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The Impact of Communication in Internal Marketing on the Market Performance of Insurance Companies in Bosnia and Herzegovina

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Abstract

The paper analyzes the impact that internal communication, as a dimension of internal marketing, has on the market performance of insurance companies in Bosnia and Herzegovina. The research objectives are: 1) to determine the prevalence of specific communication aspects within internal marketing in insurance companies in Bosnia and Herzegovina, 2) to identify the key success factors of communication as a component of internal marketing in insurance companies in Bosnia and Herzegovina, 3) to determine the impact of communication within internal marketing on the customer retention rate in insurance companies in Bosnia and Herzegovina, and 4) to determine the impact of communication within internal marketing on the market share of insurance companies in Bosnia and Herzegovina. Out of a total of 23 observed variables, six factors determining the success of internal communication were extracted using factor analysis. Furthermore, using multiple regression analysis, it was established that out of 27 observed variables, 6 and 4 variables have a statistically significant impact on the customer retention rate and the market share of insurance companies in Bosnia and Herzegovina, respectively.

Keywords

Internal Marketing, Internal Marketing Communication, Insurance Companies, Market Performance

1. Introduction

The globalization of markets and the global growth of the service sector have led

to an increased demand for top-tier services and perceived customer satisfaction, particularly within the insurance sector (according to Loungani et al., 2017).

Technical and technological advancement, alongside mounting competitive pressure among insurance companies, requires finding new ways to achieve a competitive advantage that cannot be easily replicated by other competitors.

In today's competitive environment, one of the key factors for achieving a high level of business effectiveness is sound and efficient communication. Emphasizing that internal communication is the lifeblood of any company, Bartlett and Ghoshal point out the importance of high-quality communication within the company (adapted from Bartlett & Ghoshal, 1989). Internal communication, as a dimension of internal marketing, represents a source of knowledge and idea exchange between employees, as well as between employees and superiors, and determines both employee satisfaction and the achievement of defined corporate goals. Therefore, an increasing number of insurance companies in modern business conditions are paying attention to internal marketing and internal communication as its dimension, given that it plays a significant role in creating a competitive advantage and achieving their market success.

The example of companies like IBM, which place the experience and satisfaction of their employees at the very top of their business activities, believing that "if employees feel great about their work, they will make customers feel satisfied," speaks to the necessity of applying this concept if the company's goal is progress and a better market position.

In his paper "The Employee as a Customer," Leonard Berry introduces the concept of internal marketing for the first time, defining it as follows: "Internal marketing is the management of employees within a company as if they were internal clients, with the aim of satisfying and motivating them in order to provide better service to external clients" (Berry, 1981; see also Berry et al., 1991). Rafiq and Ahmed define internal marketing as the management effort of a company to motivate, integrate, and coordinate all functions and employees to improve service perception and external customer satisfaction (Rafiq & Ahmed, 2000). On the other hand, Kotler considers internal marketing to be the application of marketing within a company to explain to employees their place and role within it, and to motivate and encourage them to contribute to the achievement of defined goals. Ballantyne, in his work "A Relationship-Mediated Theory of Internal Marketing," defines internal marketing as a relationship-building process focused on knowledge renewal, where the key actors are engaged and motivated employees responsible for implementing the company's business strategy and achieving defined marketing goals. This definition emphasizes the need to connect and develop employees for the more efficient realization of defined goals and the improvement of the company's market performance (adapted from Ballantyne, 2003). Dahl and Peltier define internal marketing as a concept that empowers employees and builds long-term relationships through transparent communication and motivation (adapted from Dahl & Peltier, 2017). For Papasolomou, internal marketing is a form of market

orientation that applies marketing principles within a company with the aim of establishing corporate value (Papasolomou, 2006). This includes activities that improve the chain of internal communication and coordination between different functions, thereby achieving a more efficient realization of marketing activities.

What the aforementioned definitions have in common lies in the belief that employees cannot adequately satisfy the needs of external clients if they themselves are not satisfied with their work, conditions, and the environment in which they work. Therefore, company management should pay due attention to the development of instruments such as: an adequate system of communication with employees, an acceptable and stimulating reward system, an improved system of employee training and career development, the involvement of employees in planning and decision-making, and the like, which will enable the creation of their satisfaction and, consequently, better performance, ultimately maximizing the company's market success (adapted from Tomić Osmanović et al., 2024).

