

UNDERSTANDING EMPLOYEES' READINESS FOR CHANGE IN SMALL AND MEDIUM-SIZED ENTERPRISES: A MULTIDIMENSIONAL COMMUNICATION FRAMEWORK

Matea Cvjetković, Bojan Morić Milovanović, Tihana Babić

Abstract

Drawing on internal communication and organizational change literature, this study develops a conceptual framework that examines the influence of internal communication on employee readiness for change. In theory, internal communication is recognized as an important prerequisite for employees' perceptions and acceptance of change. Nevertheless, its role in small and medium-sized enterprises (SMEs) is not sufficiently studied, especially in the post-COVID-19 context which altered many communication preferences. To fill this gap, the proposed framework combines Internal Communication Satisfaction and perceived Quality of Change Communication, together with Work Demands and Information Overload as workplace stressors. The hypotheses were empirically tested through a quantitative survey of 454 employees from Croatian SMEs. Using a disjoint two-stage PLS-SEM approach, the findings confirmed that both Internal Communication Satisfaction and perceived Quality of Change Communication positively affect employee Readiness for Change. Results additionally revealed moderating and complementary mediating effects. The study has several theoretical contributions and offers practical implications for management.

Keywords: *internal communication; readiness for change; small and medium-sized enterprises (SMEs); change communication; information overload; work demands*

JEL classification: *M12; M14; D23; L26*

1. Introduction

In the contemporary business environment, change has become the norm rather than the exception. Technological advances, regulatory shifts, market instability, and various external pressures continually transform how companies function. Yet organizations do not change on their own; they change through their people. This is why many firms are starting to recognize that employees are not important only for the success of the change initiatives, but also for broader organizational efficiency and profitability. In other words, they are the heart of every business process

Matea Cvjetković, PhD (Corresponding author)
Research Associate
Institute of Public Finance
Smičiklasova 21, Zagreb
Croatia
E-mail: matea.cvjetkovic@ijf.hr
ORCID: <https://orcid.org/0009-0002-7691-256X>

Bojan Morić Milovanović, PhD
Full Professor
Libertas International University
Croatia
E-mail: bmorice@libertas.hr
ORCID: <https://orcid.org/0000-0001-7676-6983>

Tihana Babić, PhD
Assistant professor
VERN' University
Croatia
E-mail: tibabic1@vernet.hr
ORCID: <https://orcid.org/0000-0002-9916-8828>

(Chatzipanagiotou et al. 2025). Externally, they also shape the company's reputation through their communication with clients, customers, and the wider community. For this reason, the employee-organization relationship has become a top priority for modern management, supporting stability and successful performance, especially when organizations face change (Jain, Chawla, and Arya 2021). In such context, internal communication has emerged as an important management tool; not only to inform employees of current and future plans, but also to provide them with a sense of belonging to their organization (Rahi et al. 2022). Through this role, internal communication directly influences employees' readiness to accept and support change, which, in turn, impacts the successful implementation of new initiatives (Engida, Alemu, and Mulugeta 2022).

Previous research on readiness for change has primarily followed three perspectives: (a) the role of individual traits (Marchalina, Ahmad, and Gelaidan 2021), (b) the role of situational factors such as leadership and organizational climate (Kamar et al. 2020), and (c) the influence of internal communication as a facilitator of making sense of change (Sun et al. 2023; Yue et al. 2023). Yet, empirical evidence remains mainly focused on large organizations, leaving SMEs underrepresented despite their economic significance (Ophilia and Hidayat 2021). This gap became especially visible during and after the COVID-19 pandemic, which accelerated digitalization, remote work, and increased communication complexity in SMEs (Davies 2021). Internal communication has also altered in many other organizations as they have started to rely more on digital communication channels such as messaging applications, videoconferencing, and e-mail, often replacing face-to-face interactions (Bojadjev and Vaneva 2021; Gomes, Santos, and Martins 2023). While these tools enabled business continuity and internal cohesion, they also extended working hours, intensified work pace, and increased job demands, placing additional strain on employees (Ferreira, Santos, and Paschoal 2022). These changes have further intensified after the pandemic. They are additionally accompanied by increasing information overload, as the growing volume of information exceeds employees' capacity to process it effectively, thereby affecting concentration and decision-making (Roetzel 2019).

Three key gaps are identified in the literature. First, although many authors emphasize the importance of communication while leading change (Neill 2018), empirical studies that directly examine the relationship between internal communication and employees' readiness for change remain limited. Second, the available empirical evidence is mostly based on

pre-pandemic research, even though recent studies suggest that employee preferences, communication practices, and expectations have altered in the post-COVID-19 context (Tkalac Verčič and Špoljarić 2023). Third, despite their economic importance, SMEs remain underrepresented in research on internal communication and change management. Furthermore, due to their specific communication and operational context, findings from large organizations cannot be directly transferred to SMEs (Ajibade and Mutula 2020; Eskelinen et al. 2017). As a result, how internal communication affects change readiness in SMEs is still poorly understood.

To close the gaps, this study looks at how internal communication influences employees' readiness for change in SMEs. Internal communication is examined through two key constructs: Internal Communication Satisfaction and Perceived Quality of Change Communication. Thus, the study empirically tests the dual role of internal communication outlined in previous literature (Elving 2005): informing employees and creating a sense of belonging. These relationships are further set into a complex work environment, with Information Overload and Work Demands introduced as moderators to understand better the context and the role of workplace pressures employees commonly deal with.

Following the introduction, the literature review outlines the theoretical approach that serves as a basis for hypothesis formation. The methodology covers the context of the research, its design, and data analysis. The section on results reports model estimations and hypothesis testing outcomes. The discussion addresses the study's findings, and the conclusion brings together the key results.

2. Literature review

2.1. Organizational Change in SMEs

In the simplest form, organizational change represents a process of transition from one state to another. It encompasses changes in the organization's functioning, leadership, structure, and resource management (Moric Milovanovic, Bubas, and Cvjetkovic 2022). More broadly, it also covers theories, strategies, and techniques used to reorganize the work environment to improve efficiency and performance. It can be triggered by internal or external factors, although organizations are more often pushed by external pressures rather than by internal motives. Small and medium-sized enterprises are particularly sensitive to external change triggers, because their limited resources, lean structures and reactive planning reduce

the ability to manage sudden change. This was especially evident during the COVID-19 pandemic, which had a larger negative impact on smaller firms in terms of their growth and recovery.

