



Effect of management commitment to internal marketing on employee work attitude



W.M. To ^{a,*}, E.F. Martin Jr. ^b, Billy T.W. Yu ^a

^a Macao Polytechnic Institute, Rua de Luis Gonzaga Gomes, Macao

^b Virginia Commonwealth University, School of Mass Communications, Richmond, VA, USA

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ABSTRACT

The present study examines the effect of management commitment to internal marketing on employee work attitude through internal marketing practices. Data were collected from 201 full-time employees of four-star and above hotels in Macao SAR, China. The results of structural equation modeling showed that management commitment to internal marketing related to internal marketing practices including formal and informal internal communications, while formal internal communication facilitated informal internal communication. Moreover, management commitment to internal marketing and informal internal communication affected employee work attitude. The current study contributes to a deeper understanding of the internal service-profit chain.

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1. Introduction

The tourism and hospitality industry including the hotel sector is an important pillar of the economies of many Asian countries and cities (Lai and To, 2010; Lee and Hung, 2010; Song and Chon, 2012; Song et al., 2011). Macao, known as the gaming center of the world (To et al., 2013), attracts over 28 million visitors per year (DSEC, 2012). With a total land area of 29.9 km² and a population of 0.6 million, Macao has 51 three-star or above hotels, 13 of which are four-star hotels and 26 are five-star hotels. The total number of guestrooms is 21,746 (DSEC, 2012). This number is estimated to increase by about 2000 guestrooms yearly because of the opening of one or two five-star hotels per year in the coming years (Kim, 2012). Hence, hotel operators have to provide excellent services to gain and to sustain customer satisfaction in this competitive business environment.

In a contact-intensive environment, Kandampully (2006) suggested that a service organization should adopt internal marketing to promote organizational value to employees and manage its relationships with employees, in parallel with external marketing that focuses on customers. Berry et al. (1976) introduced the concept of internal marketing, and later (Berry, 1981, p. 34) defined internal marketing as “viewing employees as internal customers, viewing

jobs as internal products that satisfy the needs and wants of these customers while addressing the objectives of the firm.” Arnett et al. (2002) argued that internal marketing must precede external marketing because it makes no sense to promote excellent service before employees are motivated to provide it. Kusluvan et al. (2010) indicated that internal marketing views all employees as internal customers, and in order to deliver quality service to external customers, internal customers should themselves be first satisfied and motivated.

Heskett et al. (1994) defined the service-profit chain as an integrating framework that links internal service quality and employee satisfaction to organizational external performance such as customer satisfaction, profit, and growth. Heskett et al. (1994) indicated that the service-profit chain begins with the vision on service excellence of top management. Top management who understands the service-profit chain should develop and maintain a corporate culture that centers on service to employees and customers.

By integrating the organizational aspects of the service-profit chain with the concept of internal marketing, this study examined the relationships between management commitment to internal marketing (MCIM), internal marketing practices, and employee work attitude (EWA). Past research has investigated the effect of management commitment to different aspects such as quality management, environmental management, occupational health and safety, hygiene, technological adoption, and service quality on employee attitudes and behaviors, and organizational performance (Ahire and O’Shaughnessy, 1998; Cascio et al., 2010; Chan

* Corresponding author. Tel.: +853 8599 3319; fax: +853 2872 7653.

E-mail addresses: wmt@ipm.edu.mo (W.M. To), efmartin2@vcu.edu (E.F. Martin Jr.), billyyu@ipm.edu.mo (B.T.W. Yu).

and Hawkins, 2010; Clark et al., 2009; Cheung and To, 2010; Garcia et al., 2004; Howard and Foster, 1999; Kim et al., 2009; Seaman and Eves, 2006). Ladkin and Weber (2011) argue that leaders in the tourism industry must be passionate about the industry, truly love to serve customers, and are able to communicate effectively with employees on decisions that are important to them. However, MCIM that is defined as the perceived extent of how the management team understands employee needs and values and cares about the welfare and satisfaction of employees (treats them as internal 'customers') has yet to be examined.

To address this important research gap, this study explored MCIM from the employee's perspective, and determined its direct and indirect effects on EWA that encompasses employee feelings toward his work and willingness to put in extra effort (Lings and Greenley, 2005) through effective internal marketing practices. Understanding the influence of MCIM on EWA will shed light on how the top management team should act to motivate frontline and support service employees in delivering outstanding services.

The following section presents a literature review and develops the hypotheses. Then, the research method and findings of the empirical study conducted with Macao's hotel employees are presented. The paper concludes with managerial implications, limitations and future research.

