

Internal marketing, organisational culture, job satisfaction, and organisational performance in non-life insurance

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The concept of internal marketing employed in the service sector is crucial to excellent service provision and successful external marketing. This study conducts an empirical investigation into the non-life insurance industry in Taiwan, exploring the correlation between internal marketing, organisational culture, job satisfaction, and organisational performance in Taiwan. Results show significant correlations among internal marketing, organisational culture, job satisfaction, and performance of non-life insurers. These findings can provide a basis for future studies of related topics as well as a solid reference for business owners and managers in the non-life insurance sector.

Keywords: non-life insurer; internal marketing; organisational culture; job satisfaction; organisational performance

Introduction

With the rapid changes in the working environment and tough business competition, the advantage derived from factor inputs is shrinking. The key success factor for businesses is no longer cash, but human capital. Knowledge is increasingly seen as the key to the success of a business operation. The performance of service personnel significantly affects customer satisfaction (Dunlap, Dotson, & Chambers, 1988; Parasuraman, Zeithaml, & Berry, 1988) and business performance (Suter, 1995). As service industries become more dominant in the global economy, the operational model of targeting only the end customers in product marketing will require adjustments (Berry, 1981). In service marketing, the target includes not only the end customers (external customers), but also the employees within the business (internal customers). Marketing aimed at internal customers is called internal marketing (Berry, 1981; Gronroos, 1981, 2001; Sasser & Arbeit, 1976). This internal market also requires a service marketing orientation (Barnes & Morris, 2000; Conduit & Mavondo, 2001; Heskett, 1987). Hence, both internal and external marketing are important for the operation of service industries.

Kotler (2000) points out that internal marketing is indeed more important than external marketing. In addition, Greene, Walls, and Schrest (1994) hold that internal marketing is the key to better service and emphasise that it is a required condition for external marketing. Many scholars have found evidence supporting the view that an internal marketing-oriented organisational culture is a major element in a successful service industry operation (Bowen & Schneider, 1988; George, 1990; Greene et al., 1994; Gronroos, 1990; Rafiq & Ahmed, 2000) and that employee job satisfaction can be improved along with organisational

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performance (McCartney, 2000; Motowidlo, 1984; Nebeker et al., 2001; Pfeffer & Veiga, 1999).

Due to improvements in living standards, as well as the booming development of transnational investments and foreign trade, the number of insurance companies in Taiwan is on the increase. The insurance sector is of particular interest from the market orientation viewpoint, as it works with intangible commodities in which service, quality, and customer orientation are crucial elements (Lado, Maydeu-Olivares, & Rivera, 1998). The competitive characteristics generated by the Taiwan insurance market provide an additional interest in studying market orientation in this area. The insurance sector in Taiwan has traditionally operated subject to strict regulations and strong protection from international competition. For some years now the Taiwan government has been working on the liberalisation of this sector. Effective implementation of this has brought about a major increase in competition within the sector and has provoked a major restructuring of insurance companies and groups on the island.

There is also little clear empirical evidence of a positive relationship between organisational culture and internal marketing, and job satisfaction and organisational performance. There is even less research examining the mechanics of this linkage. To bridge these gaps, the main purpose of this study is to explore relationships among internal marketing, organisational culture, job satisfaction, and organisational performance of insurance companies in Taiwan.

The paper extends prior research and contributes to the literature in the following way. First, our empirical results were strongly supported and could serve as reference for future studies on the integration of internal marketing and organisational culture. Second, job satisfaction – the mediating variable of internal marketing, organisational culture, and organisational performance based on the discussions of the relationship among internal marketing, organisational culture, job satisfaction, and organisational performance – may also be a valuable reference. Third, this study is one of the first to investigate this issue in the insurance industry. Hence, it can fill the gap in the literature. Furthermore, the finding can be compared with those of research in other fields. The final contribution of this research is methodology. We apply a structural equation modelling approach that has comparative strengths in examining multiple constructs. Our findings show that internal marketing affects organisational performance through job satisfaction in the non-life insurance industry. Job satisfaction mediates the relationship between internal marketing and organisational performance. As a consequence, insurers should reinforce organisational culture, internal marketing, and job satisfaction to elevate organisational performance.

