

## **The Practices of Internal Marketing and its Effect on Job Satisfaction, Customer Orientation and Organizational Commitment: Evidence from Services Industry**

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**Abstract:** The concept of internal marketing is how to smart motivate internal customer to consistently deliver high quality service to external customer. The logic of internal marketing is how to satisfy the employees need that can enhance their motivation and could achieve the higher level job satisfaction, commitment and customer oriented in their service behavior. The purpose of this research is to investigate how internal customers service behavior effect their services on external customer by investigating the linkage between internal marketing on employee job satisfaction, customer orientation and organizational commitment. The data collection instrument used was a questionnaire which was administrated to a total sample of 340 respondents. The response rate was 53% while 45% was usable questionnaires. The analyses involved statistical methods such as reliability and validity tests, correlation analysis and multiple regressions. The result suggested that internal marketing have positive impact on job satisfaction, organizational commitment and customer orientation. These findings suggest that firm should consider internal marketing that can improve employee commitment, job satisfaction and customer orientation.

**Key words:** Internal marketing, job satisfaction, commitment, customer orientation, validity tests

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### **INTRODUCTION**

The concept of internal marketing emanated from 1980s, e.g., literature of marketing and management suggested by Berry (1981), Norman (1984), Gummesson (1987), Tansuhaj *et al.* (1988) and Gronroos (1990). By reviewing the literature of service marketing, several researchers found that the concept of internal marketing should be started from internal customer (employees). The internal customers have to perform their service and must be happy in their job before serving external customer effectively (Fisk *et al.*, 1993; Berry, 1981; Liao, 2009). So, the basic philosophy of internal marketing is make employees satisfy with their job and lead to satisfied customers.

Today, internal marketing practices has become one of the best marketing practices know to increase organization service orientations (George, 1990) and organizational management (Berry *et al.*, 1976; Anaza, 2010). The studies of internal marketing continue to grow. Nevertheless, many of these studies remain conceptual in nature as noted by Fisk *et al.* (1993) and Anaza (2010) with the exception of few empirical studies that show little practical business implications (Ahmed *et al.*, 2003). Berry (1981) and Anaza (2010) noted that the practices of internal marketing centered on a marketing initiative that

sort to identify employees as internal customers and by so doing, made organizations attentive to the needs, wants, desires and attitudes of their internal employees. The main objective of this study is to investigate how internal customers (employees) effect their customer-oriented, by investigating the relationship between internal marketing on employee job satisfaction, customer orientation and organizational commitment.

**Literature review and hypotheses:** The idea of internal marketing has been deliberated for decades by generous researchers (Berry *et al.*, 1976; Berry, 1981, 1986; Berry and Parasuraman, 1992; Flipo, 1986; George, 1977, 1990; Gummesson, 1987; Rafiq and Ahmed, 2000a; Davis, 2005; Liao, 2009; McGrath, 2009; Anaza, 2010) and has become one of best marketing practices known to enhance service orientations (George, 1990) and organizational management (Berry *et al.*, 1976). The writing on internal marketing continues to grow. However, much of the writing remains conceptual in nature as examined by Fisk *et al.* (1993) with the exception of a few empirical studies that demonstrate the practical implications of service industry, especially in Malaysian service industry. Berry (1981), Berry and Parasuraman (1992), Flipo (1986), George (1977, 1990), Gummesson (1987), Rafiq and Ahmed (2000b), Davis (2005), Liao (2009), McGrath (2009), Anaza

(2010) noticed that the practice of internal marketing is centered on such marketing initiatives to identify internal customer (employees) and thus, make the organization pay more attention to the needs, wants, desires and attitudes of their employees.

**Internal marketing:** According to Berry and Parasuraman (1992), defined internal marketing as a means of attracting, developing, motivating and retaining qualified employees through employee services that satisfy their needs, wants, desires and attitude. Gronroos also defined internal marketing as a fruitful means of integrating various business functions as production, personnel and technological development so that marketing really can become an integrative function in the service marketing is a key component necessary in building customer-centered service orientations (Berry and Parasuraman, 1992; George, 1990) and a service-minded man power. Ahmed and Rafiq (2002) stated that the following 5 elements conceptualized the internal marketing paradigm: employee satisfaction and motivation, customer orientation and satisfaction, inter functional co-ordination, marketing like approaches and the implementation of corporate strategies. Liao (2009) suggested 3 element of internal marketing paradigm: job satisfaction, organizational commitment and customer orientation. Based on these elements, internal marketing is the important issue of motivating employees to lead their commitment with organization and increase their attitude to service external customer. Furthermore Anaza (2010), proposed the internal marketing practices consist of empowerment, remuneration, recognition, training and development and internal communication.

