The Study of the Effect of Internal Marketing on Sales Staff Performance with an Emphasis on the Role of Organizational Commitment

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Abstract

This study aimed to achieve the improvement of sales based on the effect of internal marketing on Sales staff performance with an emphasis on the role of organizational commitment in Pama Shoes Company. The statistical population of this study included all the staff working in Pama Shoes Company. According to Krejcie and Morgan table, the sample size was determined as 217 subjects and simple random sampling was used. The research method was descriptive-correlational and data collection was done by questionnaire. A questionnaire designed by Moni and Forman (1995) was used to measure internal marketing. Allen and Meyer standard questionnaire (2000) was used to measure organizational commitment and Hamburg (2011) questionnaire with Likert scale was also used to measure Sales staff performance. The validity of research tool was confirmed by using the opinions of experts and the reliability of internal marketing questionnaire was confirmed as 0.890, Sales staff performance as 0.877 and organizational commitment as 0.834 by using Cronbach alpha. Data were analyzed by structural equations model. The results of this study show that the dimensions of internal marketing (rewarding, development of staff, and Organizational Vision) have a positive and significant effect on Sales staff performance. In addition, organizational commitment has a favorable moderating role in the effectiveness of internal marketing on Sales staff performance.

Keywords: internal marketing, Sales staff performance, organizational commitment, Pama Shoes Company

1. Introduction

Dynamism in business environment that was created due to the factors like economic growth or decline, increase and severity of competition, globalization, mergers, combinations and technical innovations, has challenged the ability of top managers to understand and respond the changes on time. The inability to understand and respond quickly will lead to the decline of companies (Harris & Agbana, 2000). On the other hand, the ability of company to use marketing policies depends on the conditions of sales force. Especially in service sector, the intangible nature of product introduces staff as an important parameter in the process of creating value in service organizations. Also, the increased importance of service sector has created increasing changes in competition and responding the needs of customers. Entanglement and increase of forces and determining factors in the market, the presence of different powerful competitors, the constant and non-stop changes of customers’ tastes and their increased expectations have made service companies to face deep risks and challenges (Avad & Agti, 2011). On the other hand, the role of loyal and committed staff to make customers loyal is of great importance. Marketing, whether as a culture or a behavior, cannot emerge without organizational commitment and not only top managers but also the emphasis within organizations should have this commitment. Thus, the success of service organizations in line with marketing activities requires the guarantee of staff” commitment (Amir Kabiri, 2011). One of the ways to achieve such commitment is to implement internal marketing programs by considering the motivational role, development and increase of internal perception in staff (Lee & Chen, 2006). Thus, according to the principles and approach of internal marketing and the way to operate it in organizations, the effect of internal marketing on performance is due to the direct effect of organizational commitment. Thus, according to the increasing importance of sales sector in economic vision, the importance of commitment in sales force in the process of effective service supply has been discussed more (Geronsen, 2008).
However, one of the important consequences of internal marketing is the increase of organizational commitment in staff. Also, internal marketing activities have increased job satisfaction in staff and thus the members of work teams will have more positive role in doing the organizational tasks. It shows that marketing for sales staff is as important as marketing for customers (Ardenim et al., 2006).

Although, the footwear industry has a large history in the world, unfortunately the areas of marketing and policy-making have not been regarded so much in our country. However, paying attention to the factors affecting the Sales staff performance with the aim of identifying some methods to strengthen it have been always considered by sales studies. Since the basic physiological needs were examined and performance was at the level of sales force and sales collective self-efficiency and competitive atmosphere were raised in sales sector (Amiri & Nasiri, 2008), in this regard, one of the initial problems of the footwear industry is the lack of a marketing program based on the development of organizational commitment. Since the market’s activities are important for the internal sales performance of the footwear industry, this important industry has faced the design and implementation challenges of sales strategies for the internal market in recent years. These factors are considered as an insecure environment in targeted markets (Saleshi Sedqiani et al., 2014). On the other hand, in most organizations, the importance role of sales force in providing appropriate services and customer satisfaction is ignored and organizations consider staff as a sumptuary asset that are obliged to comply with rules and regulations. Thus, with such a look at staff, organizations will fail in today’s competitive world, because the source of sustainable competitive advantage in organizations is their human capital in the present era (Manula et al., 2012).