SMEs adopted different strategic responses to the pandemic, such as retrenchment (cost and expense reduction), perseverance (continuing existing operations), innovation (implementing new initiatives), and, in some cases, exit (Wenzel, Stanske, and Lieberman 2020). In this completely different work environment, the way they implemented new initiatives and strategies depended greatly on employees' readiness for change (Castro and Moreira 2024). Readiness for change is a psychological state that reflects how employees think, feel, and position themselves toward organizational transformation, and it is considered a prerequisite for successful change adoption (Holt et al. 2007). It shows whether employees consider change as necessary, suitable for the organization, or sustained by their managers (Kamar et al. 2020). It can also reflect their confidence to participate in and carry out the change. Because readiness develops through shared understanding, this points to internal communication as a key element shaping how employees experience and respond to change.

2.2. Internal Communication and Change Processes

Internal communication encompasses the flow of ideas, information, and meanings among employees of one organization, through both formal and informal channels (Tkalac Verčič 2019). Within organizations, it functions as a strategic and multidimensional system that includes communication climate, communication with supervisors, as well as horizontal and informal communication, among other dimensions. It has two main roles: to provide information about companies' processes and to create a sense of community between its workers (Elving 2005). In periods during organizational change, it helps employees understand new initiatives, reduce uncertainty, and facilitate trust in management. These mechanisms can be explained through Social Exchange Theory (Chernyak-Hai and Rabenu 2018). When the company fosters positive and encouraging internal culture and climate, it builds trust among its employees. They, in turn, reciprocate by showing greater openness to change. Similarly, Conservation of Resources theory sees internal communication as an important resource that helps to minimize doubts of employees and preserve their cognitive and psychological capacity during change (Hobfoll 2001).

Beyond general communication satisfaction, how employees assess the quality of change-specific communication also matters for their acceptance of new organizational processes. Through perceived quality of change communication employees evaluate the accuracy and appropriateness of change-related messages (Jimmieson, Rafferty, and Allen 2013). Unlike the broader system of internal communication, change communication is concrete and specific, focusing explicitly on explaining the rationale, scope, and implications of change (Abrantes, Bakenhus, and Ferreira 2024). When employees find change messages transparent and relevant, they are more likely to understand what is happening, feel supported, and accept new initiatives (Allen et al. 2007). Moreover, perceived quality of change communication can also act as a mediator. Previous studies have shown that it can be an important mediating mechanism between leadership, internal communication practices, and readiness for change (Meyer 2021; Sun et al. 2023). Despite these insights, evidence on these relationships within SMEs remains limited. Therefore, hypotheses are formed as:

H1: Internal communication satisfaction positively affects employees' readiness for change.

H2: Internal communication satisfaction positively affects employees' perceived quality of change communication.

H3: Perceived quality of change communication positively affects employees' readiness for change.

H4: Perceived quality of change communication mediates the relationship between internal communication satisfaction and employees' readiness for change.

2.3. Work Stressors as Moderating Factors

While internal communication can facilitate change acceptance, its effects are not uniform across all contexts. Increasing workload and digitalization have introduced new stressors that can affect employees' ability to process and respond to change communication (DeFilippis et al. 2022). Two factors have received particular attention: work demands and information overload. Work demands refer to the emotional, physical, and relational aspects of work that constantly overwhelm employees (Demerouti and Bakker 2011). Research indicates that, when in a state of high job demands, employees are more likely to experience strain and interpret change as an additional burden, which weakens positive communication effects on change-related attitudes (O'Connor, Jimmieson, and White

2018; Chênevert, Kilroy, and Bosak 2019). Similarly, information overload, a syndrome that occurs when an individual is continuously exposed to too much information, has proven to create anxiety, confusion and negatively affect decision-making (Roetzel 2019). Although work demands and information overload have been examined in relation to burnout, turnover intentions, and job attitudes (Bakker, Xanthopoulou, and Demerouti 2023; Phillips-Wren and Adya 2020; Moric Milovanovic and Cvjetkovic 2024), their moderating role in the internal communication–readiness for change relationship has received limited empirical attention, especially in SMEs. Accordingly, the other two hypotheses are formed:

H5: Work demands moderate the relationship between internal communication satisfaction and employees' readiness for change.

H6: Information overload moderates the relationship between internal communication satisfaction and employees' readiness for change.

Figure 1 presents the overall research model, including the proposed direct, mediating, and moderating relationships.

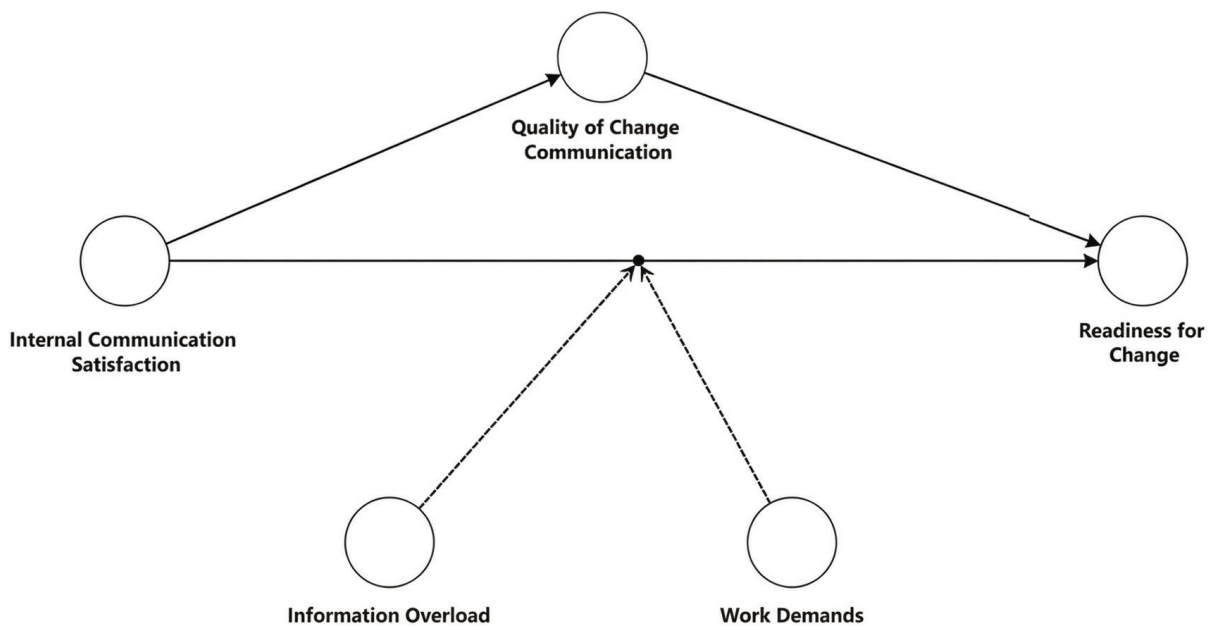
3. Research context and design

The study was conducted in Croatia, an emerging European economy where SMEs account for 99.7% of all firms and about 72% of total employment (Has 2021). Croatian SMEs were strongly affected by the COVID-19 crisis, facing revenue and employment declines despite short-term government support (Has, Krstinovska, and Alpeza 2023; Kunji and Stojanović 2021). Although these measures mitigated immediate impacts, long-term challenges related to competitiveness and investment remained (Glas poduzetnika 2021). Conducting the study in the post-pandemic period, therefore, enables insight into internal communication and change readiness under heightened uncertainty, which is particularly relevant for emerging economies.

