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## Investigation of Internal Marketing as Regards Job Satisfaction and Organizational Commitment in Economic Agencies

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### ABSTRACT

The present research has been conducted to investigate Internal marketing as regards job satisfaction and organizational commitment in economic agencies (Tehran Melli Bank). On one hand, the present research aims to investigate the effect of job satisfaction on internal marketing in Melli Bank and on the other hand, it attempts to investigate the effect of organizational commitment on Internal Marketing in Melli Bank. The statistical population of the study included all employees of Melli Bank in Tehran in the whole 501 branches. Data gathering instrument included job satisfaction, organizational commitment and Internal Marketing. The data analysis method is based on Structural Equation Modeling method. The results indicated the following: 1) Job satisfaction of the employees positively affects Internal Marketing. 2) Organizational commitment of the employees positively affects Internal Marketing.

### 1-Introduction:

Today, organizations are working in dynamic, ambiguous, and changing environment. One of the most striking features of the present era is the dramatic and ongoing changes and developments which happen in the social and cultural (such as changes in attitudes, ideology, social values), political, economic, technological and transnational conditions (Kordnaeij, 2004).

Environmental dynamics and increasing competition make organizations have to work as more competitive and to gain the satisfaction of its customers, and also to gain new customers, because one of the important factors that improves the quality of service and satisfaction of customers and

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ultimately the survival of the organization is internal marketing<sup>1</sup> (Akhavan, 2010). This suggests that marketing is important for employees as well as marketing to consumers (Webster, 1988). For this purpose, the companies use internal marketing programs (George, 1990).

Internal marketing is one of the issues related to marketing that two decades ago was raised as a way to solve problems relating to organizations' staff, providing high quality services with them and achieving customer satisfaction. Studies in this area suggest that, internal marketing activities through the influence and motivate employees leads to increase their job satisfaction and organizational commitment, organizational competitiveness improves and their competencies enhance (Ahmad and Rafig, 2002). Internal marketing, both as a culture and as a behavior, cannot be happening without job satisfaction and organizational commitment, not just top executives, but employees within the organization must also have this commitment and satisfaction; hence, the success of service organizations, such as financial firms in line with internal marketing activities, requires that commitment and job satisfaction of employees is guaranteed (Elahi Gol and Poshanlouei, 2012).

According to the mentioned issues, in this paper, we first review the required studies on internal marketing, job satisfaction and organizational commitment; then providing a conceptual model due to the aspects of each of these variables, will be discussed.

After identification of the most important aspects of the concept of internal marketing, job satisfaction, organizational commitment and providing the desired model in a case study, internal marketing, according to organizational commitment and job satisfaction in an active financial firm, (Bank Melli) examines. An active financial firm is chosen because having better competitive and service position compared to other industries in the country.

## **2-Theoretical Foundations and hypothesis development**

### **Internal marketing**

Services Marketing is considered as the origin of Internal Marketing (Palaga & Strunje, 2001). In service Marketing, not only are paid attention to the customers, but employees within the organization are also so important (Shiu and Yu, 2010). In service organizations, the staff play main role to attract customers and maintain contact with them. In fact, the organization has an

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internal market, which have internal customers and suppliers, which supply the needs of internal customers is essential for organizational success. Marketing based on internal customers (employees) are called internal marketing (Gronroos, 2000). In service organizations, employees who communicate with customers, have a vital role in the process of providing services.

Achieving long-term prospects of the organization, largely depends on its line staff, If the employee is given the opportunity to get to know her, and at the same time, become familiar with the organization's vision, this knowledge has influenced the behavior of employees, and leads to increase the quality of services provided to external customers; In general, we can say that the implementation of internal marketing in the service sector makes organizations equipped to the capabilities and competences, which results in customer satisfaction (Abzari, 2009).