**Internal marketing and job satisfaction:** The concept of job satisfaction has been discussed by many researchers Hoppock (1935), Hackman and Oldham (1980), Locke (1976), Spector (1985), Chou and Robert (2008), Turner (2007). For example, Maslow in 1970 cited in Angela, 2012 suggested that most individuals are partially satisfied in all their basic needs and partially unsatisfied in all their basic needs at the same time. However, Maslow in 1970 pointed out that higher level needs tend to emerge after the lower level needs are gratified. The lower level needs are more essential for survival and emerge before the higher level needs. In terms of research motivation, most of the physiological needs of principals are likely being met but the higher level needs may affect the level of job satisfaction one enjoys. Esteem and self-actualization can relate to recognition, ability to self-express and status of the principal position. In a high stakes testing environment, principals' evaluations are

often connected to student achievement. Additionally, standardized testing may limit a principals ability to act creatively, as governmental mandates increasingly dictate the management of schools.

Herzberg's theory of motivation, also known as the two factor theory or motivation-hygiene theory has also greatly research on job satisfaction (Friesen, 1981). Herzberg *et al.* (1959) completed a classic study of engineers and accountants where in the researchers identified 2 types of factors that influence job satisfaction and job dissatisfaction. Herzberg *et al.* (1959) put forth the theory that there are motivators that promote job satisfaction and hygiene aspects that have either a neutral or negative effect on job satisfaction (Sodoma and Else, 2009). Motivators consist of the intrinsic factors while the hygiene factors consist of extrinsic factors (Oplatka and Mimon, 2008). The motivating factors that lead to positive job satisfaction are related to the concept of self-actualization which is connected to Maslow's hierarchy of needs. These motivating factors include opportunities for advancement, achievements, recognition, the research itself and the level of responsibility on the job (Hoy and Miskel, 1991; Sodoma and Else, 2009). Hygiene factors can cause job dissatisfaction but are not significant to job satisfaction. Hygiene aspects would include factors such as salary, possibility for growth, working conditions, job security, personal life, interpersonal relationships, supervision and company policy (Herzberg *et al.*, 1959; Hoy and Miskel, 1991). Herzberg suggested that people are more satisfied by the motivators than they are negatively influenced by the hygiene factors.

In internal marketing concept, many scholars have examined the linkage between internal marketing and job satisfaction. Berry (1981) defined internal marketing as treating internal customer (employees) services which are used to satisfy their needs and wants. Similarly Bak *et al.* (1994), suggested that internal marketing is to treat the internal customers in managing human resources through marketing point of view in effort to generate employees satisfaction. Furthermore, Berry and Parasuraman (1992) cited in Liao (2009) described internal marketing as the process of attracting, developing, motivating and retaining qualified employees through their service that satisfy their needs and wants. So the fundamental of internal marketing is to attract, motivate and satisfy these employees by treating them as internal customers in the same manner as external customer. Thus, job should be designed in order to fit their needs and wants and enhance their job satisfaction (Liao, 2009). Hence, the above arguments lead to:

H<sub>1</sub>: There is a significant and positive correlation between internal marketing and job satisfaction

**Internal marketing and organizational commitment:**

Many previous study have done relating to organizational commitment concept (Porter *et al.*, 1974; Mowday *et al.*, 1982; Meyer *et al.*, 1993; Liao, 2009). Porter *et al.* (1974) suggested that organizational commitment, as a one-dimensional construct and defined it as the relative strength of an individuals identification with and involvement in a particular organization. Guimares proposed that organizational commitment refers to the degree of attachment and loyalty felt by employees to the organization. O’ Reilly and Chatman cited in Liao (2009) conceptualized organizational commitment on 2 underlying dimension of psychological attachment, identification and internalization. Meyer and Allen suggested and identified 3-dimensional model of organizational commitment; affective, normative and continuance commitment. Furthermore, Meyer and Allen proposed that affective commitment refers to an emotional attachment to an organizational and identification with that organization. Continuance commitment refers to the commitment based on perceived cost associated with leaving an organization. The normative commitment refers to a persons feeling of obligation to stay with an organization. In other word, people stay with the organization because they want to affective because they need to continuance or because they feel they want to do something normative (Meyer *at al.*, 1993; Liao, 2009).