3.1. Research Instrument and Data Collection

Data were collected via a closed, self-report questionnaire collected through Google Forms. The target population comprised employees of Croatian small and medium enterprises, excluding micro-enterprises. Because they employ fewer than ten people, often

Figure 1. Conceptual Framework



Source: the authors

only two or three, internal communication in micro firms is informal and lacks procedures, which is why it cannot be measured through all its dimensions.

According to the Croatian Financial Agency (2023), in 2022, a total of 452,970 employees worked in small and medium-sized enterprises (excluding micro). The sampling frame was obtained from the Fininfo database (El koncept d.o.o. 2024). The respondents were selected based on their actual sectoral representation within the Croatian economy, forming a proportional stratified random sample (Pavić and Šundalić 2021).

The questionnaire had two parts. The first included demographic questions, while the second measured internal communication satisfaction, perceived quality of change communication, work demands, information overload, and readiness for change variables using Likert-type scales from validated sources. *Internal Communication Satisfaction* was measured with 32 items across eight dimensions on a 7-point scale (Tkalac Verčić, Pološki Vokić, and Sinčić Ćorić 2009). *Perceived Quality of Change Communication* was assessed using nine items on a 7-point scale (Sun et al. 2023). *Work Demands* were measured with eleven items across five dimensions on a 7-point scale from the Copenhagen Psychosocial Questionnaire (Burr et al. 2019). *Information Overload* was measured with sixteen items across two dimensions on a 5-point scale (Misra and Stokols 2012). *Readiness for Change* was measured with nine items across three dimensions

on a 5-point scale (Bouckennooghe, Devos, and Van den Broeck 2009). Negatively worded items were rephrased and item order was adjusted to reduce common-method bias. Ethical standards of informed consent, confidentiality, and anonymity were followed to ensure responsible data collection and handling.

3.2. Sample Characteristics

Invitations were sent in May 2024. The first wave lasted until mid-June, during which 4,100 emails were sent. Next, a reminder was sent to the same sample, after which the survey closed at the beginning of July 2024. A total of 608 responses were received (response rate 14.8%). Harman's single-factor test showed no dominant factor in the data, ruling out common method bias (Chang, Van Witteloostuijn, and Eden 2020). Responses of employees of micro and large enterprises, as well as from SME business owners were excluded, as several internal communication dimensions do not apply to these groups. After data screening and outlier removal, the final sample consisted of 454 employees from small and medium-sized enterprises, whose responses were used for hypothesis testing. Descriptive statistics of the final sample are shown in Table 1.

From the table, it is visible that women make up the majority of the sample (64.8%). Most respondents are between 31 and 50 years old (over 62 %), with

Table 1. Sample Characteristics (n = 454)

Construct	Category	n	%
Gender	Female	294	64.8
	Male	160	35.2
Age	< 25	9	2
	26–30	48	10.5
	31–40	151	33.3
	41–50	132	29.1
	51–60	91	20
	61+	23	5.1
Education	Primary school	0	0
	Secondary school	111	24.4
	Higher education (college, specialist)	90	19.8
	University degree (bachelor's/ master's)	221	48.7
	Postgraduate studies	32	7.0
Position	Director	93	20.5
	Manager	183	38.1
	Administrative/operational	178	41.4

Table 1. Continued

Construct	Category	n	%
Industry	Agriculture	5	1.1
	Manufacturing	36	7.9
	Electricity, gas, and steam supply	4	0.9
	Water supply	19	4.2
	Construction	66	14.5
	Trade (wholesale and retail)	74	16.3
	Transport and storage	33	7.3
	Accommodation and food services	30	6.6
	Information and communication	42	9.3
	Financial and insurance activities	10	2.2
	Real estate activities	5	1.1
	Professional, scientific, and technical activities	59	13.1
	Administrative and support services	14	3.0
	Education	11	2.4
	Human health and social work activities	14	3.1
	Arts, entertainment, and recreation	9	2
	Other service activities	23	5.1
Department	Research and Development	14	3.1
	Procurement	34	7.5
	Production	12	2.6
	Sales	72	15.9
	Finance	110	24.2
	Marketing	15	3.3
	Human Resources	41	9.0
	Information Technology (IT)	18	4.0
	Technical Department (Maintenance)	14	3.1
	Transport and Warehousing	18	4.0
	Legal Affairs	18	4.0
	Quality Control	6	1.3
	Executive Office	45	9.9
	Business Support	17	3.7
	Other	20	4.4
Company Size	Small	323	71.1
	Medium	131	28.9
Ownership	Private	412	90.7
	Public	42	9.3

Source: Authors' work

more than three quarters holding a higher education degree. They mostly work in managerial or administrative (operational) roles (around 40% each), across industries such as trade (16.3%), construction (14.5%), and professional, scientific, and technical services

(13.1%). Most of them are employed in small companies (71.1%), and in the private sector (90.7%). The structure of the sample follows closely the national SME sector composition, which supports its representativeness (Croatian Bureau of Statistics, 2022).

4. Results

Hypotheses were tested through partial least squares structural equation modeling (PLS-Sem) in SmartPLS 4 (Ringle, Wende, and Becker 2024). This method was chosen because it enables the simultaneous estimation of complex relationships between latent constructs, accounts for measurement error, and is particularly suitable for predictive and exploratory research contexts (Legate et al. 2023). Hypotheses were tested using the disjoint two-stage approach (Hair et al. 2022). The first stage assessed the lower-order constructs and produced their latent variable scores, which were then used in the second stage to test the relationships among higher-order constructs.

Model Specification

The research model combines higher-order (HOC) and lower-order constructs (LOC), with reflective LOCs forming a formative second-order HOC (Becker et al. 2023). It includes one exogenous construct (internal communication satisfaction), two endogenous

constructs (perceived quality of change communication and readiness for change), two moderators (information overload and work demands) on the ICS–RFC relationship, and perceived quality of change communication as a mediator.

Evaluation of the Measurement Model

In the first stage, the model was specified and estimated as reflective, whose lower-order constructs were evaluated using standard criteria: convergent validity and internal consistency reliability. Discriminant validity was measured through cross-loadings, the Fornell–Larcker criterion, and HTMT thresholds. In the preliminary run, several IO and WD indicators showed low loadings. Following Hair et al. (2022), indicators with loadings < 0.40 were removed, and those between .40 and .70 were retained if average variance extracted (AVE) or composite reliability (CR) improved. The refined model (Table 2) shows measurements for the reflective model, demonstrating an acceptable threshold.

