

**INTERNAL MARKETING INFLUENCING WORK RELATED ATTITUDES:
A SERVICE MARKETING PERSPECTIVE**

Dr. Mushtaq A. Siddiqi

Associate professor
The Business School
University of Kashmir

Adil Zahoor

Senior Research Fellow
The Business School
University of Kashmir

Abstract

The present research is aimed to examine the role of internal marketing practices (training, motivation, empowerment, and communication) in determining the employee job related attitudes employee job satisfaction and their commitment towards their organization). Data for this study came from a questionnaire based survey conducted on a sample of 459 employees of Indian retail banking sector. The questionnaires were subjected to validity and reliability tests using confirmatory factor analysis and Cronbach's alpha respectively. The proposed hypotheses were tested using structural equation modelling. The results indicate that internal marketing exerts a significant positive influence on the organizational commitment of employees. Further, the relationship between internal marketing and employees' organizational commitment is found to be partially and significantly mediated by employee job satisfaction.

Keywords: Internal marketing, job satisfaction, organizational commitment, Indian banking.

Introduction

Most of the developed nations of the world have experienced similar phases of transition in their progression towards economic prosperity. These phases range from agriculture to industry to services. The developing nations of the world have already recorded a major shift from agriculture to industry. Particularly, in case of India, the next phase of economic prosperity i.e. industry to services has already started to manifest itself in various forms. This is vindicated by the fact that service sector recorded a contribution of 56.9% in the gross domestic product of India in the year 2012. The increasing significance of service sector for economic development is further marked by an unprecedented growth of service organizations across different industries like banking, education, etc. This has in turn intensified competition amongst the service providers in their race to cater to the customer requirements.

In view of this, service sector has attracted significant attention from all concerned quarters with researchers as well as practitioners making substantial efforts to explore various sources that can help service organizations to achieve desired performance outcomes. However, improved organizational performance is likely to be a distant dream for organizations without proper support of satisfied and committed employees. In this backdrop, employee job satisfaction and their commitment towards the organization assume a critical importance in determining organizational success. This stands substantiated by the amount of research attention that has been focused to examine the antecedents and consequences of these constructs. Amongst various factors that are presumed to be the drivers of job satisfaction and organizational commitment, the present study focuses on internal marketing. There is sufficient evidence available in the literature available which supports the idea that internal marketing is a significant predictor of employee job satisfaction and organizational commitment. The present study aims to empirically examine whether such a relationship exists in the context of Indian retail banking sector.

Conceptual background and hypotheses

The concept of internal marketing finds its roots in the work of Sasser and Arbeit (1976) who stated that 'personnel is the first market of a service company'. However, Berry (1981) was the first to define internal marketing as a management approach that 'perceives employees as internal customers, and jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization.' A comprehensive definition of internal marketing is proposed by Rafiq and Ahmed (2000) who state that internal marketing is 'a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer-oriented employees.' Internal marketing, essentially, advocates the application of traditional marketing philosophy to the internal customers of an organization (i.e. employees) in order to improve their job related attitudes by making them customer conscious and service oriented (Cowell, 1984).

There is sufficient evidence available in the literature which supports that internal marketing has a positive influence on employee job satisfaction (Rafiq and Ahmed, 2000; Conduit and Mavondo, 2001) which refers to a joyful or positive emotional state of an employee regarding his/her work (Suzuki et al. 2006). Organizations that implement internal marketing strategies enhance the level of job satisfaction of employees, thereby improving their performance (Tansuhaj et al. 1991). Further, research findings also suggest that internal marketing not only affects employee job satisfaction but also their commitment with the organization. For instance, Al-Borie (2012) examined the impact of internal marketing activities (selection and appointment, training and development, organizational support, incentives and

motivation, and retention policy) on job satisfaction and organizational commitment in teaching hospitals of Saudi Arabia. The results indicated a positive relationship between internal marketing and job satisfaction and organizational commitment. Lings (2004) and Abzari et al. (2011) also reported that internal marketing activities could substantially improve various employee job related attitudes which includes job satisfaction and organizational commitment. In view of this review, the first two hypothesis for the present study would be

