Facets of Internal Marketing and Innovative Work Behaviour: The Intrinsic Motivation Perspective

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This article aims to find the impact of rewards, training and empowerment as facets of internal marketing (IM) on innovative work behaviour (IWB) with the mediating role of intrinsic motivation (IMO). A representative sample of 242 employees from the engineering sector of Islamabad and Rawalpindi was collected, using a non-probability purposive sampling technique. Structural Equation Modelling (SEM) was applied to test the hypothesis. SEM results reveal the positive impact of training and empowerment on IWB and IMO. Rewards show a negative relationship with IWB and IMO. Results confirm the partial mediation of IMO between IM and its facets of training and empowerment with IWB. The practical and theoretical implications of this study are also presented based on the results.

Key words: Rewards, Training, Empowerment, Innovative Work Behaviour, Intrinsic Motivation, Internal Marketing

INTRODUCTION

Innovative work behaviour (IWB) studies remain on spike due to its direct link with product and process innovation. The world's top ten economically developed countries are innovative (Dutta et al., 2018). IWB is the primary determinant of an organisation's design of products and processes (Shanker et al., 2017). To augment the "innovative work behaviour (IWB) of
employees," it is believed that no one best antecedent could be declared the only best precursor of IWB (Qi, Liu, Wei & Hu, 2019). In an organisation, we cannot achieve innovation until IWB is enhanced (Zhang, Zhang, Forest, & Chen, 2018). A few past research studies have linked organisational culture (Eskiler, Ekici, Soyer, & Sari, 2016), organisational justice (Akram, Haider, & Feng, 2016), empowerment (Hong, & Ahn, 2016), leadership (Choi, Kim, Ullah, & Kang, 2016), HR practices (Bos-Nehles, & Veenendaal, 2019), organisational structure (Rhee, Seog, Bozorov, & Dedahanov, 2017) and training (Pryor & Chase, 2014) with IWB. The IWB is an attitudinal variable that varies with varying conditions. Hence, when we consider employees as internal customers and their job as domestic products, they feel privileged and show positive behaviour. Studies by Ishaque and Shahzad (2016) on the service sector and by Haider and Akbar (2017) on the manufacturing industry proved that internal marketing (IM) is the only antecedent that owns employees as internal customers and their job as a domestic product to affect their behaviour and enhance IWB. The facets of internal marketing, rewards, training and empowerment have shown a positive association with IWB (Sanders et al., 2018). IWB is all about the understanding of individuals (Jong, Parker, Wennekers, Wu, 2015), and with IWB, an individual can develop, adopt and implement new ideas at the workplace.

A research study by Mishra and Sinha (2014) has posited a definite link of IM with intrinsic motivation. In the past, Amabile et al. (1996) categorically asserted a positive association of inherent reason (IMO) with creative behaviour. The individual's innovative work behaviour is further enhanced when the self-concordance IMO is high (Sheldon & Elliot 1998). A gap in research still prevails concerning IMO as a mediating variable between IM and IWB. In this research study, the mediating variable IMO determines the relationship between IM and IWB. Internal Marketing (IM) is an emerging theme (Mudie, 2003). The concept gained popularity when Berry (1981) gave the idea to consider an employee as an internal customer. The IM concept has transited from HR to focus on employees’ behaviour. Human resource management (HRM) is about a specific process, and internal marketing is about the employee-specific (Olimpia, 2011). Some studies endorse HR practices, enhancing employee motivation (Du Plessis, AJ, Douangphichit, and Dodd, 2016). Thus, employees should be motivated toward achieving the goals of organisations (Gronroos, 1985). IM is to view employees as local customers and their occupations as local products (Berry & Parasurman, 1991). The organisation’s success links to the extent of IM practices performed (Varun & Indu, 2015), which connects with IWB (Haider & Akbar, 2017) and their motivation level (Mishra & Sinha, 2014).

In HRM practices, the big challenge is developing a comprehensive reward system. Organisational rewards shape the behaviour of an individual (Cabrera & Bonache, 1999). In the innovation-focused organisation, collective incentive systems are preferred (Lorenz & Valeyre, 2005). After giving an adequate performance, individuals expect rewards, and managers link it to IWB (Labrenz, 2014). Fringe benefits help the organisation motivate, retain
and engage employees to achieve the organisational goal (Armstrong, 2006). Rewards provide mental satisfaction to employees. Mentally satisfied employees exhibit more skills and abilities to achieve goals (Bull, 2005). Bonuses offer financial relief and enhance employee's intrinsic motivation (Jovanovic & Matejevic, 2014).