Table 2. Evaluation of the reflective measurement model

Latent Variable	Indicators	Convergent Validity		Internal Consistency Reliability			Discriminant Validity
		Loadings	AVE	Cronbach's Alpha, CA	Reliability ρA	Composite Reliability ρC	HTMT confidence interval does not include 1
PQCC	PQCC1	0.870	0.788	0.966	0.967	0.971	Yes
	PQCC2	0.902					
	PQCC3	0.896					
	PQCC4	0.861					
	PQCC5	0.904					
	PQCC6	0.878					
	PQCC7	0.909					
	PQCC8	0.917					
	PQCC9	0.852					
IO	IO1	0.679	0.540	0.907	0.922	0.921	Yes
	IO10	0.674					
	IO11	0.659					
	IO3	0.690					
	IO4	0.771					
	IO5	0.845					
	IO6	0.780					
	IO7	0.758					
	IO8	0.784					
IO9	0.688						

Table 2. Continued

RFC	RFC1	0.715	0.611	0.922	0.936	0.934	Yes
	RFC2	0.807					
	RFC3	0.792					
	RFC4	0.785					
	RFC5	0.799					
	RFC6	0.746					
	RFC7	0.792					
	RFC8	0.784					
	RFC9	0.813					
SwHC	SwHC1	0.866	0.723	0.872	0.882	0.913	Yes
	SwHC2	0.844					
	SwHC3	0.887					
	SwHC4	0.803					
SwIO	SwIO1	0.797	0.727	0.875	0.883	0.914	Yes
	SwIO2	0.867					
	SwIO3	0.889					
	SwIO4	0.855					
SwCC	SwCC1	0.921	0.854	0.943	0.944	0.959	Yes
	SwCC2	0.930					
	SwCC3	0.928					
	SwCC4	0.917					
SwQM	SwQM1	0.871	0.764	0.900	0.928	0.897	Yes
	SwQM2	0.882					
	SwQM3	0.907					
	SwQM4	0.834					
SwIS	SwIS1	0.823	0.766	0.897	0.902	0.929	Yes
	SwIS2	0.891					
	SwIS3	0.916					
	SwIS4	0.867					
SwCM	SwCM1	0.933	0.789	0.910	0.917	0.937	Yes
	SwCM2	0.924					
	SwCM3	0.835					
	SwCM4	0.857					
SwIC	SwIC1	0.773	0.613	0.789	0.796	0.863	Yes
	SwIC2	0.718					
	SwIC3	0.797					
	SwIC4	0.838					
SwF	SwF1	0.837	0.755	0.891	0.894	0.925	Yes
	SwF2	0.913					
	SwF3	0.910					
	SwF4	0.812					
WD	WD4	0.831	0.641	0.728	0.926	0.839	Yes
	WD5	0.924					
	WD8	0.616					

Source: Authors' work; Note. PQCC = Perceived Quality of Change Communication; IO = Information Overload; RFC = Readiness for Change; SwHC = Satisfaction with Horizontal Communication; SwIO = Satisfaction with Information about the Organization; SwCC = Satisfaction with Communication Climate; SwQM = Satisfaction with the Quality of Communication Media; SwIS = Satisfaction with Communication with Immediate Superior; SwCM = Satisfaction with Communication in Meetings; SwIC = Satisfaction with Informal Communication; SwF = Satisfaction with Feedback; WD = Work Demands.

Table 2 summarizes the evaluation outcomes of the reflective measurement model, covering four main criteria: convergent validity (outer loadings, indicating the strength of the relationship between indicators and their construct, and AVE, showing that each construct explains more than half of the variance of its indicators), internal consistency reliability (Cronbach's α , ρ_A , and ρ_C), and discriminant validity (HTMT confidence intervals excluding the value of 1, confirming construct distinctiveness). Results indicate that AVE values exceed the 0.50 threshold, while Cronbach's α , ρ_A and ρ_C values exceed the 0.70 threshold, confirming internal consistency and strong internal reliability. Even though a few values above 0.90 may indicate item redundancy, this is not considered problematic since the measurement scales were well-established and theoretically validated, which supports their content validity. Discriminant validity was also supported, as all HTMT values were below 0.90. This was further confirmed by bootstrapping with 10,000 subsamples, as none of the confidence intervals included the value of 1.

After the lower-order constructs were estimated, their latent variable scores were exported and

uploaded again into SmartPLS 4 for the analysis of higher-order constructs (Sarstedt et al. 2019). Now in the second stage, the constructs of ICS shape a formative model, so its collinearity and the significance and relevance of outer weights were assessed, as shown in Table 3.

As indicated in the table, formative-indicator collinearity was acceptable (all VIF < 5). Although not all outer weights were significant, all indicators showed acceptable outer loadings (>0.50), justifying their retention (Hair et al. 2022).

4.1. Structural Model Evaluation and Hypothesis Testing

After establishing the measurement model, the next phase dealt with testing the structural model to examine the hypothesized relationships. This involved checking inner-model collinearity, estimating path coefficients, and assessing explanatory and predictive power. Collinearity was within acceptable limits (all VIF < 5). The hypotheses were tested using bootstrapping with 10,000 subsamples at $p < 0.10$ (Becker et al. 2023), and the results are shown in Table 4.

Table 3. Evaluation of the formative measurement model

Formative Constructs	Formative Indicators	VIF	Outer Weights	SD	t-value	p-value	Significance ($p < 0.05$) weights/loadings
ICS	SwHC	1.919	-0.016	0.054	0.293	0.769	No / Yes
	SwIO	2.488	0.194	0.064	3.037	0.002	Yes/ Yes
	SwCC	3.223	0.210	0.070	3.013	0.003	Yes/ Yes
	SwQM	2.717	0.139	0.060	3.303	0.021	Yes/ Yes
	SwIS	2.122	0.150	0.065	2.309	0.021	Yes/ Yes
	SwCM	3.362	0.415	0.065	6.417	0.000	Yes/ Yes
	SwIC	2.140	0.040	0.051	0.782	0.434	No/ Yes
	SwF	2.875	0.028	0.066	0.420	0.674	No/ Yes

Source: Authors' work

Table 4. Hypotheses testing

	Path	Path coefficient	SD	p-value	t-value	Result
H1	ICS → RFC	0.319	0.092	3.463	0.001	supported
H2	ICS → PQCC	0.848	0.017	50.815	0.000	supported
H3	PQCC → RFC	0.166	0.093	1.791	0.073	supported
H4	ICS → PQCC → RFC	0.141	0.079	1.783	0.075	supported
H5	WD × ICS → RFC	0.085	0.056	1.511	0.131	not supported
H6	IO × ICS → RFC	-0.144	0.054	2.109	0.035	supported

