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The roles of employee job satisfaction and organizational commitment in the internal marketing-employee bank identification relationship

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Abstract

Purpose – The purpose of this paper is to assess the impact of a global measure of internal marketing on bank employee job satisfaction and employee commitment to the bank. In addition, the authors assessed the subsequent impact of job satisfaction and employee commitment on employee-bank identification. The dual mediating role of job satisfaction and employee commitment in the internal marketing-employee bank identification relationship was also explored.

Design/methodology/approach – Using self-administered questionnaires, the authors collected data from a convenience sample of Saudi Arabian bank employees attending training at the Institute of Banking, Saudi Arabia. Structural equation modeling was used to assess the predicted structural relationships.

Findings – Internal marketing has highly significant positive effects on job satisfaction and employee commitment to the bank. These in turn influence employee bank identification. Internal marketing also impacts employee bank identification indirectly through its impact on both job satisfaction and employee commitment.

Practical implications – Bank management needs to take a holistic approach to internal marketing and ensure that they create an environment where employers will be satisfied and committed to the point that they will feel proud to be associated with the organization.

Originality/value – The study uses a global measure and provides evidence of the dual mediating effects of job satisfaction and employee commitment to the bank in the internal marketing-employee bank identification relationship. This evidence is unearthed in the Saudi Arabian banking sector, characterized by conventional and Islamic banks.

Keywords Employee commitment, Internal marketing, Job satisfaction, Employee identification

Paper type Research paper

Introduction

As more and more organizations face increased competition in their sectors, more and more of them are seeking ways to differentiate themselves and their employees from others in their sector. In fact, many companies have begun to focus on their employees, as they realize that employees are among a company’s best assets and serve as effective links with external audiences (George, 1990; Ballantyne, 2003). In fact, researchers in the domain of internal marketing have argued for this focus on employees (Berry, 1981), given that employees are central to building relationships that foster the achievement of external marketing goals (George, 1990; Ballantyne, 2000, 2003). As a result, many companies have started to place more emphasis on internal marketing, and more
researchers have been investigating the issue (Chang and Chang, 2008; Narteh, 2012; Matanda and Ndubisi, 2013). This research underscores that more and more effort is being made to understand the process of internal marketing and its effects on organizational outcomes.

Recently Preez and Bendixen (2015) conducted a study among employees in a Southern African financial services company; in it, they assessed the impact of internal brand management on job satisfaction, commitment, and intention to stay. They found that internal brand management had a significant impact on all three variables and established that internal brand communication was the most important contributor to internal brand management. However, in their proposal for future research, they called for additional research in different locations, in order to generalize the findings (p. 87). This study is a response to that call and replicates their study in a different cultural context. However, this study focuses on employee-bank identification as an outcome variable, as against intention to stay. In addition, this study assesses the dual mediating roles of job satisfaction and employee commitment in the internal marketing-employee bank identification relationship.

The study reported here is justifiable for a few reasons. The first is that it heeds the call from Preez and Bendixen (2015) for additional studies of the above issues in different cultural contexts. Second, in this study, we focus on the dual mediating roles of employee job satisfaction and employee commitment to the bank in the relationship between internal marketing and employee willingness to identify with the bank. A third reason is the context within which the study is done: the Saudi Arabian banking sector, with its combination of conventional banks and Islamic banks, whose operations are guided by Sharia law. This allows for enhancement of our understanding of how internal marketing operates in different cultural milieus. Finally, Preez and Bendixen (2015) operationalized internal brand management and commitment differently from how this study operationalized these constructs; hence, we have the ability to determine if different operationalizations of internal marketing lead to similar organizational outcomes.

The rest of the paper is organized as follows. First, there is a description of the context in which the study took place. This is followed by a discussion of the development of the conceptual model and the hypotheses in the study. A report on the methodology used in the study is then presented. A discussion of the results of the data analyses and hypotheses testing precedes a discussion of the research implications. Limitations of the study, as well as future research avenues, are finally put forward.

The Saudi Arabian banking context

The Saudi Arabian banking sector consists of 24 commercial banks that provide services in a combined network of 1,912 branches (Saudi Arabian Monetary Agency, 2015). The banks include both conventional and Islamic banks. While conventional banks abide by practices that are typical among banks in different parts of the globe (e.g. charging interest on loans), Islamic banks subscribe to Sharia laws that govern financial relationships. A primary principle in Islam finance, based on Sharia law, is the profit and loss sharing principle, which holds that providers of capital/lenders (banks) and users of funds/borrowers (customers) share business risk by sharing profits and losses (Khediri et al., 2015). As a result there is a strong focus on client relationship, as both parties have a vested interest in the successful outcome of a venture.

