INTERNAL MARKETING AND SERVICE EMPATHY ON JOB ATTITUDES

Internal Marketing and Service Empathy Impact on Customer-Contact Employees’ Attitudinal Outcomes: The Case of a Public Higher Education Institution
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Abstract

Higher education institutions, particularly in the case of public universities, face the challenge of creating more value in an environment of increasing requirements and limitations. In order to better reach their organizational goals, they should hire, stimulate, and retain motivated and customer-conscious contact employees. This article merges marketing and human resource management by studying the impact of internal marketing initiatives and service empathy on employees’ job attitudinal outcomes. Survey data of 94 customer-contact employees in a public higher education institution were analyzed using partial least squares path modeling. The results demonstrate the relationship between customer-contact employees’ service empathy, institutional internal marketing initiatives and employees’ job attitudinal outcomes. We discuss the implications for theory, practice, limitations and future research.

KEYWORDS Internal marketing, service empathy, public sector marketing, higher education, human resource management, customer-contact employees, partial least squares
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INTRODUCTION

Higher education services are critical to social, economic and infrastructure development. The effectiveness, efficiency and quality of these services have an impact, not just on students, but society in general. As with other public sector organizations, public higher education institutions face increasing pressure to create value for citizens through the development of new services, processes, governance, engagements, goals and strategies (Mishra, 2010; Proctor, 2010; Zampetakis & Moustakis, 2007). Higher education institutions, particularly in the case of public universities, face the challenge of creating more value with stringent limitations, such as compliance regulations and budget cuts (Black, 2001).

The main objective of this study is to explore whether internal marketing (IM) initiatives and employee’s service empathy affect customer-contact employees’ attitudinal outcomes in a public higher education institution. Although the small sample makes generalizability of the results difficult, the study contributes to limited research on internal marketing in that particular service sector. The setting of this study was a project undertaken to implement a student data and enrollment management computer system, thus making the transition from pencil-and-paper to a virtual environment. The project meant a vast transformation process that required drastic job changes for over 300 customer-contact employees who serve over 15,000 students.

Despite the particular context of higher education and the nature of their service, many institutional that want to remain competitive must adapt their services and delivery options to market needs. As described by Hemsley-Brown & Oplatka (2006), marketers and advertisers could not promote services if customer-contact employees were not responsive to students’ needs and expectations. A way of increasing the probability of success of new services and processes is
to have satisfied and committed employees (Malhotra & Mukherjee, 2004). Internal marketing centers on improving human resources’ job behavioral and attitudinal outcomes through the use of marketing practices to motivate and empower employees (George & Grönroos, 1989). Although private firms are the main users of IM, its principles can and are applied to nonprofit and public sector organizations as well (Ewing & Caruana, 2000), including higher education (Tareef & Balas, 2012).

Review of the literature in internal marketing on public higher education shows a serious concern for the impact of increasing competition, as well as the demand for quality in education (Donaldson & Runciman, 1995; Siu & Wilson, 1998; Arnett, German & Hunt, 2003; Hemsley-Brown & Oplatka, 2006; Schüller & Chalupsky, 2011; Štimac & Šimić, 2012, Tareef & Balas, 2012). Studies in this area focus on communication, relationship marketing, service quality and lecturing staff’s job outcomes (Siu & Wilson, 1998), although none on the attitudes of non-lecturing staff. In this study, we focus on (non-lecturing) customer-contact employees’ job attitudinal outcomes.

In public higher education institutions, students have multiple stakeholder roles. They are customers expected to cooperate actively in the delivery of the educational process, partners in research, part- or full-time employees, and members of the institution’s governing bodies. As students, they expect a fair exchange between tuition, time & effort, and the value obtained from access (on or off site) to courses, qualified faculty, library materials, information technology, networks and other university support services (Black, 2001). Therefore, the university’s customer-contact employees should provide the students the best perceived value possible.
In higher education institutions, student data management is a vital component of the services offered. If the enrollment process is inefficient, students would have difficulty planning and obtaining courses, which may increase costs and time to degree completion, as well as limiting career opportunities. The study contributes to the limited literature on the use of IM and service empathy in the public sector, specifically higher education intuitions. The theoretical framework used in this study is based on the assumption that the use of internal marketing initiatives and the service attitude of employees improve customer-contact employees’ attitudinal outcomes.

According to Hemsley-Brown & Oplatka (2006), studies of higher education marketing are in a pioneer stage so research in this area is limited. Moreover, the authors emphasize the need for further research in the area of internal marketing in universities. Despite our efforts in this direction, the current study has limitations. First, the reliance on self-reported data and the use of a small customer-contact employees working on enrollment-related areas. Thus the research excluded other customer-contact employees, as well as other direct stakeholders, such as professors and students. Second, since PLS is used to explore and predict key target constructs, further studies should be designed for theory confirmation. A bigger sample would allow for a model with more exogenous variables that better explain the variance of latent endogenous variables. Other statistical tests, such as covariance-based structural equation modeling, might also be used. Finally, generalizability of the results is very difficult.

LITERATURE REVIEW

Internal Marketing

The initial internal marketing (IM) proponents were Berry, Hensel and Burke (1976). Since then, the IM concept has continually evolved. Rafiq and Ahmed (2000) divided IM evolution into
three phases: (1) employee motivation and satisfaction, (2) customer-oriented and sales-minded employees, and (3) tools of strategy implementation and change management. This study uses their internal marketing definition:

“… a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees” (Rafiq & Ahmed, 2000, p. 454).

