

## Effect of management commitment to internal marketing on employee work attitude



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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 km<sup>2</sup> 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

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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

top management commitment affects the generation, dissemination, and use of internal market and customer intelligence, i.e., the deployment of internal marketing practices. The way in which internal marketing is implemented is critically important. Bansal et al. (2001), Lings and Greenley (2005), and Rafiq and Ahmed (2000) reviewed internal marketing concepts, activities, processes, and practices. In particular, Lings and Greenley (2005) and Rafiq and Ahmed (2000) identified formal internal communication (FIC) and informal internal communication (IIC) as the core elements in internal marketing. Internal communication, either formal or informal, creates links within a service organization (Lievens et al., 1999). Martin and To (2013) confirmed that FIC and IIC as the key internal marketing practices are strongly, significantly related to employee job satisfaction and customer satisfaction in the gaming industry. Naude et al. (2003) conducted a review of the literature for potential determinants of internal marketing orientation. They identified that employee perception of management commitment relates positively to the use of internal marketing practices. This finding was consistent with what Hartline and Ferrell (1996) indicated that management commitment is a precursor to the use of process-related mechanisms, which makes it as one of the most important factors in successful implementation of service strategy (such as internal marketing). Hence, MCIM should lead to the effectiveness of internal marketing in gathering and disseminating information to all employees via internal communication. Therefore, the following hypotheses are proposed:

**H2a.** MCIM is positively related to FIC.

**H2b.** MCIM is positively related to IIC.

### 2.3. Link between FIC and IIC

Internal marketing activities take place in the organization via FIC and IIC between management and employees (Lings and Greenley, 2005). Most of the time, FIC aims at collecting employee feedback about the quality of employment, attitude toward work, and disseminating information to employees regularly. Given its periodical nature, a management team using FIC alone cannot respond to employee needs and wants immediately (Clampitt et al., 2000). Hence, IIC has an important role to supplement FIC via a network of informal or personal contacts between management and employees (Boswell et al., 2006; Kraut et al., 1990). In accordance with Mohr et al. (1996), informal communication refers to more personalized and spontaneous communication between two parties. FIC provides vital intelligence to senior managers, and they can utilize IIC more effectively and can improve their decision-making (Fay, 2011). Besides, senior managers of the organizations that care more about employees and use FIC to identify employees' needs may take one step further to implement IIC. Yu and To (2013) studied internal information generation and dissemination in Macao's casinos. Using the knowledge management framework (Lonnqvist and Pirttimaki, 2006; Marwick, 2001), Yu and To (2013) indicated that formal communication including formal face-to-face interaction between managers and service employees serves the purpose of the first phase in a typical model for business intelligence (Lonnqvist and Pirttimaki, 2006). Formal communication ensures that management obtains the most relevant information for decision making; it has to be followed by informal communication. In knowledge or technology transfer, Choi (2009) argues that formal communication should precede informal communication in order to build credibility or obtain trust from the adopters of technology. Following this line of reasoning, the following relationship is hypothesized:

**H3.** FIC is positively related to IIC.

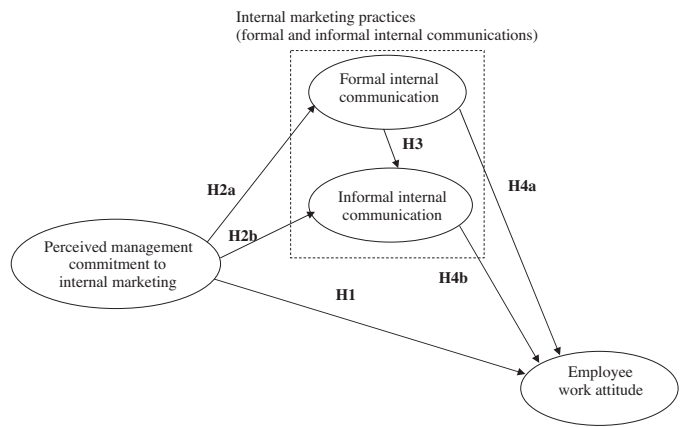


Fig. 1. The research model.