Training plays a crucial role in employees' development. Training-based motivation improves diagnosis, problem-solving and the increased utilisation of innovative ideas, more effectively (Dewar & Dutton, 1986). Training helps to improve employee behaviour when designed to fill the gap between desired and achieved goals, and is a strong predictor of an entrepreneur's performance (Adamu, 2019). This kind of training links to openness towards new ideas and creativity (Bysted & Jespersen, 2014; Fernandez & Moldogaziev, 2013). Such training explores the individual's hidden skills that translate into new idea development (Abstein & Spieth, 2014). Training during the service contract has a positive association with intrinsic motivation (Dysvik & Kuvaas, 2008) that changes employee behaviour.

Empowerment is the feeling of responsibility by an individual about the power delegated to perform the task. Employees' empowerment affects the individual's behaviour, who then shows an emotional reaction strongly associated with innovative work behaviour (Bysted & Jespersen, 2014). Organisations use the desired autonomy of work to expedite routine, and to some extent, non-routine work. This empowerment encourages employees to innovate (Fernandez & Moldogaziev, 2012). The empowered employee feels more responsibility and exhibits innovation (Knight-Turvey, 2006). Empowerment also enhances the intrinsic motivation of individuals in an organisation (Ju, Ma, Ren, & Zhang, 2019).

Intrinsic motivation (IMO) is the individual's indigenous motivation that helps him or her to excel. We expect that if goals are self-concordant and coherent to the person's interest and values, they are more likely to be attained (Sheldon & Elliot, 1998). How an individual can be motivated remains a challenge for organisations. The IMO of an individual also improves innovative work behaviour (Yuan & Woodman, 2010), improves job performance and reduces turnover intention (Jayawardena & Jayawardena, 2020). Psychological empowerment motivates individuals to remain committed to the organisation (Choong, Wong, & Lau, 2011). Most committed individuals exhibit IWB. Intrinsic motivation desperately needs early stages due to the high uncertainty about innovation (Bhaduri & Kumar, 2011). Findings by Shekar and Suganthi (2015) confirm that motivation leads to achievement.

IMO has played a pivotal role as a mediating variable among many constructs due to the importance of IMO in psychology-related studies. IMO significantly mediates work ethics and job satisfaction (Zaman et al., 2013). It also performs a mediation role between job performance and developmental feedback (Guo et al., 2014). HRM practices enhance IMO (Rafiq, Tayyab, Kamran, and Ahmad, 2014), and IMO improves IWB (Devloo, 2014). In this research, IMO is a mediating construct between IWB and IM.
Conceptual Framework

Hypotheses

H1: Rewards have a positive effect on IWB.
H2: Training has a positive effect on IWB.
H3: Empowerment has a positive effect on IWB.
H4: Intrinsic motivation has a positive effect on IWB.
H5: Rewards have a positive effect on intrinsic motivation.
H6: Training has a positive effect on intrinsic motivation.
H7: Empowerment has a positive effect on intrinsic motivation.
H8: Intrinsic motivation mediates the relationship of rewards, training, and empowerment with IWB.
H9: Internal marketing has a positive effect on IWB.
H10: Internal marketing has a positive effect on intrinsic motivation.
H11: Intrinsic motivation mediates the relationship between internal marketing and IWB.

METHODOLOGY

Sample

This article aims to know the effect of internal marketing practices and their facets on employees' IWB. The study was delimited to the manufacturing sector, considering the theoretical model's relevance and proposed generalisability. However, we target the varying nature of engineering organisations to capture maximum variance. Following the formalities and permission, employees were approached belonging to different ranks and positions. The medium of study in local institutes is English; hence we could reasonably assume that employees would understand the questionnaire items. Respondents with a minimum of one year of work experience were approached, as we believed they would be acquainted with
internal marketing practices and had had enough time to exercise innovative work practices.

By following the non-probability purposive sampling technique, 500 questionnaires were floated with return envelopes using the local postal service, email service and self-administered approach. Standard approaches were used to control the social desirability response (Nederhof, 1985). First, the study participants were verbally briefed about the purpose and significance of the study. The questionnaire contained a cover letter detailing the study's academic nature and concealment measures to protect privacy. Employees' participation was at their will. They could even exit during the survey if they felt uncomfortable; however, a complete list of the research team with contact details helped. Respondents could call PI to discuss ambiguity and know the survey results later if they wished so.

The response rate was relatively low initially, but with reminders, we could respond to 261 employees. By discarding unengaged and incomplete responses, we finally came up with 242 responses that were later analysed using SPSS and AMOS.