According to Ahmed and Rafiq (2003), scenarios with highly demanding customers require having and retaining, not only high quality, but also motivated staff. This becomes critical when employees perceive their jobs as a source of self-development, personal growth or self-fulfillment (Pantouvakis, 2012; Walker, 2005). Under these assumptions, jobs must be shaped, the physical environment must be improved, and organizational/procedural structures must be altered to fit the employees’ needs in order to increase job satisfaction and get more committed employees, mostly customer-contact employees (Donavan, Brown & Mowen, 2004).

Internal marketing implementation can occur at the strategic and technical levels (Grönroos, 1981). The strategic level focuses on factors that encourage customer awareness, while the technical level includes efforts made on selling initiatives to the personnel. Our study emphasizes IM implementation at the technical level, which includes top management support practices such as internal communication procedures and training programs. The combination of different management support factors is part of the IM initiatives, which Ahmed, Rafiq and Saad (2003) defined as “the controllable elements inside the organization that can be used to influence
and motivate employees” (p. 1222). Internal marketing effectiveness has been linked to several job attitudinal outcomes, including job satisfaction (Tansuhaj, Randall & McCullough, 1991) and organizational identification (Wieseke, Ahearne, Lam, & Van Dick, 2009).

Organizational Identification

Mael and Ashforth (1992) define organizational identification as the “perceived oneness with an organization and experience of the organization’s successes and failures as one’s own” (p. 103). It refers to the perception of belonging to an organization. Organizational identification (OI) is generally associated with behavior devoted to collective rather than personal interests. To explain this phenomenon, researchers use the social identity theory (Mael & Ashford, 1992; Wieseke et al., 2009) which states that individuals perceive themselves “as an actual or symbolic member of a group…sharing a common destiny and experiencing its successes and failures” (Mael & Ashford, 1992, p. 104). Members that identify with the organization regularly engage in cooperative behavior that benefits the organization (Dukerich, Golden & Shortell, 2002) since they see themselves as psychologically associated with the destiny of the group. If the individual left, it would experience an emotional loss (Tajfel & Turner, 1985). Consequently, for Wieseke et al. (2009) organizational identification “should be the ultimate goal of internal marketing” (p.123). However, there is little empirical research linking internal marketing and organizational identification.

Previous literature focused on the impact transfer from the managers’ OI to the employees’ OI. According to Wieseke, et al. (2009), the OI transfer process starts at the highest managerial level. The leader’s organizational identity has a direct influence on the followers’ organizational identity resulting in a cascading effect throughout the organization. Managerial employees are instrumental in the achievement of OI, since they synthesize information, frame the interpretation
of said information, and align corporate strategies to specific implementation contexts (Wieseke et al., 2009). While the managers’ OI is important, this study proposes that internal marketing initiatives, such as top management support, business processes, and cross-functional coordination, positively affect OI. Management uses internal marketing initiatives as a way to educate and empower employees. The latter will better understand the job objectives, which will increase their job meaningfulness and their sense of belonging. Hence the following hypothesis is formulated.

**H1**: Internal marketing positively influences organizational identification (OI).

A review of the management and marketing literature shows that organizational identification increases the employee’s drive to improve its productivity and customer orientation behavior (Anaza & Rutherford, 2012; Mael & Ashforth, 1992; Wieseke, Ulrich, Christ & Van Dick, 2007). A study conducted by Homburg, Wieseke & Bornemann, (2009) found that employee-firm identification is a predictor of employee-customer orientation.

**Customer Orientation.**

Customer orientation (CO) is defined as “an employee’s tendency or predisposition to meet customer needs in and on the job context” (Brown, Mowen, Donavan, & Licata, 2002, p.111). This construct includes basic customer service behaviors, such as willingness to assist customers, helping customers to assess their needs, offering services that will satisfy those needs, and avoiding manipulative tactics (Brown et al., 2002; Dimitriades, 2007; Donavan et al., 2004; Stock & Hoyer, 2005). Stock and Hoyer (2005) distinguish between customer oriented attitude and customer oriented behaviors. In this study, we use Stock and Hoyer (2005), definition of customer-oriented attitude as “the amount of a salesperson's affect for or against customers” (p.538).
Regardless of definition or measure, customer orientation positively influences important job attitudinal outcomes’ variables like organizational commitment and job satisfaction (Brown et al., 2002; Donavan et al., 2004; Zablah, Franke, Brown, & Bartholomew, 2012). Moreover, research has also shown that satisfied and committed employees are likely to perform helping behaviors, which are associated with customer-oriented personalities (Chen, 2007, Donavan et al., 2004; Farrell & Oczkowski, 2009). As a result, in the search for improving employee’s customer orientation, managers in the service sector will be more likely to hire employees with a customer oriented personality (Chen, 2007, Donavan et al., 2004; Farrell & Oczkowski, 2009). In this view, the following hypothesis is formulated.

_H2_: Organizational identification (OI) positively influences customer orientation (CO).

When looking for a customer oriented personality, the marketing literature places special attention to empathy. There is a general agreement that empathy is a key variable for understanding other people (Ndubisi, 2004).