Islamic banks, by virtue of abiding by the Islamic Sharia principles, have easier access to larger volumes of non-interest bearing assets relative to the size of their
assets, as compared to conventional banks. Consequently, conventional banks are increasingly emulating these banks in introducing products that comply with Islamic Sharia principles (Global Investment House, 2006). In addition, Sharia-compliant products have become increasingly attractive to both Islamic and conventional investors (James, 2012). As a result, there is continuing reduction in the distinction between Islamic banks and conventional banks.

The mix of conventional banks and Islamic banks is a feature not only of the Saudi Arabian banking sector but also of other banking sectors in the Gulf Cooperation Council (GCC) countries. For example, Khediri et al. (2015) report that the percentage of Islamic banks in the GCC countries (Bahrain, Kuwait, Qatar, Saudi Arabia, UAE) ranged from 15 percent in Saudi Arabia to 47 percent in Qatar. Saudi Arabia, however, has the largest Islamic banking market in terms of total assets (Tabash and Dhankar, 2014). The results of studies of the effects of internal marketing in the Saudi Arabian banking sector could therefore prove useful for bank management in fellow GCC countries.

Background and hypotheses

Internal marketing and organizational outcomes

Berry (1981) introduced the concept of internal marketing and perceived it as “viewing employees as internal customers and viewing jobs as internal products” (p. 34). Berry and Parasuraman (1991) defined internal marketing as the process of “attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs” (p. 151). Caruana and Calleja (1998) viewed internal marketing as the case where employees are made to feel that their organizations care about them and meet their needs as employees. More recently, Snell and White (2009) proposed that internal marketing refers to the education and motivation of employees by organizations, in order to promote customer-conscious and market orientation. This, Snell and White (2009) contended, is achieved through “the application of marketing-like processes” (p. 195).

Other researchers in the domain have taken a more relationship-mediated approach to internal marketing. George (1990) expressed the importance of a focus on internal exchanges, as a core activity of internal marketing, since this is a prerequisite for an organization to establish successful external exchanges. Heskett et al. (1994) proposed the idea of the service-profit chain, with internal service quality being a core focus of this chain. In this chain, internal service quality drives employee satisfaction, resulting in higher levels of employee retention and employee productivity. The result is a positive impact on the external service value, reflected in higher levels of customer satisfaction and loyalty, and ultimately revenue growth and profitability. Ballantyne (2000, 2003) argued for a more relationship-mediated approach to internal marketing, contending that internal marketing “is a strategy for developing relationships between staff across internal organizational boundaries”; the reason for this, he argues, is so that “staff autonomy and know-how may combine in opening up knowledge generating processes that challenge any internal activities that need to be changed,” with the ultimate goal being the enhancement of “the quality of external marketing relationships” (Ballantyne, 2000, p. 43).

Internal marketing is therefore anchored in the view that employees should represent a primary target for an organization’s marketing efforts, given the fact that they are in constant interaction with an organization’s external publics. External relationships cannot be effective if internal relationships are not, and internal marketing contributes to success in external markets (Heskett et al., 1994; Ballantyne, 2000; Gronroos, 2000). Its effective implementation will lead to the attraction and
retention of employees committed to service quality and customer satisfaction (Heskett et al., 1994; Chang and Chang, 2008; Narteh, 2012), as well as increased customer orientation and overall performance (Ali, 2012).

A number of studies on internal marketing have been conducted in various domains, including retail banking and financial services (Caruana and Calleya, 1998; Papasolomou and Vrontis, 2006; Ali, 2012; Narteh, 2012; Sahi et al., 2013; Albassami et al., 2015; Preez and Bendixen, 2015). A common theme among these studies is the view that internal marketing consists of a number of different facets: internal customer, rewards, communication, training and education, and employee empowerment. This paper adopts a global perspective of internal marketing. This means that it looks at internal marketing as a composite construct, that is based on a number of different organizational components. The paper adopts the components of internal marketing adopted by Narteh (2012) in his study of the effects of internal marketing on employee commitment in the Ghanaian banking industry: internal communication, rewards, training, and employee empowerment. These components are not studied individually but as part of a global measure of internal marketing.

Internal communication is communication in which the target audience is employees (Welch and Jackson, 2007). It is an effort on the part of the organization to build a good relationship with this internal stakeholder group (Welch and Jackson, 2007). Papasolomou and Vrontis (2006) identified rewards systems and training and education as two of the principal components of internal marketing. This was based on a study of the UK retail banking sector. According to these researchers, both tangible and intangible rewards are offered to bank employees as a way to acknowledge achievement of organizational goals and creation of a sense of ownership. Training is geared toward the development of a strong service mentality. Employee empowerment can be construed as the ability of a bank's employees to take action or decisions on their own. It causes employees to feel better about themselves and builds perceptions of self-efficiency and confidence (Narteh, 2012). So, taken together, these four components form the basis for internal marketing in the study reported in this paper.

