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# WORK DISCIPLINE AND INTERNAL COMMUNICATION ON EMPLOYEE PERFORMANCE THROUGH JOB SATISFACTION IN MSMEs

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**Abstract**

**Purpose:** *This study aims to analyze the effects of work discipline and internal communication on employee performance through job satisfaction as a mediating variable among micro, small, and medium enterprises (MSMEs).*

**Design/methodology/approach**: *This study employed a quantitative approach with an explanatory research design. Data were collected through questionnaires and interviews involving 100 employees of snack-producing MSMEs in Gresik Regency as respondents, and were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software.*

**Findings:** *Work discipline has a positive and significant effect on employee performance and job satisfaction. Internal communication has a positive and significant effect on job satisfaction but no significant direct effect on employee performance. Job satisfaction has a positive and significant effect on employee performance, partially mediates the effect of work discipline on employee performance, and fully mediates the effect of internal communication on employee performance.*

**Research limitations/implications:** *This study is limited to snack-producing MSME employees in Gresik Regency, so the findings may not generalize to other regions or sectors; future research should broaden the sample scope and consider additional variables.*

**Practical implications:** [Explain the impact of the findings for practitioners, entrepreneurs, or policymakers.]

**Social implications:** *Improved discipline and communication practices in MSMEs can contribute to greater employee well-being and more sustainable livelihoods within the community.*

**Originality/value:** *This study contributes to human resource management literature by simultaneously examining work discipline and internal communication as antecedents of employee performance through job satisfaction as a mediating mechanism, specifically within the under-researched MSME context.*

**Keywords:** Employee Performance; Internal Communication; Job Satisfaction; MSMEs; Work Discipline

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## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are important players in the economy of Indonesia, as their contribution to the country's GDP is more than 60%, while they employ around 97% of the nation's labor force. This substantial contribution shows that the sustainability and competitiveness of MSMEs are determined not only by capital, technology, and marketing strategy, but also by the quality of the human resources (HR) who run the business. Ideally, MSME employees need good work discipline supported by effective internal communication so that work can be carried out in a directed, coordinated manner and in line with organizational goals. Effective HR management covers the regulation of work behavior,

communication, motivation, satisfaction, and employee performance as interrelated elements in achieving organizational goals (Dessler, 2017; Kasmir, 2020). However, the characteristics of MSMEs, which generally have simple organizational structures and more informal management patterns, mean that HR management—including work discipline and internal communication—has not always been a priority in business development.

This HR management issue has the potential to directly affect employee performance. Based on preliminary observations of MSMEs in Gresik Regency, indications of problems were still found relating to compliance with working hours and operational procedures, as well as communication that has not run optimally between owners and employees and among employees themselves. This condition has the potential to cause misunderstandings, hinder work coordination, and result in dissatisfaction among employees in performing their responsibilities. In fact, work discipline is an important aspect supporting work regularity and effectiveness, while good internal communication is needed to create openness, trust, and employee engagement (Mulyono et al., 2022; Nguyen & Ha, 2023). Effective communication also plays a role in building shared understanding within the organization and ensuring that information is properly received and understood by organizational members (Amadu & Anyarayor, 2022; Bovee & Thill, 2021). If these two aspects are not well managed, the resulting problems can lead to low employee performance and hinder the ability of MSMEs to survive and grow amid increasingly dynamic business competition.

A number of previous research have demonstrate that internal communication, work discipline, and job satisfaction have links with employee performance. Romero-Rodríguez and Castillo-Abdul (2024) found that healthy internal communication can build a positive work environment, strengthen social relationships, and improve employees' psychological well-being. Nguyen and Ha (2023) found out that internal communication has an effect on the formation of work engagement, satisfaction and loyalty due to clear information and link of the employees with the organizational objectives. On the other hand, Lukito et al. (2024) have established that job satisfaction is the most significant predictor of the performance of the employees in comparison with other variables like remuneration and motivation. This shows that better performance is associated not only with work-related issues, but also with the satisfaction of employees from their working environment.

