee loyalty, sense of duty, and work morale can all be raised by a transformative and participatory leadership style.

The second most frequently identified component (based on 14 studies) is internal communication, which is also consistent with Gaspersz & Manafe's (2023) findings that emphasize the significance of information sharing between management and staff. Open communication fosters transparency and a strong sense of trust among team members in the setting of SMEs. Employee engagement rises as a result of feeling that the company values their opinions and contributions. According to a study by Falgenti & Pahlevi (2013), employee or user involvement from the beginning of ERP system implementation in SMEs was shown to improve the implementation's success and also validate that involvement is strongly linked to long-term strategic success.

More than half of the analyzed publications also included other elements including job satisfaction, employee well-being, company culture, and reward systems. For instance, in a study by Wiratama (2022), a collaborative organizational culture and rewards that include social appreciation and acknowledgment of individual achievements in addition to monetary compensation had a significant impact on employee engagement. This supports the claim that incentive programs and company culture work together to promote productive workplace cultures and raise employee engagement.

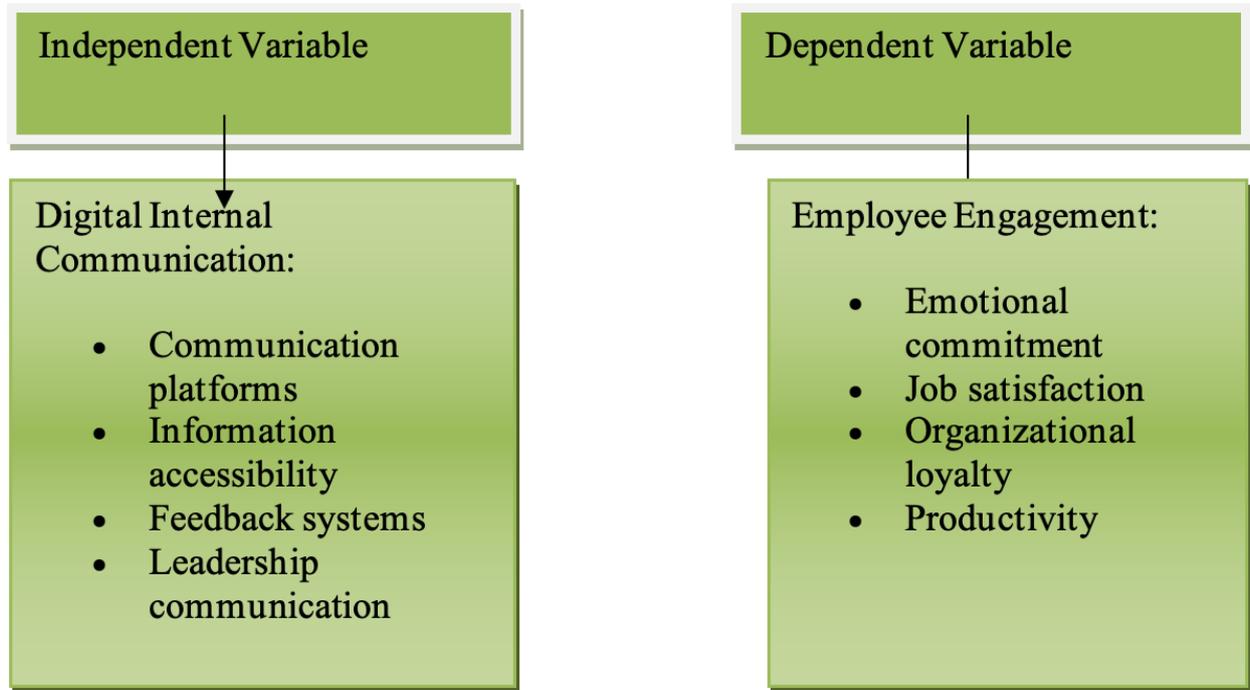
1. Research Questions

1. How does digital communication influence employee engagement in SMEs?
2. What digital communication factors most strongly affect engagement?
3. What challenges do SMEs face in adopting digital communication tools?

2. Objectives of the Study

1. To examine the role of digital internal communication in SMEs.
2. To identify benefits and challenges associated with digital communication tools.
3. To provide strategic recommendations for SMEs.

3. Conceptual Framework



Research Methodology

3.1 Research Design

Analytical and descriptive research based on secondary data sources including journals, research articles, and case studies.

3.2 Data Sources

- Academic journals
- SME communication studies

3.3 Analytical Approach

Thematic analysis of literature findings.