Source: Authors' work; Note. PQCC = Perceived Quality of Change Communication; RFC = Readiness for Change; ICS = Internal Communication Satisfaction; WD = Work Demands; IO = Information Overload;

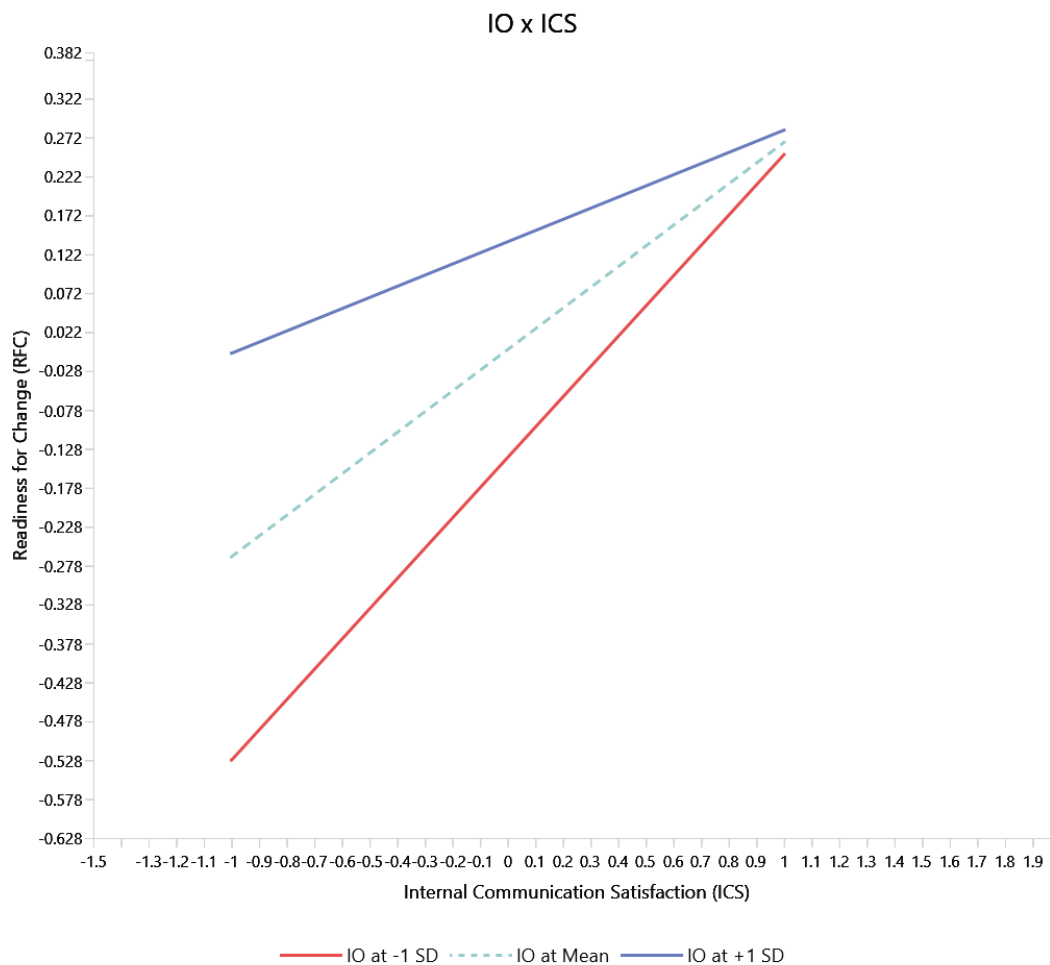
The results supported H1, confirming a positive effect of Internal Communication Satisfaction on Readiness for Change ($\beta = 0.319, p = 0.001$), and H2, indicating a strong positive effect on perceived Quality of Change Communication ($\beta = 0.848, p = 0.000$). H3 was also supported, showing a positive association between Perceived Quality of Change Communication and Readiness for Change ($\beta = 0.166, p = 0.073$). Additionally, hypothesis H4 confirmed a significant indirect effect of PQCC ($\beta = 0.141, p = 0.075$), indicating partial complementary mediation. H5 was not confirmed, as Work Demands did not moderate the relationship between Internal Communication Satisfaction and Readiness for Change ($\beta = 0.085, p = 0.131$). In contrast, H6 was supported, with Information Overload showing a significant negative moderating effect ($\beta = -0.144, p = 0.035$). Figure 2 illustrates this effect of ICS on RFC at low and high levels of IO.

Figure 2 visualises the relationship between ICS and RFC at three levels of information overload: low

(-1 SD, red line), mean (dashed, green line), and high (+1 SD, blue line). When IO is low, the slope is the steepest, indicating that ICS has the strongest positive effect on RFC. By contrast, when IO is high, the slope is flatter, meaning that the effect is weaker. This is consistent with the negative interaction coefficient ($\beta = -0.144, p = 0.035$) and confirms that information overload weakens the positive relationship between internal communication satisfaction and readiness for change.

To conclude the calculations, explanatory power was assessed using R^2 . The results showed that ICS explains 71.9% of the variance in PQCC ($R^2 = 0.719$) and 26.1% of the variance in RFC ($R^2 = 0.261$). Similarly, effect size was calculated and it showed a large effect of ICS on PQCC ($f^2 = 2.553$). On the other hand, the effects of ICS on RFC and of PQCC on RFC were small. The moderating effects of IO and WD were negligible. These results indicate that readiness for change in SMEs is also influenced by some other factors as well. Additionally, out-of-sample predictive power was

Figure 2. Moderating Effect of IO on the ICS–RFC Relationship



Source: the authors

assessed using the PLSpredict technique (Hair et al. 2022). It evaluates whether the model can accurately predict new, unseen observations and thus indicates its practical relevance beyond the estimation sample. The Stone–Geisser Q^2 value above zero means that the model has predictive relevance for the endogenous constructs. In this case, both perceived quality of change communication ($Q^2 = 0.705$) and readiness for change ($Q^2 = 0.220$) displayed acceptable Q^2 values, confirming the model's predictive strength.

5. Discussion

This study examined the role of internal communication in shaping readiness for change in SMEs, closing a gap in the literature that calls for additional empirical insight into how internal communication contributes to both individual and organizational outcomes in smaller organizational contexts (Kazakov, Ruiz-Alba, and Muñoz 2021; Eskelinen et al. 2017; Moss et al. 2004; Zerfass and Winkler 2016; Di Bella et al. 2023). In this study, ICS reflects the quality of overall internal communication that shapes everyday interactions and information flow. The results of hypothesis testing supported H1, confirming a positive effect of Internal Communication Satisfaction on Readiness for Change ($\beta = 0.319$, $p = 0.001$). This means that when employees are satisfied with the internal communication of their organization, they show higher readiness for change. The finding is consistent with similar studies showing that effective internal communication reduces uncertainty, builds trust, and supports employee acceptance of change (Marchalina and Ahmad 2017; Li et al. 2021; Anani-Bossman et al. 2024). But, unlike most prior studies focused on large organizations, this study extends these insights to SMEs.