Furthermore, George and Gronross suggested that internal marketing mean managing human resource through marketing viewpoint and expecting to strengthen internal customer (employees loyalty) to the firm (Liao, 2009). Hogg (1996) also suggested that internal marketing could be the answer to gaining employees commitment to the organization. Carruna and Calleya (1998) found that there was a significant positive relationship between internal marketing and affective organizational commitment. Piercy and Morgan (1994) proposed that the objective of internal marketing is to gain commitment from employees and make the marketing plan research. Thus, the successful implementation of the internal marketing concept positively influence on employees working attitude including organizational commitment (Tansuhaj *et al.*, 1991; Liao, 2009). So, the following hypothesis will be tested:

H<sub>2</sub>: There is a significant and positive correlation between internal marketing and organizational commitment

**Internal marketing and customer orientation:** The term of internal marketing originally defined, as viewing

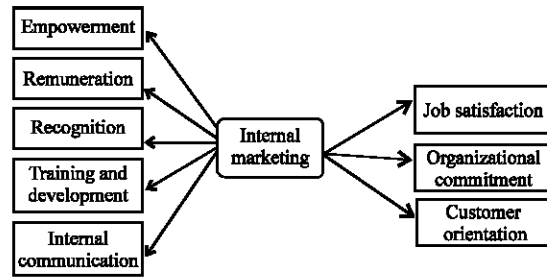


Fig. 1: Proposed research framework

employees as internal customers by viewing jobs as products or services that could satisfy internal customers needs and wants (Berry, 1981; Davis, 2005). Internal marketing might be generating employees commitment to an organization (Hogg, 1996; Liao, 2009; Davis, 2005). Furthermore Carruna and Calleya (1998), found that there was positive correlation between internal marketing and customer orientation (Liao, 2009).

Davis (2005) in the practices of internal marketing stressed the importance of remaining within marketing type techniques to satisfy needs or it was not internal marketing. The internal customer orientation is a process that attempts to fulfill the organization goal where every member is treated both as a customer and supplier to the firm. It is accomplished through the execution of external marketing techniques where the focus is on satisfying the product needs of employees (Foreman and Money, 1995; Davis, 2005). Hence, the earlier discussions lead to:

H<sub>3</sub>: There is a significant and positive correlation between internal marketing and customer orientation

Based on the earlier discussion, researchers proposed a conceptual model of the relationship between internal marketing and job satisfaction, organizational commitment and customer orientation can be seen in (Fig. 1.)

**MATERIALS AND METHODS**

**Data collection method:** This research focuses on Malaysian service industry, especially in Malaysian Banking industry. The respondents ask to indicate on scale of 1 (strongly disagree) to 5 (strongly agree) on the extent to which the practices of internal marketing that can lead to improvement of employee satisfaction, organizational commitment and customer orientation. The unit of analysis of this study was selected from banking service industry in Malaysia. The survey instrument developed to test the research hypotheses.

Purposive sampling was used in the present research. As this study was limited to frontline bank's employees who directly interact with external customers. Before distributing the questionnaire, the questionnaire draft was tested with five managers banking. The questionnaires were distributed to target respondents. All the forms were returned after a phone follow-up within the expected deadline. After a telephone follow-up process, 153 fully complete questionnaires were obtained (45%), giving sample error of ±8.5% with a confidence level of 95%.

**RESULTS**

**Respondent's response research variable:** This study involved 340 respondents from banking industry in Johor Bahru, Malaysia. The number of questionnaire collected was only 180 (53%) and the number of usable questionnaire was 153 (45%).

**Measurement result for research variable:** The research contained 8 essential variables. One of the variables is

independent variables, namely; internal marketing that contained 5 sub variable namely; empowerment (4 items), remuneration (4 items), recognition (5 items), training and development (6 items) and internal communication (5 items). The independent variables of this study are job satisfaction (3 items), organizational commitment (5 items) and customer orientation (6 items), respectively. About 5 Likert-scales range from 1 = Minimum to 5 = Maximum score, the SD and mean were used to measure of central tendencies and dispersion.

Table 1 shows the distribution of means of respondent's response of internal marketing based on scale of 1 = Minimum (strongly disagree) to 5 = Maximum (strongly agree). The results seem to indicate that the respondents have positive response on internal marketing items. The average standard deviation for internal marketing found to be high that indicates that there is a lot of variation in the respondent's answer.