### 2.4. Internal marketing and EWA

Berry et al. (1976) proposed that using marketing-like activities internally leads to changes in EWA, and subsequently, employees become service-minded and deliver better quality of services. Lings and Greenley (2005) argued that internal marketing should be conceptualized from a relational perspective. Further, Lings and Greenley (2005) identified that internal marketing practices, such as the generation and dissemination of intelligence pertaining to the needs of employees, reflect the extent of the orientation of the organization toward internal marketing. Intelligence pertaining to employee needs includes formal and informal internal communications as well as the responsiveness of the organization to meeting employee needs in the long run. Because the majority of the five- and four-star hotels of Macao opened in the past five years and the mobility of employees is high (Wan et al., 2014), this study focused only on FIC and IIC.

Boswell et al. (2006) and Johlke et al. (2000) explored the relationships between various communication practices and EWA and job performance. The results of these two studies support the association of effective communication practices with positive EWA and job performance. Yu and To (2013) investigated the effect of internal information flow on casino employee work related behaviors. Their study found that effective communication, particularly information dissemination, positively affects the work attitude of casino employees. Hence, the following relationships are hypothesized:

**H4a.** FIC is positively related to EWA.

**H4b.** IIC is positively related to EWA.

Fig. 1 shows the research model of this study, in which MCIM directly and indirectly affects EWA via two core internal marketing practices, FIC and IIC. The figure illustrates how MCIM can have an impact on EWA in a more dynamic way.

## 3. Method

### 3.1. Participants and sample

The population of the study consisted of all employees of four-star and above hotels, a number that was more than 30,000 in 2011 (DSEC, 2012). According to the statistics (DSEC, 2012), 88 percent of the target employees work in 26 five-star hotels and 12 percent in 13 four-star hotels in Macao. We obtained the contact information for all target hotels through the Macao Hotels Association, and approached the representative of each hotel by phone or in-person. Only 10 representatives of the four-star and above hotels agreed to participate. 50 copies of the questionnaires and a cover letter

**Table 1**  
Demographic characteristics of the respondents (N=201).

	Frequency	Percent
Gender		
Men	81	40.3
Women	120	59.7
Age (years)		
<20	10	5.0
20–29	150	74.6
30–39	28	13.9
40–49	9	4.5
50 and over	4	2.0
Education		
High school or less	62	30.9
High diploma	39	19.4
Bachelor	91	45.3
Masters and above	9	4.5
Position		
Frontline	112	55.7
Administration	47	23.4
Supporting	32	15.9
Others	10	5.0
Working experience in the firm (years)		
<1	67	33.3
1–2	78	38.8
2–3	38	18.9
3–4	13	6.5
4 and over	5	2.5

explaining the purpose of the study were sent to each of the hotel representatives. Non-probability sampling was used because this method causes the least interference to the operation of hotels. Respondents were invited to participate depending on their willingness to take part in the survey. The completed questionnaires were returned to the collection boxes that were placed in the staff cafeteria. A total of 201 completed questionnaires were collected in three rounds, which represented a response rate of 40 percent. This response rate is common in marketing surveys (Burns and Bush, 2010).

Following the approach of Armstrong and Overton (1977), the non-response bias was assessed by conducting independent *t*-tests to compare the first and last waves of responses on demographic variables and Likert-scale items. The results showed that differences between the two groups of respondents were not significant, which suggested that non-response bias was not an issue. Table 1 presents the demographic characteristics of the respondents.

### 3.2. Instrument and measures

The questionnaire comprised two sections. The first section consisted of 15 items covering MCIM, FIC, IIC, and EWA. The second section collected demographic information such as gender, age, education, position, and the number of years working in the firm.

MCIM refers to the extent of how the management team of an organization understands employee needs, and values and cares about the welfare and satisfaction of employees. We developed three items for MCIM based on the studies of Cascio et al. (2010) and Lings and Greenley (2005). An example item of MCIM is “Top management understands all of the factors that affect employees’ satisfaction with their employment”. The Cronbach’s alpha value of MCIM was 0.86.

Internal marketing practices have two key dimensions; FIC and IIC. FIC describes how the organization regularly gathers information about employee feelings, while IIC refers to the extent that a manager interacts with employees to understand how employees feel and what employees want while at work. We adapted four items each for FIC and IIC from Lings and Greenley

(2005). An example item of FIC is “Managers interact formally and directly with employees to find out how to make employees more satisfied.” An example item of IIC is “When at work, when our manager notices that one of us is acting differently than normal, he will try to find out why.” The Cronbach’s alpha values of FIC and IIC were 0.91 and 0.87, respectively.