Considering that the business success of any company depends, among other things, on the quality of information provided to employees, there is a clear need for adequate information and familiarization of employees with both its business goals and the procedures and policies used to achieve business success. Well-informed, engaged, and educated employees are at the same time satisfied and motivated employees who will provide their clients with a fuller, more comprehensive, and timely service. It is precisely this comprehensive service that will result in satisfied clients, which will ultimately reflect on the market success of the company and its business performance. In this regard, the focus of this paper will be on the impact of internal communication on the market success of insurance companies in Bosnia and Herzegovina.

2. Theoretical Framework

Communication within a company represents the foundation of internal marketing, and its impact on market success is multifaceted and crucial for achieving corporate business goals. Effective internal communication not only enables the transmission of information between different departments and levels within the company, but also fosters teamwork, employee motivation, and the strengthening of organizational culture, which directly contributes to a better market position for the company. Through the establishment of clear and transparent communication channels, the company ensures that all employees are familiar with its strategic goals and tasks, thereby creating a sense of community and belonging. When employees are adequately and timely informed and engaged, they become effective brand ambassadors, which further influences the company's market positioning. In this way, internal communication acts as a driver of change and innovation, enabling faster adaptation to dynamic market conditions. Moreover, internal communication has a significant impact on the decision-making process. Information shared in a timely and precise manner within the company enables man-

agement to make higher-quality decisions and provides employees with the opportunity to contribute to the optimization of business processes through their knowledge and experience. This process of collaborative decision-making not only increases operational efficiency but also ensures that all segments of the company operate in accordance with the overall strategy, which is a key factor in achieving market success (adapted from Sikavica et al., 1999: p. 21).

Internal marketing communication represents one of the key components of internal marketing, defined as a strategic, systematic, and continuous process of disseminating the company's goals, values, and results to all employees through clearly structured communication channels that enable a two-way exchange of information and feedback. According to Dwyer, internal marketing communication entails the process of sending and receiving messages among employees within a company, thereby establishing a dynamic flow of information connecting all levels within the enterprise (Dwyer, 2005: p. 5).

Gounaris considers internal communication to be a means of building trust between management and employees, enabling a two-way exchange of information and fostering the development of loyalty to the company (according to Gounaris, 2006: p. 442). Furthermore, it entails a structured process of informing employees that contributes to their greater engagement and alignment with the company's business strategies (adapted from Foreman & Money, 1995: pp. 757-759).

Based on the aforementioned definitions, we can conclude that the primary function of internal communication is to ensure that employees have relevant, timely, and complete information enabling them to make quality and effective decisions aimed at improving overall operations. In this context, communication is not merely a technical transmission of messages, but also a mechanism of coordination, integration, and trust-building among employees and management.

Effective internal communication is a prerequisite for the functional connectivity of different organizational units within a company, as without it, achieving synergy between strategic goals and operational activities is impossible. A two-way communication flow between management and employees enables not only the distribution of information, but also the articulation of employees' feedback, suggestions, and attitudes, thereby fostering their engagement, motivation, and sense of inclusion in the company's processes. As such, internal marketing communication has manifold implications: it contributes to transparency, reduces potential barriers within the enterprise, facilitates the implementation of change, and strengthens an organizational culture based on openness and mutual respect. In modern business conditions and companies, internal communication is realized through various channels, ranging from formal ones (intranet, bulletins, meetings, workshops) to informal ones (social networks, direct interaction, and so forth), with it being exceptionally important that such communication is two-way, inclusive, and aligned with the company's values.

Internal marketing communication encompasses practices through which companies build relationships among internal stakeholders and distribute infor-

mation across various levels of the organization (Park & Tran, 2018: p. 5). This communication entails not only the transmission of messages, but also the dissemination and exchange of implicit and explicit knowledge, the establishment and strengthening of horizontal and vertical interpersonal relationships, the development of mechanisms for cross-functional integration and cooperation, and the articulation of a shared corporate vision.

The empirical significance of this dimension is also confirmed by the research results conducted by Qiu and associates in 2021, in which internal communication emerged as the most prevalent dimension of internal marketing in academic publications. During the so-called "saturation" phase of the research cycle, as many as 93% of the analyzed articles included the measurement of internal communication, which is significantly more frequent than other dimensions such as internal market analysis, employee development, reward systems, job design and empowerment, and leadership and organizational culture (Qiu et al., 2021: p. 39). These findings confirm that internal marketing communication is not merely a technical channel for information exchange, but a strategic tool for shaping organizational culture, coordinating business functions, and achieving a higher degree of integration between employees and management. According to Park and Tran, the important components of internal communication are considered to be: 1) clear and transparent communication channels such as email, meetings, intranets, and newsletters; 2) content focused on the strategic vision, goals, and business results of the company; 3) creative and understandable forms of content presentation; and 4) feedback mechanisms such as employee surveys or suggestions, which enable the continuous alignment and strengthening of the internal culture (according to Berry et al., 1991).