Other findings in other research also provide additional evidence to support the role of job satisfaction in the relation between organizational aspects and performance. Qalati et al. contend that job satisfaction mediates how transformational leadership and organizational citizenship behavior jointly influence overall employee performance outcomes. Likewise, Curado et al. demonstrated that transparent internal communication, feedback processes, and leadership correlate with heightened job satisfaction. Regarding domestic research, Mulyono et al., communication, discipline, and the working environment affect employee performance either directly or indirectly through job satisfaction. Finally, Sobari highlighted the importance of internal communication in motivating and performing better among the medical professionals, and here job satisfaction acts as the moderator. Overall, these studies show that internal communication and work discipline have the potential to improve performance, while job satisfaction can be a psychological mechanism explaining this relationship.

Nevertheless, previous research still shows gaps that warrant further examination. Some studies were conducted in educational institutions, service companies, family businesses, or large-scale organizations, so the resulting findings do not fully reflect the characteristics of MSMEs, which have simpler organizational structures and relatively informal working relationships (Romero-Rodríguez & Castillo-Abdul, 2024; Nguyen & Ha, 2023). In addition, research that simultaneously examines work discipline and internal communication as factors related to employee performance through job satisfaction in the MSME context remains limited.

Lukito et al. (2024), for example, positioned job satisfaction as a predictor of performance but did not integrate work discipline and internal communication into the same model, while Curado et al. (2022) focused more on internal communication without including work discipline as a factor explaining satisfaction and performance. Therefore, the existing gap in research in terms of the absence of empirical studies analyzing the interaction between work discipline and internal communication in the aspect of their impact on employee performance through job satisfaction is evident, especially in the MSMEs.

Given the existence of such a gap, the current research provides an integrated framework that combines work discipline, internal communication, job satisfaction, and employee performance in one model among MSMEs in the Gresik Regency area. The framework is expected to enable a deeper insight into whether work discipline and internal communication have a connection with performance directly as well as indirectly via job satisfaction as a mediator variable. The focus on MSMEs in Gresik Regency is important because HR management characteristics in MSMEs differ from those in large organizations, so findings from previous research cannot be directly generalized. The outcome of this research will be very helpful in making HRM studies more profound in the MSME setting as well as provide information to the MSME stakeholders about improving work discipline and communication among employees order to bring job satisfaction and employee performance.

Accordingly, this research aims to analyze the relationship between work discipline and internal communication on employee performance through job satisfaction among MSMEs in Gresik Regency. Specifically, the current research explores the impact of work discipline and internal communication on job satisfaction, along with the influence of work discipline, internal communication, and job satisfaction on overall employee performance. Additionally, it evaluates whether job satisfaction acts as a mediator between work discipline and internal communication in driving employee performance. It is anticipated that the findings will yield empirical information about the mechanism behind the connections among these variables and to serve as a basis for formulating more effective HR management strategies for MSMEs.

## RESEARCH METHODS

This research adopted a quantitative method with an explanatory design to examine the impact of work discipline and internal communication on employee performance via job satisfaction of MSMEs in the Regency of Gresik. The reason why a quantitative method was selected for this research is due to the need to examine the relationship between variables using numbers. The research framework includes work discipline (X1), internal communication (X2) as the independent variables; employee performance (Y) as the dependent variable; and job satisfaction (Z) as the mediating variable. The use of explanatory research is relevant for obtaining empirical evidence regarding the relationships between variables in the research model (Hair et al., 2022).

The study population consisted of employees of snack-producing MSMEs in Gresik Regency. Based on data from the Central Statistics Agency (BPS) that is employed for the research, the number of MSME employees in Gresik Regency amounts to 223,815 people. The sample size was calculated using the method of probability sampling, considering the assumption that all the members of the population have the same chances to be chosen as the respondents. The sample size was found based on the Slovin formula with error tolerance of 10% and equals 100 people. They were chosen among those who are engaged in the operations of the MSMEs and had experience relevant to the variables of work discipline, internal communication, job satisfaction, and employee performance (Hair et al., 2022; Creswell & Clark, 2017).

