



Internal marketing, Organizational commitment, Job satisfaction and Market orientation

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Abstract

this research provides insight of antecedents of market orientation by presenting a conceptual model stem from relevant literature. The empirical results indicated that internal marketing is an antecedent for market orientation, job satisfaction and organizational commitment. Moreover, both job satisfaction and organizational commitment has direct positive impact on market orientation. Managerial implications and theoretical applications have been explored for both managers and scholars.

Keywords: internal marketing, market orientation, organizational commitment,

1. Introduction

Market orientation as a culture or as a plan, cannot take place without organizational commitment. Moreover, organizational commitment is a through concept that done not only by top managers, but also by all the employees in any organizational level. Therefore, the prosperity of service organizations in their commercial activities has to assured by the commitment of employees that could be done through internal marketing. Although internal marketing has crucial role in financial performance of companies, by reviewing the marketing literature, it found that the most relevant studies have focused on concepts like employee motivation and loyalty. Moreover, there is paucity of researches in investigating the role of internal marketing on other factors like organizational commitment or market orientation warranting more research in this field. Therefore, this study focuses on investigating the effect of internal marketing on rare studied variables namely organizational commitment, employees' satisfaction and organizational commitment. According to recent statistics, services accounts for about one-quarter of the world trade volume (Keegan, 1995). This figure is even higher in western countries (e.g. United States and many European countries) which makes about a half of their total amount of GDP. Therefore, it comes as no



surprise to see a dozen of studies and different scholars who closely investigate different aspects of service organizations issues. In recent years, issues have become more specialized, concepts like market orientation, and internal marketing has become more popular among scholars. Internal marketing is a prevailing concept in marketing literature in last two decades, which first introduced as a solution for employee-related problems such as quality of work or lack of satisfaction and loyalty toward the organization. Nowadays, studies show that internal marketing programs have direct positive effect on employees' commitment and the performance of the organization due to increase of employees' motivation (Ahmed and Rafiq, 2002). Market orientation, which is another closely relevant concept to internal marketing, is a leading variable in boosting organizational commitment through increasing commitment of employees. Conducting internal marketing programs is a mean for fulfilling this goal (Caruana and Calleya, 1998). The concept of market orientation is a vital issue for prosperity of any service organization due to several reasons. Firstly, market orientation is responsible for information gathering of customers that makes their potential need known to the organization. Consequently, this process may lead to creation of the highest possible value for customers (Awwad and Agti, 2011). Secondly, by considering the main role of human resource, which makes the core of service organizations, designing and conducting a comprehensive and integral market orientation program, could be crucial in increasing the level of commitment and loyalty in organization.

The study starts with a section presenting the literature review. Because of this review, hypothesis will developed and Methodology and results will followed. Findings will summarized and managerial implications presented in the last section.

2. Literature review

2.1. Market orientation

Market orientation is defined as creating a competitive advantage through a customer-focused enterprise, in which customer values are created (Hou, 2008). Due to abundant number of studies in this area, different definitions are available in relevant literature. Some scholars have discussed market orientation as a firm capability (Day, 1994), others (e.g. Teece et al.,) emphasized more on the dynamic capabilities feature of market orientation in firms which is the ability of organizations to integrate and build competencies for adjusting themselves to



rapidly changing environments. In this perspective, firms will gain ability to both make the best use of the existing resources and at the same time, develop their organizational capabilities (Teece et al., 1997).

Concerning the definition of market orientation, some researchers have defined this term from behavioral perspective as including both customers and competitors' orientation. Particularly in the study of Mullins et al. (2005) market orientation is defined as those organizations which are customer and competitor focused and simultaneously have integrate marketing with other activities. By reviewing the literature, there are two identifiable approaches through conceptualizing market orientation, namely behavioral and cultural (Homburg and Pflesser, 2000). The main emphasis of behavioral perspective is on organizational activities related to the generation and dissemination of information while in cultural perspective, the main concentration remains on influential organizational values which are effective on market orientation (Kirca et al., 2005; Narver and Slater, 1990).

2.2. Internal marketing and market orientation

Internal marketing has been defined as considering employees as customers and jobs as internal products which would lead to fulfillment of needs of employees through the path to reaching organizational goals (Achfeldt and Coote, 2005). For instance, Studies shows that development of internal marketing in financial institutions have direct positive effect on the commitment of employees (Kyriazopoulos et al., 2007). Moreover, some studies have proposed that perception of employees of internal marketing concept in management systems has direct positive effect on the commitment of employees in industries such as hotel industry (Hung and Lin, 2008).