By combining these elements, such a work environment is built where employees understand their role in realizing strategic goals, feel motivated and empowered, and internal communication becomes a channel that ensures proactive participation, transparency, and collaborative decision-making. This increases employee engagement, strengthens the company's organizational culture, and improves its service performance, thereby directly impacting its market success.

If we define internal marketing as a strategic approach aimed at aligning all internal resources, processes, and employees with the objective of achieving the overall market success of the company, it must be emphasized that internal marketing communication lies at its core. It enables the transmission of the company's core values, mission, and vision to all its members, relying not on a one-way flow of information, but on a two-way interaction between management and employees. Such a communication model not only ensures the clarity and transparency of information but also encourages the active involvement of employees in the decision-making process and boosts their productivity, which reflects on the company's market performance (adapted from Bradley, 2005: p. 45).

Effective internal communication contributes to the development of a sense of belonging and collective connection among employees, further motivating them

to provide services to end-users with a higher degree of quality, dedication, and professional responsibility. It is precisely such a professional, high-value service delivered with high quality that will result in the realization of better market performance indicators for the company.

Although companies may encounter challenges in realizing their business activities, such as the complexity of internal structures, resistance to change, or technological barriers, overcoming these challenges through the improvement of communication strategy yields multiple benefits. Effective internal communication results in better activity coordination, increased productivity, enhanced competitive advantage, and a superior market positioning for the company.

The primary function of internal marketing communication is the transmission of information, vision, mission, and company values to all employees, thereby ensuring their coordinated action and increasing their level of engagement. In addition, internal communication plays a significant role in creating a corporate culture that promotes openness, innovativeness, and mutual trust. Through various communication channels, management conveys key messages to employees while simultaneously enabling feedback that contributes to the improvement of business processes and better decision-making (Kotler & Keller, 2008: p. 412). The functionality of internal marketing communication is also reflected in its ability to reduce potential barriers and improve coordination between different sectors within the company. Clearly defined communication strategies contribute to a better understanding of tasks, responsibilities, and expectations, thereby eliminating misunderstandings and increasing operational efficiency. Furthermore, internal communication plays an important motivational role by providing employees with a sense of belonging, security, and appreciation, which directly affects their productivity and loyalty to the company. Through transparent communication regarding strategic goals, business successes, and challenges, employees become aware of their contribution to the overall success of the company, which further motivates them to work proactively and assume responsibility (Gary et al., 1992: p. 23).

The significance of internal marketing communication is particularly pronounced in processes of organizational change, restructuring, or crisis management. In such situations, clear and timely communication of key management decisions to employees reduces resistance to change, increases the level of understanding of business decisions, and enables faster adaptation to new working conditions. Effective internal communication helps manage conflicts by enabling open dialogue and timely resolution of misunderstandings, thereby preventing a drop in motivation and reducing any negative impact on the work environment (Grunig & Hunt, 1984: p. 65).

In addition to its direct impact on company productivity and efficiency, internal marketing communication also yields long-term benefits for the company's image and reputation. Satisfied and motivated employees become the best ambassadors of their company, as their behavior and relationship with clients, partners,

and other stakeholder groups contribute to a positive brand perception in the market. In this context, internal communication is not merely a means of transmitting information, but also a key factor in building employee loyalty, enhancing work culture, and creating a competitive advantage for the company. Through continuous investment in the improvement of internal marketing communication, companies ensure stability, sustainable growth, and long-term market success (Hargie & Tourish, 2002: p. 3).

Numerous international empirical studies confirm that internal communication is one of the most significant components of internal marketing, whose role is reflected in motivating employees, strengthening team spirit, raising productivity levels, creating satisfied and loyal clients, and ultimately achieving superior market success, such as those published by Ballantyne, Danso and associates, Hamilton-Ibama and Nwokah, Heskett and associates, Karanges and associates, Munthe and Tiorida, and many others (for more details on the effects of internal marketing communication, see: Ballantyne, 2003; Danso et al., 2017; Hamilton-Ibama & Nwokah, 2016; Heskett et al., 1994; Karanges et al., 2015; Munthe & Tiorida, 2017).

Regarding regional research, the impact of internal marketing communication on business efficiency, client satisfaction, and overall company success was analyzed by Grubić-Nešić and Bjekić (2016), as well as by the female co-authors Vuković and Pavić (2019) and Pološki Vokić and Vidović (2011). On the other hand, Tomić Osmanović et al., (2024) and associates specifically examined the effects of internal marketing and internal communication within the financial sector of Bosnia and Herzegovina.