## **Organizational Commitment**

An organizational commitment is a new concept and in general is different with job satisfaction and dependence. For more than 30 years, organizational commitment became operational under terms such as organizations, norms, identity, ethics, business, job, and so on. Organizational commitment refers to a condition in which an employee is known with a particular organization and his goals, and likes to be a member of that organization. Maer and Alan (1991), a three-component model of organizational commitment has considered as the dominant framework for organizational commitment research in the past decade, because it is based on a comprehensive understanding of organizational commitment (Erdhem and Wang, 2006). The three-component model consists of:

**1 - Emotional commitment.** It implies an emotional attachment of employees to the organization, and especially their susceptibility to occupational experiences, such as organizational support (Griffin and Hepburn, 2005). Also, this emotional reaction is defined as an interface between individual identity and the identity of the organization and as well as the amount of attachment to the organization because of itself is independent of its instrumental value and it has happened in situations in which employees are willing to continue the relationship with the organization. (Dawley et al, 2005).

**2 - Normative commitment.** This type of commitment, expressing the belief of the employees that based on it, employees believe that they have to stay and grow with the organization, because

the being social experiences insists on loyalty of employee to employer (Griffin and Hepourn, 2005). People who have a high normative commitment, it seems that they have been forced to carry out their jobs (Kondratuk, 2004).

**3 - Continuous commitment.** This commitment includes two infrastructures: one of them is based on what people lose after leaving the organization, (Dawley et al, 2005) and the other is based on the recognition of persons about access to available alternatives, if they had decided to leave the organization, which usually referred to as the marginal costs (Namasivayam and Zhao, 2007). Thus, it is a kind of emotional and fanatical attachment to the values and goals of an organization; in fact, this dependence on the individual's role in relation to the values and goals of the organization is due to the organization itself apart from its instrumental values (Buchanan, 1974).

### **Job satisfaction and marketing:**

Among the studies done, Omagor (2012), argues that there is positive relationship and urgent solidarity between internal marketing and job satisfaction and service quality. Al-Hawary (2013), concluded that internal marketing has a high impact on job satisfaction. Ilipoulos (2013) in an investigation of the effect of internal marketing on job satisfaction in health services concluded that internal marketing has a positive effect on job satisfaction of hospital staff in North of Greece. Omar Salem (2013), examining the relationship marketing and orientation of job satisfaction of the staff believes that there is a significant and positive relationship between internal marketing, orientation and job satisfaction.

### **Organizational commitment and internal Marketing:**

During the studies done, Huang (2013), found that there is a relationship between internal marketing and customer-orientated combined with organizational commitment. Hashemi Moghaddam (2012), examining the impact of internal marketing on organizational commitment in the banking industry concluded that internal marketing has a positive impact on organizational commitment and customer-oriented. The study of Vazifeh Dpust and Hoshmand (1391) showed that internal marketing and organizational commitment have positive and significant effect on the success and direction of the banks. Rajab Lu (2014) examining the relationship between internal

marketing and organizational commitment, concluded that there is a meaningful relationship between internal marketing and organizational commitment.

### **Job Satisfaction:**

Job satisfaction is one of the most important issues in research related to service organizations that by the years 1920-1940 has been widely discussed and has paid attention by many of the researchers, so that, until 1992 more than 5,000 studies on job satisfaction have been published only in America (Thompson, 1997). Job satisfaction is a general attitude toward the job, a job that requires him to colleagues, supervisors and administrators have their own independent, adhere to the regulations and policies, and must be accordance with the standards performance. Thus, factors such as the nature of work, wages, good working conditions, job satisfaction can impact your friends and colleagues that could ultimately affect the organization's performance (Pera, 2000). Job satisfaction is a general attitude of person toward his job, a person job requires that he has an independent relationship with his colleagues, supervisors and administrators, he has to adhere to the regulations and policies of the organization, and his performance must be accordance with the standards. Thus, factors such as the nature of work, wages, good working conditions, friends and colleagues have an impact on job satisfaction of the employees that could ultimately affect the organization's performance (Perra, 2000). The investigation of expert's theories of individual psychology sciences and human resource management about job satisfaction, such as Maslow's need hierarchy theory, the two-factor theory of Hygiene-Motivation of Herzberg, y, x theory McGregor, the theory of triple needs of the McClelland, Equality theory, and so on , show that job satisfaction is a multidimensional concept and is associated with several factors, in other words, job satisfaction will be achieved by the implementation of a set of factors, these factors are in five categories: working nature and conditions, salary , Existing opportunities for career advancement, how to supervision and relationships with colleagues (Homan, 2002).

