

# **Internal Marketing, Job Satisfaction and Service Quality: A Study of Higher Education Institutions of Pakistan**

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## **Abstract**

*This paper explores the element of internal marketing that impact job satisfaction and service quality of faculty members employed in public and private universities in Pakistan. Our sample consists of 372 faculty members. The results provide evidence that all of internal marketing elements (empowerment, recognition, employee motivation & market orientation) have significant effect on job satisfaction. Empowerment and motivation have significant effect on service quality, while market orientation and recognition have no significant effect on service quality. On the other hand job satisfaction has strong effect on service quality indicating the importance of this relationship. This study is a pioneering effort to explore the role of internal marketing in an emerging economy. The results could guide managers of universities in enhancing job satisfaction and service quality, leading to improved employee performance and student satisfaction.*

**Keywords:** Service quality, Job satisfaction, Higher education.

## **Introduction**

The progress and development of a nation depend largely on its level of higher education. A number of studies have revealed that nations that focus on higher education achieve higher levels of GDP.<sup>1</sup> In developing countries like Pakistan; higher education is an extremely important factor in the economic and social development of the country. Pakistan accomplished a lot in the field of technology in just two years. From 2000 to 2002 it became the first country to have its own education satellite (Paksat1) in space. From 2000 to 2008, Pakistan achieved milestone progress in the field of education. University enrollment tripled. The number of publications by Pakistani authors in international journals increased by 400% with a 600% increase in the foreign citation of research papers by Pakistani researchers.

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Despite these results, Pakistan's higher education sector is experiencing many problems as highlighted by the World Bank Task Force on Higher Education (TFHE) report (2000). One of the most critical issues in this report is teaching quality.

In this study we aim to explore the factors that impact job satisfaction and service quality of faculty members employed in public and private universities in Pakistan. We develop and test a conceptual model that presents key antecedents of job satisfaction and service quality and the relation between these constructs. First we present the underlying theories and concepts of our research, followed by the introduction of our hypothesis. Next we describe the research results and conclude with the academic and managerial implications of our study.

### **Theoretical foundations and hypothesis development**

Job satisfaction has been widely researched and discussed in the management literature.<sup>2</sup> There are many definitions of job satisfaction<sup>3</sup> (such as "a positive (or negative) evaluative judgment one makes about one's job or job situation"<sup>4</sup> or a "pleasurable or positive emotional state resulting from the appraisal of one's job"<sup>5</sup>). Job satisfaction is contingent on job content including satisfaction with work hours, time available for research, modules taught, and promotion prospects.<sup>6</sup>

Job satisfaction has different levels; they vary from job value to the environment in which a person works. Warr described the types of job satisfaction: intrinsic satisfaction, i.e., the inner enjoyment, the internal satisfaction and happiness of the person during their working time; and extrinsic satisfaction, i.e., external factors which are not static and keep on changing with the passage of time and in relation of job environment, salary, positive reinforcement, and peers.<sup>7</sup>

Service quality is considered as a form of attitude related but not similar to satisfaction, and is the result of comparison between expectations and performance.<sup>8</sup> Due to the unique characteristics of services, service quality cannot be measured objectively and should rather be interpreted as a perceived quality. Service quality has extent literature from that we focus our research on studying the relationship between job satisfaction and service quality.

From the several factors that can influence job satisfaction and service quality, we study two distinctive concepts: internal marketing and market orientation.

The term internal marketing (IM) originally derived from the concept of an internal market of employees, and the need for the marketer to first make sure that employees understood and accepted external marketing programs and efforts or offerings before these are launched on the external market. If employees are trained inadequately, have poor attitudes towards their job and towards external customers or have inadequate support in the form of technology, internal service providers, managers and supervisors, the organization will not become successful.<sup>9</sup>

IM philosophies stress the importance of workers' needs and consider jobs as internal products, targeted to highly qualified workers.<sup>10</sup> The literature describes three stages in the evolution of the IM concept: employee/internal customer satisfaction, customer orientation, and strategy implementation management.<sup>11</sup>

Dabholkar and Abston differentiate between financial and non-financial internal marketing, where non-financial internal marketing has three aspects: recognition, motivation, and empowerment. Based on this categorization, we investigate the effect of non-financial internal marketing efforts on job satisfaction and service quality.<sup>12</sup>

Empowerment represents self-perceptions of control and feelings of efficacy. Spreitzer proposed a conceptual framework that included individuals' sense of meaning and identity, their belief in the competence that they demonstrate in their work, and their perceptions of the autonomy and independence through their work.<sup>13</sup> Empowerment is conceptualized as possessing two dimensions: structural<sup>14</sup> and psychological.<sup>15</sup> Structural empowerment refers to the access employees have to organizational systems, information, and resources while the psychological aspect represents the beliefs that employees hold about their role in the organization.

H1a: Empowerment has a positive impact on service quality.