**Job satisfaction**

An important organizational outcome, and one that has been the focus of research interest, is employee satisfaction with their jobs. For example, Brayfield and Rothe (1951) developed an index of job satisfaction, which they based on employees’ attitude toward their work. Kalleberg (1977) defined job satisfaction as “an overall affective orientation on the part of individuals toward work roles which they are presently occupying” (p. 126). Macdonald and MacIntyre (1997) distinguished job satisfaction from employee morale, arguing that “job satisfaction refers to a single individual and his/her job situation” and further “job satisfaction more appropriately addresses past and present situations” (p. 2). They developed a generic job satisfaction scale, using a sample of employees from various employment sectors. They argued that such a scale should be applicable across a number of different occupations and jobs. Their generic job satisfaction scale contains ten items, and in its initial administration, no significant differences in scale averages were found across occupations or between men and women.

Job satisfaction has been shown to have a number of antecedents and consequences (Brown and Peterson, 1993). Gounaris (2006) proposed that higher levels of internal marketing orientation (IMO) in an organization would lead to higher levels of employee satisfaction. He conceptualized IMO as a tripartite organizational factor consisting of internal market intelligence generation, internal intelligence dissemination, and
response to intelligence. This proposition was tested using data collected from service employees in Greece and was supported.

In the realm of banking and financial services, some studies support the expectation that internal marketing positively impacts employee job satisfaction. For example, Tortosa-Edo et al. (2010) found a link between internal market orientation and job satisfaction among cashiers in a US credit union. Sahi et al. (2013) found that internal market orientation impacted employee attitude, which in turn impacted job satisfaction among Indian bank employees. Results from the Preez and Bendixen (2015) of financial services employees in South Africa showed a positive link between internal brand management and job satisfaction. These effects have also been identified in other domains (Gounaris, 2008; Peltier et al., 2013). As a result, the following prediction is made in this study:

**H1.** There is a positive relationship between internal marketing and bank employee job satisfaction.

**Organizational commitment**
Organizational commitment has long been the focus of research in a number of different domains and cultures. One approach to organizational commitment is that of Meyer et al. (1993), who proposed that organizational commitment consisted of three components: affective commitment, continuance commitment, and normative commitment. According to Meyer et al. (1993), organizational commitment is a “psychological state that (a) characterizes the employee’s relationship with the organization and (b) has implications for the decision to continue or discontinue membership in the organization” (p. 539). Each component is impacted by different experiences and has different implications for how employees relate to the organization.

Normative commitment, which is the component of interest in this study, revolves around the idea that employees of an organization (bank) remain with the organization because they feel a sense of duty to do so, as against because they want to (affective commitment) or because they have to (continuance commitment). It has been viewed as the “totality of internalized normative pressures to act in a way which meets organizational goals and interests” (Wiener, 1982, p. 471). Hence, normative commitment has been referred to as the “obligation dimension” of organizational commitment (Meyer et al., 1993; González and Guillén, 2008). Meyer et al. (1993) opine that normative commitment is the case where employees remain with an organization because they feel they ought to; and González and Guillén (2008) link normative commitment to ethical conduct.

The focus on the normative commitment component stems from the view that internal marketing, by its nature, is an organizational practice that indicates to employees that an organization is concerned about them and treats them “right.” As a result, on the basis of the norm of reciprocity (Gouldner, 1960) and social exchange (Homans, 1958), these employees will feel obligated to “treat the organization right.” This, we contend, results in a sense of duty or obligation to the organization, which is what normative commitment revolves around. This leads to the expectation that internal marketing will have a positive and significant impact on employee commitment to the bank for which they work. Results from prior research support this expectation. For example, Caruana and Calleya (1998) found a link between internal marketing and employee affective commitment; and Naude et al. (2003) found that there was a positive correlation between employee commitment and IMO. They theorized that “employees who identify themselves strongly with an
organization and have a low propensity to leave, obviously have a very positive view of the organization and its standing in the market place” (p. 1209).

Chang and Chang (2008) found that favorable perceptions of internal marketing led to increased organizational commitment among Taiwanese nurses; Punjaisri et al. (2009) found that, among hotel workers in Thailand, internal branding had a significant and positive impact on brand commitment; and Preez and Bendixen (2015) found a link between internal brand management and employee commitment in the financial services industry in South Africa. As a result, the following hypothesis is made:

**H2.** There is a positive relationship between internal marketing and bank employee normative commitment to the bank.

If employees are satisfied with their jobs, we expect that there will be a higher level of organizational commitment on the part of these employees. For example, Brown and Peterson (1993) tested the job satisfaction – organizational commitment and the organizational commitment – job satisfaction link in their study of salespersons and found that, whereas the organizational commitment – job satisfaction link was negative, counter to prediction, and not significant, the job satisfaction-organizational commitment link was positive and significant. Based on their discussion of the service-value chain, Heskett et al. (1994) proposed that internal service quality drives employee satisfaction, resulting in positive employee outcomes; these authors suggested that these outcomes included higher levels of employee retention and employee productivity.