H2 was also supported, confirming that Internal Communication Satisfaction positively affects perceived Quality of Change Communication ($\beta = 0.848$, $p = 0.000$). When multiple dimensions of internal communications are well-aligned (such as feedback, communication with supervisors, communication climate, media quality, etc.), the perception of change communication will also improve (Sun et al. 2023). The findings also confirmed H3, showing a positive relationship between perceived Quality of Change Communication and Readiness for Change ($\beta = 0.166$, $p = 0.073$). This means that concise, precise, proactive and timely change-related information helps employees realize the bigger picture of the change processes. They can understand their role in it, which is consistent with previous studies (O'Connor et al.

2018). Altogether, these findings empirically confirm the dual role of internal communication in the change process. It serves: (1) as an informational instrument that helps employees understand change, and as a (2) relational mechanism that fosters trust, inclusion, and a sense of community, which supports readiness for change. Hypothesis H4 was also supported ($\beta = 0.141$, $p = 0.075$), indicating complementary mediation: PQCC strengthens the positive link between ICS and RFC. Employees who feel positive about internal communication and view change communication as high-quality tend to show stronger readiness for change. Even though other studies have also confirmed its mediating role (Meyer 2021; Sun et al. 2023), the result is of particular importance for SMEs, where clear and systematic communication can compensate for their limited resources and support employee acceptance of change.

By contrast, H5 was not confirmed ($\beta = 0.085$, $p = 0.131$). This indicates that work demands do not moderate the relationship between Internal Communication Satisfaction and Readiness for Change, which is partially in accordance with prior findings. For instance, a study by O'Connor, Jimmieson, and White (2018) showed that coordinating change is more successful in situations in which workload is manageable. However, Chênevert, Kilroy, and Bosak (2019) found that work overload does not necessarily affect job performance if employees have developed coping and adaptive capacities. This fact could be the precise explanation for the outcomes in this study, as employees in SMEs are accustomed to working under moderate to high levels of job demands. As they work in a dynamic work environment, SME employees may not perceive higher job demands as an obstacle, but rather as a natural part of their work, or "just another day at the office". This may explain why satisfaction with internal communication remains a stable predictor of readiness for change regardless of workload intensity, supporting evidence on SME resilience.

At the same time, hypothesis H6 was supported, confirming a negative moderating effect of information overload on the ICS–RFC relationship ($\beta = -0.144$, $p = 0.035$). This is in accordance with previous studies on information strain and technostress (González-Varona et al. 2021; Misra and Stokols 2012; Tarafdar et al. 2007). When information overload is higher, the positive effect of ICS on RFC weakens. In the SME context, this means that too much information can overwhelm employees' cognitive processing capacity, create confusion, and reduce their ability to focus on key messages, which can negatively influence their readiness for change.

6. Conclusions

Organizational change does not take place in plans or spreadsheets, but among people, which makes internal communication important to its success. Even though many work elements impact the way employees accept or reject change, ineffective internal communication repeatedly appears among the key reasons why change efforts fail. Without high-quality communication, change implementations slow down, costs rise, and productivity suffers. Research in similar fields has largely focused on large companies, leaving SMEs underexplored. Moreover, the majority of them were conducted in the pre-COVID-19 period, leaving another gap in understanding the internal communication effects in the post-pandemic context, which has been changed by rapid digitalization and transformation of work and communication practices. This study examined how internal communication shapes individual readiness for change in SMEs and showed that satisfaction with internal communication strengthens both the quality of change communication and readiness for change, while information overload weakens this relationship. The findings point to the importance of clear and well-managed internal communication in supporting change within post-COVID-19 SMEs.

6.1. Theoretical Contributions and Limitations

This study contributes to communication, management, and organizational theories by showing that internal communication satisfaction and perceived quality of change communication enhance readiness for change in SMEs, with perception of change communication quality acting as a mediator, and information overload weakening this effect. Thus, how SMEs communicate and how much they communicate (by managing overload) shapes employees' readiness for change. These results support corporate communication theories that emphasize dialogue and mutual understanding (Neill 2018), as well as Social Exchange theory, which accentuates communication as a socioemotional resource that encourages change-supportive attitudes. In addition, by integrating multiple constructs into the proposed research model, the research positions the communication effects within realistic work contexts, showing that information overload can diminish otherwise positive communication-readiness links, while workload conditions may not. This finding contributes to the Conservation of Resources theory (Hobfoll 2001) by demonstrating that resource-depleting conditions can indeed reduce employees' capacity to engage with organizational change.

For SME leaders and communication managers, the findings offer clear practical implications. First, internal communication should be treated as an integrated system rather than a set of isolated components. To achieve readiness for change, all its dimensions: communication with supervisor and colleagues, well-structured meetings, credible corporate information, open communication climate, appropriate choice of communication channels, informal communication flows, etc., should be aligned. In addition to integrating all of these components, it is important to "dose" them wisely to maintain message consistency and reduce noise and overload.

The limitation of the study comes from its methodology. It is of a cross-sectional, self-report design, which limits causal conclusions. It also excluded micro enterprises from the sample, and therefore, did not take into account the entire SME sector. Future research should apply longitudinal and qualitative approaches, include micro firms, and examine how individual dimensions of internal communication satisfaction affect readiness for change. By positioning internal communication as a strategic resource, SMEs can build long-term strength and agility in an environment where change is permanent. As businesses grow more complex and change more frequently, internal communication functions as the connective thread among employees, fostering understanding, reducing resistance, and creating a collaborative environment conducive to positive transformation.