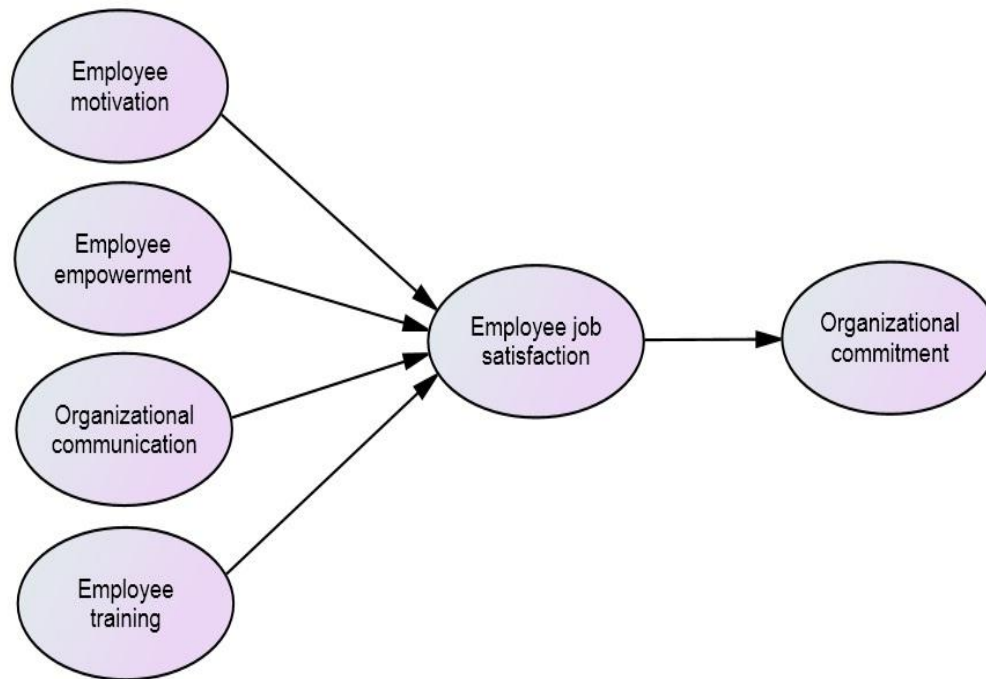
H1 Internal marketing (motivation, empowerment, communication, and training) positively influences employee job satisfaction.

H2 Internal marketing (motivation, empowerment, communication, and training) positively influences organizational commitment.

Additionally, in order to clarify the nature of relationship between internal marketing and organizational commitment, the present study also aims to examine whether the relationship between internal marketing and organizational commitment is mediated by job satisfaction. Organizational commitment refers to the level of an individual's identification with and involvement in his or her organization (Mowday et al. 1982). There is previous research evidence conducted in the field which indicates that job satisfaction positively affects organizational commitment of employees (Gunlu et al., 2010; Mahatanakoon, 2007; Deconinck, 2009; Rutherford et al., 2009 and Westover et al., 2010). In light of the above discussion, the third hypothesis for the study would be

H3 Employee job satisfaction significantly mediates the relationship between internal marketing and organizational commitment.

The conceptual model of this study is presented in Figure 1. The proposed model investigates the structural relationships between internal marketing dimensions (employee motivation, employee empowerment, organizational communication, and employee training), employee job satisfaction and their organizational commitment. The model posits that internal marketing, employee job satisfaction, and organizational commitment have directional relationships with each other and internal marketing serves as a significant driver of employee job satisfaction and organizational commitment.

Figure 1. Conceptual model for present study

Source: Adapted from *The impact of internal marketing on employee's job satisfaction of commercial banks in Jordan* (Al-Hawary et al., 2013).

Research methodology

Investigations were carried out to ascertain the impact of internal marketing on employee job satisfaction and organizational commitment. The major issues pertaining to the methodology are discussed in the following sections.