3.3. Descriptive Statistics

- Mean
- Standard deviation

Analysis and Interpretation

Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
.967	25

Interpretation

An outstanding degree of reliability for the questionnaire is indicated by the derived Cronbach's Alpha rating of 0.967. Cronbach's Alpha was used in reliability analysis to evaluate the measurement scale's internal consistency. Excellent reliability was indicated by the results, which revealed a Cronbach's Alpha

value of 0.967 for 25 items. This attests to the questionnaire's high degree of consistency and suitability for additional statistical analysis.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
GENDER	100	1	2	1.67	.472
QUALIFICATION	100	1	4	2.39	.817
WORKINGTIMEWITHTHE ORGANIZATION	100	1	4	3.16	1.074
DIC1	100	1	5	3.98	1.245
DIC2	100	1	5	3.51	1.377
DIC3	100	1	5	3.54	1.380
DIC4	100	1	5	3.22	1.329
DIC5	100	1	5	3.29	1.452
DIC6	100	1	5	3.32	1.341
DIC7	100	1	5	3.13	1.185
DIC8	100	1	5	3.32	1.233
DIC9	100	1	5	3.09	1.236
DIC10	100	1	5	3.45	1.166
DIC11	100	1	5	3.56	1.180
DIC12	100	1	5	3.61	.994
DIC13	100	1	5	3.46	.983
DIC14	100	1	5	3.57	1.285
EE1	100	1	5	3.36	1.119
EE2	100	1	5	3.38	1.144
EE3	100	1	5	3.45	1.171
EE4	100	1	5	3.50	1.096
EE5	100	1	5	3.51	1.122
EE6	100	1	5	3.59	1.000
EE7	100	1	5	3.23	1.471
EE8	100	1	5	3.06	1.370
EE9	100	1	5	3.14	1.456
EE10	100	1	5	3.22	1.416
EE11	100	1	5	3.33	1.361
Valid N (listwise)	100				

Interpretation of Descriptive Statistics

An overview of the respondents' demographic traits and opinions about digital internal communication and employee engagement in SMEs is given by the descriptive statistics. One hundred legitimate responses in all were examined.

Gender

The sample comprises both male and female respondents, with a small preponderance of one group

(based on coding), according to the gender mean value of 1.67 with a standard deviation of 0.472. There is little variety, as indicated by the low standard deviation.

Qualifications in Education

The majority of responders fall between undergraduate and graduate levels, according to the mean score of 2.39. The 0.817 standard deviation indicates a modest degree of variance in educational backgrounds.

Internal Communication via Digital (Independent Variable)

A moderate to high degree of agreement among respondents about the efficacy of digital communication is shown by the mean scores of the digital internal communication items, which range from 3.09 to 3.98 overall.

Engagement of Employees (Dependent Variable)

A moderate level of employee involvement is indicated by the mean values for the employee engagement factors, which range from 3.06 to 3.59.

General Interpretation

According to the descriptive analysis,

- SMEs' digital internal communication strategies are only mediocly successful.
- In general, employees see digital communication tools favorably.
- There is room for improvement as employee engagement levels are moderate but not very high.
- When compared to feedback methods, leadership communication exhibits a comparatively greater influence.

Analysis and Discussion

Favorable Effect on Worker Engagement

1. Better Information Exchange: Misunderstandings are decreased by the instantaneous information exchange and real-time updates made possible by digital communication.
2. Increased Involvement of Workers: Two-way communication is facilitated by interactive digital tools, which increases employee engagement.
3. Increased Trust in the Organization: Employees who communicate openly are more trusting and less apprehensive.
4. More Cooperation: Departmental collaboration is facilitated via digital platforms.
5. Increased Adaptability: Workers may communicate from anywhere at any time, which increases productivity.

Digital Communication's Difficulties for SMEs

1. Overwhelming information: Overuse of digital communication can lower productivity and cause stress.
2. Unbalanced Work-Life: Constant connectedness might make it difficult to distinguish between personal and professional life.
3. Barriers posed by technology: SMEs might not have the funds to put sophisticated digital communication systems into place.

Conclusion

In SMEs, digital internal communication is a game-changer for raising employee engagement. It enhances employee involvement, transparency, and teamwork, all of which eventually boost organizational success. To fully profit from digital communication, SMEs must overcome obstacles including communication overload and technological constraints. The creation of a methodical

conceptual framework pertaining to employee involvement is the primary contribution of this study to the scientific field of human resource management in the context of SMEs. This study was able to establish the thematic linkages between significant aspects and provide a theoretical foundation for the creation of future empirical models by compiling and mapping the findings of earlier research.

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