### **Job satisfaction and organizational commitment, internal marketing:**

Khalaf Ahmad (2012), examining the impact of internal marketing on job satisfaction and organizational commitment concluded that internal marketing (selecting and appointing, training and development, support, encouragement, motivation and retention policies) has a positive effect

on job satisfaction and organizational commitment. Shaemi Brouzaki (2013), in his study concluded that internal marketing has a significant relationship with job opportunities, job satisfaction, organizational commitment and organizational behavior. Cheah (2005) has examined that job satisfaction and organizational commitment are effective on market orientation and they have a significant relationship with internal marketing.

### **Research objectives and hypotheses:**

The objectives of this study are:

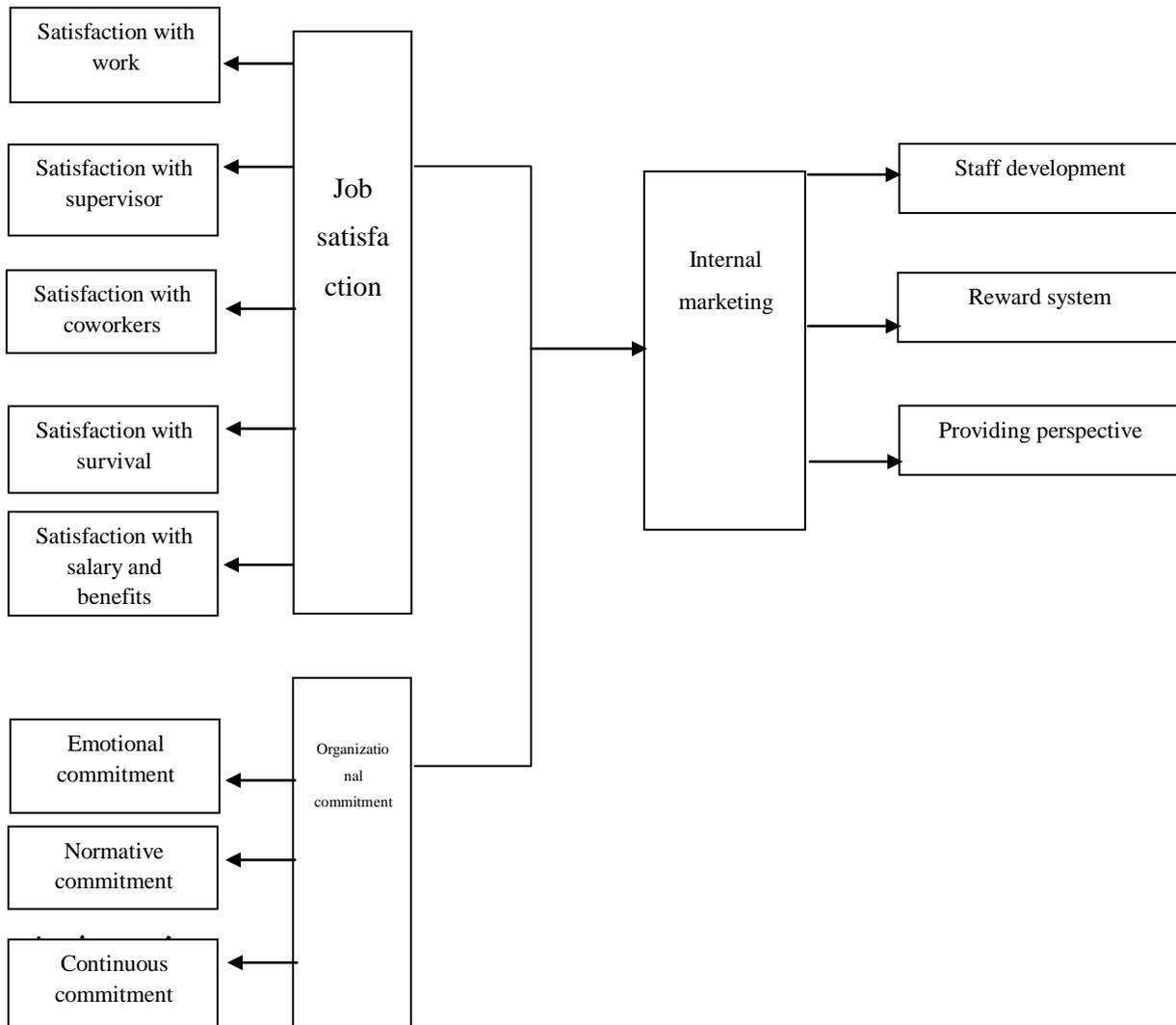
1. Investigation of effect of job satisfaction on the internal marketing in the Bank Melli;
2. Investigation of effect of organizational commitment of employees on internal marketing in the Bank Melli;