With the study of the performance of shoes companies, the volatile and controversial process of performance development of sales force during the past ten years can be observed. This is while experts consider the potential of current companies in this industry more than this in terms of performance. Accordingly, due to the value added of the shoes industry, internal marketing, performance of staff and their organizational commitment in the footwear industry should be highly considered in planning and policy-making. However, this industry with abundant advantages during the recent years has found a special importance and allocated a lot of growth to itself. Thus, there is an economic justification for most activities of this industry. However, judgment about the role of internal marketing, organizational commitment and sales performance in the improvement of Pama Shoes Company needs many experimental and theoretical studies and there are still a few studies in this regard. It has been attempted to study the role of each dimension of internal marketing on sales performance of Pama Shoes Company in order to provide solutions for the development of this relation and highlight the role of organizational commitment in the above company. In this study, this question will be answered: Whether the variables of internal marketing and organizational commitment will improve the sales performance of Pama shoes company or not?

2. Background of Theoretical Study

2.1 Internal Marketing

Internal marketing focuses on the appropriate internal relationship between people in all levels in organizations, thus a service-oriented approach is created among staff in contact with customers. Internal marketing acts as a comprehensive managerial process that integrates the multiple tasks of organizations in two ways. Firstly, it makes all staff in all levels of organization to understand and experience different businesses, activities and processes within an environment. Secondly, it makes all staff to be ready and motivated and work in a service-oriented way. Dennis (1995) considers internal marketing as a kind of strategic management philosophy that attracts, develops, motivates and keeps important staff by providing a high quality work environment and supplying their needs. Internal marketing is a managerial technology to solve the problems related to the efficiency of internal services, market orientation, successful implementation of appropriate programs and customer orientation. (Lee & Chen, 2006)

Katler and Armstrong (2008) defined internal marketing as an inseparable part of market orientation which needs using marketing techniques within an organization in order to create and relate company’s values. One of the most comprehensive definitions of internal marketing was provided by Refigh and Ahmad. They introduced internal marketing in order to cope with organizational resistances against shifts and equipoise, motivation, coordination and integration of staff for the effective implementation of organizational and task strategies and creation of customer satisfaction through motivated and customer-oriented staff.

Geronson (1998) considered internal marketing as the important part of market orientation. Katler and Armstrong stated that internal marketing should overtake external marketing. Thus, internal marketing is critical for organizations in order to create value for customers, whether external or internal (Katler & Armstrong, 2005).
One of the most important and common models in the field of internal marketing is Forman and Moni model (1995) and Ahmad and Refigh model (2000). Forman and Moni (1995) presented their measurement criteria in the mid 1990s. They believe that organizations can be successful in attraction, selection and preservation of efficient staff only if they are both marketer and market. These researchers provided a questionnaire to measure 3 dimensions of internal marketing including staff development, rewarding the staff and perception and internalization of future vision of organizations to staff. Since Forman and Moni model is one of the most common models in the field of internal marketing, Ahmad and Refigh (2000) presented a functional model with a focus on internal marketing in order to perform marketing strategies. These researchers examined the elements of internal marketing or the effect of these elements and tools on the performance of organizations by expressing a set of controllable tools inside the organization that is effectively used in affecting and motivating staff and also fostering a workforce with customer-oriented spirit.

2.2 Sales Performance
Sales performance has been defined as the evaluation of behavior and activities of an employee in line with organizational goals. Sales staff performance means the evaluation of sales force to help organizations achieve organizational goals. In some studies, Sales staff performance was divided and in some others, it was discussed in general. One of the most referred studies in this field was done by Bherman and Prolot that is studied by many researchers (Mehjr Afrouz, 2013).

Sales staff performance has two dimensions in terms of concept. The first dimension is the made behaviors by sales force and the second dimension shows the results of the efforts of sales force. Thus, Sales staff performance can be divided into two dimensions: behavioral performance and result performance (Martin et al., 2010). Behavioral performance refers to the activities and strategies of sales force in occupational (job) missions and responsibilities. In the evaluation of behavioral performance, the focus is on how to perform the activities of sales force. Occupational (job) activities include Adaptive sales, group (team) work, sales presentation, sales planning and sales support. Result performance includes the contribution of sales force in organizational goals. The result performance of sales force is considered as a result of sales efforts and abilities to attract new customers. The result dimension of Sales staff performance is made according to Attributable results like traditional sales, share of market, new customers and other obtained results (Katler & Armstrong, 2008).