Table 2 shows that respondents tend to perceived higher level satisfaction on their current job with mean score 3.81 in a point scale range 1 = Strongly disagree to 5 = Strongly agree. The range of respondents response of

Table 1: Respondent's response of internal marketing (n = 153)

Variable/sub variables	Items	Strongly disagree (%)	Some what disagree (%)	Neutral (%)	Some what agree (%)	Strongly agree (%)	Mean	SD
Empowerment	My supervisor allows me to use my own judgment in solving problems (E1)	3 (2)	15 (10)	27 (13)	67 (44)	41 (27)	3.82	0.77
	My supervisor encourages me to take initiatives (E2)	7 (5)	13 (8)	23 (15)	61 (40)	49 (32)	3.86	0.83
	My supervisor allows me a high degree of initiative (E3)	9 (6)	12 (8)	16 (10)	50 (33)	66 (43)	3.94	0.76
	My supervisor trusts me to exercise good judgment (E4)	8 (5)	17 (11)	19 (12)	63 (41)	46 (30)	3.79	0.78
	Pay is fair and adequate	5 (3)	14 (9)	21 (14)	64 (42)	49 (32)	3.90	0.87
Remuneration	Pay is based on achievement	6 (4)	15 (10)	24 (16)	70 (46)	38 (25)	3.70	0.84
	Pay system is transparent	7 (5)	17 (11)	19 (12)	67 (44)	43 (28)	3.79	0.79
	My income and the annual increases are much related to those of other people with similar qualifications working in this or any other industry	8 (5)	12 (8)	28 (18)	62 (41)	43 (28)	3.78	0.81
	I receive respect from the people I research with	8 (5)	13 (8)	24 (16)	73 (48)	35 (23)	3.69	0.75
Recognition	I receive praise from their supervisor	6 (4)	17 (11)	23 (15)	75 (49)	32 (21)	3.71	0.74
	I receive some form of public recognition (e.g., employee of the month)	9 (6)	19 (12)	19 (12)	79 (52)	27 (18)	3.56	0.75
	I receive a token of appreciation (e.g., lunch)	12 (8)	21 (14)	18 (12)	73 (48)	29 (19)	3.56	0.71
	I get recognized	9 (6)	19 (12)	19 (12)	79 (52)	27 (18)	3.62	0.72
	My organization prepares me to perform well	7 (5)	11 (7)	21 (14)	65 (42)	49 (32)	3.90	0.85
Training and development	My organization views the development of knowledge and skills in employees as an investment rather than a cost	6 (4)	13 (8)	23 (15)	69 (45)	42 (27)	3.83	0.78
	Skill and knowledge development of employees happen as an ongoing process in my organization	4 (3)	14 (9)	24 (16)	67 (44)	44 (29)	3.86	0.82
	My organization teaches its employees why they should do things and not just how they should do things	5 (3)	15 (10)	27 (18)	64 (42)	41 (27)	3.79	0.74
	This organization goes beyond training, by educating employees, as well	9 (6)	17 (11)	20 (13)	63 (41)	44 (29)	3.75	0.80
	In this organization, the employees are properly trained to perform their service roles	8 (5)	10 (7)	23 (15)	68 (44)	44 (29)	3.84	0.81
Internal communication	Before any policy change my employer/supervisor informs me face-to-face in advance	12 (8)	12 (8)	17 (11)	69 (45)	43 (28)	3.77	0.78
	My employer/supervisor is sincerely listening to the problems I have doing my job	14 (9)	14 (9)	19 (12)	73 (48)	33 (22)	3.63	0.70
	My supervisor is sincerely concerned earlier personal problems I have that may affect my performance	15 (10)	17 (11)	17 (11)	76 (50)	28 (18)	3.55	0.68
	My employer/supervisor is never too busy to talk with me when I need him	11 (7)	18 (12)	11 (7)	83 (54)	30 (20)	3.67	0.69
	My employer/supervisor communicates to me how my job tasks fit into the overall firm effort	9 (6)	19 (12)	13 (8)	78 (51)	34 (22)	3.71	0.71

Table 2: Respondent's response of job satisfaction (n = 153)

Items	Strongly disagree (%)	Some what disagree (%)	Neutral (%)	Some what agree (%)	Strongly agree (%)	Mean	SD
All in all, I am very satisfied with current job	7 (5)	12 (8)	24 (16)	70 (46)	40 (26)	3.81	0.8
In general, my job measures up to my the sort of job I wanted when I took it	12 (8)	17 (11)	27 (18)	65 (42)	32 (21)	3.57	0.5
Knowing what I know now, if I had to decide al l over again whether to take my job, I would	14 (9)	19 (12)	29 (19)	67 (44)	24 (16)	3.44	0.4