EWA refers to the degree of an employee’s willingness to reciprocate the supports s/he receives from her/his manager and the organization and her/his general feelings toward work (Lings and Greenley, 2005; Yu and To, 2013). It is a part of organizational citizenship behavior (Boiral and Paille, 2012; Dagenais-Cooper and Paille, 2012; Morrison, 1996). We adapted four items from Lings and Greenley (2005). An example item of EWA is “We are happy to put in extra effort when needed.” The Cronbach’s alpha value of EWA was 0.86.

All items in the first section were rated on a seven-point Likert scale, with 1 as “very strongly disagree” and 7 as “very strongly agree.” The questionnaires were originally in English. Following the procedures of Brislin et al. (1973), a bilingual researcher was invited to translate the questionnaire from English to Chinese. Another independent bilingual researcher translated the questionnaires from Chinese to English. After incorporating the suggestions made by these two researchers, a few items (in Chinese) were slightly modified to improve clarity.

### 3.3. Analysis

The research model shown in Fig. 1 was tested using a two-step approach as recommended by Fornell and Larcker (1981). The first step involved the analysis of the measurement model that assessed the validity and reliability of the measures. The second step used structural equation modeling to identify relationships among latent constructs.

Both confirmatory factor analysis (CFA) and structural equation modeling (SEM) techniques were conducted using AMOS 20.0. The CFA determined the standardized loadings of items for all scales, and allowed for the calculation of the values of the average variance extracted, which confirmed the convergent and discriminant validity of the scales. The CFA and SEM produced fit indices for the measurement/structural model. Following the suggestions of Hair et al. (2006), some fit indices were used to determine how well the measurement/structural model fitted the collected data. The fit indices included the chi-square ratio statistic ( $\chi^2/df$ ), the root mean square residual (RMSR), the goodness-of-fit index (GFI), the comparative fit index (CFI), and the root mean square error of approximation (RMSEA). The cutoff values were set to  $\chi^2/df < 3.00$ , RMSR  $< 0.05$ , GFI  $> 0.90$ , CFI  $> 0.90$ , and RMSEA  $< 0.08$  (Hair et al., 2006). The Akaike’s Information Criterion (AIC) was used to select the optimal model.

To access common method variance, the single-common-method-factor approach (Podsakoff et al., 2003) was used in the CFA. Following Marler et al. (2009) and Boiral and Paille (2012), items were loaded on their theoretical constructs as well as on a created common latent method factor. The resulting fit indices were then examined both with and without the method factor.

## 4. Results

### 4.1. 4.1 CFA results

The fit indices for the measurement model were  $\chi^2 = 177.4$ ,  $df = 84$ ,  $p < 0.001$ ;  $\chi^2/df = 2.113$ ; RMSR = 0.097; GFI = 0.900; CFI = 0.951; RMSEA = 0.075; AIC = 249.45). The results imply the acceptable fit of the measurement model. Composite construct reliability and average variance extracted for the scales were

**Table 2**  
Standardized loading, composite construct reliability (CR), and average variance extracted (AVE) of measures.

	Standardized loading	Composite construct reliability	Average variance extracted
<b>Perceived Management Commitment to Internal Marketing (MCIM)</b>		0.87	0.69
Top management realizes that keeping employees satisfied is as important as keeping customers satisfied.	0.96		
Top management understands all of the factors that affect employees' satisfaction with their employment.	0.84		
Top management considers employees as the most important resource that the company has.	0.67		
<b>Internal Marketing Practice</b>		0.91	0.72
<i>Formal internal communication (FIC)</i>	0.91		
The company has regular staff appraisals in which people discuss what employees want.	0.86		
Managers interact formally and directly with employees to find out how to make employees more satisfied.	0.83		
Managers meet with employees regularly to find out what expectations they have of their jobs.	0.80		
The company surveys employees at least once a year to assess the quality of employment.			
<i>Informal internal communication (IIC)</i>		0.86	0.60
When at work, our manager regularly talks to us to find out about our work.	0.82		
When at work, when our manager notices that one of us is acting differently than normal, he will try to find out why.	0.80		
When at work, our manager tries to find out what we want from the company.	0.77		
When at work, our manager tries to find out our real feelings about jobs.	0.70		
<b>Employee Work Attitude (EWA)</b>		0.85	0.59
We are happy to put in extra effort when needed.	0.87		
We are in general happy working here.	0.75		
We are well motivated.	0.73		
We are willing to help out when needed.	0.72		