Service Empathy

In this study, empathy is defined as the “capacity to obtain and reflect a reasonably complete an accurate sense of the customer’s thoughts and feelings” (Stock & Hoyer, 2005, p. 544). Research linking empathy to customer orientation has yielded inconsistent results (Aggarwal, Castleberry, Ridnour & Shepherd, 2005; Delpechitre, 2013; Homburg et al., 2009). According to Aggarwal et al. (2005), the inconsistencies in the results linking empathy to outcome variables might be an indicator that there is no such link, but rather that empathy might be better viewed as a mediating variable. On the other hand, Stock and Hoyer (2005) found that employees with high levels of empathy are expected to exhibit higher customer orientation in the absence of
internal marketing. Employees that have a higher capacity for empathy with the customer's needs and wants will be more predisposed to try to satisfy them. Our frame follows the latter study and, thus, we propose the following hypothesis:

\[ H3: \text{Service empathy (SE) positively influences customer orientation (CO)}. \]

Firms recognize the importance of having satisfied employees as a means to deliver high quality services (George, 1990; Piercy, 1998), and to this aim we proposed a link between internal marketing actions and promotion of employee’s job satisfaction.

Job Satisfaction

According to Curry, Wakefield, Price & Mueller (1986), job satisfaction (JS) may be defined in several ways, one of which is “the extent to which an employee expresses a positive affective orientation toward a job” (Curry et al., 1986, p. 848). Several studies found that the appropriate use of internal marketing initiatives results in positive employee’s attitudinal outcomes, such as job satisfaction (Barzoki & Ghujali, 2013; Ewing & Caruna, 2000; Tansuhaj, et al., 1991). Therefore the following hypothesis is formulated.

\[ H4: \text{Internal Marketing (IM) positively influences job satisfaction (JS)} \]

In addition to internal marketing initiatives, several studies state that customer orientation helps service employees satisfy the need to make a difference or help others because this is instrumental to the achievement of work goals (Bakker & Demerouti, 2007; Zablah et al., 2012). Under this assumption, customer orientation improves service employees’ fit with the demands imposed upon their jobs (Donavan et al., 2004). This improved fit not only increases job satisfaction, but also leads to greater employee commitment to the organization since the work is
more gratifying (Donavan et al., 2004; Farrell & Oczkowski, 2009; Xanthopoulou et. al., 2007; Zablah et al., 2012). Therefore, job satisfaction is also expected to be influenced by customer orientation. There is, however, a lack of consensus in this area, since Siguaw, Brown, & Widing (1994) found that customer orientation was not related to job satisfaction, while Rafiq and Ahmed (2000) propose an inverse relationship. Here, we decided to follow up on the conclusions of the former study by testing the hypothesis:

\[ H5: \text{Customer orientation (CO) positively influences job satisfaction (JS).} \]

Besides job satisfaction, another relevant attitudinal outcome is organizational commitment, a key element of competitive organizations.

Organizational Commitment

In this study, we use the Anderson and Weitz (1992) definition of organizational commitment as “a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship and a confidence in the stability of the relationship” (p. 19). The literature on organizational commitment (OC) relates this concept to several dimensions: affective attachment, perceived costs and obligations. From an affective attachment standpoint, the organizational commitment construct describes an “employee’s emotional attachment to, identification with, and involvement in the organization” (Nikbin, Saad & Ismail, 2010, p.21). As a result, employees who are strongly committed are least likely to leave the organization (Barzoki & Ghujali, 2013; Chen, 2007; Chen & Chiu, 2009; Nikbin et al., 2010; Yafang, 2008). The concept of perceived costs involves the tendency to engage in consistent lines of activity based on individual recognition of the cost associated with discontinuing the activity (Nikbin et al., 2010) while gains are associated with continuing participation when compared with the costs of leaving
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(Becker, 1960). Finally, obligation is defined as the belief about one's responsibility to the organization based on the internalization of a normative dimension that prompts employees to act in a way that meets organizational goals and interests, and suggests that individuals exhibit behaviors solely because they believe it is the right and moral thing to do (Barzoki & Ghujali, 2013; Chen, 2007; Nikbin et al., 2010; Wiener, 1982; Yafang, 2008).

Although some researchers have treated OI and OC as synonymous (Meyer, Becker & Van Dick, 2006), there is a growing consensus showing that, in spite of their commonalities, OI and OC are different constructs (Dávila & Jiménez-García, 2012; Meyer et al., 2006; van Knippenberg & Sleebos, 2006; Wieseke et al., 2007). OI is conceptualized as having an individualistic nature and representing a cognitive/perceptual construct related to membership or sense of belonging and individual attachment to the organization. Meanwhile, OC is more collective in nature and it shows an attitude towards the organization rooted in an affective attachment toward the organization (Dávila & Jiménez-García, 2012; Meyer et al., 2006; van Knippenberg & Sleebos, 2006; Wieseke et al., 2007). Consequently, OI and OC are empirically distinct, even though they are related (Chan, 2006; Riketta, 2005). Most studies believe that OI is an antecedent of OC (e.g., belonging to an organization precedes affective commitment), although others argue that the relationship might be reciprocal and even that in some circumstances it is possible to be committed to an organization without having a sense of belonging (Meyer et al., 2006). In order to find out which was proven correct in our case, we decided to test the following hypothesis:

\[ H_6: \text{Organizational identification (OI) positively influences organizational commitment (OC).} \]