Bettencourt et al. (2005) conducted a study among frontline service employees of a US retail bank and found that there was a positive link between job satisfaction and organizational commitment. Kim and Back (2012) found a positive link between job satisfaction and organizational commitment among Korean airline employees; and Preez and Bendixen (2015) found a positive link between job satisfaction and brand commitment among the financial services employees that they studied. It is, therefore, reasonable to expect that this will be replicated in the Saudi Arabian banking context, as more highly satisfied bank employees are expected to be more committed to their banks:

**H3.** There is a positive relationship between bank employee job satisfaction and bank employee normative commitment to the bank.

**Employee bank identification**

The discussion of employee bank identification is based on research on organizational identification, which has been construed as the “perceived oneness between self and organization” (Ashforth et al., 2008; Shen et al., 2014). Previously, Mael and Ashforth (1992) posited that organizational identification is “a perceived oneness with an organization and the experience of the organization’s successes and failures as one’s own” (p. 103). They suggested that organizational identification had certain antecedents, including organizational tenure, recency of membership in the organization, and satisfaction with the organization. This leads to the important consequence of support for the organization. For example, in their study of alumni and their alma mater, they found that identification with the institutions that participants attended impacted their support of the institution in terms of financial contributions and recommending the institution to others. Organizational identification is also theorized as being distinct from organizational commitment (Ashforth et al., 2008).

In the context of banking, employee-bank identification refers to the extent to which employees see themselves as one with the banks for which they work. This concept
suggests that employees with high levels of employee-bank identification would have a greater sense of belongingness to the bank and see the banks that employ them as an extension of themselves than would employees with low levels of employee-bank identification. They see their banks’ failures and successes as their own and respond to criticisms or praise of their banks as if these were directed at them. Support for this perspective comes from social identity theory (Tajfel and Turner, 1985), which contends that social identity is derived from prestige and distinctiveness of a group and the existence of out groups (Tajfel and Turner, 1985). Employees who have positive attitudes toward their jobs are more likely to want others to be aware of their association with the banks for which they work. Therefore, employees who are highly satisfied with their jobs are expected to display higher levels of employee-bank identification.

Support for this positive link between employee satisfaction and employee bank identification is based on prior research. For example, Mael and Ashforth (1992) studied alumni relationships with their institutions and found that alumni satisfaction with their institutions led to higher levels of identification with these institutions. Yang et al. (2011) found that subordinates’ level of job satisfaction was positively linked to organizational identification and internalization. Pérez et al. (2013) also found a positive correlation between customer satisfaction and company identification among financial services users. Therefore, we expect the following outcome among bank employees:

\[ H_4. \] There is a positive relationship between bank employee job satisfaction and employee bank identification.

Prior research supports the view that organizational commitment leads to a number of positive organizational outcomes. Bettencourt et al. (2005) found that, among frontline retail bank employees, organizational commitment contributed positively to employees’ external representation (employee highlighting the good things about their banks to outsiders); and internal influence (employee seeks to motivate others in the organization); and Punjaisri et al. (2009) found a positive and significant link between brand commitment and brand loyalty. Organizational commitment has also been shown to have a positive and significant impact on banks’ market orientation (Awwad and Agti, 2011). Employee commitment also contributes to intentions to stay with an organization (Preez and Bendixen (2015)).

As argued above, employee willingness to identify with the bank is another positive organizational outcome of interest, and it is important, given that it has been positively linked to such things as: engagement in extra-role behaviors by employees (Ahearne et al., 2005); brand performance (Punjaisri et al., 2009); employee-customer orientation and customer orientation (Anaza and Rutherford, 2012); organizational citizenship behaviors (Shen et al., 2014); and reduced stress and employee burnout (Avanzi et al., 2015). Consequently, we expect that, as is the case with positive links between organizational commitment and other desirable organizational outcomes, there is a positive link between commitment and organizational identification, which is captured in the following hypothesis:

\[ H_5. \] There is a positive relationship between bank employee commitment to the bank and employee-bank identification.

**Mediating roles of job satisfaction and employee commitment: indirect effects**

The conceptual model under study indicates that there are direct effects of job satisfaction and employee commitment on employee-bank identification. These expectations have been
validated above, and certain hypotheses have been proposed. However, in addition to having direct effects on employee bank identification, job satisfaction, and employee commitment should mediate the impact of internal marketing on employee bank identification; that is, these mediating variables should help to clarify the relationship between internal marketing and employee bank identification. Essentially, it is predicted that internal marketing has a positive impact on job satisfaction and employee commitment, which in turn are predicted to have positive effects on employee bank identification. Ahearne et al. (2005), for example, argue that favorable perceptions of an organization’s distinctive and enduring characteristics contribute to employee identification with the organization. Therefore, the argument can be made that when a bank has an effective internal marketing program, this is a distinctive organizational characteristic that contributes to favorable employee perceptions. Matanda and Ndubisi (2013) found that internal branding favorably impacted perceived organization-person fit among retailing employees. Ferdous and Polonsky (2014) found that insurance service employees’ experiences with their organization’s internal marketing efforts positively influenced employees’ perceptions of the organization’s IMO. This in turn influenced their levels of satisfaction and organizational identification, which both mediated the relationship between perceived IMO and customer-oriented behaviors. Therefore, internal marketing can be linked to employee bank identification because it creates satisfied and committed employees who are likely to display higher levels of employee bank identification.