computed. Table 2 illustrates that the composite construct reliabilities ranged from 0.85 to 0.91. The average variance extracted (AVE) indicates the amount of variance captured by a scale in relation to the variance caused by measurement errors. The AVE values ranged from 0.59 to 0.72, which suggested an adequate convergent validity (Fornell and Larcker, 1981). Table 3 shows the descriptive statistics and pairwise correlations of the scales. Discriminant validity exists when the AVE in each scale exceeds the square of the correlation coefficient ( $\Phi$ ) with another scale (Fornell and Larcker, 1981). This criterion was met across all possible pairs of scales as shown in Table 3. Therefore, the analysis confirmed that all scales had discriminant validity.

The measurement model with the method factor indicated a barely acceptable fit with the data ( $\chi^2 = 191.1$ ,  $df = 83$ ,  $p < 0.001$ ;  $\chi^2/df = 2.291$ ;  $RMSR = 0.150$ ;  $GFI = 0.887$ ;  $CFI = 0.946$ ;  $RMSEA = 0.080$ ;  $AIC = 264.12$ ). Moreover, the measurement model with the method factor did not improve the fit of the measurement model. Hence, bias due to common method variance was not likely to influence the results of this study.

#### 4.2. SEM and hypothesis testing

In accordance with Anderson and Gerbing (1988), after establishing an acceptable measurement model, the structural equation model (SEM) was used to assess the structural relationships

between the scales. The fit statistics of the structural model were  $\chi^2 = 177.4$ ,  $df = 84$ ,  $p < 0.001$ ;  $\chi^2/df = 2.113$ ;  $RMSR = 0.097$ ;  $GFI = 0.900$ ;  $CFI = 0.951$ ;  $RMSEA = 0.075$ ; and  $AIC = 249.5$ . The SEM results of the hypothesized model showed an insignificant relationship between FIC and EWA. This finding suggests that this insignificant path may exist due to the dominating role of IIC on the relationship. To test for the mediation effect, another model was tested by eliminating the insignificant path as a post hoc analysis (Bagozzi and Yi, 1988). The fit statistics of this alternative structural model were  $\chi^2 = 177.5$ ,  $df = 85$ ,  $p < 0.001$ ;  $\chi^2/df = 2.088$ ;  $RMSR = 0.097$ ;  $GFI = 0.900$ ;  $CFI = 0.952$ ;  $RMSEA = 0.074$ ; and  $AIC = 247.5$ . According to Jöreskog and Sörbom (1993), the model with the lowest AIC value is considered more parsimonious. The estimated coefficients were nearly unchanged from FIC to IIC, and from IIC to EWA. The bias-corrected bootstrap method (Cheung and Lau, 2008; Paille and Boiral, 2013) was used to evaluate the mediation effect of IIC. In the model with IIC as a mediator between FIC and EWA, the standardized direct effect of FIC on EWA was  $-0.013$ . The 95% bias-corrected confidence intervals for this direct effect were between  $-0.179$  (lower bound) and  $0.130$  (upper bound), with a  $p$ -value of  $0.847$ . The 95% bias-corrected confidence intervals for this indirect effect were between  $0.067$  (lower bound) and  $0.297$  (upper bound), with a  $p$ -value  $< 0.0001$ . These results indicate a full mediation of IIC on the relationship between FIC and EWA as shown in Fig. 2.

**Table 3**  
Descriptive statistics and pairwise correlation ( $N = 201$ ).

Variable	Mean	SD	CR	AVE	1	2	3
1. MCIM	5.25	1.18	0.87	0.69	1.00		
2. IM Practice – FIC	4.75	1.33	0.91	0.72	0.49	1.00	
3. IM Practice – IIC	4.51	1.14	0.86	0.60	0.46	0.57	1.00
4. EWA	4.39	0.98	0.85	0.59	0.38	0.34	0.51

Note: All correlations were significant at  $p < 0.01$ . SD, standard deviation.