Although there is agreement that organizational commitment has an effect on an organization’s performance, researchers are divided on the nature of the relationship between
organizational commitment and psychological variables, such as job engagement and job satisfaction (Donavan et al., 2004; Zablah et al., 2012). For instance, several researchers have found evidence of a positive and causal relationship between job satisfaction and organizational commitment (Barzoki & Ghujali, 2013; Brown & Peterson, 1993; Rutherford, Boles, Hamwi, Madupalli & Rutherford, 2009; Tett & Meyer, 1993, Zablah et al., 2012). On the other hand, studies focused on different dyad business relationships find evidence of a relationship in the opposite direction (Becker, 1992; Siguaw, Simpson & Baker, 1998). In this study, we expect job satisfaction to positively affect organizational commitment. Employees satisfied with the organization would be more willing to stay and work towards organizational success. We expect that an investment in internal marketing initiatives should result in satisfied employees who perceive the organization as committed to them and, in turn, will also become committed to it, thus creating a virtuous cycle, which would facilitate organizational goals. Given the previously discussed empirical research, the following hypothesis is presented.

**H7**: Job satisfaction (JS) positively influences organizational commitment (OC).

The present study integrates and further extends earlier work. Figure 1 shows a model for the relationships between internal marketing initiatives, service empathy, organizational identification, customer orientation, job satisfaction and organizational commitment. The framework shows how the use of elements of internal marketing initiatives directly relates to organizational identification and job satisfaction. It also suggests that service empathy and organizational identification directly relate to customer orientation, which impacts job satisfaction. Finally, organizational identification and job satisfaction directly relate to organizational commitment.
Figure 1. Conceptual Framework

RESEARCH METHOD

The conceptual framework was tested at the University of Puerto Rico, Río Piedras campus (UPRRP). The UPR is a U.S. state university with eleven campuses. As a public comprehensive doctoral institution, its academic offerings range from baccalaureate to doctoral degrees. The campus under study has over 15,000 students and 2,000 employees.

The set of customer-contact employees at the University was chosen as the sampling population. The study’s sampling frame is the set of managerial and non-managerial employees directly involved with student enrollment services at the institution, consisting of 342 individuals. Data was collected during the summer of 2012, via a questionnaire sent to all employees in the frame. The questionnaire was divided into two sections: five demographic questions, and 31 Likert scale questions related to the model variables: internal marketing (Ahmed et al., 2003), organizational identification, service empathy, customer orientation, job satisfaction and organizational commitment (Wieseke et al., 2009). The 5-point Likert scale ranged from strongly disagree (1) to strongly agree (5). The questionnaire questions were developed and validated in previous studies (Wieseke et al., 2009; Ahmed et al., 2003). They were written in English, hence
we translated them to Spanish, which is the primary language of the participants. A research protocol was developed to ensure the confidentiality and anonymity of participants before, during, and after the survey process.

Internal marketing is a reflective latent variable created from a combination of top management support (five items), business process (three items), and cross functional coordination (three items) presented in Ahmed et al. (2003). IM included questions related to areas where top management or the project manager had some degree of control: empowerment (Ahmed et al., 2003; Berry and Parasuman, 1991; Grönroos, 1985), process changes (Ahmed et al., 2003; Galpin, 1997), internal communication (Ahmed et al., 2003; Galpin, 1997; Gummesson, 1991), and training and development (Ahmed et al., 2003; Cahill, 1995; Galpin, 1997; Grönroos, 1985). The items of the other constructs came from Wieseke et al. (2009): organizational identification (six items; original items in Mael and Ashforth, 1992 used in Wieseke et al., 2009), service empathy (three items; original items in Barrett-Lennard, 1981 used in Wieseke et al., 2009), customer orientation (five items; original items in Thomas, Soutar and Ryan, 2001 used in Wieseke et al., 2009), organizational commitment (three items; original items in Allen and Meyer, 1990 used in Wieseke et al., 2009), and job satisfaction (three items; original items in Hackman and Oldham, 1975 used in Wieseke et al., 2009). The scale used, measurement statistics and source of the measurements were reported in Table 1.

The data analysis technique used in this study is Partial Least Squares (PLS), a variance-based structural equation modeling. PLS allows for confirmatory factor analysis, as well as hypotheses testing. The PLS software used is SmartPLS 2.0. M3. Hair, Sarstedt, Ringle and Mena (2012) analyzed the use of PLS in 30 top marketing journals over a 30-year period and found that its use has increased. Compared to covariance-based structural equation modeling, PLS allows for
the use of non-normal data, small sample sizes and formative measurements of latent variables (Hair, Hult, Ringle & Sarstedt, 2014; Hair et al., 2012). As an exploratory study, we used PLS due primarily for our research goal of explaining endogenous constructs in a small sample (less than 100 observations). Reinartz, Haenlein and Henseler (2009) achieved high levels of statistical power using PLS in sample sizes of less than a 100 observations. Descriptive statistics and regression analysis for collinearity assessment was performed using Minitab 16. Assessment of the $f^2$ and $q^2$ effect size were calculated in Excel 2013.