Literature

- Abrantes, A. C. M., Bakenhus, M., and Ferreira, A. I. 2024. The support of internal communication during organizational change processes. *Journal of Organizational Change Management* 37 (5): 1030–1050.
- Ajibade, P. and Mutula, S. M. 2020. Promoting SMEs effectiveness through innovative communication strategies and business-IT alignment. *Problems and Perspectives in Management* 18 (3): 233–244.
- Allen, J., Jimmieson, N. L., Bordia, P., and Irmer, B. E. 2007. Uncertainty during organizational change: Managing perceptions through communication. *Journal of Change Management* 7 (2): 187–210.
- Anani-Bossman, A., Boateng, E., Nutsugah, N. and Semarco, S. 2024. Internal Communications during Crisis-Induced Organizational Change. In *Organizational Communication in the Digital Era: Examining the Impact of AI, Chatbots, and Covid-19*, edited by M. N. Ndlela, 219–251. Cham: Springer Nature Switzerland.
- Bakker, A. B., Xanthopoulou, D., and Demerouti, E. 2023. How does chronic burnout affect dealing with weekly

- job demands? A test of central propositions in JD-R and COR theories. *Applied Psychology* 72 (1): 389–410.
- Becker, J. M., Cheah, J. H., Gholamzade, R., Ringle, C. M., and Sarstedt, M. 2023. PLS-SEM's most wanted guidance. *International Journal of Contemporary Hospitality Management* 35 (1): 321–346.
- Bojadjev, M. I. and Vaneva, M. 2021. The impact of COVID-19 crisis on a company's internal communication. *Interdisciplinary Description of Complex Systems: INDECS* 19 (2): 239–256.
- Bouckennooghe, D., Devos, G., and Van den Broeck, H. 2009. Organizational change questionnaire—climate of change, processes, and readiness: Development of a new instrument. *The Journal of Psychology* 143 (6): 559–599.
- Burr, H., Berthelsen, H., Moncada, S., Nübling, M., Dupret, E., Demiral, Y., and Pohrt, A. 2019. The third version of the Copenhagen psychosocial questionnaire. *Safety and Health at Work* 10 (4): 482–503.
- Castro, R. and Moreira, A. C. 2024. Unveiling paradoxes: Navigating SMEs readiness in the post-pandemic normality. *Cogent Business & Management* 11 (1): 2330114.
- Chang, S. J., Van Witteloostuijn, A., and Eden, L. 2020. Common method variance in international business research. In *Research methods in international business*, edited by R. Piekkari and C. Welch, 385–398. Cham: Springer International Publishing.
- Chatzipanagiotou, K., Christodoulides, G., Gounaris, S., Dalakoura, A., and Boukis, A. 2025. Managing brand assets internally: Turning employees into an integral source of brand equity. *British Journal of Management*.
- Chênevert, D., Kilroy, S., and Bosak, J. 2019. The role of change readiness and colleague support in the relationship between role stressors and withdrawal behaviours: The case of health care sector employees. *Journal of Organizational Change Management* 32 (2): 208–223.
- Chernyak-Hai, L. and Rabenu, E. 2018. The new era workplace relationships: Is social exchange theory still relevant? *Industrial and Organizational Psychology* 11 (3): 456–481.
- Croatian Bureau of Statistics. 2022. *Strukturno-poslovni pokazatelji poduzeća u 2020*. Priopćenje, Godina LIX., POD-2022-1-2. <https://podaci.dzs.hr/2022/hr/29182>.
- Davies, A. 2021. COVID-19 and ICT-supported remote working: Opportunities for rural economies. *World* 2 (1): 139–152.
- Demerouti, E. and Bakker, A. B. 2011. The job demands–resources model: Challenges for future research. *SA Journal of Industrial Psychology* 37 (2): 01–09.
- DeFilippis, E., Impink, S. M., Singell, M., Polzer, J. T., and Sadun, R. 2022. The impact of COVID-19 on digital communication patterns. *Humanities and Social Sciences Communications* 9: 180.
- Di Bella, L., Katsinis, A., Lagüera-González, J., Odenthal, L., Hell, M., and Lozar, B. 2023. *Annual report on European SMEs 2022/2023*. Luxembourg: Publications Office of the European Union.
- El koncept d.o.o. 2024. *El koncept d.o.o.* Fininfo.hr. <https://www.fininfo.hr>.
- Elving, W. J. 2005. The role of communication in organisational change. *Corporate Communications: An International Journal* 10 (2): 129–138.
- Engida, Z. M., Alemu, A. E., and Mulugeta, M. A. 2022. The effect of change leadership on employees' readiness to change: The mediating role of organizational culture. *Future Business Journal* 8 (1): 31.
- Eskelinen, T., Rajahonka, M., Villman, K., and Santti, U. 2017. Improving internal communication management in SMEs: Two case studies in service design. *Technology Innovation Management Review* 7 (6).
- Ferreira, M. C., Santos, L. A., and Paschoal, T. 2022. Well-being, malaise and quality of work life management. *Revista Psicologia: Teoria e Prática* 24 (3): ePTPSS15511.
- Financial Agency. 2023. *Rezultati poslovanja poduzetnika u 2022. godini – razvrstani po veličini*. <https://www.fina.hr/novosti/rezultati-poslovanja-poduzetnika-u-2022-godini-razvrstani-po-velicini>.
- Glas poduzetnika. 2021. Izostanak ekonomskih mjera znači propast za mnoge poduzetnike i obrtnike: Nastavlja se diskriminacija poduzetnika. January 28. <https://glaspoduzetnika.hr/izostanak-ekonomskih-mjera-znaci-propast-za-mnoge-poduzetnike-i-obrtnike-n181>.
- Gomes, P., Santos, E., and Martins, E. 2023. An exploratory analysis of internal communication in times of the COVID-19 pandemic. *Global Business and Organizational Excellence* 42 (5): 37–49.
- González-Varona, J. M., López-Paredes, A., Poza, D., and Acebes, F. 2021. Building and development of an organizational competence for digital transformation in SMEs. *Journal of Industrial Engineering and Management* 14 (1): 15–24.
- Hair, J. F., Jr., Hult, G. T. M., Ringle, C. M., and Sarstedt, M. 2022. *A primer on partial least squares structural equation modeling (PLS-SEM)*. 3rd ed. Thousand Oaks, CA: SAGE Publications.
- Has, M. 2021. Stanje sektora malih i srednjih poduzeća u Hrvatskoj 2020. In *Izvešće o malim i srednjim poduzećima u Hrvatskoj – 2021*, 13–29. Zagreb: CEPOR – Centar za politiku razvoja malih i srednjih poduzeća i poduzetništva.
- Has, M., Krstinovska, A., and Alpeza, M. 2023. The impact of COVID-19 pandemic on the SME sector and the policy response in Croatia and North Macedonia. In *12th International Scientific Symposium Region, Entrepreneurship, Development (RED 2023)*, edited by M. Leko-Šimić, 321–337. Osijek: Josip Juraj Strossmayer University of Osijek, Faculty of Economics in Osijek.
- Hobfoll, S. E. 2001. The influence of culture, community, and the nested-self in the stress process: Advancing