The organization while empowering its staff in order to build customer relationships, creates understanding, commitment, and greater involvement of employees which in turn may lead to increased job satisfaction. A number of studies have found a relationship between empowerment and job satisfaction in different countries and industries.<sup>16</sup>

H1b: Empowerment has a positive impact on job satisfaction.

Recognition serves as a contributing factor for job satisfaction. Research studies have found a significant relationship between recognition and job satisfaction.<sup>17</sup> On the other hand, we postulate that recognition not only affects job satisfaction but has a direct impact on service quality, as well.

H2a: Recognition has a positive impact on service quality.

H2b: Recognition has a positive impact on job satisfaction.

Based on the gap model<sup>18</sup> one of the gaps is the service delivery gap suggesting that for many firms it is difficult to adhere to quality standards due to the variability in the performance of service workers. Motivating employees could be a way to decrease variation in performance thus improving service quality.

H3a: Employee motivation has a positive impact on service quality.

Previous literature provides great evidence for the fact that employees exhibit positive behavior when they were motivated. Different types of rewards lead to different kinds of motivation which in turn lead to different types of satisfaction<sup>19</sup> (Employee satisfaction depends on the rewards they achieve from their organization.<sup>20</sup> Zaini & Nilufar found that monetary rewards like pay, promotion, or bonus are linked with job satisfaction.<sup>21</sup>

H3b: Employee motivation has a positive impact on job satisfaction.

The concept of market orientation appeared in the marketing literature in the 1990s. Market orientation studies are based either on Jaworski and Kohli's<sup>22</sup> or Narver and Slater's<sup>23</sup> approach. The Kohli and Jaworski's definition is a behavioral approach that incorporates the generation of market intelligence, the dissemination of this intelligence across departments, and the organization-wide responsiveness to it. A cultural perspective is reflected in Narver and Slater's definition who consider market orientation as an organizational culture consisting of three components: customer orientation, competitor orientation, and inter-functional coordination.

During the past decades hundreds of articles have been published investigating the relationship of market orientation and business performance.<sup>24</sup> However market orientation has not been widely researched in the context of service quality and job satisfaction. Chang and Zhu<sup>25</sup> and Castro et al.,<sup>26</sup> found a positive correlation between market orientation and service quality.

H4a: Market orientation has a positive impact on service quality.

The investigation of the relationship between market orientation and job satisfaction is rather neglected in the literature. The few studies related to this issue suggest that market-oriented firms are more likely to practice greater customer orientation. They also suggest that employees (sales forces) have reduced role stress which increases customer satisfaction.<sup>27</sup> In addition, market-oriented firms communicate the purpose of the organization and identify the role of employees that might result in an increase of employee satisfaction.

H4b: Market orientation has a positive impact on job satisfaction.

Service quality and its relationship to satisfaction has been widely researched from the consumer's perspective<sup>28</sup> but less so from the employees' point of view. To our knowledge no study has investigated the impact of job satisfaction on service quality. However, we know that job satisfaction is negatively related to employee turnover.<sup>29</sup> With a low level of employee turnover, the organization can be more successful in developing customer relationships and training programs, which in turn results in increased service quality.

H5: Job satisfaction has positive impact on service quality.

### **Methodology**

The population for the study consists of all faculty members of higher education institutions/ universities in Pakistan. Our sample consists of the faculty members employed in higher education institutions or universities on a permanent basis with at least three years of work experience. The data collection method was a combination of face-to-face interviews and mail surveys. The sample size after data cleaning is 372 questionnaires. Respondents were assured of anonymity and confidentiality.

All items were drawn from standardized scales well established in literature as having acceptable reliabilities, and adapted to the higher education context. For measuring empowerment the scales of Gunaris was used with seven items.<sup>30</sup> The recognition scale was adapted from Moyes et al. and used with five items.<sup>31</sup> The motivation scale was adapted from Rundall et al., and measured with three items.<sup>32</sup> The Narver and Slater market orientation scale was used with 15 items.<sup>33</sup> We measured service

quality with a shorter version of SERVPERF (eight items, perceptions only) based on Harline and Ferrel<sup>34</sup> Employee job satisfaction was measured with six items based on Gounaris.<sup>35</sup>

The questionnaire was pre-tested in a small sample of faculty. Items that they found difficult to interpret and understand or those that they thought were irrelevant and unnecessary were removed from the scale. Some of the questions were also reworded for better understanding. Variables in the study were measured on five-point Likert scales with the endpoints of for strongly agree (5) to strongly disagree (1).

## Results

### *Measurement model*

Our model was tested by using IBM AMOS 22 since latent variable structural equation modeling (SEM) permits the simultaneous estimation of multiple inter-correlated constructs with multiple indicators incorporating measurement error.<sup>36</sup> Two-stage approach was adopted<sup>37</sup> (where first confirmatory factor analysis (CFA) using maximum likelihood was employed to assess the measurement model than estimation of the structural model (SEM) was utilized to assess the theoretical model).