RESULTS

General

A total of 94 of 342 employees answered and returned the questionnaires, of which 92 were usable. The response rate was thus 27 percent. Two questionnaires were removed from the data since the amount of missing values exceeded 15 percent. Missing values in the remaining questionnaires were handled using casewise deletion. The questionnaires did not present any straight-lining (respondent’s selection of the same option for a set of items). In terms of the profile of the sample, forty-four (47.8%) are managerial, 45 (48.9%) non-managerial and three (3.3%) are considered both managerial and non-managerial. Respondents consist of 20 men (23.8%) and 64 women (76.2%). Most of the respondents are over 45 years old (67.5%). About 62% of the respondents have more than 15 years of work experience. Most have university degrees (32.6% doctoral, 27.2% master, and 33.7% bachelor).

We evaluated the data in multiple steps. The first step was to perform descriptive statistics including testing for normality. All the indicators were non-normal, which is allowed in PLS. Table 1 reports mean, standard error of the mean (SE mean) and the standard deviation (Std Dev) of each
item. The second step was to randomly divide the 92 observations sample into a 28 observations holdout sample (30% of total sample) to refine the measurement model and a 64 observations sample for hypotheses testing.

Evaluation of the Measurement Model

The third step was to evaluate the measurement model with the holdout sample. In reflective measurement models, we must test for indicator reliability, internal consistency, convergent validity and discriminant validity. We ran the PLS algorithm using case wise replacement missing value algorithm, path weighting scheme, maximum iterations of 300, an abort criterion of 1.0E-5 and initial weights of 1. Indicator reliability was examined through the evaluation of outer loadings. Multidimensional data with lower than a 0.50 factor loading were eliminated because they are not considered to be within the acceptable range (Hair, Black, Babin, & Anderson, 2010). Seven items were eliminated (BP1, CFC3, TMS1, TMS2, TMS4, OI6, and JS2). The final absolute standardized loadings, ranged from 0.5259 (SE2: service empathy question number two) to 0.9970 (SE3: service empathy question number three), are over the 0.5 acceptable level.

Internal consistency was examined via composite reliability (CR) which ranged from 0.7367 (JS) to 0.9311 (OC), all greater than the threshold of 0.7 but not over 0.95 (Hair et al., 2014). Convergent validity was examined using the average variance extracted (AVE). “An AVE less than 0.50 indicates, on average, more errors remain in the terms that the variance explain in the construct” (Hair et al., 2014, 103). AVE values ranged from 0.5278 (SE) to 0.8183 (OC), all above the 0.50 thresholds. Table 1 reports mean, standard error of the mean (SE mean), standard deviation (Std Dev) and loadings for each item, and composite reliability (CR), and AVE of each construct.
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**TABLE 1: INDICATORS’ DESCRIPTIVE STATISTICS AND MEASUREMENT MODEL.**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Mean</th>
<th>SE Mean</th>
<th>Std Dev</th>
<th>Loading $^1$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Marketing</td>
<td>BP1. The UPR-RP has competent staff employees to manage enrollment practices and process.</td>
<td>1.891</td>
<td>0.110</td>
<td>1.053</td>
<td>0.417$^2$</td>
</tr>
<tr>
<td></td>
<td>BP2. The UPR-RP provides staff employees with effective information technology tools for</td>
<td>2.793</td>
<td>0.120</td>
<td>1.153</td>
<td>0.847</td>
</tr>
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<td></td>
<td>enrollment management.</td>
<td></td>
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<tr>
<td></td>
<td>BP3. The UPR-RP communicates the enrollment rules and practices effectively to staff employees.</td>
<td>2.966</td>
<td>0.129</td>
<td>1.220</td>
<td>0.882</td>
</tr>
<tr>
<td></td>
<td>CFC1. The UPR-RP has an effective internal communication system for enrollment management.</td>
<td>3.180</td>
<td>0.123</td>
<td>1.163</td>
<td>0.874</td>
</tr>
<tr>
<td></td>
<td>CFC2. The UPR-RP enrollment management process provides effective inter-functional coordination</td>
<td>2.820</td>
<td>0.127</td>
<td>1.202</td>
<td>0.583</td>
</tr>
<tr>
<td></td>
<td>among administrative and academic units.</td>
<td></td>
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<tr>
<td></td>
<td>CFC3. The UPR-RP provides staff employees with continuous training and development for enrollment management.</td>
<td>3.593</td>
<td>0.131</td>
<td>1.247</td>
<td>0.262$^2$</td>
</tr>
<tr>
<td></td>
<td>TMS1. The UPR-RP empowers academic management for decision making in enrollment management.</td>
<td>2.811</td>
<td>0.138</td>
<td>1.306</td>
<td>0.394$^2$</td>
</tr>
<tr>
<td></td>
<td>TMS2. The UPR-RP appoints competent leadership for the development of an effective enrollment</td>
<td>2.600</td>
<td>0.129</td>
<td>1.225</td>
<td>0.480$^2$</td>
</tr>
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<td></td>
<td>management strategy.</td>
<td></td>
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<tr>
<td></td>
<td>TMS3. The UPR-RP makes effective strategic planning for enrollment management.</td>
<td>2.989</td>
<td>0.123</td>
<td>1.169</td>
<td>0.788</td>
</tr>
<tr>
<td></td>
<td>TMS4. The UPR-RP recognizes the performance of employees involved in enrollment management.</td>
<td>3.449</td>
<td>0.140</td>
<td>1.345</td>
<td>0.364$^2$</td>
</tr>
<tr>
<td></td>
<td>TMS5. The UPR-RP has the appropriate technological infrastructure for effective enrollment</td>
<td>3.703</td>
<td>0.126</td>
<td>1.206</td>
<td>0.667</td>
</tr>
<tr>
<td></td>
<td>management.</td>
<td></td>
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<tr>
<td>Organizational identification</td>
<td>OI1. When someone criticizes the UPR-RP, it feels like a personal insult.</td>
<td>1.989</td>
<td>0.123</td>
<td>1.166</td>
<td>0.729</td>
</tr>
<tr>
<td></td>
<td>OI2. I am very interested about what others think about the UPR-RP.</td>
<td>1.620</td>
<td>0.096</td>
<td>0.924</td>
<td>0.869</td>
</tr>
<tr>
<td></td>
<td>OI3. When I talk about the UPR-RP I usually say “we” rather than “they”.</td>
<td>1.543</td>
<td>0.096</td>
<td>0.919</td>
<td>0.808</td>
</tr>
<tr>
<td></td>
<td>OI4. The organizational successes are my successes.</td>
<td>1.391</td>
<td>0.074</td>
<td>0.710</td>
<td>0.849</td>
</tr>
<tr>
<td></td>
<td>OI5. When someone praises the organization, it feels like a personal compliment.</td>
<td>1.598</td>
<td>0.097</td>
<td>0.927</td>
<td>0.922</td>
</tr>
<tr>
<td></td>
<td>OI6. If a story in the media criticizes the UPR-RP, I feel embarrassed.</td>
<td>2.011</td>
<td>0.121</td>
<td>1.147</td>
<td>0.184$^2$</td>
</tr>
</tbody>
</table>