Table 3: Respondent's response of organizational commitment (n = 153)

Items	Strongly disagree (%)	Some what disagree (%)	Neutral (%)	Some what agree (%)	Strongly agree (%)	Mean	SD
I would be willing to change my job if the new job offered pay increase	10 (7)	17 (11)	27 (18)	68 (44)	31 (20)	3.60	0.6
I would be willing to change my job if the new job offered more creative freedom	9 (6)	15 (10)	29 (19)	63 (41)	37 (24)	3.67	0.7
I would be willing to change my job if the new job offered more status	11 (7)	14 (9)	24 (16)	67 (44)	37 (24)	3.68	0.8
I would be willing to change my job if the new job with people more friendly	12 (8)	19 (12)	23 (15)	69 (45)	30 (20)	3.56	0.5
I am proud to tell others that I am part this organization	15 (10)	21 (14)	19 (12)	72 (47)	27 (18)	3.48	0.4

Table 4 Respondent's response of customer orientation (n = 153)

Items	Strongly disagree (%)	Some what disagree (%)	Neutral (%)	Some what agree (%)	Strongly agree (%)	Mean	SD
I try to find out what kind of product would be most helpful to a customer	15 (10)	27 (18)	30 (20)	66 (43)	15 (10)	3.25	0.3
I offer the product of mine that is best suited to customer's problem	17 (11)	29 (19)	32 (21)	63 (41)	12 (8)	3.15	0.3
I try to sell a customer all I can convince him/her to buy, even if I think it is more than a wise customer would buy	13 (8)	23 (15)	34 (22)	69 (45)	14 (9)	3.31	0.3
I try to bring a customer with problem togethe rwith a product that helps him/her solve that problem	9 (6)	20 (13)	35 (23)	76 (50)	13 (8)	3.41	0.4
It is necessary to stretch the truth in describing a product to a customer	8 (5)	27 (18)	33 (23)	68 (44)	17 (11)	3.38	0.4
I try to figure out what customer's need are	13 (8)	23 (15)	34 (22)	76 (50)	13 (8)	3.41	0.4

job satisfaction between 3.54-3.81, it mean that the respondents have positive response on job satisfaction items. The average SD for job satisfaction found to be high that indicates that there is a lot of variation in the respondents answer.

Table 3 shows the distribution of means of respondents response of organizational commitment based on scale of 1 = Minimum (strongly disagree) to 5 = Maximum (strongly agree). The results seem to indicate that the respondents have positive response on internal organizational commitment items. The average SD for organizational found to be high that indicates that there is a lot of variation in the respondents answer.

Table 4 shows the distribution of means of respondents response of customer orientation with mean score 3.15-3.31 in a point scale range 1 = Strongly disagree to 5 = Strongly agree. It means that the respondents have positive response on customer orientation items.

**Reliability and validity instrument:** The research instrument has been tested for measuring reliability and validity on internal marketing constructs that consists of 5 items, namely; empowerment, remuneration, recognition, training and development and internal communication. Job satisfaction, organizational commitment and customer orientation construct determined as dependent variables. The Cronbach's alpha  $\alpha$  test was used for internal

consistency reliability of the internal marketing, job satisfaction, organizational commitment and customer orientation construct.

Table 5 presents the Cronbach's alpha ( $\alpha$ ) and factor loadings for the internal marketing that consists of empowerment, remuneration, recognition, training and development and internal communication. The 24 item internal marketing construct with Cronbach's alpha range between 0.75-0.83, it show that good reliability. Researchers use factor loadings to evaluate the model fit of a construct. The factor loadings  $<0.4$  indicate low and  $>0.6$  as high. The results of reliability and validity testing indicate that the internal marketing construct has both high reliability and high content/construct validity in measuring the internal marketing, job satisfaction, organizational commitment and customer orientation.

Table 6 shows the Cronbach's alpha ( $\alpha$ ) and factor loadings for the job satisfaction, organizational commitment and customer orientation construct. The 14 items and had a Cronbach's alpha range between 0.73-0.78 which indicated good reliability.

**Correlation analysis:** Factors that influence the Variance (VIF) were calculated to determine whether there are levels of multicollinearity. The VIF in this model has internal marketing relatively low inter-correlations between independent variables that indicated that no serious multicollinearity.