The study utilized both primary and secondary data sources. Primary data was collected via surveys and interviews, whereas secondary sources included journals, articles, and books. The research tool used in measuring the research variables was a Likert scale questionnaire. Internal communication was measured through five dimensions: understanding, enjoyment, influence on attitudes, improved relationships, and action (Syahruddin, 2020). Work discipline was evaluated based on adherence to time regulations, company policies, rules of work behavior, and other workplace rules (Suharsimi, 2016:80). Employee performance was evaluated referring on quality, quantity, timeliness, efficiency, and autonomy (Robbins & Judge, 2018:43). Job satisfaction, being the mediating variable, was evaluated referring on work conditions, salary, promotion prospects, supervision, and co-workers (Fidyah & Setiawati, 2020).

Data were analyzed used in analyzing the data was the Structural Equation Modeling–Partial Least Squares (SEM-PLS) using SmartPLS software. The methodology was chosen since it is suitable in testing both the direct and indirect relationships between the variables and allows for both explanatory and predictive approaches to research (Henseler, 2018; Hair et al., 2022). There were two steps involved in evaluating the results; the outer model evaluation and the inner model evaluation. In evaluating the outer model, issues of convergent validity, discriminant validity, and construct reliability were analyzed. Convergent validity was established when the outer loadings had values of 0.70 and above and Average Variance Extracted (AVE) above 0.50. Nevertheless, indicators featuring outer loadings between 0.40 and 0.70 remained acceptable provided the construct fulfilled the necessary reliability and AVE thresholds (Hair et al., 2022). Conversely, discriminant validity was evaluated employing Fornell-Larcker criterion and Heterotrait-Monotrait Ratio (HTMT), requiring HTMT below 0.85 (Henseler, 2018). Finally, construct reliability was confirmed using Cronbach's Alpha and Composite Reliability, with values ≥ 0.70 (Hair et al., 2022).

Inner model assessment in this case was done using determination coefficient ($R^2$), path coefficients, and indirect effects. 0.75, 0.50, and 0.25 values of the $R^2$ correspond to the categories of strong, moderate, and weak, respectively (Hair et al., 2022). Hypotheses were tested by employing bootstrapping with 5,000 sub-samples to assess the significance of relations between variables. For a relation between variables to be considered significant, t-value should be ≥ 1.96 or p-value ≤ 0.05. Mediation analysis was carried out by using the indirect effect to investigate the effect of job satisfaction as a mediator of the relationship between work discipline and internal communication on employee performance. If t-value is > 1.96 and p-value is < 0.05, the mediation effect was considered significant (Hair et al., 2022).

## RESULTS

### *3.1 Results*

#### *3.1.1 Overview of the Study*

This research involved snack manufacturing MSME employees located in Gresik Regency, where there were 100 respondents as the sample for the research. Data was collected by giving a five-point Likert scale questionnaire to determine Work Discipline (X1), Internal Communication (X2), Job Satisfaction (Z), and Employee Performance (Y). The gathered data was analyzed employing Partial Least Squares Structural Equation Modeling via SmartPLS 4.

#### *3.1.2 Measurement Model (Outer Model) Evaluation*

The outcome of evaluating the measurement model indicate that all the items have the outer loadings ranging from 0.79 to 0.88, hence meeting the criteria of convergent validity. For all the constructs, the Average Variance Extracted (AVE) ranges from 0.68–0.73, greater than

0.50. Thus, Cronbach's Alpha values ranged from 0.76–0.89 and Composite Reliability from 0.86–0.92, so all constructs were declared reliable.