$^1$ CR = Construct Reliability (AVE > 0.50); AVE = Average Variance Extracted. $^2$ Variances < 0.50
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<thead>
<tr>
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<tbody>
<tr>
<td>Service Empathy</td>
<td>SE1. I always sense exactly what students want.</td>
<td>2.176</td>
<td>0.095</td>
<td>0.902</td>
<td>0.559</td>
</tr>
<tr>
<td></td>
<td>SE2. I realize what students mean even when they have difficulty expressing it.</td>
<td>2.033</td>
<td>0.960</td>
<td>0.912</td>
<td>0.526</td>
</tr>
<tr>
<td></td>
<td>SE3. It is easy for me to see things from the students’ perspective.</td>
<td>2.740</td>
<td>0.085</td>
<td>0.810</td>
<td>0.997</td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>CO1. I try to figure out what students’ needs are.</td>
<td>1.185</td>
<td>0.051</td>
<td>0.490</td>
<td>0.789</td>
</tr>
<tr>
<td></td>
<td>CO2. I have the students’ best interests in mind.</td>
<td>1.217</td>
<td>0.046</td>
<td>0.440</td>
<td>0.719</td>
</tr>
<tr>
<td></td>
<td>CO3. I take a problem-solving approach when offering services to students.</td>
<td>1.121</td>
<td>0.041</td>
<td>0.390</td>
<td>0.786</td>
</tr>
<tr>
<td></td>
<td>CO4. I recommend products or services that are better suited to solving problems.</td>
<td>1.141</td>
<td>0.043</td>
<td>0.408</td>
<td>0.826</td>
</tr>
<tr>
<td></td>
<td>CO5. I try to find out which kinds of services would be most helpful to students.</td>
<td>1.152</td>
<td>0.046</td>
<td>0.443</td>
<td>0.844</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>OC1. I would be very happy to spend the rest of my career at UPR-RP.</td>
<td>1.667</td>
<td>0.113</td>
<td>1.071</td>
<td>0.910</td>
</tr>
<tr>
<td></td>
<td>OC2. I feel emotionally attached to UPR-RP.</td>
<td>1.554</td>
<td>0.994</td>
<td>0.954</td>
<td>0.894</td>
</tr>
<tr>
<td></td>
<td>OC3. I feel strong sense of belonging to UPR-RP.</td>
<td>1.495</td>
<td>0.083</td>
<td>0.794</td>
<td>0.909</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>JS1. Generally speaking, I am very satisfied with my job at UPR-RP.</td>
<td>1.378</td>
<td>0.078</td>
<td>0.743</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td>JS2. I am generally satisfied with the kind of work I do in this job.</td>
<td>1.467</td>
<td>0.080</td>
<td>0.763</td>
<td>0.234²</td>
</tr>
<tr>
<td></td>
<td>JS3. I frequently think in quitting this job. (Reverse coding)</td>
<td>1.761</td>
<td>0.123</td>
<td>1.180</td>
<td>0.543</td>
</tr>
</tbody>
</table>

¹PLS-based confirmatory factor after the elimination of two items. All significant at p<0.05 / ²Item eliminated due to lower than 0.50 loading.
The final stage in measurement model evaluation is discriminant validity. In this study, we use the Fornell-Larcker criterion. As shown in Table 2, the measurement model has satisfactory discriminant validity, since all square roots of the AVE were higher than the highest correlation with any other construct in the model (Hair et al., 2014). In short, the reflective model constructs are appropriate for PLS analysis.