Support for the mediating roles of these variables can be found in recent research. For example, Herrbach et al. (2004) conducted a study of the role of perceived external prestige in managers’ turnover intentions. These researchers found that job satisfaction and organizational commitment partially mediated the relationship between perceptions of external prestige and employees’ intentions to quit the organization. Burmann et al. (2009) found that a mix of brand-centered HR activities, brand communication, and brand leadership combined to impact brand commitment, which in turn impacted brand citizenship behavior. Preez and Bendixen (2015) also found that brand commitment fully mediated the relationship between job satisfaction and intention to stay among the employees that they studied. In the case of this study, the organizational outcome of interest is employee-bank identification, and the mediating effects of job satisfaction and organizational commitment are expected to function in similar ways to the ways in the cited research studies:

- **H6.** Internal marketing indirectly impacts employee willingness to identify with the bank through its impact on job satisfaction.
- **H7.** Internal marketing indirectly impacts employee willingness to identify with the bank through its impact on employee commitment to the bank.
- **H8.** Internal marketing indirectly impacts employee commitment to the bank through its impact on employee job satisfaction.
- **H9.** Employee job satisfaction indirectly impacts employee willingness to identify with the bank through its impact on employee commitment to the bank.

**Methodology**

**Data collection**

The data for this study were collected through a survey of employees of the Saudi Arabian banking sector. The data were collected as part of a larger study on internal...
marketing and its effects in the banking sector in Saudi Arabia. Bank employees who were attending training sessions at the Institute of Banking, Saudi Arabia were told about the study and asked to take part. They were provided with a copy of the questionnaire, which they completed and returned prior to the end of the training session. This was, therefore, a convenience sample of the population of banking employees in Saudi Arabia; but the sample was not limited to participants from just one Saudi bank. At the time of the study, respondents were working in either retail or corporate banking. They were told that the study concerned their banking experiences, and they were assured that the responses provided would remain confidential. They were offered no monetary incentives.

Questionnaire
The introductory section of the question told participants that the main aim of the survey was to obtain feedback on their work experience with their current employers and they were to think of their current employer in responding to the questions in the first part of the questionnaire. The first part of the questionnaire contained several items that were obtained from existing scales to measure the principal variables in the model, as well as other variables that were part of a wider study on internal marketing in the banking sector in Saudi Arabia. The measures are discussed below. In the second part of the questionnaire, the participants provided responses to demographic questions: age, gender, and education level. In addition, participants provided information on the number of years they had been working with their current employers and their position in the bank (classified as line staff; junior supervisory; senior supervisory; and management). There were 350 distributed questionnaires, 269 of which were returned (77 percent response rate); 34 questionnaires were subsequently removed because they were not completed or clearly carelessly completed. This process yielded 235 valid questionnaires (67 percent response rate) that were used in the data analysis.

Participants
Of the 235 participants in the study, 135 (57 percent) were male; and a majority had a college degree or some college education (87 percent). Most (51.9 percent) were in the 25-34 years age range. Number of years with their current employers ranged from 1 to 22 years, with a mean of 6.28 years. This variable was subsequently re-classified as short tenure (1-5 years: 49.4 percent) and long tenure (six years and above: 50.6 percent). The majority (54.5 percent) worked as line staff.

Measures
All the items for the scales used in the study were measured on seven-point Likert scales and were based on established scales in the internal marketing and management literature. This lends to the content validity of the scales used. The items were all anchored by “strongly disagree” and “strongly agree.” The internal marketing scale was based on the summation of the items from the various scales that were used by Narteh (2012) in his study of internal marketing in the Ghanaian banking sector. The internal communication item “My bank’s internal communications are effective” replaced the Narteh (2012) internal communication item “My bank encourages interpersonal communication.” The 13 items used for these scales were summed to form a composite internal marketing scale.

The job satisfaction measure was based on a shortened version (five items) of the ten-item generic job satisfaction scale developed by Macdonald and MacIntyre (1997).
This scale was selected owing to the fact that it was developed using employees from a number of different occupations and its generic nature allows for its applicability across different sectors, including the banking sector. The measure of employee identification with the bank drew on the organizational identification scale used by Mael and Ashforth (1992), with the exception that the item “When I talk about this school, I usually say ‘we’ rather than ‘they’” was dropped, in keeping with recent research (He and Li, 2011). The six-item normative organizational commitment scale (Meyer et al., 1993) was used to measure employee commitment to the organization. The word “bank” replaced the word “organization” used in the items in the Meyer et al. (1993) scale.