2.3 Organizational Commitment
Organizational commitment has been widely used by different researchers and various definitions were provided for it. Mudi et al. (1979) believed that organizational commitment is the power and identity of a person in relation to his/her organization. Another definition stated that organizational commitment is the attachment felt by a person to his/her organization. A common subject in definitions of organizational commitment is the attachment or bond between organization and staff. In general, researchers have identified 3 types of commitment that lead to general organizational commitment: emotional commitment, normative commitment, and continuous commitment (Meyer & Allen, 1991). Organizational commitment has different dimensions that were provided by experts and were developed during different studies. In primary studies, commitment has two dimensions of behavioral and attitude. The first approach in commitment considers it as an emotional or attitude fact and emotional organizational commitment can be placed in this approach. The second approach believes that commitment is a behavioral issue. In this approach, people will have a strong commitment to organizations in certain conditions and thus continuous and normative commitments can be placed in this approach. Thus, these two approaches or in other words the dimensions and elements of organizational commitment are not placed in front of each other but complete each other. Thus, the appropriate identification of organizational commitment process needs the simultaneous study of attitude commitment and behavioral commitment (Karona, 1998).

3. Background of Experimental Study
Sedqiani (2014) in a study entitled “the effect of internal marketing on organizational commitment” showed that normative and emotional commitments have an important role in the supply of competitive advantage in organizations and has a positive effect on creativity and development of staff.

Ashtiani et al. (2013) in a study examined the role of internal marketing in perceived quality by bank customers. By accepting all the hypotheses of this study, it can be concluded that internal marketing affects perceived quality by customers indirectly.

Zarei (2010) in a study entitled “the effect of internal marketing and organizational citizenship behaviors on the quality of internal services” concluded that internal marketing has a positive effect on service quality and organizational citizenship behavior and also organizational citizenship behavior has a positive effect on service
quality. The effect of internal marketing on service quality will be the same in the presence or absence of organizational citizenship behaviors.

Tabatabaie (2005) in a study entitled “internal marketing and quality of services relations” concluded that the measures of internal marketing improves the quality of services according to a conceptual model (path analysis)

Martin and Beli (2015) in a study examined the effect of management commitment and internal marketing on the attitude of staff. The results showed that management commitment to internal marketing and effective relations have a positive effect on the attitude of staff.

Radola (2011) in the study of the effect of internal marketing on service performance concluded that all internal marketing has a positive and significant effect on employee satisfaction and internal customer-orientation.

Krozoplus (2007) in a study entitled “the effect of internal marketing on staff” attitude” concluded that all components of marketing model are independently important in staff” motivation. In relation to relative importance, three factors of market orientation, creation of value and business performance are equally important in the development of motivation. According to the theoretical principles, the main research hypothesis was developed as follows:

Main hypothesis: Internal marketing has a positive effect on Sales staff performance.

Secondary (sub) hypotheses were discussed as follows:

First sub hypothesis: rewarding has a positive effect on Sales staff performance.

Second sub hypothesis: organizational vision has a positive effect on Sales staff performance.

Mediation hypothesis: Internal marketing has a positive effect on Sales staff performance through organizational commitment.

4. Research Conceptual Model

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Figure 1. Research conceptual model
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5. Research Methodology

This study is applied in terms of purpose and is descriptive-correlational in terms of data collection method. The statistical population of this study included 550 staff of Pama Shoes Company. Thus, the sample size was selected as 2210 staff from the limited population by using the sampling formula, but 250 questionnaires were distributed to increase generalizability. Then, 230 questionnaires were selected and among them 217 questionnaires were diagnosed as appropriate for analysis. The used sampling method was simple random sampling because the results of this study are not related to the organizational position or academic degree of staff. The research questionnaire includes 3 parts. In the first part, the items of internal marketing, in the second part the items of organizational; commitment and in the third part Sales staff performance was measured through Likert 5-point scale (1=totally disagree, 2= disagree, 3=no idea, 4= agree, 5= totally agree). To measure organizational justice, organizational commitment and Sales staff performance, respectively Moni and Forman questionnaire (1995), Allen and Meyer questionnaire (2000) and Sales staff performance based on Hamburg
study (2011) was used.

To test the research hypothesis, first the reliability and validity of questionnaires were studied through Cronbach alpha coefficient. This coefficient was obtained more than 0.7 for all variables of research conceptual model. The obtained amount shows the validity and internal consistency of research structures. (Table 1)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of questions</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal marketing</td>
<td>15</td>
<td>0.890</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>12</td>
<td>0.834</td>
</tr>
<tr>
<td>Sales staff performance</td>
<td>10</td>
<td>0.877</td>
</tr>
</tbody>
</table>

The study of research hypotheses: To study hypotheses, first the distribution of research data is studied. For decision-making about the parametric or non-parametric tests, the normality of data was studied through Kolmogrov-Smirnov test. The results of Kolmogrov-Smirnov test were shown in Table 2.