The article is organised as follows. In the second section, we provide the previous literature and development for hypotheses. In the third section, we present the sample, data collection procedure, measures, and statistical approaches. The main results are presented and discussed in the fourth section. Finally, in the fifth section, the article concludes with managerial implications of this study for practitioners, limitations of the study, and avenues for future research.

Literature review and hypotheses development

Internal marketing

The concept of internal marketing is derived from Sasser and Arbeit (1976). Internal marketing can be divided into five major components.

Viewing employees as internal customers

Gronroos (1981) was the first scholar to define the concept of internal marketing as a way of looking at employees as internal customers. The objective of this view is to enable employee satisfaction, which in turn would lead to better performance. He also offered strategic and tactical levels for internal marketing. Since then, many scholars (Berry, 1981; Cahill, 1996a, 1996b; Gronroos, 2001; Hult, Hurley, Giunipero, & Nichols, 2000; Lings, 2004; Sasser & Arbeit, 1976) have supported his perspective.

Enabling employees to be customer oriented

The objective of internal marketing is to create motivated and customer-conscious employees in order to achieve service excellence (Papasolomou, 2006). The use of marketing in the internal marketing context suggests an emphasis on the application of marketing techniques, approaches, concepts, and theories aimed at achieving customer satisfaction in the context of internal customers. In order to achieve success in the external market (Gronroos, 1985), Piercy and Morgan (1991) hold that a business should, using a structure similar to external marketing, develop a set of marketing programmes for the internal market in order to stimulate employees to develop service consciousness and customer-oriented behaviour. Many scholars (Conduit & Mavondo, 2001; George, 1990; Gronroos, 1985; Heskett, 1987; Lings, 2004; Pfeffer & Veiga, 1999) have similar viewpoints.

Human resource management-oriented viewpoint

Kelemen and Papasolomou-Doukakis (2004) and Joseph (1996) demonstrate that internal marketing should be used in marketing and human resource management in order to stimulate, encourage, mobilise, recruit, and manage all employees within an organisation and continuously improve the service methods for outside customers and internal employees. Effective internal marketing reflects the needs of the employees and achieves even more than the organisational objectives and goals. In critiquing the internal marketing discourse, Hales (1994) provides a demonstration of the pervasive 'managerialist' perspective on internal marketing. Cooper and Cronin (2000) point out that internal marketing is composed of the efforts of an organisation to train and encourage its employees in order to offer better services. A number of scholars (Berry & Parasuraman, 1991; Lings, 2004; Rafiq & Ahmed, 2000) have offered similar arguments.

Internal exchange

George (1990) indicates that the argument of internal marketing is such that if a company wants to satisfy its external customers, it should first take effective care of the internal interchange between itself and its employees. Bak, Vogt, George, and Greentree (1994) argued that in order to achieve the goals in the external market, the internal exchange between the organisation and its employees has to work efficiently. Piercy and Morgan (1991), Cahill (1996a, 1996b), Gronroos (2001), and Lings (2004) have also supported this view.

Strategic tools

Dennis (1995) took the position that internal marketing was a kind of strategic management philosophy, which attracts, develops, motivates, and maintains outstanding employees by providing the needed satisfied employees and work quality. Likewise, Rafiq and

Ahmed (2000) and Ahmed and Rafiq (2003, 2004) argued that the five main elements of internal marketing are identified. These are:

- (1) Employee motivation and satisfaction;
- (2) Customer orientation and customer satisfaction;
- (3) Inter-function coordination and integration;
- (4) Marketing-like approach to the above;
- (5) Implementation of specific corporate and functional strategies.

Based on these, they define internal marketing as ‘a planned effort using a marketing-like approach to overcome organisational resistance to change and to align, motivate and inter-functionally coordinate 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-orientated employees’.

Organisational culture

The relevant literature shows that organisational culture is viewed in many different ways. Several scholars believe that organisational culture represents the values, attitudes, expectations, norms, beliefs, faiths, and assumptions in an organisation shared by all the business members (Deshpande & Farley, 1999, p. 112; Lorsch, 1986, p. 95; Martin, Feldman, Hatch, & Sitkin, 1983, p. 439; Mitchell & Yate, 2002, p. 33; Smircich, 1983, p. 341; Smircich & Stubbart, 1985, p. 727). Tunstall (1985) holds that organisational culture represents the business customs, rituals, and symbolisation. Likewise, organisational culture refers to the set of norms, attitudes, values, and behaviour patterns that form the core identity of a business or an operating unit within a business (Denison, 1984). In other words, organisational culture allows an organisation to address the ever-changing problems of adaptation to the external environment and the internal integration of organisational resources, personnel, and policies to support external adaptation (Steven, 2000).