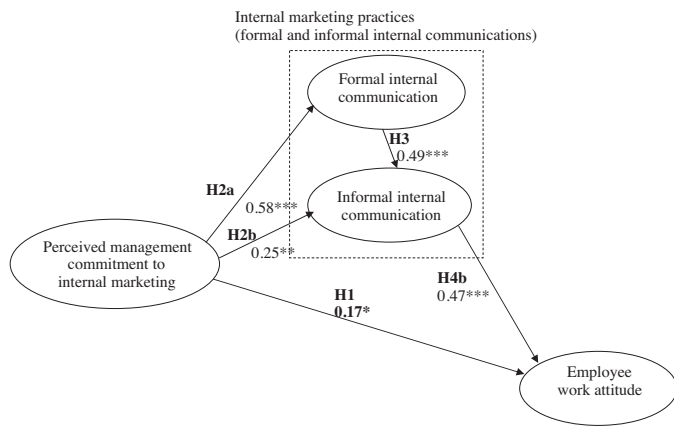


Fig. 2. Final model.

**Hypothesis 1** proposed that MCIM positively affects EWA. The results of the SEM (as shown in Fig. 2) supported **Hypothesis 1** because MCIM was related to EWA ( $\beta = 0.17, p < 0.05$ ). **Hypotheses 2a and 2b** proposed that MCIM will result in effective internal marketing practices. These hypotheses were supported by the SEM results because MCIM was related to FIC ( $\beta = 0.58, p < 0.001$ ) and IIC ( $\beta = 0.25, p < 0.01$ ). Hypothesis 3 postulated that better FIC led to better IIC. The results of the SEM supported Hypothesis 3. Hypotheses 4a and 4b suggested that FIC and IIC would positively affect EWA. The SEM results indicated that Hypothesis 4a was not supported because FIC was not related to EWA ( $\beta = -0.013, p = 0.847$ ) while **Hypothesis 4b** was supported because IIC was related to EWA ( $\beta = 0.47, p < 0.001$ ). The paths of **Hypotheses 2a and 4a** indicated the mediation role of FIC, while the paths of **Hypotheses 2b and 4b** indicated the mediation role of IIC, on the relationship between MCIM and EWA. Nevertheless, **Hypothesis 4a** was not supported, and thus, the mediation role of FIC would be indirect through **Hypotheses 2a, 3, and 4b**. Since the path from MCIM to EWA was significant ( $p < 0.05$ ) and a model with the path removed did not fit the data, the model was not presented here. The paths were all significant, except for **Hypothesis 4a**. Yet, the present full model could reveal some evidence that supports the originally hypothesized relationship. The total indirect effect of MCIM to EWA through internal communication was 0.251, that is  $(0.58 * 0.49 + 0.25) * 0.47$ . This value was even greater than the direct effect of 0.17. This result suggested the partial mediation effect of internal marketing practices on the relationship between MCIM and EWA.

## 5. Discussions and conclusion

The results of the analysis confirmed most of the hypothesized relationships among MCIM, internal marketing practices including FIC and IIC, and EWA. The findings support the logic of the internal service-profit chain as suggested by Heskett et al. (1994). The only exception was the direct relationship between FIC and EWA, and this relationship was mediated by IIC. This result was not surprising because employees highly value informal communication with managers (Song and Olshfski, 2008), although formal communication between managers and employees in meetings may be important. Hence, hotel managers must effectively utilize informal channels of communication because through these channels do employees feel the care given by the organization and top management. Middle managers, such as unit managers and supervisors, have a significant role in diffusing the organizational culture to frontline and support service employees (cf. Clark et al., 2009; Lam et al., 2010; Wieseke et al., 2009). Therefore, the top management team of a hotel must align its employees to its service vision and

missions via effective middle management. Breaking the traditional rules of bureaucratic structures, such as encouraging IIC between managers and employees, may lead to positive EWA (Francesse, 1993).

The results confirmed that internal marketing is a very useful tool to induce positive EWA. However, the success of a management practice always begins with the commitment from top management (Heskett et al., 1994; Yu et al., 2012). In addition, management efforts should not only focus on developing and implementing internal marketing practices, management should determine whether or not employees recognize the support from top management, such as using the MCIM measure that was developed in this study. Management should communicate frequently and effectively with employees via different modes, occasionally by using visual aids such as posters and pictures to enhance employee comprehension (Madera et al., 2013). The results of the hypothesis testing, therefore, not only ties several interrelated concepts together, but also enables hotel managers to understand how perception about MCIM and internal marketing practices directly and/or indirectly affects EWA.