H0 = the distribution of population is normal
H1= the distribution of population is not normal

According to the test results, the null hypothesis about the normality of data is confirmed.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Significance level</th>
<th>The probability of error ($\alpha$)</th>
<th>Kolmogorov statistics</th>
<th>test results</th>
</tr>
</thead>
<tbody>
<tr>
<td>rewarding</td>
<td>0.12</td>
<td>0.05</td>
<td>1.600</td>
<td>normal distribution</td>
</tr>
<tr>
<td>Staff development</td>
<td>0.085</td>
<td>0.05</td>
<td>1.912</td>
<td>normal distribution</td>
</tr>
<tr>
<td>Organizational Vision</td>
<td>0.08</td>
<td>0.05</td>
<td>1.643</td>
<td>normal distribution</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>0.062</td>
<td>0.05</td>
<td>1.180</td>
<td>normal distribution</td>
</tr>
<tr>
<td>Sales staff performance</td>
<td>0.15</td>
<td>0.05</td>
<td>1.732</td>
<td>normal distribution</td>
</tr>
</tbody>
</table>

6. Research Findings

For the analysis of hypotheses, a structural equation modeling technique and LISREL software version 8/5 were used through path analysis for main and secondary hypotheses. Table 3 explains the full titles of variables included in the research model:

<table>
<thead>
<tr>
<th>abbreviations</th>
<th>Parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal marketing (I.M)</td>
<td>Internal marketing</td>
</tr>
<tr>
<td>Rewarding</td>
<td>Rewarding</td>
</tr>
<tr>
<td>Staff Development (S.T)</td>
<td>Staff Development</td>
</tr>
<tr>
<td>Organization vision (O.V)</td>
<td>Organization vision</td>
</tr>
<tr>
<td>Organization commitment (O.C)</td>
<td>Organization commitment</td>
</tr>
<tr>
<td>Sales staff performance (S.S.P)</td>
<td>Sales staff performance</td>
</tr>
</tbody>
</table>
6.1 Testing the Main Hypothesis

Figure 2 shows the structural model of the research main hypothesis in standard estimate mode. Figure 3 also shows the structural model of the main hypothesis in significant coefficient mode.

![Figure 2](image1.png)

Figure 2. Structural model of the main hypothesis in standard estimate mode

![Figure 3](image2.png)

Figure 3. Structural model of the main hypothesis in significant coefficients mode

Figure 3 shows the significant relations between variables. If the value of t-statistics is between 1/96 to -1/96, the amount of explained variance will be considered insignificant. According to the output of figure 3, all coefficients bigger than 1/96 are statistically acceptable.

Table 4 shows the results of causal analysis of structural equations model to test the research main hypothesis. The model results confirm the causal effect of internal marketing on Sales staff performance.

<table>
<thead>
<tr>
<th>Table 4. The test results of the research main hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>hypothesis</td>
</tr>
<tr>
<td>The relationship between organizational justice and social capital</td>
</tr>
</tbody>
</table>
6.2 Testing the Secondary Hypotheses

Figure 4 shows the structural model of the research secondary hypotheses at standard estimate mode. Figure 5 shows the structural model of secondary hypotheses at significant coefficient model.

![Figure 4](image4.png)

Figure 4. Structural model of the secondary hypothesis in standard estimate mode

![Figure 5](image5.png)

Figure 5. Structural model of the secondary hypothesis in significant coefficients mode

According to the output of Figure 5, all coefficients with a value more than 1/96 are statistically acceptable. Table 5 shows the results of causal analysis of the structural equations model for testing the research secondary hypotheses. The model results confirm the causal effect of the dimensions of internal marketing (rewarding, development of staff and organizational Vision) on Sales staff performance.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Standard estimate</th>
<th>T quantity</th>
<th>Test results</th>
</tr>
</thead>
<tbody>
<tr>
<td>confirmed</td>
<td>3/42</td>
<td>0/47</td>
<td>The effect of rewarding on Sales staff performance</td>
</tr>
<tr>
<td>confirmed</td>
<td>4/47</td>
<td>0/55</td>
<td>The effect of staff development on Sales staff performance</td>
</tr>
<tr>
<td>confirmed</td>
<td>2/38</td>
<td>0/84</td>
<td>The effect of Organizational Vision on Sales staff performance</td>
</tr>
</tbody>
</table>

Table 5. The results of testing the research secondary hypotheses
Table 6 shows the Goodness of Fit Indices that indicates the appropriate Fit of the model.