In the first stage we estimated the measurement model where the standardized regression coefficients and reliability analysis was performed. The overall fit of the measurement model shows overall good fit with  $\chi^2 = 1112$ ;  $df = 871$ ;  $CMIN/df = 1,97$ ;  $RMSEA = 0,05$ ;  $CFI = 0,915$ ;  $GFI = 0,833$ ;  $AGFI = 0,81$ ;  $RMR = 0,049$ . Error variances and variances of the factors were positive and significant. The internal structure of the measurement model and convergent validity of the factors were examined. All standardized factor loadings were found to be positive, high in magnitude and statistically significant (range: 0,55-0,85). Reliability estimates were calculated using Cronbach's coefficient alpha. The alpha values for the scales are all above the desirable minimum of 0,8. Therefore these measurements indicate high internal consistency. Convergent validity was further assessed by AVE values which assess the amount of variance captured by the construct's measures relative to correlations. AVE is calculated on the basis of path estimates and ideally should be 0.5 or higher.<sup>38</sup> AVE values range between 0,55 and 0,71. We also checked for composite reliability that accedes the accepted level of 0,8 for all of our constructs.

*Hypotheses tests*

After confirming the measurement model, the structural model was estimated using IBM AMOS 22. First we checked for the fit measures (Table 1). The structural model achieved good level of fit on all measures. According to Table 1 most of our hypotheses are supported.

Our results provide evidence that all of our independent variables have significant effect on job satisfaction. Employee empowerment has the strongest impact on job satisfaction, while all the other factors have relatively small effect.

Empowerment and motivation have significant moderate effect on service quality, thus H1b and H4b are accepted while surprisingly market orientation and recognition have no significant effect on service quality of the staff. H2b and H3b should be refused.

On the other hand job satisfaction has the strongest effect on service quality indicating the importance of this relationship.

Table 1: Model estimates, hypothesis testing

		Standardized estimate	Result
H1a	Empowerment => Job satisfaction	0,561**	Accepted
H1b	Empowerment => Service quality	0,257**	Accepted
H2a	Market orientation => Satisfaction	0,209**	Accepted
H2b	Market orientation => Service quality	0,031 (n.s.)	Not accepted
H3a	Recognition => Satisfaction	0,248**	Accepted
H3b	Recognition => Service quality	0,015 (n.s.)	Not accepted
H4a	Motivation => Job satisfaction	0,269**	Accepted
H4b	Motivation => Service quality	0,277**	Accepted
H5	Job satisfaction => Service quality	0,326**	Accepted

$\chi^2 = 1711$ ;  $df = 871$ ;  $CMIN/df = 1,97$ ;  $RMSEA = 0,05$ ;  $CFI = 0,915$ ;  $GFI = 0,83$ ;  $AGFI = 0,81$ ;  $RMR = 0,049$ ; \*\*  $p < 0,001$ ; n.s. = not significant at 0,05

**Discussion and implications**

In this study, we explored the factors that impact job satisfaction and service quality of faculty members employed in public and private universities of Pakistan. We developed and tested a conceptual model that presented key antecedents of job satisfaction and service quality and the relationship between those constructs. Based on the findings of our study, we recommend policy makers and managers of higher education institutions to encourage deans

and heads of departments to empower the faculty members in their jobs. Also policy should be formulated to enhance the motivation level of faculty members. Recognition of efforts and contributions of faculty members is also important. Altogether these three things positively influence the jobs satisfaction and service quality levels of the faculty members in higher education institutions.

This study is a pioneering effort to explore the role of IM in an emerging economy, since most of the empirical work on IM has been done in developed countries. Providing insight into the South Asian experience was the focus of several research papers published in the Journal of Higher Education, Policy and Management special issue in 2011. These papers provided a rich picture of higher education systems in Southeast Asia and the co-editors suggested following up those research efforts.<sup>39</sup> The case of Pakistan with a special focus on IM and service quality could contribute to that stream of research.

This study may also be beneficial for the management of public and private universities. The results could guide them in applying the IM concept for their faculty members and as a result enhance job satisfaction and service quality, ultimately leading to improved employee performance and student satisfaction.

From an academic perspective, our results contribute to the development of the service quality concept. Service quality is a critical issue in higher education, one that has to face an increasing level of marketization. The way in which service is delivered is a form of competitive differentiation for those who provide educational services. Thus, it has become more critical that students perceive the difference in quality in the service provided by higher education institutions.

### **Limitations and Directions for Future Research**

Though our study has strengths as mentioned above, it is not free of limitations. Relatively small sample size and cross sectional design limit the generalizability of our findings. Future studies are recommended to address these issues. Mediating and moderating variables in the model of our study can also be examined by the future researchers to enrich this stream of research.



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