Nowadays, internal marketing is considered as a strategy for market orientation. Hogg and Carter have defined internal marketing as integral part of every service organization which needs marketing techniques for empowering it to be able to create values for customers (Hogg and Carter, 2000). Some scholars considered internal marketing as an influential factor for performing market orientation in organization (e.g. Gummesson (1991)), others like Bouranta et al. have indicated that internal marketing has direct positive effect on market orientation of the firm and dimensions of internal marketing has positive effect on customer orientation and other variables of market orientation (Bouranata et al., 2005). Another study also demonstrated that the fully implementation of internal marketing among bank employees



will prevail market orientation. Therefore, by studying the relevant literature it is proposed that:

H1: Internal marketing has a positive effect on market orientation.

2.3.Organizational commitment and market orientation

There are different definitions of organizational commitment in literature which most of them have discussed one common feature of organizational commitment which is the link between organization and individuals. (Sivaramakrishan et al., 2008). Regarding this link, the most relevant definition of organizational commitment is relative strength of employees involvement in organization which lead to identification of employees with their organization (Mowday et al., 1982).

By reviewing the relevant literature, different dimensions of organizational commitment could be found. For instance, Meyer and Allen (1991) identified different dimensions of organizational commitment, namely affective, continuance and normative. Affective commitment is emotional bond between employee and the organization. Continuance commitment is about costs and benefits of quitting the job and leaving the organization and normative commitment is the feeling of obligation about not leaving the company.

Although organization commitment has been discussed thoroughly in relevant literature and its antecedents and consequences has been prevalently investigated by scholars, there is still no definite agreement for the role of organizational commitment as an antecedent of market orientation of organizations (Conduit and Marondo, 2001). In the other hand, few studies have investigated the consequent role of organizational commitment for market orientation, in which results show that by inclination of organizations toward market orientation, organization commitment will improve (Kohli et al., 1993).

Therefore, review of the relevant literature led us to the following hypothesis:

H2: Organizational commitment has direct influence on market orientation

2.4.Job satisfaction and market orientation

Job satisfaction is defined as the actual satisfaction of employee about its job which is caused by both intrinsic and extrinsic sources (Weiss et al., 1967). Therefore, job satisfaction is considered as a comparison of employee's expectations and the actual outcome of the job (Locke, 1969). In some cases, more emphasis has been put on affective component of job satisfaction which is the degree of satisfaction that the employee attaches to its different



facets of job (MacCormick & Ilgen, 1985). Moreover, other scholars have investigated the feeling of employees toward their job and have found many influential factors of job dimensions affecting employees' job satisfaction (Schultz and Schultz, 1994).

There are several studies attempting to identify the relationship of job satisfaction with other kind of organizational factors (e.g. Kline and Boyd (1994); Kerego and Mthupha, 1997). In the study of Kline and Boyd (1994) the relationship of organizational context and job satisfaction has been examined in which results support the relationship of job satisfaction with different aspects of market environment. In the study of Azizi et al., (2012) the relationship between job satisfaction and market orientation has been studied and results shows that job satisfaction has direct positive effect on brand orientation. Despite supporting relevant literature, the relationship of job satisfaction and market orientation has not yet been investigated; therefore, it is proposed that:

H3: Job satisfaction has a positive effect on market orientation

2.5. Internal marketing on organizational commitment and job satisfaction

Previous researches have indicated the effective role of internal marketing on job related variables, namely job involvement and organizational commitment (Tansuhaj et al., 1991). For instance, in the study of Berry (1981) the correlation between internal marketing and organizational commitment has been investigated in which results shows that internal marketing has a direct positive effect on employees' job satisfaction. Other studies also show for employees to be satisfied be committed to their organization, managers must promote services to internal employees first and after assurance of satisfied internal employees they can concentrate on their external customers (Ting, 2010).