All the items in the internal marketing scale (Cronbach $\alpha = 0.94$) and the employee bank identification scale (Cronbach $\alpha = 0.88$) were retained after initial exploratory factor analysis and scale reliability assessments. Two items had to be dropped from the employee normative commitment scale and one from the job satisfaction scale because of low factor loadings; dropping them also raised the Cronbach $\alpha$’s for the scales: employee commitment (0.80); job satisfaction (0.81).

**Results**

**Reliability and validity**

Confirmatory factor analysis (CFA) was used to assess the properties of the scales, prior to hypotheses testing. The four-factor, 26-item measurement model fit the data satisfactorily: CFI = 0.929; TLI = 0.914; RMSEA = 0.069; SRMR = 0.060; $\chi^2 = 574.07$, df = 274, $p < 0.01$ (Hu and Bentler, 1999). Convergent validity of the constructs was also established. Items loaded on the appropriate factors and factor loadings were all significant at $p < 0.01$. Discriminant validity was determined through the average variance extracted (AVE) method by comparing AVE values with squared correlation values (shared variance) for constructs in a model. If the AVE for a construct is greater than its squared correlation values (shared variance) with any other construct in the model, or if the AVE of construct A and the AVE of construct B are both greater than the squared correlation of A and B, then there is discriminant validity (Fornell and Larcker, 1981). Information on Cronbach $\alpha$’s, composite reliabilities, and AVE (all except one achieved the 0.50 threshold; Fornell and Larcker, 1981) for all the latent variables are reported in Table I; and Table II shows the correlation matrix and figures that support discriminant validity of the variables.

**Test of structural relationships**

The second step after the establishment of reliability and validity was the use of structural equation modeling to assess the predicted structural relationships. This is consistent with the recommendation by Anderson and Gerbing (1992) regarding the two-stage process in model testing. Model indices indicate that, overall, the model was a satisfactory fit: CFI = 0.926; TLI = 0.912; RMSEA = 0.070; SRMR = 0.061; $\chi^2 = 588.43$, df = 274, $p < 0.01$ (Hu and Bentler, 1999).

**Hypotheses testing**

The outcomes for the hypotheses testing are summarized in Table III. The majority of the hypotheses were supported. $H1$ predicted a positive relationship between internal marketing and bank employee job satisfaction. This was supported (standardized $\beta = 0.778$, $p < 0.01$). $H2$ suggested that there would be a positive relationship between internal marketing and bank employee commitment to the organization. This was also supported (standardized $\beta = 0.676$, $p < 0.01$). There was only partial support for $H3$,
which argued that there is a positive relationship between bank employee job satisfaction and bank employee commitment to the organization (standardized $\beta = 0.232$, $p < 0.10$). $H4$, which argued that there is a positive relationship between bank employee job satisfaction and bank employee willingness to identify with the bank, was also supported (standardized $\beta = 0.514$, $p < 0.01$); as was $H5$, which...
contended that there is a positive relationship between bank employee commitment to
the bank and bank employee willingness to identify with the bank (standardized
$\beta = 0.320$, $p < 0.01$).

Three of the four hypotheses regarding mediating effects of job satisfaction and
employee commitment to the bank were also supported: $H_6$, which claimed that internal
marketing indirectly impacts employee willingness to identify with the bank through its
impact on job satisfaction (standardized $\beta = 0.400$, $p < 0.01$); $H_7$, which stated that
internal marketing indirectly impacts employee willingness to identify with the bank
through its impact on employee commitment to the bank (standardized $\beta = 0.216$
$p < 0.01$); and $H_8$, which stated that internal marketing indirectly impacts employee
commitment to the bank through its impact on employee job satisfaction. $H_9$, which
argued that employee job satisfaction indirectly impacts employee willingness to identify
with the bank through its impact on employee commitment to the bank, was not
supported (standardized $\beta = 0.074$, $p < 0.10$) (Figure 1).