The hypotheses of this research are as follows:

1. Job satisfaction of employees in the Bank Melli has an impact on the internal marketing.
2. Organizational commitment of employees in the Bank Melli has an impact on the internal marketing.

## A conceptual framework for research:

Reviewing the literature of research and reviewing studies done in this field, the conceptual framework of the research is as follows:



## 3-Research Methodology:

This research in terms of goal is an applied research, and its research method is descriptive - survey. Data collection method is a field and library method and for data analysis, structural equation modeling approach is used. Also for investigation of data normality, Kolmogorov - Smirnov test by using software SPSS20 is used.

## **Statistical method:**

The population of this study comprises all employees of the Bank Melli in Tehran. Based on information obtained from the website of the Central Bank, the number of Bank Melli branches in Tehran in the year 2012 is 501. Therefore, for sampling, first from each of the 22 districts of Tehran, 5 bank branches were randomly selected, and then the questionnaire was distributed to each branch according to the number of employees, and according to the sufficient explanations and necessary follow-up, 440 questionnaires were properly completed and were collected. In order to collect data for analysis, internal marketing questionnaire of the Foreman and Mani (1995), organizational commitment of the Alan and Mier (1990), Job Satisfaction of the Smith, Candal and Halin (1996), is used. According to the content validity of these questionnaires by teachers and reading relevant books and articles, reliability of the questionnaires for internal marketing, organizational commitment, job satisfaction is respectively: 0.86, 0.76, 0.92.

## **4- Results:**

### **Validity of the questionnaire:**

For factor analysis of this section, the KMO index is used. The value of this index for the data in this study, respectively, for job satisfaction's questionnaire is obtained 0.885, for organizational commitment's questionnaire is obtained equal to 0.871, and for internal marketing's questionnaire is obtained equal to 0.8111. This index is in the range of zero to one, and how much this index is closer to one, the desired data of sample size are more appropriate for factor analysis. The Bartlett's test was also used to examine how the correlation matrix. Bartlett test for all three questionnaires, as is shown in Table 1, has been smaller than 0.05 and assumption of being unique of the correlation matrix is rejected and thus it is concluded that factor analysis is appropriate to identify the variables' structure.

**Table 1. Values of the KMO and Bartlett's test Statistics**

<b>Job Satisfaction</b>	<b>KMO test</b>		0.885
	Bartlett test	$\chi^2$	6969.005
		Degree of freedom	780
		Sig	0.000
<b>Organizational Commitment</b>	<b>Test KMO</b>		0.874
	Bartlett test	$\chi^2$	619.987
		105	105
		0.000	0.000
<b>Internal marketing</b>	<b>KMO test</b>		0.811
	Bartlett test	$\chi^2$	356.716
		15	15
		0.000	0.000

### **The reliability of the questionnaire**

- A. **Test-Retest Method.** For this purpose, first a questionnaire designed was conducted on a group of 35 people, and in two weeks and after this, we calculated the correlation between these two stages. The correlation for job satisfaction questionnaire 0.732, organizational commitment questionnaire 0.805, and for internal marketing questionnaire equal to 0.729 respectively is obtained, which is an acceptable value.
- B. **Cronbach's alpha method:** Another method which was used to measure and estimate the questionnaire is the calculation of the Cronbach's alpha coefficient. The Cronbach's alpha for a sample of  $n = 40$  for job satisfaction questionnaire was calculated equal to 0.821, for organizational commitment questionnaire 0.895, and for internal marketing questionnaire equal to 0.819 which is an acceptable value.