3. Research Methodology

The objectives of the research are: 1) to identify the key success factors of communication as part of internal marketing in insurance companies in Bosnia and Herzegovina, 2) to determine the impact of communication within internal marketing on the customer retention rate in insurance companies in Bosnia and Herzegovina, and 3) to determine the impact of communication within internal marketing on the market share of insurance companies in Bosnia and Herzegovina.

Data Collection: The data presented in the subsequent part of the paper are the result of primary research. The paper is based on empirical data collected through a survey method (utilizing a written structured questionnaire) among employees of insurance companies in Bosnia and Herzegovina.

Empirical data were collected via a structured questionnaire using a 5-point Likert scale (ranging from 1 = "strongly disagree" to 5 = "strongly agree") for the internal communication items. All variables were numerically coded for statistical processing. Regarding performance measurement, data on market share and customer retention rate were collected based on the subjective estimates and perceptions of employees in Bosnia and Herzegovina insurance companies.

The empirical research was conducted using purposive and convenience sampling methods. Out of a total of 25 active insurance companies operating in Bosnia and Herzegovina, management and employees from 16 insurance companies agreed to participate in the study. The objective was to include approximately 5 employees per insurance company across different operational levels to capture diverse perceptions of internal communication, resulting in a final dataset of 81 valid responses. The data were collected during 2026, and both descriptive and multivariate analyses were applied in their processing, all with the objective of determining the impact of internal marketing communication on the market performance of insurance companies in Bosnia and Herzegovina.

Methodological imitations

Since the research is primarily based on individual perceptions and subjective attitudes of employees regarding internal communication and market performance of insurance companies, its primary intention was to examine the impact of specific dimensions of internal marketing communication on the customer retention rate and market share through the lens of individual work experiences. Given that the sample encompasses 81 employees across 16 insurance companies (an average of approximately five respondents per company), the application of multiple regression analysis provided deeper insight into these individual relationships. Although this approach was retained to obtain a comprehensive picture at the individual level, in future research it would be beneficial to apply advanced clustering methods and multilevel modeling (hierarchical linear modeling) to further examine potential effects of within-group variance and company-level interdependence.

4. Results Analysis and Discussion

4.1. Success Factors of Internal Marketing Communication in Insurance Companies in Bosnia and Herzegovina

Since one of the research objectives was to determine the key success factors of internal communication among the respondents, a factor analysis was conducted. This method sought to reduce the total number of internal communication factors (23 of them) to a smaller number of those that contribute most to the success of its implementation among the respondents.

After the correlation matrix established the justification for applying factor analysis (most coefficients had a value of .3 and above), the evaluation of its appropriateness was also performed using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity. The results of these tests are presented in the following Table 1.

Since the significance level of Bartlett's test was .000, we rejected the null hypothesis and concluded that there is a significant correlation among the original variables. Conversely, given that the value of the KMO coefficient was .734 (which is greater than .6), we determined that the correlation matrix is suitable for factor analysis.

Table 1. KMO coefficient and bartlett's test.

KMO Measure of Sampling Adequacy		**.734**
Bartlett's Test of Sphericity	Approx. Chi-Square (χ^2)	1357.920
	Degree of Freedom (*df*)	253
	Significance Level (*p*)	**.000**

Source: Authors' creation.

To extract the main factors, we applied the principal component analysis procedure (Table 2), and as the criterion for selecting the number of factors, we chose critical values associated with factors greater than 1 (Kaiser's criterion). In this study, 23 basic variables were reduced by factor analysis into six factors with eigenvalues greater than one, which are presented in the following table. These six components explain a total of 76.145% of the variance.

Table 2. Principal component analysis.

Components	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	Total	Variance %	Cumulative %
1	7.644	33.233	33.233	7.644	33.233	33.233	5.205
2	3.704	16.105	49.338	3.704	16.105	49.338	4.354
3	2.013	8.752	58.090	2.013	8.752	58.090	2.829
4	1.563	6.798	64.888	1.563	6.798	64.888	3.173
5	1.406	6.112	71.000	1.406	6.112	71.000	2.100
6	1.183	5.145	76.145	1.183	5.145	76.145	4.655
7	.793	3.446	79.591				
8	.736	3.200	82.791				
9	.549	2.387	85.178				
10	.488	2.121	87.299				
11	.475	2.066	89.365				
12	.441	1.920	91.284				
13	.331	1.439	92.723				
14	.328	1.427	94.150				
15	.290	1.262	95.412				
16	.231	1.004	96.416				
17	.186	.807	97.224				
18	.180	.782	98.006				
19	.156	.677	98.683				
20	.092	.402	99.085				
21	.086	.373	99.457				
22	.067	.290	99.748				
23	.058	.252	100.000				

Source: Authors' creation.