Ebert and Griffin (2000) further explain that organisational culture helps businesses achieve the following goals:

- (1) Motivating employees to work hard and assisting employees to work towards common goals;
- (2) Helping newly hired employees learn the expected behaviour models;
- (3) Providing the unique characteristics of each company. Robbins (2000) holds that organisational culture can serve as a determinant and control mechanism in order to guide and mould employee attitudes and behaviour.

From the above literature, it appears that organisational culture plays an important role in promoting organisational success, and this could only be achieved by assuring an appropriate culture being developed or shaped in the organisation that matches the managers’ values, attitudes, and behaviour (Rashid, Sambasivan, & Johari, 2003).

Job satisfaction

Job satisfaction is also known as work satisfaction. As a theoretical construct, it was first presented by Hoppock (1935) in his book *Job satisfaction*. He indicated that the job satisfaction of an employee comes from the mental and physical satisfaction in the work environment and the work itself, i.e., the subjective reaction of an employee to the work situation. However, the definition of job satisfaction differs according to the

particular emphasis of each scholar. Bussing, Bissels, Fuchs, and Perrar (1999) contend that job satisfaction is based on the desire, needs, motives, and feeling in the working environment, i.e., the satisfaction or dissatisfaction of an employee from his/her work. Porter and Steers (1973) indicate that job satisfaction is the discrepancy in expectation between 'the actual gain of a person in his/her work' and 'what he/she thinks he/she deserves'. Job satisfaction reflects the extent to which an individual enjoys their job. Therefore, it is an emotional response towards various facets. Job satisfaction is not a unitary concept, but rather, a person can be relatively satisfied with one aspect of his or her job and dissatisfied with other aspects (Pool & Pool, 2007).

Organisational performance

Organisational performance refers to the measurement and assessment of the actual achieved goal level of the management of a business based on projected programmes (Duquette & Stowe, 1993). Scholars have different means of measurement for performance based on single and multiple indicators (Steers, 1975) as well as financial and non-financial indicators (Venkatraman & Ramanujam, 1986).

Single indicators include standard cost, revenue goal, profit goal, and return on investment. Multiple indicators refer to measurements using more than two indicators. In addition to quantitative data, multiple indicators also include non-quantitative data for measurement. Since single indicators only measure a certain aspect and lack completeness and appropriateness, multiple indicators are more often used (Hood, Young, & Lal, 1994).

Financial indicators are those such as profitability, return on investment, revenue growth rate, and earnings per share. Non-financial indicators are those such as productivity, market share, operational goal achievement rate, corporate image, customer satisfaction, employees' morale, and employees' flow rate (Venkatraman & Ramanujam, 1986). Using both financial and non-financial performance data provided an opportunity for evaluating the ability of individual managers to accurately reflect their unit's performance.

Relationship between internal marketing, organisational culture, job satisfaction, and organisational performance

Relationship between internal marketing and organisational culture

Many scholars state that the establishment of an organisational culture, including the internal marketing concept is based on the current concept of internal marketing—customer orientation. Enhancing the consciousness of customer orientation is the key to success of internal marketing. It also increases customer satisfaction and business performance (Bowen & Schneider, 1988; Greene et al., 1994; Gronroos, 1990; Lings, 2004). Some scholars even claim that a service firm has to establish a customer-oriented organisational culture in order to succeed, i.e., an organisational culture should design and plan the relevant conduct and strategies of internal marketing (Wasmer & Bruner, 1991). Consequently, we propose the following:

H1: A customer-oriented organisational culture will positively affect internal marketing.

Relationship between internal marketing and job satisfaction

The concept of internal marketing is to treat employees as internal customers (Cahill, 1996a, 1996b; Greene et al., 1994; Gronroos, 1981, 2001; Sasser & Arbeit, 1976), as

well as encourage them to acquire a consciousness of customer orientation in order to offer good customer service (Gronroos, 1985, 2001; Heskett, 1987; Johnson & Seymour, 1985). Thus, a business that tries its best to use internal marketing in order to satisfy its internal customers (employees) will provide a positive influence and improve job satisfaction (Conduit & Mavondo, 2001; Rafiq & Ahmed, 2000). Tansuhaj, Randall, and McCullough (1991) conducted an empirical study and found that internal marketing enhances employees' job satisfaction. Hence, we propose that:

H2: Internal marketing will positively affect employee job satisfaction.