At this step, the test for relationships between the structures of research is discussed. For this purpose, the research model was implemented in the Lisrel software. An analysis of measurement models for the initial stages of studies is useful because it can help to assess the research tools and development of structure.

Also, analysis of structural models can illuminate the theoretical weaknesses, and helps to interpret the findings of the research, and in the design of future studies be a major contribution, accordingly, structural equation modeling involves two major stages: development of the model and test of the model. In development of the research model, a researcher designs a model by using the all relevant theories, research and information available and in this step of the model the researcher explains the causal relationships between variables. Relationships between variables can represent Hypotheses which are derived between manifest and latent variables from theoretic space. The next step is to test the fitness and degree of compatibility of these theories with experimental data that have been collected in a certain community (Kalantatri, 2009).

### **Test of fitness of the conceptual model:**

Purpose of assessing the fitness of the model is to determine to what extent, the entire model is consistent with experimental data used. There is a wide variety of Goodness of fit measures and indicators that can be used to measure the fitness of the model. Unfortunately, none of them are superior to others in all respects. Because, a specific goodness of fit indicator depending on sample size, estimation methods, the complexity of the model, the assumptions related to the normality or a combination of these conditions, acts differently. Hence, different people depending on the model conditions may be used different indicators to model fitness (Kalantari, 2009). In this section, a conceptual model in the form of a path diagram is drawn, and using different methods, its fitness is measured. A structural equation model, in fact, represents a mixture of the path diagram and confirmatory factor analysis. In Figures 2 and 3, the coefficients of standard estimation and significant numbers of structural models of research are shown. Some of fitness indices can be visible at the bottom of these figures. In the following table, variables along with their abbreviated names are given.

**Table 2. Table of abbreviated names of research's variables**

<b>Variable</b>	<b>Symbol</b>	<b>Variable</b>	<b>Symbol</b>
Satisfaction with work	<i>SAW</i>	Continuous commitment	<i>COC</i>
Satisfaction with coworkers	<i>COP</i>	Normative commitment	<i>NOC</i>
Satisfaction with supervisor	<i>SOS</i>	Organizational Commitment	<i>ORC</i>
Satisfaction with Survival	<i>SAS</i>	Staff development	<i>STD</i>
Satisfaction with salary and benefits	<i>SSB</i>	Reward system	<i>RES</i>
Job Satisfaction	<i>JOS</i>	Providing perspective	<i>PRO</i>
Emotional commitment	<i>EMC</i>	Internal marketing	<i>INM</i>