**Differences in variables based on gender and position**

We performed a similar analysis to one carried out by Preez and Bendixen (2015) in
which they assessed differences in latent variable scores based on participants’ position
in the organization: frontline vs support staff. In the analyses reported here, we looked
at differences based on gender and position in the bank, and used Mann-Whitney tests
to explore these differences (Preez and Bendixen, 2015). There was an analysis of
differences based on tenure; however, as there were no differences in any of the latent
variables based on tenure with the banks, the results are not reported. Gender impacted
internal marketing (mean rank $F = 160.28$, mean rank $M = 82.15$; $U = 2,164.50$
$p < 0.01$); job satisfaction (mean rank $F = 102.31$, mean rank $M = 126.83$; $U = 5,264.50$
$p < 0.01$); and employee commitment to the bank (mean rank $F = 131.17$, mean
rank $M = 105.99$; $U = 5,235.50$, $p < 0.01$); but not employee-bank identification (mean
rank $F = 114.87$, mean rank $M = 120.40$; $U = 6,463.50$, $p > 0.10$). Position in the
organization impacted job satisfaction (mean rank $F = 101.31$, mean rank $M = 133.32$;
and employee bank identification (mean rank $F = 105.93$, mean rank $M = 132.44$; $U = 5,303.00$, $p < 0.01$), but not internal marketing (mean rank $F = 117.40$, mean rank $M = 115.41$; $U = 6,553.50$, $p > 0.10$) and employee commitment (mean rank $F = 112.62$, mean rank $M = 122.25$; $U = 6,174.50$, $p > 0.10$). These results suggest that while both men and women have similar levels of identification with the banks for which they work, women have more favorable perceptions of internal marketing in their banks and are more committed to their banks than men; men expressed higher levels of job satisfaction. In the case of position with the organization, there were no differences between line and non-line staff in their levels of employee commitment and perceptions of internal marketing; however non-line staff expressed being more satisfaction with their jobs and expressed higher levels of employee bank identification. Preez and Bendixen (2015) found higher levels of job satisfaction and commitment among support staff.

**Discussion**

The aim of the study was to contribute to the discourse regarding internal marketing and its role in influencing bank employee attitudes. The study focussed on the banking sector in Saudi Arabia, and the principal relationships explored were those of internal marketing and its impact on job satisfaction and employee commitment to the bank, and the effects of job satisfaction and employee commitment to the bank on their subsequent identification with the bank. The dual mediating roles of employee job satisfaction and commitment to the bank in the relationship between internal marketing and employee bank identification were also tested. The results of the study provide evidence that a comprehensive internal marketing process is important for Saudi Arabian bank employee relationships, given that it has a positive impact on both job satisfaction and employee commitment to their banks. Internal marketing also has indirect effects on employee bank identification through its effects on employee commitment and job satisfaction. Job satisfaction and employee commitment both have positive effects on employee bank identification. This is important since employees’ identification with the organization for which they work has been shown to lead to various benefits. For example, it leads to positive organizational citizenship behaviors.
(Shen et al., 2014); it mediates the relationships between external organizational prestige and turnover intentions and emotional exhaustion (Mishra, 2013); and in times of organizational change, employees who identify highly with an organization are more likely to focus on the change processes such procedures, voice, and participation options, in contrast to those who identify lowly with the organization, who focus more on salary and expenses (van Knippenberg et al., 2006).

**Theoretical implications**

The study provides a number of theoretical implications. It adds to the stream of research on internal marketing in different domains, in general, and the financial sector, in particular; and it highlights the role of a multi-faceted approach to internal marketing. Findings from previous studies conducted in the banking sector on the impact of internal marketing on employee relationships indicate that internal marketing is multi-faceted (Narteh, 2012). The study reported here indicates that a global view of internal marketing (as indicated by the combination of a variety of factors, as done in this study) can form the basis for analysis of internal marketing effects, and a global view of internal marketing has implications for employee job satisfaction and commitment.

The measure of internal marketing used in the study combined perceptions of employee empowerment, internal communications, training, and reward; and the results support that all these factors can combine to contribute to employee relationships with their banks. Our comprehensive view of internal marketing is consistent with approaches such as those of Chang and Chang (2008), who used a comprehensive model of internal marketing consisting of employee-oriented measures, external activity measures, and communication management; Preez and Bendixen (2015), who also used a comprehensive measure of internal brand management in assessing its impact on job satisfaction and brand commitment among employees in financial services in South Africa; and Awwad and Agti (2011), who used a seven-item global measure of internal marketing (consisting of items related to training, communication, feedback, and reward) in assessing the impact of internal marketing on commercial banks’ market orientation in the Jordanian banking sector.

Interestingly, some prior research has found that organizational identification can be a mediating factor in the relationships between certain antecedents to organizational identification and organizational attitudes (outcomes) such as organizational commitment and job satisfaction (see, e.g. Ngo et al., 2013; Gammoh et al., 2014). For example, Ngo et al. (2013) studied the mediating role of organizational identification in the relationship between employees’ perceptions of organizational context (support, justice) and certain job outcomes such as affective organizational commitment, job satisfaction, and intentions to leave. They found that organizational identification mediated the relationship between perceived organizational support and the job outcome variables. In a sales context, Gammoh et al. (2014) found that salesperson-company identification mediated the relationship between salesperson-brand and organizational outcomes such as job satisfaction and organizational commitment. These research findings suggest that organizational identification precedes organizational commitment and job satisfaction. In contrast, the results from our study show that organizational identification is impacted by job satisfaction and employee commitment, meaning that employees have to be first satisfied with their jobs and be committed to the organization before they are willing to identify with the organization.
This current research also supports the idea that there are dual effects at work in the internal marketing-employee bank identification relationship, given the mediating roles of both job satisfaction and employee commitment on this relationship. The results also support the service-value chain framework proposed by Heskett et al. (1994), as well as the relational approaches to internal marketing posited by researchers such as George (1990) and Ballantyne (2002, 2003). The reason is that the results highlight the role of focus on internal audiences in creating positive internal relationships (e.g., employee satisfaction is a positive outcome), which could subsequently impact external relationships.