Relationship between internal marketing and organisational performance

Scholars point out that internal marketing can be linked with the overall organisational performance. Increased employee job satisfaction will improve a business's organisational performance (McCartney, 2000; Motowidlo, 1984; Nebeker et al., 2001; Pfeffer & Veiga, 1999) such as increasing profitability, expanding market share, and reducing employee turnover (Suter, 1995; Tansuhaj et al., 1991) or ensuring that employees achieve the expected performance level (Chowdhary, 2003). Based on this, we hypothesise the following:

H3: Internal marketing will positively affect organisational performance.

Relationship between job satisfaction and organisational performance

Vroom (1964) found that job satisfaction positively affects job performance. In recent years, scholars have concluded that: (1) Job satisfaction makes the employees work harder and improve the organisational performance (Motowidlo, 1984; Petty, McGee, & Cavender, 1984). (2) Businesses try to stimulate employees to seek satisfaction in order to improve performance (Nebeker et al., 2001). (3) With certain intervening variables, employee job satisfaction improves work performance (Paradise & Tornow, 1991; Petty et al., 1984). Accordingly, we expect the following:

H4: Employee job satisfaction will positively affect organisational performance.

Methodology

Conceptual model

Based on the literature mentioned, theory development, and expert review, the conceptual model of this study is shown in Figure 1.

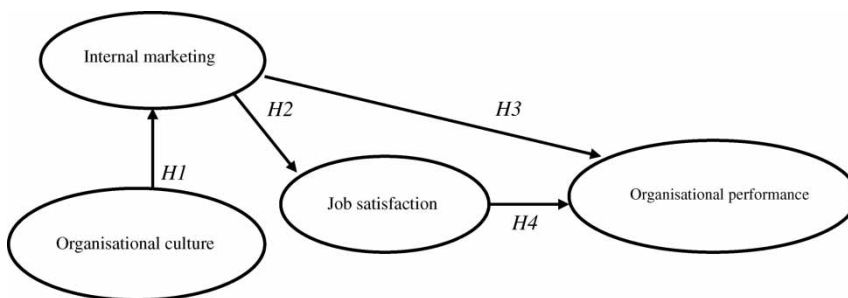


Figure 1. Conceptual model.

Sample and data collection procedure

This study targets the non-life insurance industry in Taiwan. Based on statistics collected by the Taiwan Insurance Institute (2006), the top seven companies (ratio of employees to the entire non-life insurance industry) among the total of 21 non-life insurers in Taiwan are Fubon Non-Life Insurance Company (16.5%), Union Non-Life Insurance Company (11.2%), Mintai Non-life Insurance Company (9.2%), Shinkong Non-Life Insurance Company (9.1%), Taian Non-Life Insurance Company (6.6%), Tokio Marine New Insurance Company (6.5%), and Cathay Century Non-Life Insurance Company (6.3%). These seven companies account for 65.5% of all non-life insurance employment.

Based on considerations of sample, manpower, and cost, the selected samples were from the employees of customer service sectors of these insurers, since they directly deal with customers. We surveyed frontline employees who have served for at least 1 year in non-life insurance offices to obtain the empirical data.

The questionnaires were formulated based on relevant literature, empirical studies, and consultation with scholars and expert opinions in order to obtain content validity. Questionnaires were designed using a five-point Likert scale to facilitate measurement. Scores of 5, 4, 3, 2, and 1 were used to represent the answers to mean 'very satisfied', 'satisfied', 'no comment', 'dissatisfied', and 'very dissatisfied', respectively. The first step of the survey procedure was pre-testing the questions. A list of the prospective questions was tried out with non-specialists and specialists in insurance or marketing. They were asked to clarify whether the wording was clear to them and to indicate possible changes. They were also solicited for suggestions about the content of the questions and answers. The draft was accordingly revised based on the feedback from these non-specialists and specialists.

A random sample of 100 employees was selected from the population for pilot testing the questionnaire. There were 50 responses to the pilot test. That is, the response rate for the pilot test was 50%. In order to obtain both good reliability and validity, the questions with factor loading less than 0.5 were deleted through exploratory factor analysis (Jöreskog & Sörbom, 1984).