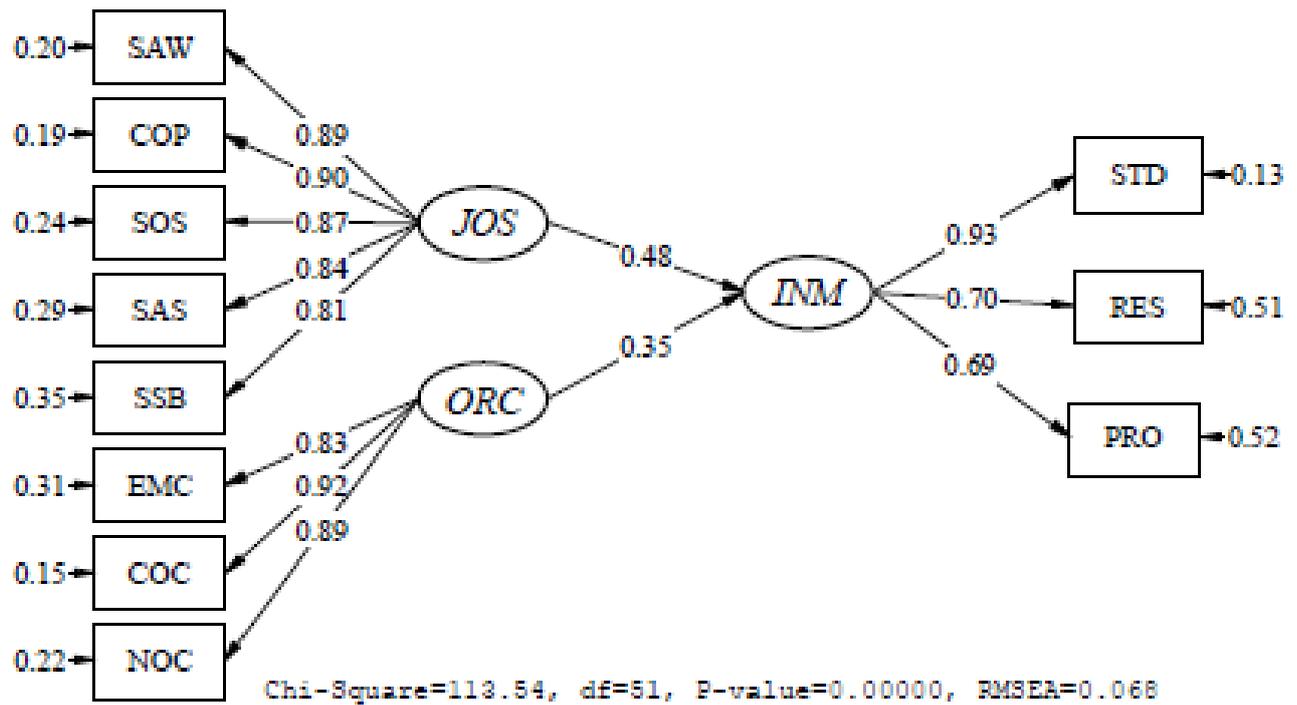


Figure 2. Coefficients of standard estimation of the structural model of the research