Data collection and sample

Data for the study was collected from several branches of two prestigious Indian banks (State Bank of India and Jammu and Kashmir bank). The branches are located in the state of Jammu and Kashmir. The respondents were selected on the basis of the principles of stratified sampling procedure using Jammu, Kashmir and Ladakh as different strata. This approach was used in order to make sure that respondents from rural, semi-urban and urban population are included in the sample. Further, the reason for focusing the study on banking is that it is representative of a typical service industry that might allow the results and conclusions to be generalized beyond the sample organizations. A total of 785 questionnaires were distributed to the employees of sample organizations, out of which 468 were returned (response rate = 59.61%). However, the initial process of data screening revealed that 09 out of 468 questionnaires received are not suitable for analysis for the issues relating to incompleteness and/or inconsistency. The final data analysis and results are, thus, based on a sample of 459 questionnaires only.

Research instrument and scale purification

The instruments used in the present study were mostly drawn from previous research works. Modifications were made to the scale to fit the purpose of the study. A five point Likert scale ranging

from 1 (strongly disagree) to 5 (strongly agree) is used throughout the study to capture the perception of respondents about various dimensions examined in current research.

All the constructs identified as internal marketing dimensions for present study (employee motivation, employee empowerment, communication, and employee training) are measured using items from Gounaris (2008a, 2008b). Empowerment is measured using four items, motivation by five items, training by six items, and communication by five items. All the items measuring these four constructs provided for unidimensional scales ($\chi^2 = 563.18$, $p < 0.05$; GFI = 0.91; AGFI = 0.87; CFI = 0.96; RMR = 0.04; RMSEA = 0.03). To measure employee job satisfaction, ten items were adopted from Spector (1997). However, three items were deleted on the basis of the results of scale purification which indicated that factor loadings of the three items were less than 0.40. Thus only seven items were used in the final analysis. Organizational commitment is measured using eight items from Allen and Meyer (1990). The present study focuses only on affective commitment, therefore out of the 24 items developed by Allen and Meyer (1990) to measure organizational commitment, only eight items pertaining to affective commitment are used in the study. The results of scale purification reveals that these eight items represent a unidimensional construct ($\chi^2 = 563.18$, $p < 0.05$; GFI = 0.91; AGFI = 0.87; CFI = 0.94; RMR = 0.04; RMSEA = 0.03). The Cronbach's alpha values of all scales were above or close to the cut-off limit 0.70 indicating that the scales are reliable.

Analysis and discussion

The analysis for present study comprises of three stages. First, the influence of various dimensions of internal marketing on employee job satisfaction is estimated via standardized beta coefficients. Second, the same method is used to estimate the impact of job satisfaction on organizational commitment. Finally, the total effect (either directly or indirect through job satisfaction) of internal marketing elements on organizational commitment is also estimated.

The results presented in Table 1 clearly indicate that each of the internal marketing dimensions (motivation, empowerment, communication, and training) significantly influence the employee job attitudes (job satisfaction and organizational commitment). Specifically, employee empowerment is the most influential determinant of employee job satisfaction ($b = .341$, $p < .01$) as well as organizational commitment ($b = .417$, $p < .01$). Further, higher the employee motivation, higher will be their job satisfaction ($b = .293$, $p < .05$) and organizational commitment ($b = .335$, $p < .01$). Organizational communication is also a significant predictor of job satisfaction ($b = .308$, $p < .05$) and organizational commitment ($b = .254$, $p < .05$). The second most powerful determinant of employee job satisfaction is employee training ($b = .312$, $p < .01$) which also significantly influences organizational commitment ($b = .282$, $p < .05$). In view of the above discussion, it is safe to accept hypothesis H1 that internal marketing positively influences job satisfaction and H2 that internal marketing positively influences organizational commitment.

Table 1. Impact of internal marketing on employee job attitudes

<i>Internal Marketing elements (Independent variables)</i>	<i>Employee job attitudes (dependent variables)</i>	
	<i>Job satisfaction</i>	<i>Organizational commitment</i>
Employee motivation	0.293*	0.335**
Employee empowerment	0.341**	0.417**
Communication	0.308*	0.254*
Employee training	0.312**	0.282*
R²	0.28	0.23

Source: Data compilation by the scholar for present study

Note: * $p < .05$; ** $p < .01$.