Following the pilot test, the main survey was administered. The questionnaires were posted to employees in the three largest cities of Taiwan, Taipei (north), Taichung (central), and Kaohsiung (south). Questionnaires were allotted by company as follows: Fubon (200), Union (150), Mintai (120), Shinkong (100), Taian (100), Tokio Marine New Insurance (100), and Cathay Century (80). Eight hundred and fifty questionnaires were distributed in the main survey and 390 responses obtained. Forty incomplete responses were removed, leaving 350 valid questionnaires for an effective response rate of 41%.

To avoid a low response rate from the mailed questionnaires, the executives of these non-life insurance firms were reminded by telephone and also by email (Stafford, 1966). Reminder notices were mailed approximately 2 weeks after the questionnaires.

There is no significant difference in gender, age, and education attainment between respondents and non-respondents ($p = 0.32$) and no differences between early and late respondents on any of the variables in this study (Armstrong & Overton, 1977). We thus conclude that non-response bias should not be a problem.

Measures

Based on the discussions in the literature, the definitions of the variables to be measured are as follows.

Internal marketing

This article defines internal marketing by adopting the concept of service marketing to treat the employees as customers. This means creating a working environment in which employees are trained in customer orientation, service consciousness, and service skills in order to meet customer needs and improve organisational performance. The scale is made in accordance with Foreman and Money (1995) using the three aspects of vision, development, and reward. The overall internal consistency reliability (Cronbach's α) is 0.90.

Organisational culture

The present study defines organisational culture as a combination of the common missions (operational philosophy), values, beliefs, customs, rituals, symbolisation, and behaviour norms. The coherence of the employees, the motivational power of customer orientation, and aggressive innovation are also important factors. Organisational culture measures were adapted from Robbins (1996) and Stock, McFadden, and Gowen (2007). This study divides the organisational culture scale into the three aspects of customer orientation, teamwork, and active innovation. The overall internal consistency reliability (Cronbach's α) is 0.88.

Job satisfaction

This paper defines job satisfaction as the difference between the actual work rewards of the employees and the expected rewards. Such rewards may provide substantial feedbacks such as wages, encouragement, promotion, and vacations. It can also be the mental feedback of interpersonal relationships, sense of achievement, feeling of being respected, individual growth and being competent in one's work. Job satisfaction is the motivational power of work morale, which also affects the employees' sincerity and loyalty. Job satisfaction measures were drawn from Spector (1985), Tzeng, Ketefian, and Redman (2002), and Lucas, Parasuraman, Davis, and Enis (1987), and this article divides the scale into three aspects – fair remuneration, job situation satisfaction, and overall satisfaction. The overall internal consistency reliability (Cronbach's α) is 0.85.

Organisational performance

Based on the opinions of Venkatraman and Ramanujam (1986) and other scholars, this study defines organisational performance by management procedures through the encouragement of employees to work harder in order to achieve the business operating goals, including financial performance (e.g., total revenues, profits after tax, and return on investment) and non-financial performance (e.g., market share, corporate image, customer satisfaction, and employee satisfaction). Based on the work of Venkatraman and Ramanujam (1986) and Campbell (1977), this research divides the scale into three aspects – financial performance, service performance, and behaviour performance. The overall internal consistency reliability (Cronbach's α) is 0.95.

Statistical methods

This current work uses the SPSS 10.0 statistical package for descriptive analysis of the sample structure. LISREL 8.52 serves as a structural equation model (SEM). Maximum likelihood estimation is used in the SEM analysis software. The method of analysis in

the present study is based on a two-stage analysis by Anderson and Gerbing (1988). First, the researcher measures the reliability and validity of the observed variables and latent variables in order to estimate the obvious level of variables using confirmatory factor analysis (CFA). CFA verifies the fitness of the internal structure of the model of this study. Next, the researcher estimates the overall structural model to examine the fitness between this overall study model and the observed data as well as the causal relationship among the latent variables in the model. With the structural model analysis, this study obtains the standard factor loading and *t*-value of path coefficient to determine the path strength and significance of the latent variables.

Results and discussions

Description of sample

A description of the sample is shown in Table 1. It is conspicuous that women account for around 71% of the total sample. The highest educational attainment is primarily college graduate (51.4%). The working experience of the surveyed employees was largely between 1 and 3 years (37.1%).