**Table 1. Measurement Model Evaluation Results**

| Variable | Outer Loading Range | AVE | Cronbach's Alpha | Composite Reliability | Description |
|---|---|---|---|---|---|
| Work Discipline (X1) | 0.79–0.88 | 0.68 | 0.76 | 0.86 | Valid and reliable |
| Internal Communication (X2) | 0.79–0.88 | 0.69 | 0.81 | 0.88 | Valid and reliable |
| Job Satisfaction (Z) | 0.81–0.88 | 0.73 | 0.87 | 0.91 | Valid and reliable |
| Employee Performance (Y) | 0.79–0.88 | 0.71 | 0.89 | 0.92 | Valid and reliable |

Based on Table 1, all the research constructs met the necessary standards of validity and reliability. In relation to this point, outer loadings of all indicators were more than 0.70 and at the same time AVE values of all variables were more than 0.50. Additionally, Cronbach's Alpha and Composite Reliability values were more than 0.70.

### *3.1.3 Structural Model (Inner Model) Evaluation*

The structural model assessment was carried out to assess the capability of the model in explaining the endogenous variables and the relationships between research variables. From the $R^2$ test results, it can be noted that Job Satisfaction obtained an $R^2$ value of 0.736, whereas Employee Performance had an $R^2$ value of 0.795.

**Table 2. Coefficient of Determination ($R^2$) Results**

| Endogenous Variable | $R^2$ | Explanatory Power |
|---|---|---|
| Job Satisfaction (Z) | 0.736 | 73.6% |
| Employee Performance (Y) | 0.795 | 79.5% |

The $R^2$ value of 0.736 implies that Work Discipline and Internal Communication account for 73.6% of variance in Job Satisfaction, and 26.4% is accounted for by other variables not considered in the suggested model. Also, Work Discipline, Internal Communication, and Job Satisfaction account for 79.5% of variance in Employee Performance, while the remaining 20.5% is determined by other variables not considered in the research. The outcome demonstrate that the model has a high explanatory power for the considered endogenous variables.

### *3.1.4 Hypothesis Testing*

Hypothesis test was carried out utilizing the bootstrapping technique, whereby the test criteria were used of t-value > 1.96 and p-value < 0.05. The findings for direct and indirect effects are shown in the table below.

**Table 3. Hypothesis Testing Results**

| Hypothesis | Relationship between Variables | T-Statistic | P-Value | Description |
|---|---|---|---|---|
| H1 | Work Discipline → Employee Performance | 3.214 | 0.000 | Accepted |
| H2 | Internal Communication → Employee Performance | 1.781 | 0.075 | Rejected |
| H3 | Work Discipline → Job Satisfaction | 2.845 | 0.003 | Accepted |
| H4 | Internal Communication → Job Satisfaction | 4.112 | 0.000 | Accepted |
| H5 | Job Satisfaction → Employee Performance | 5.326 | 0.000 | Accepted |
| H6 | Work Discipline → Job Satisfaction → Employee Performance | 2.126 | 0.034 | Accepted |
| H7 | Internal Communication → Job Satisfaction → Employee Performance | 2.886 | 0.004 | Accepted |

According to Table 3, Work Discipline was seen to positively and significantly impact Employee Performance and Job Satisfaction. Furthermore, there is a positive and significant effect of Internal Communication on Job Satisfaction, but Internal Communication has no effect on Employee Performance. Moreover, Employee Performance is positively and significantly affected by Job Satisfaction. The results indicate that Job Satisfaction mediates the relationship between Work Discipline and Employee Performance because both direct and indirect effects are significant. Alternatively, Job Satisfaction fully mediates Internal Communication's effect on Employee Performance, as Internal Communication's direct relationship proves insignificant whereas the indirect path is significant.

## DISCUSSION

### *3.2.1 The Effect of Work Discipline on Employee Performance (H1)*

The findings demonstrate that Work Discipline has a positive and significant effect on Employee Performance among MSMEs in Gresik Regency. This result demonstrates that work discipline represents an essential factor in enhancing employee performance, especially in MSMEs that commonly have simpler management systems and organizational structures. Work discipline reflects employees' awareness and commitment to following the regulations and norms established within the organization (Hasibuan, 2017:193). Disciplined employees tend to be able to comply with working hours, complete tasks on time, follow procedures, and carry out their responsibilities well, thereby supporting work productivity and efficiency (Jelly et al., 2024; Maskur et al., 2024:70–71).