- conservation of resources theory. *Applied Psychology* 50 (3): 337–421.
- Holt, D. T., Armenakis, A. A., Feild, H. S., and Harris, S. G. 2007. Readiness for organizational change: The systematic development of a scale. *The Journal of Applied Behavioral Science* 43 (2): 232–255.
- Jimmieson, N. L., Rafferty, A. E., and Allen, J. E. 2013. Quality change communication and employee responses to change: An investigation of the moderating effects of individual differences in an experimental setting. In *The psychology of organizational change: Viewing change from the employee's perspective*, edited by R. By, S. Oreg, and A. Michel, 197–231. New York, NY.
- Jain, V., Chawla, C., and Arya, S. 2021. Employee involvement and work culture. *Journal of Contemporary Issues in Business and Government* 27 (3): 995–1002.
- Kamar, K., Novitasari, D., Asbari, M., and Goestjahjanti, F. S. 2020. Enhancing employee performance during the COVID-19 pandemic: The role of readiness for change mentality. *JDM: Jurnal Dinamika Manajemen* 11 (2): 154–166.
- Kazakov, S., Ruiz-Alba, J. L., and Muñoz, M. M. 2021. The impact of information and communication technology and internal market orientation blending on organisational performance in small and medium enterprises. *European Journal of Management and Business Economics* 30 (2): 129–151.
- Kunji, Ž. and Stojanović, S. 2021. Pandemija COVID-19: Utjecaj na gospodarstvo i mjere za ublažavanje krize u Republici Hrvatskoj. *Skei – međunarodni interdisciplinarni časopis* 2 (1): 16–29.
- Legate, A. E., Hair, J. F., Jr., Chretien, J. L., and Risher, J. J. 2023. PLS-SEM: Prediction-oriented solutions for HRD researchers. *Human Resource Development Quarterly* 34 (1): 91–109.
- Li, J. Y., Sun, R., Tao, W., and Lee, Y. 2021. Employee coping with organizational change in the face of a pandemic: The role of transparent internal communication. *Public Relations Review* 47 (1): 101984.
- Marchalina, L., Ahmad, H., and Gelaidan, H. M. 2021. Employees' commitment to change: Personality traits and organizational culture. *Journal of Economic and Administrative Sciences* 37 (4): 377–392.
- Marchalina, L. and Ahmad, H. 2017. The effect of internal communication on employees' commitment to change in Malaysian large companies. *Business Management and Strategy* 8 (1): 1–17.
- Meyer, H. 2021. *The role of transformational leadership style, work engagement, and quality of change communication on employee readiness for organizational change*. Master's thesis, MSH Medical School Hamburg, University of Applied Sciences and Medical University.
- Misra, S. and Stokols, D. 2012. Psychological and health outcomes of perceived information overload. *Environment and Behavior* 44 (6): 737–759.
- Moss, D. A., Ashford, R., and Shani, N. 2004. The forgotten sector: Uncovering the role of public relations in SMEs. *Journal of Communication Management*, 8 (2): 197–210.
- Moric Milovanovic, B., Bubas, Z., and Cvjetkovic, M. 2022. Employee readiness for organizational change in the SME internalization process: The case of a medium-sized construction company. *Social Sciences* 11 (3): 131.
- Moric Milovanovic, B. and Cvjetkovic, M. 2024. Analysis of antecedents and consequences of workplace-related burnout among Croatian employees in the post-COVID-19 era. *Business: Theory and Practice* 25 (1): 108–118.
- Neill, M. S. 2018. Change management communication: Barriers, strategies, and messaging. *Public Relations Journal* 12 (1): 1–26.
- O'Connor, P. J., Jimmieson, N. L., and White, K. M. 2018. Too busy to change: High job demands reduce the beneficial effects of information and participation on employee support. *Journal of Business and Psychology* 33 (5): 629–643.
- Ophilia, A. and Hidayat, Z. 2021. Leadership communication during organizational change: Internal communication strategy: A case study in a multinational company operating in Indonesia. *Academic Journal of Interdisciplinary Studies* 10 (2): 24–34.
- Pavić, Ž. and Šundalić, A. 2021. *Uvod u metodologiju društvenih znanosti*. Osijek: Filozofski fakultet Osijek.
- Phillips-Wren, G. and Adya, M. 2020. Decision making under stress: The role of information overload, time pressure, complexity, and uncertainty. *Journal of Decision Systems* 29 (sup1): 213–225.
- Rahi, S., Alghizzawi, M., Ahmad, S., Munawar Khan, M., and Ngah, A. H. 2022. Does employee readiness to change impact organization change implementation? Empirical evidence from an emerging economy. *International Journal of Ethics and Systems* 38 (2): 235–253.
- Ringle, C. M., Wende, S., and Becker, J.-M. 2024. *SmartPLS 4* [computer software]. Bönningstedt: SmartPLS. <https://www.smartpls.com>.
- Roetzel, P. G. 2019. Information overload in the information age: A review of the literature from business administration, business psychology, and related disciplines with a bibliometric approach and framework development. *Business Research* 12 (2): 479–522.
- Sarstedt, M., Hair, J. F., Jr., Cheah, J. H., Becker, J. M., and Ringle, C. M. 2019. How to specify, estimate, and validate higher-order constructs in PLS-SEM. *Australasian Marketing Journal* 27 (3): 197–211.
- Sun, R., Li, J. Y. Q., Lee, Y., and Tao, W. 2023. The role of symmetrical internal communication in improving employee experiences and organizational identification during COVID-19 pandemic-induced organizational change.

- International Journal of Business Communication* 60 (4): 1398–1426.
- Tarafdar, M., Tu, Q., Ragu-Nathan, B. S., and Ragu-Nathan, T. S. 2007. The impact of technostress on role stress and productivity. *Journal of Management Information Systems* 24 (1): 301–328.
- Tkalac Verčič, A., Pološki Vokić, N., and Sinčić Ćorić, D. 2009. Razvoj mjernog instrumenta za procjenu zadovoljstva internom komunikacijom [Development of a measurement instrument for assessing internal communication satisfaction]. *Društvena istraživanja: Časopis za opća društvena pitanja* 18 (1–2): 175–202.
- Tkalac Verčič, A. and Špoljarić, A. 2023. Effects of an external crisis: How internal communication influences employer brands. *Journal of Contingencies and Crisis Management* 31 (4): 599–609.
- Tkalac Verčič, A. 2019. Internal communication with a global perspective. In *The global public relations handbook: Theory, research, and practice*, 3rd ed., edited by D. Verčič and K. Sriramesh, 195–204. New York, NY: Routledge.
- Wenzel, M., Stanske, S., and Lieberman, M. B. 2020. Strategic responses to crisis. *Strategic Management Journal* 41 (Special Issue): 7–18.
- Yue, C. A., Thelen, P. D., and Walden, J. 2023. How empathetic leadership communication mitigates employees' turnover intention during COVID-19-related organizational change. *Management Decision* 61 (5): 1413–1433.
- Zerfass, A. and Winkler, L. 2016. Corporate Communication in SMEs: Unveiling an Ignored Field of Practice. In *The Management Game of Communication*, edited by P. S. Brønn, S. Romenti and A. Zerfass, 265–286. Bingley: Emerald Group Publishing Limited.