Correlations coefficients matrix

The results of the analysis of variables show a positive correlation as shown in Table 2.

This study used LISREL 8.52 software to conduct an empirical study on the relationship model of the aspects of organisational culture, internal marketing, job satisfaction, and organisational performance.

Table 1. Description of sample.

Item	Category	Sample	Percent
Gender	Male	102	29
	Female	248	71
Age	Less than 20	24	6.8
	20–25	110	31.4
	26–30	102	29.1
	31–35	81	23.1
	41 or more	33	9.4
Education	Senior high school	40	11.4
	College	180	51.4
	University	100	28.6
	Graduate school	30	8.6
Working experience (years)	1–3	130	37.1
	3–5	44	12.6
	5–7	60	17.1
	7–9	25	7.1
	9–11	75	21.4
	11 or more	16	4.6
Area	Taipei	140	40
	Taichung	90	25.7
	Kaohsiung	120	34.3

Table 2. Correlations matrix among variables.

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Customer orientation	3.62	0.51	1											
2. Teamwork	3.48	0.52	0.38**	1										
3. Active innovative culture	3.53	0.42	0.41**	0.35**	1									
4. Vision	3.44	0.47	0.31**	0.39**	0.42**	1								
5. Development	3.46	0.49	0.43**	0.37**	0.33**	0.46**	1							
6. Reward	3.84	0.43	0.51**	0.46**	0.28**	0.45**	0.38**	1						
7. Fair remuneration	3.45	0.48	0.38**	0.37**	0.39**	0.53**	0.55**	0.71**	1					
8. Job condition satisfaction	3.51	0.51	0.31**	0.45**	0.47**	0.52**	0.48**	0.36**	0.48**	1				
9. Overall satisfaction	3.75	0.48	0.58**	0.32**	0.51**	0.41**	0.44**	0.39**	0.49**	0.28**	1			
10. Financial performance	4.12	0.44	0.35**	0.41**	0.51**	0.26**	0.30**	0.32**	0.40**	0.29**	0.45**	1		
11. Service performance	3.94	0.47	0.25**	0.32**	0.36**	0.48**	0.35**	0.51**	0.27**	0.49**	0.52**	0.37**	1	
12. Behaviour performance	3.86	0.50	0.59**	0.52**	0.59**	0.47**	0.38**	0.48**	0.53**	0.41**	0.55**	0.46**	0.41**	1

**Significant at $p < 0.01$.

Test of model fitness

This article measured the fitness using the overall model fit and the fit of internal structure of the model (Anderson & Gerbing, 1988):

- (1) Fitness of model's internal structure: The model's internal structure fitness examines the significance of the estimated variables in the model and the reliability of each indicator and latent variables. It can be regarded as the internal quality of the model. The measurement indicator is that R^2 must be greater than 0.5 and that the composite reliability (CR) has to exceed 0.6. Both R^2 and CR in this study reached the standard while the standardised loading exceeds 0.5 on the significance level. This signifies that the internal quality of this study model is excellent (see Table 3).
- (2) Overall model fitness: The overall model fitness examines the fitness of the observed data to the overall model. Indicators in this paper are shown in Table 4. Indicator values in this study are within the ideal range. Hence, the overall fitness of this model is excellent.

Reliability and validity analysis

The CR in this research is concerned with the reliability of the latent variables. Higher CR values suggest that the construct reliability of the latent variable can be detected. In accordance with Fornell and Larcker (1981) and Bagozzi and Yi (1988), the CR value should exceed 0.6. Table 3 shows that the reliability of each aspect in the present study is excellent. Measurement items for each variable in the questionnaire are based on relevant literature and theories, modified in accordance with the non-life insurance industry, reviewed by non-life insurers' personnel and finalised by the researcher. They all conform to content validity. The average variance extracted (AVE) above 0.5, and the convergent validity of the measures are established (Anderson & Gerbing, 1988). The AVE of the latent variables that is greater than the squared value of the relevant coefficients of any latent variable is considered to have good discriminant validity (Fornell & Larcker,

Table 3. Confirmatory factor analysis results of measures.