**Table 5: Reliability and validity of internal marketing (independent variable)**

Construct/sub construct	Items	Factor loading (g)	Cronbach's $\alpha$
Empowerment	My supervisor allows me to use my own judgment in solving problems	0.37	0.83
	My supervisor encourages me to take initiatives	0.62	
	My supervisor allows me a high degree of initiative	0.56	
	My supervisor trusts me to exercise good judgment	0.54	
Remuneration	Pay is fair and adequate	0.71	0.77
	Pay is based on achievement	0.70	
	Pay system is transparent	0.71	
	My income and the annual increases are much related to those of other people with similar qualifications working in this or any other industry	0.69	
Recognition	I receive respect from the people I work with	0.53	0.75
	I receive praise from their supervisor	0.53	
	I receive some form of public recognition (e.g., employee of the month)	0.76	
	I receive a token of appreciation (e.g., lunch)	0.67	
Training and development	I get recognized	0.79	0.82
	My organization prepares me to perform well	0.80	
	My organization views the development of knowledge and skills in employees as an investment rather than a cost	0.80	
	Skill and knowledge development of employees happen as an ongoing process in my organization	0.82	
	My organization teaches its employees why they should do things and not just how they should do things	0.72	
Internal communication	This organization goes beyond training, by educating employees as well	0.65	0.77
	In this organization, the employees are properly trained to perform their service roles	0.56	
	Before any policy change my employer/supervisor informs me face-to-face in advance	0.58	
	My employer/supervisor is sincerely listening to the problems I have doing my job	0.62	
	My supervisor is sincerely concerned about personal problems I have that may affect my performance	0.65	
	My employer/supervisor is never too busy to talk with me when I need him	0.73	
	My employer/supervisor communicates to me how my job tasks fit into the overall firm effort	0.67	

**Table 6: Reliability and validity of job satisfaction, organizational commitment and customer orientation (independent variable)**

Construct/sub construct	Items	Factor loading (g)	Cronbach's $\alpha$
Job satisfaction	All in all, I am very satisfied with my current job	0.65	0.74
	In general, my job measures up to the sort of job researcher wanted when I took it	0.60	
	Knowing what researcher know now, if researcher had to decide all over again whether to take my job, I would	0.62	
Organizational commitment	I would be willing to change my job if the new job offered pay increase	0.63	0.73
	I would be willing to change my job if the new job offered more creative freedom	0.79	
	I would be willing to change my job if the new job offered more status	0.58	
	I would be willing to change my job if the new job with people more friendly am proud to tell others that I am part this organization	0.61	
Customer orientation	I try to find out what kind of product would be most helpful to a customer	0.81	0.78
	offer the product of mine that is best suited to customer's problem	0.69	
	I try to sell a customer all researcher can convince him/her to buy, even if researcher think it is more than a wise customer would buy	0.76	
	I try to bring a customer with problem together with a product that helps him/her solve that problem	0.56	
	It is necessary to stretch the truth in describing a product to a customer	0.75	
	I try to figure out what customer's need are	0.84	

Correlation between independent variable (internal marketing) and 3 dependent variables (job satisfaction, organizational commitment and customer orientation) is calculated and linier regression analysis is used in order to verify the correlation.

In this study, Pearson's product moment of coefficient correlation and multiple correlation are applied to examine correlation and predict degree of internal marketing and 3 dependent variables (job satisfaction, organizational commitment and customer orientation). The value of r should range between -1.0 and 1.0 and determines the extent and type of correlation between the variable. A value close to extremities indicates a high correlation and indicates whether the correlation is

negative or positive. A close to zero value indicates no correlation and a value in between indicate the existence of correlation to some moderate degree depending on the value.

Table 7 showed the correlation between independent variables (internal marketing) and dependent variable (job satisfaction, organizational commitment and customer orientation) was positive. Empowerment had a correlation of 0.27,  $p < 0.01$  with job satisfaction 0.23,  $p < 0.01$  with organizational commitment 0.30,  $p < 0.01$  with customer orientation, respectively. Remuneration had a correlation of 0.35,  $p < 0.01$  with job satisfaction 0.37,  $p < 0.01$  with organizational commitment 0.25,  $p < 0.01$  with customer orientation, respectively. Recognition had a correlation of

Table 7: The correlation between independent and dependent variables

Variables	Correlation							
	1	2	3	4	5	6	7	8
Empowerment	1							
Remuneration	0.09	1						
Recognition	0.11*	0.13*	1					
Training and development	0.13*	0.15*	0.12*	1				
Internal communication	0.12*	0.09	0.15*	0.07	1			
Job satisfaction	0.27**	0.35**	0.27**	0.36**	0.41**	1		
Organizational commitment	0.23**	0.37**	0.34**	0.32**	0.24**	0.35**	1	
Customer orientation	0.30**	0.25**	0.33**	0.37**	0.27**	0.38**	0.38**	1*