Service employees, especially those working in the frontlines, are critical in shaping the experience of customers in service encounters. Their work attitudes and behaviors can create great value for customers if they are satisfied, motivated, and empowered by the organization and its management. Considerable research effort has been exerted to examine the antecedents of positive employee attitudes and pro-social service behaviors but prior research has focused on perceived supportive management, internal communication, and internal marketing (Ackfeldt and Wong, 2006; Berry et al., 1976; Clark et al., 2009; Yoon et al., 2001, 2004). However, little attention has been given to explore the antecedents of internal marketing such as MCIM. This study proposed that MCIM significantly affects EWA directly and indirectly via effective internal marketing practices including FIC and IIC. In examining the internal service-profit chain model, this study supported that MCIM was positively related to effective IIC directly and indirectly through FIC. IIC, in turn, affected positive EWA. In addition, MCIM had a direct effect on EWA. This finding is consistent with previous research (Lam et al., 2002; Song and Olshfski, 2008) that reported the friendship between managers and employees would be strengthened by IIC, and is positively related to positive EWA.

### 5.1. Managerial implications

For the internal marketing practice to have a real effect on EWA, top management must recognize that middle managers should understand the importance of internal marketing and provide appropriate support to employees. Moreover, effective internal communication provides the link between MCIM and positive EWA. To enable effective internal communication to take shape, FIC, including annual surveys of employees that assess the quality of employment and attitude toward work as well as regular staff appraisals to discuss what employees want, provides valuable channels for collecting internal market intelligence. Moreover, IIC, together with MCIM, significantly affects EWA.

In recent years, Macao hotels have recruited some workers from South Asian countries to fill in minimally skilled positions such as security and housekeeping (DSEC, 2012). As such, senior hotel managers are faced with challenges in communication due to different languages used by these workers. Hence, employing bilingual middle managerial staff, translating organizational materials into various languages, and using visual aids such as posters and pictures can facilitate internal communication and can improve EWA (Madera et al., 2013). Hotels shall provide diversity training programs in which interpersonal cross-cultural skills can be developed (Lee and Chon, 2000).

All activities must be conducted within a management commitment framework that encompasses the attitude of managers toward understanding employee satisfaction and recognizes the link between frontline employee satisfaction and customer satisfaction. This system is advocated in the service-profit chain. Moreover, the organization must demonstrate support by showing its concern about employee welfare. Top management of a hotel should set and communicate a clear service vision, provide training, empower employees, and actively collect feedback from employees through FIC and IIC.

### 5.2. Limitations of the study

Similar with any cross-sectional research, this study has a number of limitations. First, the sample size was relatively small and obtained from the non-probability sampling of ten four-star and above hotels in Macao. The majority of respondents were young adults and had two years or less working experience with the hotel. These sample characteristics may bias the results that would have emerged in a larger and slightly more heterogeneous sample population. Nevertheless, as most five-star hotels have opened only in the last few years and the great majority of employees in the hotel sector belong to the age group of 20–29 years old (DSEC, 2012), we considered the sample as representative of the population. Second, we obtained the data from self-completed questionnaires. Thus, the common method bias could be a problem. To ensure that this problem was not a significant issue in the study, the single-common-method-factor approach was conducted to assess the common method variance (Podsakoff et al., 2003). The test result confirmed that the common method bias was not an issue. Third, multicollinearity could cause the imprecision in the estimate of path coefficients. In the study, the inter-construct correlations between independent and dependent variables were moderate (ranging from 0.34 to 0.57). Thus, multicollinearity was not a problem.

### 5.3. Future research

The results of the study indicate several areas for future research. First, the study could be replicated in other service-based economies to explore the influence of culture on MCIM, FIC, IIC, and EWA in the hotel sector.

Second, unit managers and supervisors play an important role in gaining insight into employees' wants and needs while at work and relaying the organization's cares and missions to employees. It is worthwhile to explore the influence of motivational orientation and communication style of unit managers and supervisors (Andersen, 2009; Dasgupta et al., 2013) on the variables that this study investigated.

Finally, future research could address how the internal service-profit chain and the external service-profit chain are linked in the hotel sector. Understanding the links between these two critical parts of the service-profit chain can enable top management of hotels to allocate resources and develop good practices to align employees' and organizations' values more effectively.

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