Constructs	Measurement aspects	SFL (<i>t</i> -value)	R^2	CR	AVE
Organisational culture	Customer orientation	0.82** (9.28)	0.67	0.87	0.70
	Teamwork	0.92** (10.12)	0.84		
	Active innovation	0.76** (9.10)	0.58		
Internal marketing	Vision	0.78** (9.13)	0.61	0.90	0.71
	Development	0.84** (9.51)	0.71		
	Reward	0.90** (9.98)	0.80		
Job satisfaction	Fair remunerations	0.75** (8.91)	0.60	0.85	0.69
	Job condition satisfaction	0.83** (9.46)	0.70		
	Overall satisfaction	0.72** (8.87)	0.57		
Organisational performance	Financial performance	0.84** (9.51)	0.71	0.94	0.79
	Service performance	0.89** (9.85)	0.79		
	Behaviour performance	0.94** (10.24)	0.88		

Note: SFL, standardised factor loading; CR, composite reliability; AVE, average variance extracted.

**Significant at $p < 0.01$.

Table 4. Model fit indices.

Indices	Indices value
χ^2 (df)	182.61 (90) ($p = 0.08$)
χ^2/df	2.03
good-of-fit index (GFI)	0.95
adjusted good-of-fit index (AGFI)	0.91
incremental fit index (IFI)	0.96
normed fit index (NFI)	0.96
non-normed fit index (NNFI)	0.98
comparative fit index (CFI)	0.98
root mean residual (RMR)	0.034
root mean square error of approximation (RMSEA)	0.051

1981). From the present research, it was found that the AVE of each construct is greater than the correlation coefficient squared value of the constructs. It appears that each construct has good discriminant validity.

Test of the hypotheses

An examination of the present study is shown in Table 5. The estimated results using the maximum likelihood estimation as well as the model path diagram are shown in Figure 2.

The internal marketing scale used in the present study is with reference to the opinions of Foreman and Money (1995) and other scholars on internal marketing, and based on the character of non-life insurance offices in Taiwan, and in consultation with experts. After collecting the empirical results, we found that the scale has good reliability and validity. The measurement aspects of the scale covered the area of marketing management ideas and methods. The empirical results also proved the fitness of marketing management ideas and the application of internal management in an organisation.

Table 5. Standardised path coefficients.

Hypothesis	Paths	Coefficient
H1	Organisational culture → internal marketing	0.93**
H2	Internal marketing → job satisfaction	0.81**
H3	Internal marketing → organisational performance	0.59**
H4	Job satisfaction → organisational performance	0.35**

Note: All coefficients are significant (t -value > 2.58).

** $p < 0.01$.

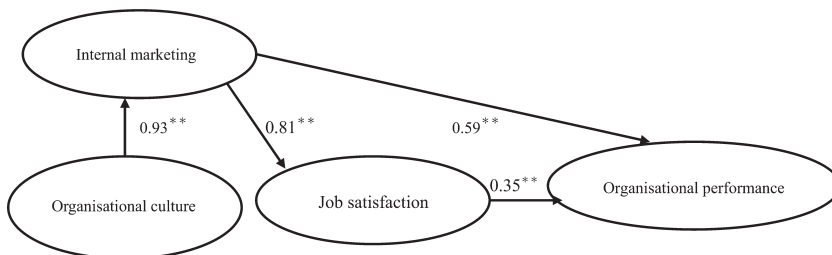


Figure 2. Path diagram for structural model.

Second, the discussions on the relevance of the relationship between internal marketing and organisational culture revealed that scholars (Bowen & Schneider, 1988; Greene et al., 1994; Gronroos, 1990; Gummesson, 1987; Varey & Lewis, 1999; Wasmer & Bruner, 1991) have indicated that the two are highly related. The empirical results in this article also support the theories and opinions of these scholars, i.e., customer-oriented organisational culture is significantly influenced by internal marketing.

Third, with regard to the importance of internal marketing and organisational culture for the service industry, Lovelock (1996) argues that the service industry has a high level of contact with customers. The feeling of quality is rooted in what the customers feel about the service personnel (employees) during their interaction (Dunlap et al., 1988; Lings, 2004). As a result, scholars indicated that insurers must help their employees to understand the concept of customer orientation (Gronroos, 2001; Heskett, 1987; Lings, 2004), i.e., the comprehensive and professional service skills (Cooper & Cronin, 2000; George & Gronroos, 1989; Gronroos, 2001; Rafiq & Ahmed, 2000). Hence, insurance industry executives should emphasise the actual conduct of internal marketing management that originates from organisational culture. Thus, the importance of introducing the idea of internal marketing and concrete ways of applying it cannot be ignored.