Direct and indirect effects of internal marketing on organizational commitment

While examining the causal linkages between various dimensions of internal marketing and employee job attitudes (job satisfaction and organizational commitment), the present study evaluated both direct and indirect effects. The results obtained thereof are presented in Table 2.

Direct effects: The statistics in Table 2 reveal that employee motivation exerts the most powerful direct influence on organizational commitment ($b = .291, p < .05$). This is followed by employee empowerment ($b = .131, p < .05$) which is in turn followed by employee training ($b = .114, p < .05$). The least direct impact on organizational commitment is exerted by organizational communication ($b = .105, p < .05$).

Table 2. Standardized structural estimates of proposed model

<i>Path</i>	<i>Effect</i>			<i>Remarks</i>
	<i>Direct</i>	<i>Indirect</i>	<i>Total</i>	
Employee motivation → Organizational commitment*	0.291*	0.044 ^{ns}	0.335**	No mediation
Employee empowerment → Organizational commitment*	0.131*	0.286*	0.417**	Partial mediation
Communication → Organizational commitment*	0.105*	0.149*	0.254*	Partial mediation
Employee training → Organizational commitment*	0.114*	0.168*	0.282*	Partial mediation
Job satisfaction → Organizational commitment	-	-	0.426**	-

Source: Data compilation by the scholar for present study

Note: *mediator = employee job satisfaction; * $p < .05$; ** $p < .01$; ns = not significant.

Indirect effects: Certain indirect effects were also noticed in the present study. Employee empowerment exerts the highest significant indirect effect on organizational commitment ($b = .286, p < .05$), followed by employee training ($b = .168, p < .05$) and finally by organizational communication ($b = .149, p < .05$). Out of the four dimensions of internal marketing examined in this study, the results indicated that employee

empowerment is the only dimension that does not exert significant indirect influence on organizational commitment ($b = .044, p > .05$). Considering the overall indirect effects of internal marketing dimensions on organizational commitment, it is safe to accept, though partially, H3 that job satisfaction mediates the relationship between internal marketing and organizational commitment.

Further, the results reported in Table 2 also indicate that job satisfaction is positively related to organizational commitment ($b = .426, p < .01$).

Conclusions and implications

The present study, while investigating the impact of internal marketing on employee job attitudes found that there exists a significant positive influence of internal marketing on employee job attitudes (job satisfaction and organizational commitment). This finding stands in line with previous research works (Al-Hawary et al., 2013; Barzoki and Ghujali, 2013; Abzari et al., 2011). Specifically, the employee empowerment component of internal marketing is the most powerful determinant of job satisfaction as well as organizational commitment. It was also learned from the results that employee job satisfaction is least influenced by their motivation and organizational communication is the weakest driver of organizational commitment. Further, job satisfaction of employees effectively mediates the relationships between most of the components of internal marketing and organizational commitment. However, no indirect effect was found in case of the relationship between employee motivation and organizational commitment.

In view of the results of present study, it is suggested that managerial intervention should be focused on orienting the organizations towards implementation of various internal marketing elements. Internal marketing concept rests on the philosophy that if an organization desires to satisfy its customers then must be willing to satisfy its employees. Accordingly, various measures must be initiated by managers to ensure employee satisfaction and their commitment towards the organization. This might include organizing of regular training programs for employees to enhance their knowledge and skill, making the organizational communication channels more efficient so as to result in availability of information as when and where it is required, and making employees aware of their contribution towards the achievement of organizational goals.

Limitations and directions for future research

First, the data for present study comes only from the branches located in the state of Jammu and Kashmir and that too only from banking sector. This might, as such, hinder the generalization of results. Therefore, further research needs to be conducted in other geographical areas involving different sectors in order to validate the findings of present study. *Second*, the present study focuses only on two types on employee job attitudes (job satisfaction and organizational commitment). Therefore, it is suggested that further research may be undertaken to explore the relationship of internal marketing with other job related attitudes of employees like work effort, innovative work behavior, esprit de corps, and work engagement. *Finally*, the present study only investigates the influence of internal marketing on employee attitudes, therefore the current research may be extended to include customer outcomes as well like service quality perception and customer satisfaction.

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