Since variables explaining multiple factors appear in our case, the obtained main factors were transformed (via rotation under specific conditions) to obtain more independent factors and make the results more interpretable. For factor rotation, we used oblique Direct Oblimin rotation, and given that compared to other rotation methods, it is more successful in achieving the principle of simple structure.

Following the factor rotation, we obtained the rotated factor matrix (Pattern Matrix), which serves as the basis for factor interpretation (Table 3).

Table 3. Rotated factor matrix (Pattern Matrix).

	Component					
	1	2	3	4	5	6
[Information received through formal channels is clear, precise, and useful for the execution of your business tasks.]	.856					
[Your company possesses a transparent and regularly updated formal communication system.]	.826					
[Employees regularly receive notifications about your company's business activities via official emails, newsletters, publications, and other formal communication channels.]	.717					
In your insurance company, informal communication takes place through: [Oral conversations during work]	.629		.468			
In your insurance company, informal communication takes place through: [Employee team-building activities]	.596					−.372
[All employees of the company have access to its formal communication channels.]	.578					
[Informal communication channels are used by your company's management to improve interpersonal relationships within the company.]		.917				
[I am satisfied with the quality of information I receive through informal communication channels.]		.803				
[In your company, informal meetings (coffee, lunch, team building, and such) exist and are encouraged for discussing the company's business goals and activities.]		.785				
[Superiors in your company use informal communication channels to find out what employees think about their work, potential problems, and potential solutions.]	−.495	.755				
[Informal communication channels are used by your company's management to find out what contributes to employee job satisfaction.]		.743			.372	
In your insurance company, informal communication takes place through: [Shared gatherings over coffee and lunches]		.488	.340			
In your insurance company, informal communication takes place through: [Informal chats via Viber, WhatsApp, Facebook, and other social networks]			.924			

Continued

In your insurance company, the following formal communication channels are represented: [WhatsApp, Viber, and other communication groups]		.871			
[Employees are regularly sent information about changes within the company.]			.852		
[The management of your insurance company attaches great importance to communication with its employees.]			.822		
In your insurance company, the following formal communication channels are represented: [Portals]	−.358		.467	.426	
In your insurance company, the following formal communication channels are represented: [Other]				.814	
In your insurance company, the following formal communication channels are represented: [Internal bulletins and newsletters]				.562	−.422
In your insurance company, the following formal communication channels are represented: [Meeting minutes]					−.861
In your insurance company, the following formal communication channels are represented: [Manuals, rulebooks, and such]					−.671
In your insurance company, the following formal communication channels are represented: [Official meetings]					−.662
In your insurance company, the following formal communication channels are represented: [Official email]					−.567

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.
a. Rotation converged in 11 iterations.
Source: Authors' creation.

From the attached overview, we can see that the first factor (formal transparency) consists of the following criteria: information received through formal channels are clear, precise, and useful for the execution of the company's business tasks, with a factor loading of .856; the company possesses a transparent and regularly updated formal communication system, with a factor loading of .826; employees regularly provide notifications regarding the company's business activities via official emails, newsletters, publications, and other formal communication channels, with a factor loading of .717; the representation of oral conversations during work as informal communication channels, with a factor loading of .629; the representation of employee team-building activities as informal communication channels, with a factor loading of .596; and all employees have access to the company's formal communication channels, with a factor loading of .578.

The second factor (informal support) consists of the following criteria: the company's management uses informal communication channels to improve interpersonal relationships within the company, with a factor loading of .917; I am satisfied with the quality of information I receive through informal communication channels, with a factor loading of .803; informal meetings (coffee, lunch, team building, and such) exist and are encouraged in the company for discussing business goals and activities, with a factor loading of .785; superiors in the company

use informal communication channels to find out what employees think about their work, potential problems, and potential solutions, with a factor loading of .755; the company's management uses informal communication channels to find out what contributes to employee job satisfaction, with a factor loading of .743; and informal communication in the company takes place through shared gatherings over coffee and lunches, with a factor loading of .488.

The third factor (digital informal channels) includes the following criteria: informal communication in your company takes place through informal chats via Viber, WhatsApp, Facebook, and other social networks, with a factor loading of .924; and WhatsApp, Viber, and other communication groups are represented as formal communication channels, with a factor loading of .871.