Fourth, the present study found that internal marketing through job satisfaction positively affects organisational performance in the insurance industry and that relevant hypotheses have been made. Based on the SEM model analysis, the following hypotheses are strongly supported. (1) Organisational culture positively affects internal marketing. Thus, *H1* is supported. (2) Internal marketing positively affects the employees' job satisfaction. *H2* received empirical support. (3) Internal marketing positively affects organisational performance. Hence, *H3* is also supported. (4) Employees' job satisfaction positively affects organisational performance. The result shows that *H4* is supported. The relationship between the various aspects in the hypothesis model of this study is statistically significant with good fitness. In addition, the indirect effect of the organisational performance of an organisation from internal marketing through job satisfaction is 0.2835 (0.81×0.35). Therefore, the total effect on organisational performance by the mediating effect of internal marketing through job satisfaction is 0.8735 ($0.59 + 0.2835$). In other words, job satisfaction has a statistically significant mediating effect on the model.

Fifth, with respect to the difference between internal marketing and human resource management, George (1990) demonstrated that internal marketing is just a synonym for good human resources management. However, most scholars have proposed that internal marketing and human resources management are essentially different. The former is just a measure of the use of human resources management – to attract, select, train, encourage, and award – in order to achieve the goal of customer-orientated marketing with service consciousness (Gronroos, 2001; Rafiq & Ahmed, 2000). Additionally, some scholars hold that internal marketing should treat a job as an internal product that should attract, develop, and encourage employees and satisfy their needs. Under this rubric, human resources management becomes more active (Berry, 1981; Berry & Parasuraman, 1991; Gronroos, 2001). Some scholars interpret internal marketing using total quality management concept, emphasising the management of internal procedures and the quality of service transmission, as well as treating employees as both suppliers and consumers (internal clients). This approach is significantly different from that of traditional human resources management (Conduit & Mavondo, 2001; Hult et al., 2000; Lings, 2004).

Finally, due to the self-reported nature of the survey, common method variance is a potential issue. Spector (1987) reported that the most frequently found sources of common method variance in self-reports are acquiescence and a social desirability bias.

Statistical analysis using LISREL (Jöreskog & Sörbom, 1999) may provide an appropriate approach to this particular problem. In addition, a longitudinal research design would be useful in providing evidence of causation that cannot be obtained in descriptive cross-sectional designs.

Managerial implications

From a managerial point of view the paper has several implications for the insurance industry. First, the most important resource of the non-life insurance firms is the service personnel themselves, i.e., the employees. Employees are also the major marketers of the company's concept of excellent service, creating customer satisfaction and further improving the organisational performance. As a result, insurance executives have to aggressively manage internal marketing, enabling employees to feel satisfied with their jobs and improving operational synergy. Second, scholars argued that businesses have to promote their organisational culture in order to successfully conduct internal marketing. The empirical results in this study also support this viewpoint. Relevant literature also points out that organisational culture is established and promoted by high-ranking executives in the business. Insurance executives have to promote organisational culture. Finally, internal marketing can be regarded as internal relationship marketing, using the concept and methods of marketing and human resource management in order to market internal products (jobs) to internal customers (employees) by strategic methods.

Limitations and avenues for future research

This research has a limitation. This is an empirical research into internal marketing, organisational culture, job satisfaction, and organisational performance using the customer service sector of non-life insurances in Taiwan. Given its limited scope, its results cannot be generalised to other service industries such as banking or food service. Due to the homogeneity of the respondents, the results may not be generalised.

This paper proposes the following avenues for future researchers. First, internal marketing research should be conducted on different types of service industries. A possible direction for future research, which would be particularly welcomed, is to examine the relationships that this article identified using a larger sample comprising companies from different industries. Internal marketing has been found to be closely related to organisational culture, as verified in the present study. However, only a few studies on the integration of internal marketing and organisational culture are available in Taiwan. Hence, further study is necessary. Finally, foreign and domestic research on these issues has been confined to examinations of a single industry. Future studies may explore a cross-culture, cross-industry research for comparative analysis in order to acquire a more general foundation applicable to most industries.

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