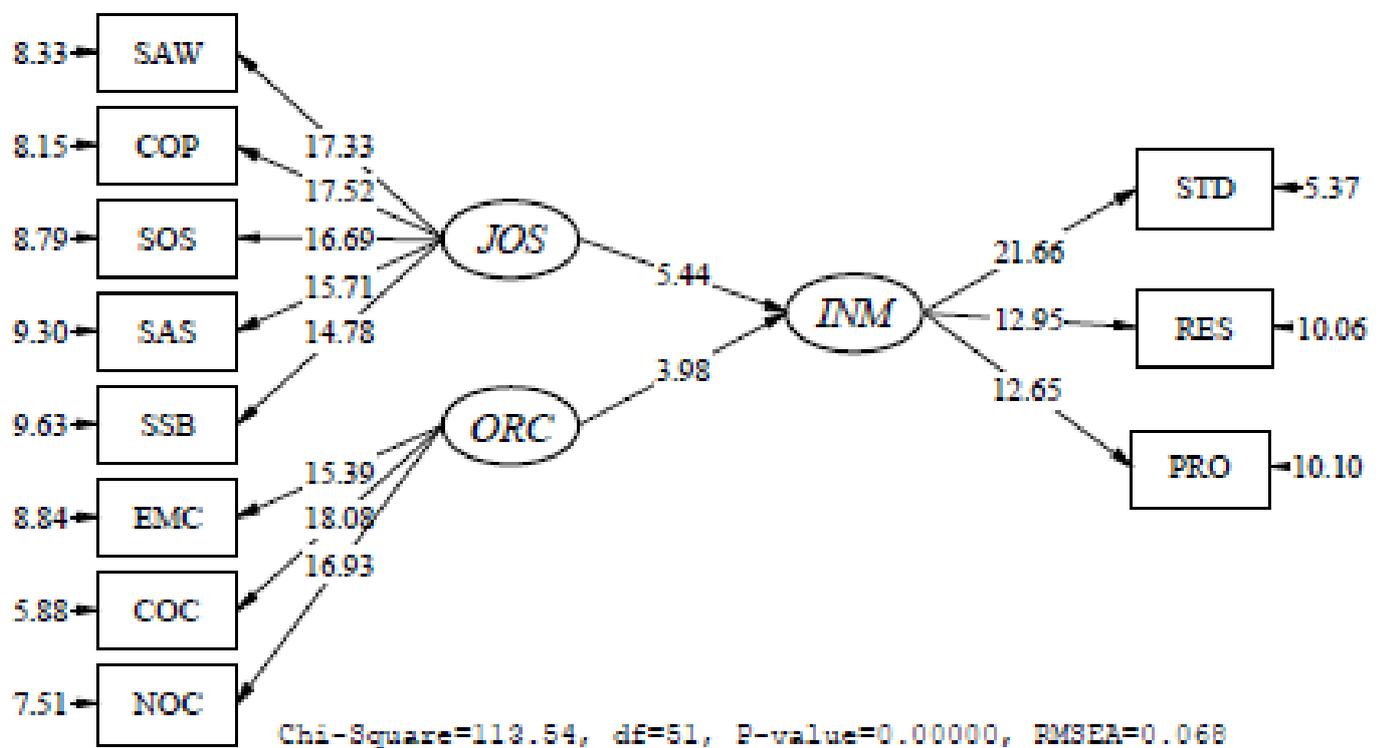


Figure 3. Significant numbers of structural model of the research

Based on the final model, it is clearly seen that the relationship between all mentioned components of the research is positive and significant. Therefore, the research model is confirmed. Before extracted models is discussed, it is worth noting that one of the best indicators of Goodness of fit of structural equation models of goodness of fit index is root mean square error of approximation (RMSEA). This amount, which in fact is test of deviation per degree of freedom, for the models that have good fitness, must be a little less than 0.08. Hence, models which have number of mean square error less than 0.08, they have poor fitness. Another indicator of goodness of fit is the result of Chi-square value divided by the degrees of freedom which this value should be less than 3. (Homan 2005, p 235). The value of this indicator for conceptual model equal to 2.226 is obtained, which is an acceptable value. In the measurement model, the impact of job satisfaction and organizational commitment on internal marketing, in the standard estimation, the results indicate that the model is good. According to the LISREL output, chi-square value 113.54 and degrees of freedom 51 are calculated. Thus, the results of the chi-square divided by the degrees of freedom for the conceptual model of the study is 2.226, which is an acceptable value. Also, the output of the model shows that the value of goodness of fit index of root mean square error of approximation is equal to 0.068. That amount is acceptable. The suitability of two mentioned indicators showed that there is little difference between the conceptual models of study with observed data of the study.

## **Test of research hypotheses**

**First hypothesis:** job satisfaction of employees of the Bank Melli has a positive impact on internal marketing.

According to the outputs of the structural equations in Figures 1 and 2, significant level between job satisfaction and the internal market is 5.44 which is larger than the value 1.96 and indicates that the relationship between job satisfaction and the internal market (in confidence level of 95%) is significant. Also, according to the path coefficient between these two variables (0.48), it is concluded that; Job satisfaction has a positive effect on internal markets. Therefore, the first research hypothesis is confirmed.

**Second hypothesis:** Organizational Commitment of employees of the Bank Melli has a positive impact on internal marketing.

According to the outputs of the structural equations in Figures 1 and 2, significant level between Organizational Commitment and the internal market is 3.98, which is larger than the value 1.96 and indicates that the relationship between Organizational Commitment and the internal market (in confidence level of 95%) is significant. Also, according to the path coefficient between these two variables (0.35), it is concluded that; Organizational Commitment has a positive effect on internal markets. Therefore, the second research hypothesis is confirmed.

## **5- Conclusions**

The purpose of this study was to investigate job satisfaction and organizational commitment in economic enterprises (Bank Melli in Tehran. Findings from the study showed that:

Job satisfaction of employees has a positive impact on the internal market with confidence level of 95%. This result is consistent with the research findings of the Al-hawary (2013), Ilopoulos (2013), Omar salem (2013), Omagor (2012).

Also, organizational commitment, with confidence level of 95% on the internal market has a positive effect. Therefore, the result of the research is consistent with findings of the Huang (2013), Rajab Lu (2014), Hashemi-Moghaddam (2012), Houshmand (2010).

It should be noted that the most important limitation of this study is a great extent of the research community, which in terms of time and space, it creates the greatest constraint.

Now, according to the results of this study, it is suggested that, to enrich and inspire this issue in bank employees (due to increasing competitive market and customer-oriented and attract them in today's society), be paid attention to all the factors affecting job satisfaction and organizational commitment by managers and relevant organizations and these factors be considered as the main focus in the organization and human resources.

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