The fourth factor (managerial communication) includes the following criteria: employees are regularly sent information about changes within the company, with a factor loading of .852; the company's management attaches great importance to communication with its employees, with a factor loading of .822; and portals are represented as formal communication channels, with a factor loading of .467.

The fifth factor (specific formal channels) includes the following criteria: other formal communication channels are represented in the company, with a factor loading of .814; and internal bulletins and newsletters are represented as formal communication channels, with a factor loading of .562.

The sixth factor (documented and administrative formal channels) includes items with negative factor loadings. Following the properties of Direct Oblimin rotation, these negative signs do not imply negative employee perceptions or evaluations, rather, they indicate an inverse structural relationship or a distinct operational modality compared to other communication channels within the matrix. The items comprising this factor include: the representation of meeting minutes as formal communication channels, with a factor loading of −.861; the representation of manuals and rulebooks as formal communication channels, with a factor loading of −.671; the representation of official meetings as formal communication channels, with a factor loading of −.662, and the representation of official emails as formal communication channels, with a factor loading of −.567.

To determine the proportions of variance of a given variable (criterion) as well as the effect of a given factor, it is necessary to square the obtained factor loadings. In our case, we can conclude that the first factor explains 73.27% of the variance of the variable "information received through formal channels are clear, precise, and useful for the execution of the company's business tasks" (.8562 = .732736 = 73.27%); followed by 68.22% of the variance of the variable "the company possesses a transparent and regularly updated formal communication system," and so on.

4.2. The Impact of Internal Marketing Communication on the Customer Retention Rate in Insurance Companies in Bosnia and Herzegovina

In order to examine the impact of various dimensions of internal communication

(formal and informal) on the customer retention rate in insurance companies, multiple linear regression was applied. Based on Table 4, which shows the regression model summary, the value of the adjusted coefficient of determination (Adjusted R Square) is .435. This indicates a solid and meaningful model fit, meaning that as much as 43.5% of the variance in the customer retention rate can be explained by the observed internal communication variables. The remaining 56.5% is influenced by other factors not covered by this model.

Table 4. Summary of the regression model for the impact of internal communication on the customer retention rate.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.791	.625	.435	14.117

Source: Authors' creation.

Table 5 (ANOVA) confirms that the regression model as a whole is statistically highly significant and adequate for prediction, showing a significance level of Sig. = .000, which is well below the threshold value of .05.

Table 5. ANOVA 1.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17635.272	27	653.158	3.277	.000[b]
	Residual	10562.284	53	199.288		
	Total	28197.556	80			

a. Dependent Variable: the value of the PERCENTAGE OF LOYAL CLIENTS who continuously use the services of your insurance company in 2025.
Source: Authors' creation.

In order to determine precisely which specific channels and attitudes toward internal communication have a statistically significant impact on customer retention, a multiple regression analysis was conducted. The results are presented in Table 6 (Coefficients) for those internal communication features that exert a significant impact on the observed dependent variable. Consequently, looking at the significance level column, six variables stand out as having a statistically significant effect on the dependent variable, given that their values are less than .05. By analyzing the standardized Beta coefficients, which indicate the direction and relative strength of this impact, both positive and negative predictors are evident.

Regarding positive and significant predictors, the strongest positive impact on customer retention is exerted by the general attitude of employees that informal communication contributes to the successful performance of business activities (Sig. = .021; Beta = .751). This implies that in companies where employees feel that informal communication aids them in their work, there is a consequent increase in customer retention, likely due to a faster and more flexible resolution of customer requests. Immediately following, an exceptionally strong positive im-

pact is recorded by the quality of formal information, namely the statement that information received through formal channels is clear, precise, and useful (Sig. = .014; Beta = .503). It is clear that precise and useful formal instructions from management are crucial for employees to be able to provide top-tier service to clients, which directly results in their loyalty. Additionally, the use of official email shows a statistically significant and positive impact (Sig. = .045; Beta = .268), confirming that email remains the most reliable operational tool of formal communication contributing to the stability of business operations with clients.