**Managerial implications**

Regarding managerial implications, Saudi Arabian bank management, as well as management of banks operating in contexts similar to the Saudi Arabian banking context, needs to be aware that employees’ perceptions of internal marketing go a long way in influencing their levels of job satisfaction. It also influences their level of normative commitment to the bank. The measure of internal marketing used in the study focussed on a number of dimensions and issues such as employees’ perceptions that the bank allows them to use their initiative; the perception that the bank enhances their feelings of self-efficiency; and the ability employees felt they had to exercise good judgment and to use their own judgment in solving problems. The measure also took into account perceptions of the communication within the bank; rewards based on salaries, fringe benefits, and motivation to stay on the job; and training related to their function of meeting customers’ needs. Bank management, therefore, needs to foster an environment where employees continue to have global positive feelings about their banks, as the various dimensions of internal marketing combine to globally influence employee relationships.

Given that an aspect of global internal marketing focussed on factors such as the perceptions of the employees of their ability to exercise good judgment and their feelings that their banks allowed them to use their own judgment in solving problems, employee training should focus on enhancing employees’ problem-solving skills. Employees cannot solve problems if they do not have the requisite skills and motivation. In addition, training and empowerment have to be supported by attractive rewards and internal communications policies, as part of the global internal marketing effort.

Bank management needs to understand also that treating employees well is beginning to matter to external audiences and that management can ensure that customers of the bank have positive perceptions of how employees are treated. Given the pervasiveness of social media, the external public can be very aware of internal developments within banks and other companies. Therefore, internal marketing is important because of its ability to influence external perceptions. So, for example, if banks have effective internal marketing programs that lead to highly satisfied and committed employees, bank management could use actual feedback from these employees in marketing communications. When bank employees say positive things about their banks, this can only contribute to positive perception of the banks. In general, highlighting employees in external communication would also be advisable.

The results from the assessment of differences in the latent variable scores based on participants’ gender and position in the bank yield some interesting insights for bank management. The Mann-Whitney tests indicated gender differences in perceptions of internal marketing, job satisfaction, and commitment. Internal communications can be used to reinforce the positive perceptions of internal marketing and commitment among women, and the importance of their roles to the banks could be underscored, as
a way of addressing lower levels of job satisfaction. There were also differences in job satisfaction and employee-bank identification based on position in the bank. Internal communication can also be used to reassure line staff of the importance of their roles in the banks, especially as they are the “face” of the banks in their interactions with customers. The results from this research could also prove useful to bank management in other GCC countries where the banking sector, like that in Saudi Arabia, is characterized by a mix of conventional and Islamic banks.

**Limitations and future research**

In the study reported in this paper, employee commitment and employee willingness to identify with the bank were two principal outcome variables, and no effort was made to assess actual behaviors in which the bank employees engaged on behalf of their banks, for example, word-of-mouth communication or cross-selling of their banks’ services; or whether their general performance levels were higher than those who were less satisfied with their jobs or less committed to their banks. In addition, no effort was made to assess some of the organizational citizenship behaviors in which employees may engage as a result of their job satisfaction and commitment to the bank. Future studies could explore specific organizational behaviors that employees who are committed to their banks, and who are willing to identify with their banks, will undertake on behalf of their employers.

In assessing internal marketing in the current study, the measure asked employees to provide perceptual responses; that is, respondents indicated their level of agreement with statements regarding their banks policies and systems. No effort was made to identify concrete things that bank management did that caused employees to feel the way they did. Therefore, it would be good to conduct additional research to try to establish the specific actions in which bank management engages and the specific policies banks have in place that influence employees’ perceptions of internal marketing efforts. This could help bank management to better understand the workings of internal marketing in the Saudi Arabian banking sector. Finally, given that the Saudi banking sector contains both conventional banks and Islamic banks, and the sector is also characterized by local banks and new entrants into the industry from outside Saudi Arabia, it would be interesting to study whether the nature of the bank or its country of origin impacts the nature of the relationships uncovered in this study. For example, understanding whether there are different factors that drive employee response to internal marketing efforts among employees of Islamic banks and employees of conventional banks, not only in Saudi Arabia but also in other GCC countries, would be a contribution to this line of research.

**References**


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