Different studies have investigated the relation of internal marketing and job satisfaction (e.g. Conduit and Mavaondo, 2001) in which the results shows that by implementing internal marketing the job satisfaction of employees will increase in turn and the final outcome will be enhanced organization performance (Tansuhaj et al., 1991). Another research shows different factors and dimensions of internal marketing could have different effects on employees' job motivation and job satisfaction (Rajyallakshmi and Kameswari, 2012). In the study of Al-Hawary et al., (2013) the effect of internal marketing on employees' job satisfaction has been explored and results support the positive effect of aspects of internal marketing on employees' job satisfaction. Therefore, it is posited that:

H4: Internal marketing has a positive effect on organizational commitment

H5: Internal marketing has a positive effect on job satisfaction



Figur1. Conceptual model

3. Methodology

3.1.Measures

The questionnaires were mainly adapted from relevant prior studies and carefully modified to reflect the characteristics of Iran's market. The first set of items for internal marketing were derived from Caruana and Calleya (1998) and Tsai (2008). The items for job satisfaction were derived from the existing measurement scales developed by Hachman and Oldham's (1974). The itmes for organizational commitment were derived from the scale developed by Porter et al., (1974). The scale used to measure market orientation was developed by Narver and Slater (1990). To assess the content and face validity, the questionnaire was submitted to three marketing professionals who assessed each item for representativeness, specificity, and clarity. The final questionnaire was divided into two parts. The first part contained questions regarding respondents' demographics, and the second part focused on measurement scales. All variables in the second part of the questionnaire were closed-ended five-point scales, with 1 indicating "strongly disagree" and 5 indicating "strongly agree".

3.2.Sample

The sample for this organization was employees of food companies which have more than 100 employees and have central office in Tehran. A convenience sampling technique was used and total number of 292 employees were selected from 8 companies. In total, 23.4



percent of the respondents were female, and 32.4 percent were below 30 years old. Moreover, 71.8 percent were married and half of the respondents were graduates. Table 1 lists the demographic statistics of all respondents.

Table 1. Respondents profile

	Percentages
Gender	
Male	76.6%
Female	23.4%
Age	
30 and below	32.4%
31-40	30.9%
41-50	26.7%
50 and above	10.0%
Marital status	
Single	28.2%
Married	71.8%
Education	
Diploma and below	28.10%
Graduate	51.40%
Post graduate and above	20.50%

4. Analysis and Results

4.1. Measure Validity and Reliability

For identifying the poorly fitting items exploratory factor analysis (EFA) has been used following confirmatory factor analysis (CFA) for further measure purification as shown in table 2. One item within the internal marketing scale has been removed due to unidimensionality requirements. Scales' coefficient alphas are indicated in table 2. In all the constructs, coefficient alpha has been exceeded the recommended threshold value of .7



(Nunnally, 1978). Scales' average variance has been more than .5 which is the recommended level of Dillon and Goldstein (Dillon and Goldstein, 1984).

Discriminant validity of scales was measured using the test suggested by Fornell and Larcker (Fornell and Larcker, 1981). According to this test, for scale to have discriminant validity, the extracted average variance of latent variable must be greater than the shared variance of a latent variable with other latent variable. As shown in table 3, no correlation exceeds the square root of the average variance extracted, which is in compliance of needed criterion. For examining fit between the data and the proposed structural model, the casual structure of the proposed model has been tested. The estimation of the structural model yields a chi-square of 107.52 with 76 d.f. the χ^2/df value was 1.41. The GFI provides evidence of a reasonably fitting model (GFI = 0.89); so, all other indices are within the recommended range of acceptability. As a result, the structural model demonstrated good fit to the date. The various goodness-of-fit statistics are also presented in table 2.

Table 2. Measurement scale items

Scale items	Item reliability
Internal marketing	
IM1	0.76
IM2	0.71
Composite reliability	0.73
Average variance extracted	0.64
Cronbach's alpha	0.77
Organizational Commitment	
OC1	0.80
OC2	0.71
Composite reliability	0.79
Average variance extracted	0.52
Cronbach's alpha	0.82
Job Satisfaction	
JS1	0.64
JS2	0.72
JS3	0.74
JS4	0.71



JS5	0.70
JS6	0.62
JS7	0.73
Composite reliability	0.74
Average variance extracted	0.59
Cronbach's alpha	0.75
Market Orientation	
MO1	0.71
MO2	0.81
MO3	0.73
Composite reliability	0.82
Average variance extracted	0.77
Cronbach's alpha	0.81

Notes: $\chi^2 = 107.52$; $df = 76$; $RMSEA = 0.058$; $CFI = 0.93$; $NFI = 0.91$; $GFI = 0.89$; $IFI = 0.92$