Table 6. Coefficients of the regression model for the impact of internal communication on the customer retention rate.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Impact Yes/No
	B	Std. Error	Beta			
(Constant)	−27.116	18.305		−1.481	.144	No
The following formal communication channels are represented in your insurance company: [Official email]	7.292	3.559	.268	2.049	.045	Yes
The following formal communication channels are represented in your insurance company: [Internal bulletins and newsletters]	−5.739	2.797	−.361	−2.052	.045	Yes
In your insurance company, informal communication takes place through: [Employee team-building activities]	−9.558	3.822	−.641	−2.501	.016	Yes
Information received through formal channels is clear, precise, and useful for the execution of your business tasks.	10.953	4.294	.503	2.551	.014	Yes
I am satisfied with the quality of information I receive through informal communication channels.	−18.526	4.962	−.978	−3.734	.000	Yes
Informal communication contributes to the successful performance of your business activities.	13.696	5.746	.751	2.383	.021	Yes

a. Dependent Variable: the value of the PERCENTAGE OF LOYAL CLIENTS who continuously use the services of your insurance company in 2025.
Source: Authors' creation.

Conversely, an interesting finding of this research lies in the variables that show an inverse relationship with customer retention. More specifically, employee satisfaction with information obtained via informal channels exhibits the strongest negative coefficient in the model (Sig. = .000; Beta = −.978). This result suggests that excessive reliance on unofficial communication channels when carrying out operational business activities can compromise service standardization and professional consistency, which ultimately may result in a lower customer retention rate. In addition, team-building activities (Sig. = .016; Beta = −.641) and internal bulletins (Sig. = .045; Beta = −.361) also show a negative predictive impact. Viewed from the perspective of insurance companies, such results could be argued by the fact that excessive time and focus devoted to internal social events and extensive publications can distract employees' attention and time away from their primary operational duties, namely, fast, dedicated, and direct service to clients.

Based on the analysis conducted, these findings show that insurance companies must carefully balance their internal communication system. To ensure a high customer retention rate, it is crucial to provide exceptionally clear, precise, and standardized information through official channels (such as official emails and corporate regulations), ensuring that informal communication remains supportive rather than primary. Crucially, rather than blindly expanding internal programs, management must critically evaluate and restructure activities such as internal bulletins and intensive team building to ensure they do not interfere with client-oriented responsibilities. An overemphasis on informal sources, combined with operational distractions resulting from excessive internal events, can impair employee efficiency and, consequently, lead to lower client loyalty.

4.3. The Impact of Internal Communication on Market Share in Insurance Companies in Bosnia and Herzegovina

As part of the analysis of the impact of internal communication on market share in insurance companies in Bosnia and Herzegovina, multiple linear regression was applied. Based on Table 7, which shows the summary of the regression model, the value of the coefficient of determination (Adjusted R Square) is .217. This means that the observed internal communication indicators explain 27.0% of the variance in the company's market share growth, while the remaining portion is influenced by other market and organizational factors not covered by this research.

Table 7. Regression model summary for the impact of internal communication on market share.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719	.517	.270	14.9175

Source: Authors' creation.

The results from Table 8 (ANOVA) confirm that the established regression model as a whole is statistically significant and adequate for prediction, with a

calculated significance level of Sig. = .011. Since this value is lower than the standard allowable threshold of .05, the fundamental condition for accepting the model is met.

Table 8. ANOVA 2.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12603.577	27	466.799	2.098	.011[b]
	Residual	11794.207	53	222.532		
	Total	24397.784	80			

a. Dependent Variable: MARKET SHARE (%) of your company in 2025.
Source: Authors' creation.

Following the conducted multiple regression analysis (**Table 9**), it was determined that out of a total of 27 observed indicators, four exert a statistically significant impact on the dependent variable, given that their values in the "Sig." column are less than .05. Analyzing the standardized Beta coefficients, which show us the strength and direction of this impact, both positive and negative predictors that shape market share are evident.

Regarding the positive impact, the results show that specific formal digital communication channels exclusively contribute to market share growth. The strongest positive impact in the entire regression model is exerted by the representation of official email as a communication channel (Sig. = .002; Beta = .491), closely followed by the representation of internal portals (Sig. = .030; Beta = .392). This indicates that insurance companies that base their internal structure on fast, structured, and modern formal tools achieve better prerequisites for efficient employee work and, consequently, for market expansion.

Conversely, the regression analysis also revealed two indicators with a significant yet negative predictive impact on market share. The first relates to the statement that employees regularly receive notifications regarding the company's business activities via official emails, newsletters, publications, and other channels (Sig. = .046; Beta = −.555). Although the presence of email as an operational tool (the previous indicator) proved to be extremely positive, this variable implies that information "congestion", namely, the excessive and mass dissemination of general corporate bulletins and publications, can create a countereffect and distract employees from performing their primary work of sales and client acquisition. In addition, a strong negative impact is exerted by the practice of superiors using informal channels to find out what employees think about their work and problems (Sig. = .032; Beta = −.533). This result strongly suggests that management's reliance on informal inquiries, such as casual conversations about serious work problems instead of transparent and formal evaluation systems, creates an unprofessional and systemically disordered approach to problem-solving, which ultimately negatively affects the organization's efficiency and its market share.