2. Literature review and hypotheses

The service-profit chain indicates that internal service quality, measured by employee feelings toward the organization, their jobs, and colleagues, affects employee satisfaction that drives employee retention and productivity (Heskett et al., 1994). Top management who cares about the employees and values employee suggestions for improvement drives the service-profit chain. In other words, top management commitment is closely related to EWA.

The extant literature in services marketing supports this notion because various management practices, such as management commitment, effective internal communication, and organizational support, were found to be positively related to employee pro-social behaviors (Ackfeldt and Wong, 2006; Clark et al., 2009; Cheung and To, 2010; Kim et al., 2009; Yoon et al., 2004). Specifically, management commitment to service quality is significantly associated with organizational performance (Clark et al., 2009; Cheung and To, 2010; Kim et al., 2009). Clark et al. (2009) reported that management commitment to service quality has a direct influence on employee role clarity and indirect influence on employee job satisfaction and employee commitment to service quality.

In industrial marketing, Cascio et al. (2010) studied the impact of management commitment alignment in the adoption of automation technologies at the frontline employee level. Contrary to prior studies (Brashear et al., 2003; Rich, 1997) that emphasized the amount of influence from immediate supervisors, Cascio et al. (2010) found that top management commitment perceived by frontline employees has a strong and significant effect on employee work behaviors. They further argued that organizations should engage the workforce using internal marketing i.e., through effective communication between management and employees.

Bansal et al. (2001) reviewed marketing, internal marketing, and organizational behavior literature, and proposed the link between internal and external marketing to employee extra-role behaviors. Extending the work of Morrison (1996) about organizational citizenship behaviors, Bansal et al. (2001) defined employee extra-role behaviors as employee attitudes and behaviors including conscientiousness, altruism, and courtesy that are directed at external customers (cf. Dagenais-Cooper and Paille, 2012). Bansal et al. (2001) argued that a direct relationship should exist between the commitment of a firm to internal marketing and the financial

success of the firm. Francese (1993) and Ottenbacher (2007) claimed that internal marketing practices enable service employees to deliver excellent services in the hotel sector. Kilburn (2009) found that top management commitment dictates the effectiveness of an internal marketing program in a manufacturing environment. Chan and Hawkins (2010) indicated that management commitment has a significant influence on employees' attitude toward environmental management in an international hotel in Hong Kong. However, MCIM and its effect on EWA have yet to be investigated in the hospitality setting.

Internal communication, either formal or informal, is a key component of internal marketing (Kandampully, 2006; Lings and Greenley, 2005; Rafiq and Ahmed, 2000). Rafiq and Ahmed (2000) suggested that managers should provide significantly more attention to communication with their subordinates such that frontline employees understand their roles and importance in the achievement of organizational objectives. Their argument is consistent with what Clark et al. (2009) reported that managers must demonstrate their commitment by communicating more clearly about the role of frontline service employees in fulfilling the hotel's mission. Zeithaml et al. (1988) suggested that the frequency, quality, and accuracy of downward communication moderate the role ambiguity of employees, and thereby, improve job satisfaction. Lings and Greenley (2005) reported that internal marketing, including various formal and informal communication practices, correlated with EWA. However, Lings and Greenley (2005) did not test the relationships between various communication practices and EWA and did not investigate a key antecedent of internal marketing i.e., MCIM.

2.1. MCIM and EWA

All successful management programs require commitment from top management and employees (Cascio et al., 2010; Cheung and To, 2010; Heskett et al., 1994; Kilburn, 2009; Kim et al., 2009; Yu et al., 2012), and internal marketing is no exception. Kilburn (2009) argued that top management commitment is the most important factor that affects the effectiveness of internal marketing in the manufacturing environment.

In studying the implementation of internal marketing, Yoon et al. (2001) found that service climate and supportive management affect the attitudes and behaviors of service employees. Shanock and Eisenberger (2006) showed that supervisors would influence employee perceptions and performance significantly due to their proximity to employees. Cascio et al. (2010), on the other hand, reported that frontline employees perceive top management commitment as having a greater effect on employee work behaviors than the influence of their immediate supervisors. Cascio et al. (2010) also suggested that organizations should employ internal marketing to convince employees that top management is committed to enhancing employee satisfaction, empowerment, and service quality. In the social-exchange theory, Cropanzano and Mitchell (2005), Lee et al. (2013), and Paille and Boiral (2013) reported that employees who recognize top management commitment to employees' needs may reciprocate to have better work attitude as expected by top management. In this study, MCIM was characterized by using the actions of managers perceived by internal customers i.e., employees of an organization. Hence, the following hypothesis is proposed:

H1. MCIM is positively related to EWA.

2.2. MCIM and internal marketing practices

Management commitment is the first requirement of implementing internal marketing. Luo et al. (2012) studied the function of CEOs in creating customer and firm value. They argued that

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