Table 3. Correlation Matrix of latent constructs

Variable	Mean	SD	IM	OC	JS	MO
Internal Marketing (IM)	3.300.59	0.94	-			
Organizational Commitment (OC)	2.73	0.63	0.41*0.07	-		
Job Satisfaction (JS)	2.56	0.710.27*	0.29	0.37*	-	
Market Orientation (MO)	3.51	0.941.12	0.760.49*	0.71*		-

Note: * Significant at the $p < 0.05$

4.2. Testing Research Hypotheses

The standardized path coefficients (β) indicate that internal marketing is an antecedent of organizational commitment ($\beta=0.32$, $t=6.41$). The results of the analysis support the antecedent role of internal marketing for job satisfaction ($\beta=0.41$, $t=4.23$). The argument that internal marketing is an antecedent and positively relate market orientation is supported by the findings ($\beta=0.64$, $t=4.12$). Also, the argument that organizational commitment has



antecedent role for market orientation is supported in the findings ($\beta=0.27$, $t=3.28$) and the effect of job satisfaction on market orientation also has supported ($\beta=0.32$, $t=2.89$).

Table 4. Summary of results

Hypotheses	Estimate	t-Value	Hypotheses validation
H1: IMOC 0.326.41** →			Yes
H2: IM JS0.414.23** →		Yes	
H3: IM MO 0.644.12** →		Yes	
H4: OC MO0.27 →		3.28*	Yes
H5: JS MO 0.32 2.89* →		Yes	

* Significant at $p<0.05$; ** Significant at $p<0.01$

4.3. Test of the Structural Model

Table 5 shows the common model-fit indices, recommended values and results of the test of structural model fitness. The estimation of the structural model indicates a chi-square of 107.52 with 76 d.f. the χ^2/df value was 1.41. As shown in Table 5, with comparison of all fit indices with their corresponding recommended values (Hair et al., 1998), the evidence of a good model fit was revealed.

Table 5. Overall fit of the model

Fit indexes	Global fit	Incremental fit
	$\chi^2 = 107.52$	AGFI = 0.82
	df = 76	CFI = 0.98
	GFI = 0.89	IFI = 0.92
	RMSEA = 0.058	NFI = 0.97
SRMR = 0.04	NNFI = 0.97	

5. Conclusion and managerial implications

The effect of internal marketing, organizational commitment and job satisfaction on market orientation were investigated in this research. By presenting a conceptual model based on the researches in relevant literature, new antecedents and their effects on market orientation and



their own internal relationships become known which many of them have never been investigated in previous studies. Due to evidence of good model fit, the model and the relationships it presents, could be consider as highly reliable and applicable to different purposes either academic or practical.

In previous researches the role of internal marketing on market orientation has been investigated. For instance, Bouranta et al., have indicated that internal marketing has direct positive effect on market orientation of the firm and dimensions of internal marketing has positive effect on customer orientation and other variables of market orientation. In this research, this effect has been investigated for Iranian food companies and showed that in Iranian food companies internal marketing has direct positive effect for prevailing market orientation.

The relation of market orientation on organizational commitment has been examined in the work of Berry (1981) in which the correlation between internal marketing and organizational commitment has been investigated. Results shows that internal marketing has a direct positive effect on employees' job satisfaction. In this research this relation has been confirmed for Iranian food companies. Therefore, it is now known for managers and marketers that for reaching organizational commitment the first step is concentration on development of internal marketing.

In previous researches in literature the relation of job satisfaction and internal marketing has been investigated thoroughly. For instance, in the study of Conduit and Mavaondo (2001) results shows that by implementing internal marketing the job satisfaction of employees will increase in turn and the final outcome is enhanced organization performance. Likewise, in this study by investigating and supporting the effect of internal marketing on job satisfaction for food companies in Iran, managers have easier task for improving job satisfaction of their employees due to identified antecedents of that variable.

Although organizational commitment is a popular concept in recent studies, there is still no agreement for the role of organizational commitment as an antecedent of market orientation (Conduit and Marondo, 2001). Therefore, in this study this rarely studied relation has been investigated and results shows that organizational commitment has a direct positive effect on market orientation.

Finally, the effect of job satisfaction on market orientation has not been investigated directly. Though, in the most similar studies, the effect of job satisfaction and brand orientation has



been supported (Azizi et al., 2012) or in another relevant study the effect of organizational context on job satisfaction has been investigated and supported by results. In this study the effect of job satisfaction and market orientation has been studied in Iranians food companies and results support the direct positive effect of job satisfaction on market orientation.

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