Table 9. Coefficients of the regression model for the impact of internal communication on market share.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Impact Yes/No
	B	Std. Error	Beta			
(Constant)	2.902	19.343		.150	.881	No
The following formal communication channels are represented in your insurance company: [Official email]	12.393	3.761	.491	3.295	.002	Yes
The following formal communication channels are represented in your insurance company: [Portals]	6.229	2.786	.392	2.236	.030	Yes
Employees regularly receive notifications about the business activities of your company via official emails, newsletters, publications, and other formal communication channels.	−11.601	5.664	−.555	−2.048	.046	Yes
Superiors in your company use informal communication channels to find out what employees think about their work, potential problems, and potential solutions.	−8.087	3.679	−.533	−2.198	.032	Yes

a. Dependent Variable: MARKET SHARE (%) of your company in 2025.
Source: Authors' creation.

Synthesizing the obtained findings, it is demonstrated that establishing a modern, fast, and targeted formal communication system (via email and portals) is crucial for the growth of insurance companies' market share. However, management must remain cautious and avoid so-called information overload through mass notifications. Similarly, addressing serious organizational problems and employee dissatisfaction must not be relegated to informal conversations, as the lack of a systematic and formal approach undermines the corporate structure and the company's market position in the long run.

5. Conclusion

In accordance with the research objectives, the study identified the key factors of effective internal marketing communication in insurance companies in Bosnia and Herzegovina. In addition, the study investigated the impact of internal communication on specific indicators of market performance of insurance companies, namely: the customer retention rate and market share. Based on the results of the factor analysis conducted, six factors that make internal communication more ef-

fective were identified. Considering the characteristics contained within each factor, they were designated as factors of formal transparency, informal support, digital informal channels, managerial communication, specific formal channels, and documented and administrative formal channels. Regarding the analysis of the impact of internal marketing communication on the customer retention rate, multiple regression analysis established that statistical significance exists for 6 out of the total 27 observed internal communication features (Table 6). On the other hand, regarding its impact on market share, a statistically significant impact was identified for 4 out of the total 27 observed internal communication features (Table 9). This empirical research has unambiguously proven that well-planned management of internal communication is an absolute prerequisite without which insurance companies cannot survive or grow in today's market. Market success, high customer loyalty, and continuous growth are achieved exclusively by those insurance companies that establish a robust, fast, and transparent formal communication system, and that use informal communication for relaxation and interpersonal relations rather than as a substitute for the operational resolution of business problems.

Recommendations for Insurance Company Management:

Considering the results of the conducted research, certain recommendations for the management of insurance companies can be systematized:

- Considering the inverse relationship between team-building activities and customer retention, insurance company management should not blindly expand such activities. Instead, management is expected to critically evaluate and restructure internal events to ensure they do not interfere with primary client-oriented responsibilities, thereby optimizing the balance between internal employee alignment and external market performance.
- Insurance company management should work on the more intensive development and implementation of digital platforms for internal communication (intranet portals, mobile applications, online forums, digital meeting rooms, and such), given that they enable a faster, more transparent, and two-way exchange of information among employees, thereby increasing their engagement in business processes and strengthening their sense of belonging to the company.
- When assessing the impact of internal communication on market performance, the management of insurance companies should also take into account its impact on customer satisfaction. Customer satisfaction represents a key determinant of the company's market and business success, as it directly affects loyalty, reputation, and long-term competitiveness. Therefore, management must continuously develop internal communication practices that ensure employee motivation, since the quality of their interaction with clients decisively shapes the perception and satisfaction of users of the insurance company's services.

Recommendations for Future Research:

Considering the specificities and significance that internal communication has in achieving the market performance of enterprises, interesting questions for future

research can be systematized as follows:

- In addition to examining the impact of internal communication on market performance, it would be interesting to assess its impact on the financial business performance of insurance companies as well.
- Given that this research was conducted on insurance companies, it would be significant to examine the application and impact of internal communication on the market performance of other financial institutions (banks, microcredit organizations, investment and pension funds, leasing companies, and such).
- Furthermore, future research could analyze the impact of internal communication on the business performance of manufacturing and trading companies.
- In addition to internal communication, future research should also consider other dimensions of internal marketing (employee reward systems, training and development, the involvement of employees in creating the business goals of the enterprise, and such).

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Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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