**Psychometric Properties**

All items were anchored on a 5-point Likert scale ranging through "1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree." Similarly, IWB was measured with nine items out of 12 scales established by Janssen (2000), Mukherjee and Ray (2009), and Kheng, June and Mahmood (2013). We measured internal marketing (IM) with the help of fifteen items (Haider & Akbar, 2017): four items for rewards, four for training, and six out of seven for empowerment (Ahmed & Saad, 2003). Such kinds of scales were used by different researchers previously (Fernando, 2012; Kaur & Sharma, 2015). We adopted four items from the study of Cameron and Pierce (1994), which were later used and validated by Kuvaas (2006), to measure intrinsic motivation (IMO).

**RESULTS AND ANALYSIS**

**Demographic Profile of Respondents**

The majority of respondents were male (n = 190, 78.5%) and between 31 to 35 years (70%). They revealed their marital status as unmarried (n = 199, 82%). In the education category, 36% had sixteen years or above qualification. Most of them worked at non-managerial positions (n=74, 34.5%) with a salary range of PKR. 40,000/- or less (n=181, 74.7%). Regarding their experience, 84% of the respondents had five years or less experience.

**Reliability and Validity Analysis**

Cronbach's alpha values helped ensure reliability, which was higher than the acceptable level
of 0.7 (Nunnally & Bernstein, 2010). KMO and Bartlett's Test of Sphericity (KMO= 0.890, p<0.001) suggested the suitability of data for structure detection. Results of the factor analysis provided evidence of validities for each construct (table 1).

### Table 1: Factor Loadings

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Loadings</th>
<th>AVE</th>
<th>MSV</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Work Behaviour</td>
<td>IWB1</td>
<td>0.628</td>
<td>0.521</td>
<td>0.143</td>
<td>0.928</td>
</tr>
<tr>
<td></td>
<td>IWB2</td>
<td>0.671</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB3</td>
<td>0.670</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB4</td>
<td>0.680</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB5</td>
<td>0.741</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB6</td>
<td>0.762</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB7</td>
<td>0.796</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB8</td>
<td>0.807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB9</td>
<td>0.817</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB10</td>
<td>0.678</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB11</td>
<td>0.682</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWB12</td>
<td>0.696</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment</td>
<td>EMP1</td>
<td>0.690</td>
<td>0.525</td>
<td>0.217</td>
<td>0.885</td>
</tr>
<tr>
<td></td>
<td>EMP2</td>
<td>0.796</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMP3</td>
<td>0.737</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMP4</td>
<td>0.761</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMP5</td>
<td>0.705</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMP6</td>
<td>0.659</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMP7</td>
<td>0.716</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pieces of training</td>
<td>TD1</td>
<td>0.723</td>
<td>0.567</td>
<td>0.217</td>
<td>0.839</td>
</tr>
<tr>
<td></td>
<td>TD2</td>
<td>0.712</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TD3</td>
<td>0.869</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TD4</td>
<td>0.696</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rewards</td>
<td>R1</td>
<td>0.677</td>
<td>0.542</td>
<td>0.105</td>
<td>0.825</td>
</tr>
<tr>
<td></td>
<td>R2</td>
<td>0.732</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R3</td>
<td>0.716</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R4</td>
<td>0.813</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intrinsic Motivation</td>
<td>IMO1</td>
<td>0.696</td>
<td>0.573</td>
<td>0.208</td>
<td>0.843</td>
</tr>
<tr>
<td></td>
<td>IMO2</td>
<td>0.804</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMO3</td>
<td>0.767</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMO4</td>
<td>0.756</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: All items loading at above 0.50 reported.

We calculated the construct validity of the average variance extracted (AVE) and standardised factor loadings (SFL) of the measurement models.
AVE values indicate constructs were higher than 0.5, providing evidence of convergent validities (Hair, 2006). Besides this, values (AVE) of all constructs were higher than the maximum shared variance (MSV), indicating ascertained discriminant validity following the criteria of Fornell and Larcker (1981). The inter construct correlations of each variable were less than the AVE's square root, which further confirmed the discriminant validity (Gaskin & Lim, 2017).

After examining the convergent and discriminant validities, we also calculated the fit indices of the measurement model. Key indices showed satisfactory values, being: χ²/df is 1.95, CFI=0.90; IFI = 0.898; RMSEA=0.049 and SRMR=.059 (Hair, 2006). Hence, we achieved the overall requirement for model fitness. We then moved towards the testing hypothesis by ensuring the reliabilities, validities and model fit of the measurement model.

Statistics and Analysis of Pearson’s Correlation (PC)

Pearson's Correlation (PC) analysis helped to know the strength and path of the association among measures. There was a negative relationship between reward and innovative work behaviour (IWB) (r =-.025, p>0.05), training is positively associated with IWB (r =.058, p<0.05), and empowerment is significantly associated with IWB (r =.211**, p<0.01). All three facets, rewards, training and empowerment, have also shown a positive association with intrinsic motivation (r=.027, p<0.05), (r=.032, p<0.05) and (r=.258**, p<0.01), respectively. Intrinsic motivation also had a significant linkage with IWB (r =.211**, p<0.01).