### Table 2: Correlations and Discriminant Validity

<table>
<thead>
<tr>
<th>Item</th>
<th>IM</th>
<th>SE</th>
<th>OI</th>
<th>CO</th>
<th>JS</th>
<th>OC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Marketing</td>
<td>0.7816</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Empathy</td>
<td>-0.0701</td>
<td>0.7265</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational</td>
<td>0.3552</td>
<td>0.0142</td>
<td>0.8378</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>-0.1529</td>
<td>0.3421</td>
<td>0.1806</td>
<td>0.7937</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.1152</td>
<td>0.3151</td>
<td>0.5967</td>
<td>0.0116</td>
<td>0.7750</td>
<td></td>
</tr>
<tr>
<td>Organizational</td>
<td>0.1512</td>
<td>0.4088</td>
<td>0.5406</td>
<td>0.1919</td>
<td>0.7424</td>
<td>0.9045</td>
</tr>
<tr>
<td>Commitment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Square root of AVE in bold

Evaluation of the Structural Model

When evaluating the model, the next step was to assess the structural model results for collinearity, significance of the path coefficient, and predictive relevance of the path model. The regression analysis of each set of constructs resulted in variance inflator factors between 0.20 and 5. Therefore, collinearity among the predictor constructs is not an issue. Finally, we examine the significance of the path coefficient estimates on the seven paths in the model following the bootstrap techniques resampling suggestion of Hair et al. (2014). Table 3 shows the path correlation, standard deviation, T-Statistics and the significance levels of each hypotheses. Based on the PLS model analysis, all hypotheses are supported at a significance level of 0.10 or less.
### Table 1: Hypotheses’ Path Coefficients, Standard Deviations, and T-Statistics

| Hypothesis | Path Coefficient | Standard Deviation (STDEV) | T-Statistics (|O/STERR|) | Significance Levels | Supported alternative hypothesis |
|------------|------------------|-----------------------------|-----------------------------|---------------------|-------------------------------|
| H1. IM → OI | 0.2210           | 0.1013                      | 2.1822                      | p<0.05              | Yes                           |
| H2. OI → CO | 0.2200           | 0.1093                      | 2.0134                      | p<0.05              | Yes                           |
| H3. SE → CO | 0.3704           | 0.1021                      | 3.6273                      | p<0.01              | Yes                           |
| H4. IM → JS | 0.4032           | 0.0984                      | 4.0992                      | p<0.01              | Yes                           |
| H5. CO → JS | 0.3085           | 0.1223                      | 2.5216                      | p<0.05              | Yes                           |
| H6. OI → OC | 0.4846           | 0.0862                      | 5.6231                      | p<0.01              | Yes                           |
| H7. JS → OC | 0.2956           | 0.1253                      | 2.3595                      | p<0.05              | Yes                           |

$R^2$ and $f^2$ were computed. $R^2$ is to determine the effect of the aggregated exogenous constructs in the endogenous construct and the latter to assess the contribution of individual exogenous construct contribution on an endogenous construct $R^2$. Chin (1998) describes $R^2$ values of 0.67, 0.33, and 0.19 in PLS path model structures as substantial, moderate, and weak, respectively. A very weak effect ($R^2 = 0.0489$) variance in organizational identification is explained by internal marketing initiatives. On the other hand, service empathy and organizational identification explains 24.91% ($R^2$) percent of customer orientation variance, which is considered weak to moderate, of which service empathy represents medium effect of 15.3% ($f^2$) and organizational identification represents a weak effect of 4.9% ($f^2$). A 31.17% ($R^2$) of job satisfaction variance is explained by internal marketing initiatives ($f^2 = 0.184$, moderate effect) and customer orientation ($f^2 = 0.112$, moderate effect). Finally, organizational identification and job satisfaction explains 36.4% ($R^2$) of organizational commitment variance, which is considered moderate. Job satisfaction represents a medium effect of 13.35% ($f^2$) while organizational identification represents a strong effect of 31.5% ($f^2$). Figure 2 shows the path coefficients of the relationship in the model and the endogenous constructs’ $R^2$ values. Even though the relationships
among the modeled constructs are statistically significant, the current exogenous constructs contribution to the endogenous constructs are not substantial.

**FIGURE 2: PATH COEFFICIENTS AND R-SQUARED RESULTS**

![Path Coefficients Diagram](image)

*: p<0.01; **: p<0.05

The model’s predictive relevance regarding the endogenous latent variables was tested using the SmartPLS 2.0 M.3 blindfolding procedure. The $Q^2$ values of all endogenous variables were above zero, thus supporting the model’s predictive relevance. The $q^2$ was computed to determine the relative measurement of predictive relevance of an individual exogenous construct on an endogenous construct. The $q^2$ effects ranged from weak (OI→CO = 0.029, SE→CO = 0.067, CO→JS = 0.062, JS→OC = 0.090), to medium (IM→JS = 0.124, OI→CO = 0.246), and large (IM→OI = 0.304).

**DISCUSSION**

The study confirmed the positive impact of internal marketing initiatives on customer-contact employees’ organizational identification (H1). Although the variance in organizational identification is weakly explained by internal marketing initiatives (4.89%), it is a factor to be taken into consideration since the predictive relevance if medium to large ($Q^2 = 0.2330$). These
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Results increase the literature linking IM and OI. While previous studies focused on the impact transfer between managers’ OI to employees’ OI (Wieseke et al., 2009), this one focused on combined internal marketing initiatives, such as top management support, business process and cross-functional coordination.