\*,\*\*p<0.1, 0.05

Table 8: Model parameter estimates of job satisfaction, organizational commitment and customer orientation (t-value in parenthesis)

Variables	Model 1 DV = Job Satisfaction (JS)	Model 2 Organizational commitment	Model 3 DV=Customer orientation
Constant	119.03 (7.42)**	25.10 (7.09)**	23.10 (7.09)**
Empowerment	0.64 (2.15)**	00.40 (3.30)**	0.33 (3.30)**
Remuneration	1.42 (3.51)**	00.28 (3.20)**	0.23 (3.20)**
Recognition	1.32 (3.2)**	00.24 (2.85)**	0.32 (2.85)**
Training and development	1.52 (3.3)**	00.25 (3.06)**	0.35 (3.06)**
Internal Communication	1.75 (3.4)**	00.34 (3.20)**	0.34 (3.20)**
Adj. R <sup>2</sup>	0.38	00.20	0.35
F-value	13.25**	15.12**	14.12**

\*\*p<0.05

0.27, p<0.01 with job satisfaction 0.34, p<0.01 with organizational commitment 0.33, p<0.01 with customer orientation, respectively. Training and development had a correlation of 0.36, p<0.01 with job satisfaction 0.32, p<0.01 with organizational commitment 0.37, p<0.01 with customer orientation, respectively. Finally, internal communication had a correlation of 0.41, p<0.01 with job satisfaction 0.24, p<0.01 with organizational commitment 0.27 p<0.01 with customer orientation, respectively.

**Testing model:** The effects of internal marketing in term of empowerment, remuneration, recognition, training and development and internal communication on 3 dependent variables (job satisfaction, organizational commitment and customer orientation) are assessed by using multiple linier regression analyses. Multiple linear regression analyses are used to develop models relating the 15 items measures of 3 dependent variables (job satisfaction, organizational commitment and customer orientation) to the 24 items for independent variables. Table 8 shows coefficients of each model along with corresponding test statistics. To test the hypotheses, researcher starts regress between internal marketing and job satisfaction (model 1) and subsequently adding organizational commitment (model 2) and finally adding customer orientation (model 3). Researchers evaluated the contribution of each set of variables by determining the significant of the F-value associated with the change in Adj R<sup>2</sup> after each was introduces.

The results of multiple regression analysis are shown in Table 8. In model 1 where the dependent variable is job satisfaction, the model seem to be reliable (p-value for F<0.01 and adjusted R<sup>2</sup> of 0.38). The model showed that 38% of job satisfaction is related to internal marketing practices. The result in model 1 appears to confirm H<sub>1</sub>. Model 2, dependent variable is organizational commitment. The model also seem to be reliable (p-value for F<0.01 and adjusted R<sup>2</sup> of 0.20). The model showed that 20% of organizational commitment is related to internal marketing practices. The results in model 2 appear to confirm H<sub>2</sub>. Model 3, dependent variable is customer orientation. The model seem to be reliable (p-value for F<0.01 and adjusted R<sup>2</sup> of 0.35). The model showed that 35% of customer orientation is related to internal marketing practices. Once again, the results in model 3 appear to confirm H<sub>3</sub>.

## DISCUSSION

The purpose of this research presented on this study was to adding to the knowledge on internal marketing practices by assessing the relationship between internal marketing practices and employee job satisfaction, organizational commitment and customer orientation. By developing and testing a proposed research framework of internal marketing as independent variable and 3 dependent variables (job satisfaction, organizational commitment and customer orientation) and conducting an analysis a number of service industry, this research finding indicate that a positive and significance correlation between internal marketing practices and job satisfaction, organizational commitment and customer orientation. In short, this study contributes to the knowledge of marketing, especially in internal marketing field. First, this study proposed a theoretical internal marketing practice that identified empowerment, remuneration, recognition, training and development and internal communication. Second, this research provides suggestion tool for marketing manager and human resource manager to evaluate internal marketing practices

(human resource management function). For example, the internal marketing practices could be used to assess the level of job satisfaction, organizational commitment and customer orientation achieved. Third, this research provides conceptual framework and literature regarding internal marketing practices and employee job satisfaction, organizational commitment and customer orientation. Fourth, the research finding indicated support to the hypotheses that the better of internal marketing practices could generate to higher levels of job satisfaction, organizational commitment and customer orientation. Managers (marketing manager and human resource manager) could find to improved job satisfaction, organizational commitment and customer orientation through designing a good internal marketing practices within the firm.