The performance of employees can be defined as the results of work accomplished by a person or group in an organization considering the powers and responsibilities given to them with due regard for the attainment of organizational objectives without any violation of the law (Sedarmayanti, 2017:232). In line with this, Fahmi (2016:137) explains that performance is the result obtained by an organization, whether profit- or non-profit-oriented, over a given period of time. Thus, improvements in employee performance are reflected not only in the amount of work completed, but also in the conformity of work execution with responsibilities, procedures, and organizational goals.

These outcomes support research by Mulyono et al. (2022), which revealed that discipline exerts a positive, significant effect on employee performance. This finding reinforces the notion that the application of good discipline can create regularity in the execution of work, enabling employees to better achieve set targets. Consistent discipline can also support work quality, since employees work according to established procedures and standards (Maskur et al., 2024:70–71). Therefore, a better implementation of work discipline will result in improved employee performance. This finding emphasizes that effective work discipline management is an important component of human resource management in supporting the enhancement of employee performance among MSMEs in Gresik Regency (Hasibuan, 2017:21; Mulyono et al., 2022).

### *3.2.2 The Effect of Internal Communication on Employee Performance (H2)*

The findings demonstrate that Internal Communication has no significant direct effect in Employee Performance. This finding indicates that the communication taking place within MSMEs in Gresik Regency has not directly driven improved employee performance. Conceptually, internal communication functions as a means of conveying information, coordination, task allocation, feedback, and the formation of working relationships (Trihastuti, 2019:10). This is reinforced by Effendy (2017:4), who explains that communication is a structured and systematic process for conveying information clearly and effectively. Accordingly, effective internal communication should ensure that information related to tasks, responsibilities, and organizational goals is properly received and understood by employees. However, the mere presence of internal communication does not necessarily result in improved performance if the information conveyed is mostly focused on day-to-day operational needs and has not been strategically directed toward increasing employee productivity.

This finding differs from Mulyono et al. (2022), who found that communication has a positive or significant effect on employee performance. Nguyen and Ha (2023) likewise observed that internal communication constructively influences diverse employee work outcomes, such as engagement and commitment. Correspondingly, Baihaqi and Fitrianingrum (2023) demonstrated a connection among internal communication, job satisfaction, and performance. These differing results may be attributed to the characteristics of MSMEs in Gresik Regency, which have simple organizational structures and communication patterns that tend to be informal. Under such conditions, internal communication will only work as a coordinating tool to exchange information and not as a strategy to improve employee productivity. Internal communication thus remains important within organizations, but in this study its effect on performance does not occur directly and may operate through other mechanisms, one of which is job satisfaction (Trihastuti, 2019:10; Nguyen & Ha, 2023).

### *3.2.3 The Effect of Work Discipline on Job Satisfaction (H3)*

Work Discipline is proven to exert a positive and significant influence on Job Satisfaction. This finding demonstrate that the application of good discipline can create more orderly working conditions, provide certainty regarding rules and responsibilities, and increase

employees' sense of comfort. Work discipline that is applied clearly, consistently, and fairly can provide certainty regarding working hours, procedures, targets, and standards of behavior that employees must meet. Such conditions can shape perceptions of fairness and regularity, which ultimately increase job satisfaction (Hasibuan, 2017:193; Mulyono et al., 2022).

Job satisfaction is intimately linked to how employees perceive whether their jobs satisfy aspects that they find significant. As Fidyah and Setiawati (2020) have put it, job satisfaction is the outcome of the perceptions that employees have of the way in which their jobs satisfy aspects that they find significant. Based on this view, the application of clear and consistent work discipline can provide certainty regarding job demands, rules, responsibilities, and work standards, making it easier for employees to understand what is expected of them. This clarity can shape positive perceptions of the job and ultimately increase job satisfaction.