Also supported were the relationships between organizational identification and customer orientation (H2) and between service empathy and customer orientation (H3), which is consistent with previous research. On the other hand, although the relationship was statistically significant, it was the weakest in the model. Thus, more research ought to be done in other research context. As for H3, service empathy had a medium effect on customer orientation ($f^2 = 0.153$). This outcome corroborated the conclusions of Stock and Hoyer (2005) and Homburg et al. (2009), which found that the more service empathy the employee had, the higher customer orientation, even without internal marketing.

Both hypotheses related to job satisfaction were supported (H4 and H5). The empirical results shown here confirm the studies of Tansuhaj et al. (1991), and Barzoki and Gujali (2013), which found significant positive relationships between internal marketing and job satisfaction. Public sector higher education institutions should institutionalize internal marketing efforts in their human resource management programs. Evaluation of strategies should consider the effect of top management support, process decisions and communication on the attitude of the internal customers (employees). While previous studies in IM strategies showed a positive relationship with job satisfaction, customer orientation has conflicting results (Siguaw et al., 1994; Rafiq & Ahmed, 2000). Our results found a significant positive effect by customer orientation on job satisfaction. Customer-contact employees working in student enrollment functions that are more
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Employees predisposed to meet customer needs may be more satisfied due to their type of work. This conclusion is in line with Rafiq and Ahmed’s (2000) proposed relationship model.

Finally, the hypotheses related to organizational commitment were supported (H6 and H7). Employees are more willing to spend the rest of their career in the organization for which they have a strong feeling of belonging (organization identification). In the framework, organizational identification represented the strongest effect to organizational commitment ($f^2 = 0.315$), as in Riketta (2005) meta-analysis of OI. In regard to the relationship between job satisfaction and organizational commitment, it confirms previous research (Barzoki & Ghujali, 2013; Brown & Peterson, 1993; Rutherford et al., 2009; Tett & Meyer, 1993, Zablah et al., 2012), which indicates that the more satisfied the employees are, the more committed they will be towards the organization.

Theoretical Contributions

This research makes several contributions to the existing literature in internal marketing and service empathy. It expands our understanding of the role of internal marketing initiatives in employees’ organizational identification. Instead of focusing on the manager-to-employee organizational identification transfer, we explore internal marketing initiatives. Based on the results of the literature review, this study also evaluates the relationship between organizational identification and consumer orientation. The study contributes to the discussion on conflicting literature related to the service empathy – consumer orientation relationship, and the consumer orientation – job satisfaction relationship. Finally, we contribute to the emerging research on internal marketing in public sector, especially to public higher education institutions.
Managerial Implications

From a managerial point of view, the findings offer some promise for top managers in public higher education institutions. Organizational identification can be encouraged through internal marketing initiatives, such as well-established internal communication procedures. Academic management should be familiar with the strategies and procedures that higher education institutions need to manage efficiently and effectively a complex organization. This includes attracting and retaining customer-contact employees with service empathy and sense of belonging in the organization.

Some of the major challenges confronted by top management in higher education institutions are building the service culture needed to respond to the expectations of internal and external customers (and stakeholders), as well as implementing and maintaining an internal marketing orientation. Finally, managers in public higher education institutions should include service empathy in the job description of customer-contact employees. In the case of current employees, management should validate and reward service empathy and customer orientation behavior. As part of the employees’ professional development program, employers should include training that reinforces and increases their employees’ service empathy.

Suggestions for Future Research

The study raises a number of issues for future research. Future studies should analyze other exogenous construct to better explain the endogenous constructs. In the current study, we chose to focus on customer-contact employees working in student enrollment functions at one campus. Nonetheless, prospect research should seek to expand to other populations in the venues with the same or different customer-contact environments. In a study of Puerto Rican Credit Unions, a high
customer-contact service environment, Vargas-Arenas, Córdova-Claudio and Lebrón (2013) found a positive relationship between customer satisfaction and revenue growth. Therefore, another expansion could include the inclusion of other antecedents or outcomes of the studied construct, such as customer satisfaction and organizational performance. Furthermore, future studies could attempt to generalize the model by comparing samples from profit and nonprofit organizations that actively use internal marketing initiatives with samples from profit and nonprofit organizations that do not use internal marketing initiatives.

CONCLUSION

The combination of internal marketing initiatives and service empathy in customer-contact employees have a positive impact on the latter job attitudinal outcomes. First, investments in internal marketing initiatives are shown to increase organizational commitment and job satisfaction. The internal marketing initiatives that managers should use for effective strategic planning are the following: recognize the employee’s performance, facilitate an appropriate technology infrastructure, provide employees with effective information technology tools, communicate effectively the organization’s rules and practices, and provide effective internal communication systems. Second, we show the importance of hiring customer-contact employees that have service empathy, since this increases focus on customer orientation. Third, we show that customer-contact employee job satisfaction is due to a combination of factors, such as internal marketing initiatives and customer orientation. Finally, by promoting job satisfaction and organizational identification, management promotes employee organizational commitment.
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REFERENCES


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