Table 6. The Goodness of Fit Indices of the research model

<table>
<thead>
<tr>
<th>Fit Indices</th>
<th>Model value</th>
<th>Optimum value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$/df</td>
<td>2/16</td>
<td>&lt;3/00</td>
<td>Good Fit</td>
</tr>
<tr>
<td>GFI</td>
<td>0/95</td>
<td>&gt; 0/90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>0/91</td>
<td>&gt; 0/90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMR</td>
<td>0/011</td>
<td>&lt;0/05</td>
<td>Good Fit</td>
</tr>
<tr>
<td>NFI</td>
<td>0/91</td>
<td>&gt; 0/90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>IFI</td>
<td>0/95</td>
<td>&gt; 0/90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>0/95</td>
<td>&gt; 0/90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0/074</td>
<td>&gt; 0/08</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

6.3 Testing the Mediation Hypothesis

Table 7 shows the result of mediation hypothesis based on multivariate regression.

Table 7. Mediation hypothesis

<table>
<thead>
<tr>
<th>hypothesis</th>
<th>The standard beta</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>The effect of internal marketing on Sales staff performance</td>
<td>0.76</td>
<td>$\beta_2$</td>
</tr>
<tr>
<td>The role of organizational commitment in relation to internal marketing and Sales staff performance</td>
<td>Direct effect: 0.66, Indirect effect: 0.58, Total effect: 1.20</td>
<td>Organizational commitment and internal marketing: 0.76</td>
</tr>
</tbody>
</table>

According to Table 7, since the total Beta value was obtained more than 0.3 in all variables, the mediation hypothesis was confirmed. Thus, it can be concluded that:

The fifth hypothesis indicates that organizational commitment has a moderating effect on the relationship between internal marketing and Sales staff performance. Since the amount of the total effect obtained for this relation is bigger than 0.6, this correlation is much desired (favorite) and thus the hypothesis is confirmed.

7. Conclusion and Suggestions

In the first hypothesis, the effect of the dimensions of internal marketing on Sales staff performance was confirmed. Thus, the managers of Pama shoes company are suggested to perform internal marketing activities, improve staff’ competencies and also provide a context to use the abilities of staff and increase the quality of services provided by them.

In the first hypothesis, the effect of rewarding to staff on Sales staff performance was confirmed. The managers of Pama Shoes Company are suggested to have a good relationship with staff in the field of their important role in providing service to customer. In this regard, they can establish relationships with customers and provide them with appropriate services by targeting reward and increasing the amount of reward to staff. Also, this issue affects the perception of staff in terms of ability to provide effective services. Also, the managers are suggested to create a competitive atmosphere and support creative ideas through spiritual and material rewards in order to provide a context to develop the potential capacities of staff to provide service to staff.
In the second hypothesis, the effect of staff development on Sales staff performance was confirmed. Thus, the managers of Pama shoes company are suggested to consider the development of knowledge and staff’s skills as an investment and create competitive atmosphere, hold training courses and provide appropriate contexts for the intellectual development of staff. Thus, the development of staff affects the ability of staff in providing appropriate services and staff sees the necessary skill and ability in themselves to provide appropriate services. Finally, it provides high quality services by staff to internal and external customers.

In the third hypothesis, the effect of perception and internalization of organization’s vision on Sales staff performance was confirmed. Thus, the managers of Pama Shoes Company are suggested to provide an understandable vision to staff and attach the perception of staff to achieve the goals of organization. The managers are also suggested to delegate authority and make the staff to participate in decision-making and empower them in the company. Thus, in this regard the vision makes the staff to consider service quality as a personal and organizational functional target and try to improve it.

In mediation hypothesis, the role of organizational commitment in the effect of internal marketing’s dimensions on Sales staff performance was confirmed. Thus, in this regard the managers of Pama shoes company are suggested to take a basic and fundamental step through the enrichment of staff’s jobs and on-time supply of their material and spiritual needs in order to increase staff’s attachment to organization. The managers are also suggested to provide a context to increase positive attitude among staff and increase attachment to company so that the staff could achieve their goal that is the increase of organizational commitment. This fact will increase customer satisfaction with provided services and will lead to sustainable competitive advantage in line with internal marketing.

Finally, in line with this hypothesis, the managers are suggested to provide a context to increase the organizational commitment of staff by providing a context for criticisms and suggestions and paying attention to the rewards of organizations to staff. Also, according to the results obtained from the company, the managers can make staff to participate in planning job (working)processes and giving an appropriate feedback to staff in order to increase staff’s attachment to the company.

8. Research Limitations

This study has had some limitations like other studies. A part of the limitations of this study originates from the statistical population such as the carelessness of samples in responding the questions and confinement of the study to a particular company. Another part of limitations comes from scientific limitations which include the theoretical concepts of the study, low number of studies that examined these variables, abstract concepts and questions in questionnaires and limited data collection tool.

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