This study has several limitations. First, this study only assessed the internal marketing practices on selected service industry. One of the limitations of this single-sector study is that the conclusions may not be generalizable to other sectors. Future studies replicating this research across multiple industries and sector would increase the understanding of internal marketing practices. Second, the sample selection was based on a convenience sample which is often used for exploratory work rather than a random probability sample (Zikmund, 2003). Additional research could be conducted using a random probability sample. Third, the sample represented a limited number of companies in limited industry. Fourth, the study is based on a self-reported questionnaire. Therefore, there is a possibility of respondents answering questions in a way that is perceived to be more desirable or acceptable than what is actually experienced or believed. Thus, the results of this study should be considered indicative rather than definitive based on these limitations.

One of contribution of this research adds to the knowledge on internal marketing practices by exploring the linkage between internal marketing practices and 3 dependent variables (job satisfaction, organizational commitment, customer orientation). The scales established provided reliable and valid measurement of these constructs and their component dimensions. The scales were developed with the objective to enable research in internal marketing areas that have received pragmatic attention across service industry. However, certain industry practices may not be applicable. Future research could utilize confirmatory factor analysis to substantiate the generalizability of the proposed scales across industry types. In a similar vein, future studies could test the generalizability of the instrument in regards to such demographic variables like firm size, level of sales, the

position of the respondent in the company, the presence/absence of unions, etc. This research has exploration properties. The scales developed to study the proposed relationships between internal marketing practices and external customer loyalty were developed using an exploratory factor analysis. In order to complete the 2 step research cycle for developing standardized scales, future research should conduct confirmatory factor analysis to test the hypothesized measurement scales against new sample data from the same referent population of companies. This factor is an important issue, since a minimal amount of confirmatory research in firm integration exists. This lack of confirmatory studies presents a major obstacle for consensus on the use of instruments. Future research could more rigorous and systematic test of alternative factor structures by using confirmatory factor analysis. More in depth knowledge could be attained by examining the relationship between specific dimensions of internal marketing in terms of empowerment, remuneration, recognition, training and development and internal communication and job satisfaction, organizational ommitment and customer orientation. The proposed research framework displayed the research models which could be submitted to multiple regression analysis. The scales which have been developed for empowerment, remuneration, recognition, training and development and internal communication can lead high job satisfaction, organizational commitment and customer orientation. Future research should examine the effect of specific internal marketing practices on customer satisfaction and loyalty. Marketing practices adherents claim that a robust internal marketing practice generate more satisfied employee and customer satisfaction. More satisfied customers are most likely to do repeat business performance and customer satisfaction should be reflected in business performance. The ability of the firm to satisfy customers in a unique way is also dependent upon its internal marketing practices. However, this present research did not measure the relationship between employee satisfaction and customer satisfaction. By measuring this variable, future research may find significant relationship between employee job satisfaction and customer satisfaction.

## **CONCLUSION**

The purpose of this study is to investigate the linkage between internal marketing practices and 3 dependent variables (job satisfaction, organizational commitment and customer orientation). The results of this study indicated a significant relationship internal marketing practices and job satisfaction, organizational commitment and customer orientation.



Table 9: Summary result of hypotheses testing

Hypothesis	Description	Results
H <sub>1</sub>	Internal marketing practices has positive impact on job satisfaction	Accepted
H <sub>2</sub>	Internal marketing practices has positive impact on organizational commitment	Accepted
H <sub>3</sub>	Internal marketing practices has positive impact on customer orientation	Accepted

In this research, the following outcomes were obtained, the correlation analysis showed that internal marketing practices is related to job satisfaction, internal marketing practices is related to organizational commitment, and internal marketing practices is related to customer orientation.

Hypothesis 1 evaluated the relationship between internal marketing practices and job satisfaction. This study found a significant relationship between internal marketing practices and job satisfaction. The results show that 38% of job satisfaction is related to internal marketing practices. While hypothesis 2 assessed the relationship between internal marketing practices with organizational commitment; finding show there is significant correlation which indicated 20% of organizational commitment is related to internal marketing practices. Hypothesis 3 considered the effect of internal marketing practices and customer orientation market and testing found that there is significant correlation between internal marketing practices and customer orientation. The specifics of each hypothesis testing result can be summarized in Table 9.

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