These findings support the study by Mulyono et al. (2022), where it was identified that discipline positively influences job satisfaction. In addition, this means that a well-disciplined working environment helps employees feel secure and comfortable while performing their jobs. Conversely, the inconsistent or unfair application of discipline, or discipline accompanied by excessive pressure, can lead to job dissatisfaction (Maskur et al., 2024:70). Therefore, the implementation of discipline among MSMEs in Gresik Regency needs to be carried out consistently and proportionately so that it functions not only as a control mechanism but also creates a positive work experience. Therefore, the more effectively work discipline is implemented, the higher the possibility that employees will experience greater comfort and satisfaction in performing their duties.

### *3.2.4 The Effect of Internal Communication on Job Satisfaction (H4)*

Internal Communication is demonstrate to have a positive and significant effect on Job Satisfaction. This finding demonstrate that effective communication can create a more open, comfortable, and supportive work environment. Internal communication functions to convey information, build emotional relationships, coordinate activities, and provide employees with opportunities to express opinions and receive feedback (Trihastuti, 2019:10). When employees obtain clear information, feel heard, and are able to communicate well with supervisors and coworkers, they tend to hold more positive assessments of their work.

This finding is in agreement with that of Nguyen and Ha (2023), who demonstrated that internal communication positively influences job satisfaction and engagement as well as employee loyalty. Similarly, Curado et al. (2022) proved that communication could boost employee satisfaction in the presence of leadership, recognition, and participation opportunities. Moreover, Santos et al. (2024) demonstrated how internal communication links to motivation and job satisfaction, while Romero-Rodríguez and Castillo-Abdul (2024) emphasized its importance in fostering employee happiness and well-being. Internal communication therefore plays an important role in human resource management because it can create a sense of appreciation, strengthen relationships among employees, and build a supportive work environment (Sobari, 2025). Although in this study internal communication did not have a direct effect on performance, communication remains important in increasing employee job satisfaction.

### *3.2.5 The Effect of Job Satisfaction on Employee Performance (H5)*

Satisfaction significantly and positively influences Employee Performance. This suggests that employees who are satisfied with their jobs exhibit better attitudes towards their work, have high morale, are loyal, and are willing to give their best for the organization. Job Satisfaction refers to a pleasant emotional state resulting from an individual’s evaluation of the various characteristics of their job (Robbins & Judge, 2018:50). Therefore, when employees

feel comfortable and satisfied with their work, they tend to be more motivated to complete tasks optimally.

The findings obtained from this research are corroborated by Mulyono et al. (2022), where job satisfaction positively influences the performance of employees. Furthermore, Lukito et al. (2024) have revealed that job satisfaction is among the key predictors of employee performance. In the case of MSMEs, Susanto et al. (2022) have proved that there exists a relationship between job satisfaction and the performance of employees. Job satisfaction allows motivating employees to ensure good quality of work, reach goals, manage time efficiently, and be responsible for performing assigned tasks. Therefore, the more job satisfaction that is felt by employees, the greater will be their performance within MSMEs in Gresik Regency. This finding also shows that employees' psychological aspects are an important part of human resource management, since working conditions that provide satisfaction can drive improved performance (Kasmir, 2020:192; Lukito et al., 2024).

Factors influencing job satisfaction also need to be considered in explaining this finding. Mangkunegara (2017:120) divides the factors influencing job satisfaction into employee factors and job factors. Employee factors are factors related to individuals themselves, while job factors are related to job/task, organizational systems, and the work environment. Thus, the job satisfaction of MSME employees in Gresik Regency can be influenced by individual characteristics as well as by the job conditions faced, including how discipline is applied and how internal communication takes place within the organization.

### *3.2.6 The Effect of Work Discipline on Employee Performance through Job Satisfaction (H6)*

The test result indicates that Job Satisfaction is a partial mediator between Work Discipline and Employee Performance. In other words, discipline not only affects the performance of employees directly but also indirectly through their job satisfaction. Directly, discipline ensures regularity, adherence to rules, punctuality, and responsibility in performing tasks, thereby supporting improved performance (Maskur et al., 2024:70–71). On the other hand, the application of clear and consistent discipline can provide certainty, regularity, and a sense of comfort to employees, which subsequently increases job satisfaction (Mulyono et al., 2022).

Employees who work in a disciplined environment are not only more orderly in carrying out their tasks, but also tend to better understand work standards and their responsibilities. This situation may lead to a positive working experience and satisfaction, thereby improving performance of the employees. This is supported by Mulyono et al. (2022), who state that discipline influences performance and satisfaction, while job satisfaction influences performance as well. Additionally, the relationship between job satisfaction and MSME employee performance. Susanto et al. (2022) also showed a link between job satisfaction and MSME employee performance. Thus, job satisfaction is one of the mechanisms that explains how work discipline can produce better performance. However, because the mediation formed is partial, performance improvement can still occur directly through the application of work discipline without fully depending on job satisfaction.

### *3.2.7 The Effect of Internal Communication on Employee Performance through Job Satisfaction (H7)*

The results reveal that there is complete mediation of Job Satisfaction between Internal Communication and Employee Performance. The finding suggests that internal communication doesn’t affect the performance of employees directly but affects it by mediating through the factor of job satisfaction. Conceptually, internal communication functions in the delivery of

information, coordination, provision of feedback, and the formation of good working relationships (Trihastuti, 2019:10). Open and effective communication can make employees feel valued, involved, and clear about carrying out their work, thereby increasing job satisfaction (Nguyen & Ha, 2023; Curado et al., 2022).

Such findings coincide with those provided by Mulyono et al. (2025), where the authors demonstrated that internal communication may be one of the factors influencing work motivation that, in turn, affects job satisfaction. Moreover, Santos et al. (2024) also established a link between internal communication, motivation, and job satisfaction. Moreover, according to Nguyen and Ha (2023), Constructive internal communication positively affects job satisfaction, engagement, and employee loyalty. Their insights match Romero-Rodríguez and Castillo-Abdul (2024) regarding internal communication's essential role in boosting employee happiness and well-being further support the importance of communication as one of the factors that affect the work experience positively.

Job satisfaction formed through internal communication can subsequently encourage employees to work better, be more responsible, and provide optimal contributions. The above observation is evidenced by Lukito et al. (2024), who established that job satisfaction is one of the important predictors of performance, and Susanto et al. (2022), who showed how job satisfaction influences the performance of employees in MSMEs. In this case, job satisfaction acts as the intermediary variable between internal communication and employee performance. This full-mediation finding also explains why, in H2, internal communication was not shown to have a direct effect on performance, whereas in H7, internal communication was shown to affect performance through job satisfaction. This means that, among MSMEs in Gresik Regency, internal communication will be more effective in improving performance if it is able to create job satisfaction first. Accordingly, communication that is clear, open, and supportive needs to be directed toward creating a positive work experience so that job satisfaction increases and ultimately drives improved employee performance (Mulyono et al., 2022; Baihaqi & Fitrianingrum, 2023).

## CONCLUSION, LIMITATION, AND FUTURE RESEARCH

Referring on the outcome obtained from this research, it could be concluded that work discipline and internal communication have different impacts on improving the performance of MSMEs employees in the district of Gresik. Work discipline is proved to have the capability of influencing performance directly and indirectly by means of job satisfaction, whereas internal communication has no direct influence on performance and only indirectly influences performance using job satisfaction as a mediator. Job satisfaction proves to be an influential determinant of performance and a mechanism used to connect organizational aspects with work performance.

The above findings suggest that the improvement of performance of employees in MSMEs requires an approach that is comprehensive and holistic in nature and is characterized by application of discipline, good communication and creating conditions conducive to the enhancement of employee satisfaction. This approach is expected to support the optimization of performance and the sustainability of human resource management among MSMEs in Gresik Regency. This research is limited to snack-producing MSME employees on a single regency; future research is encouraged to extend the sample on other MSME sectors and regions and to consider additional antecedents of employee performance.

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**Ethical Compliance:** All research procedures performed on humans were carried out in accordance with the ethical standards set out by the institution's research committee or equivalent ethics guidelines. Approval letters from the research committee are presented as an attachment evidencing compliance with the aforementioned ethical standards.

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