Table 2: Statistics, Reliabilities and Correlations of Measures

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Rewards</td>
<td>3.77</td>
<td>0.75</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.80</td>
</tr>
<tr>
<td>2 Training</td>
<td>3.77</td>
<td>0.72</td>
<td>0.003</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>0.71</td>
</tr>
<tr>
<td>3 Empowerment</td>
<td>3.62</td>
<td>0.56</td>
<td>0.256**</td>
<td>0.064**</td>
<td>1</td>
<td></td>
<td></td>
<td>0.69</td>
</tr>
<tr>
<td>4 Intrinsic Motivation</td>
<td>3.52</td>
<td>0.53</td>
<td>0.027</td>
<td>0.032</td>
<td>0.258**</td>
<td>1</td>
<td></td>
<td>0.72</td>
</tr>
<tr>
<td>5 Innovative Work Behaviour</td>
<td>3.65</td>
<td>0.62</td>
<td>-0.025</td>
<td>0.058</td>
<td>0.109**</td>
<td>0.211</td>
<td>1</td>
<td>0.82</td>
</tr>
</tbody>
</table>

**. PC is significant at the 0.01 level (2-tailed). In parenthesis "()" Cronbach's Alpha's values.

Structural Equation Modelling (SEM)

To test the hypotheses of the study, we used SEM in AMOS. The results in figure 1 indicate that rewards (β = -.04, p>0.05) have a negative impact on IWB, while training (β = 0.4, p<0.05) and empowerment (β = 0.8, p<0.05) are the positive predictors to IWB. Moreover, intrinsic motivation proved to be a significant predictor of IWB (β = 0.22, p<0.001). All of these results led support to hypotheses 2, 3 and 4. Hypothesis 1 is rejected.
Figure 2 clearly depicts that reward has a negative impact on intrinsic motivation (β = -.03, p>0.05), while training and empowerment have shown a positive impact on intrinsic motivation (β = 0.1, p<0.05) and (β = 0.26, p<0.01). The result supported hypotheses 6, 7 and 8. Hypothesis 5 is rejected.

Figure 3 shows the composite analysis of three variables, reward, training and empowerment as internal marketing. The result shows that internal marketing has a positive impact on IWB (β = .05, p<0.05) and intrinsic motivation (β = 0.18, p<0.05). The result supported hypotheses 9, 10 and 11.
DISCUSSION AND CONCLUSION

Social exchange theory (SET) provides a tenet that posits the reciprocal arrangement between two parties (Blau, 1968). Relationships are formed based on exchange principles. When employers strive to facilitate employees with benefits, developmental opportunities and empowerment in organisational life, employees in return exercise efforts that might go beyond what is generally expected from them (Gould-Williams & Davies, 2005). Following this analogy, the study postulates IM's role in explaining IWB with the mediating part of intrinsic motivation. In sum, when an organisation satisfies employees, it develops the feeling among employees to engage in discretionary behaviour, which may exceed usual job demands.

Results were generally in the expected direction. Internal marketing practices comprising training and empowerment showed strong associations with innovative work behaviour and intrinsic motivation, while rewards remained the negative predictor for IWB and inherent reason.

The strong and significant relationship between internal marketing and intrinsic motivation reveal the fact that employees expect a reasonable remuneration for daily living, consistent skill development to survive in the cut-throat environmental competition, and the power and freedom to channel his or her efforts to achieve objectives (Cerasoli, Nicklin, & Ford, 2014). By enjoying all these indispensable features in the organisational life, the employee feels obligated to work for the organisation's success and well-being (Wiersma, 1992). All these factors develop an internal drive to pursue organisational growth and success since organisational effectiveness and success in the current era rest with unique offerings (Gebauer,
Gustafsson, & Witell, 2011). Product differentiation is not possible if employees are not creative and converting their plans into realities (Le Bas, Mothe, & Nguyen-Thi, 2015). Organisations need to integrate innovations with optimum resources, but critical factors should balance (Sharma & Sehgal, (2015). In a nutshell, the essence of internal marketing explicates management's essential efforts to satisfy internal employees because customers' attitude are not solely based on the evaluation of products; instead, an overall assessment of the company resources and human resource comes first (Herington, Johnson, & Scott, 2006). Employees with a positive attitude towards an organisation feel obligated to put extra efforts towards organisational success, resulting in novel and creative work practices (Cerasoli et al., 2014). Our results are generally in line with previous studies where internal marketing has shown a strong positive association with vital organisational outcomes (Ferdous & Polonsky, 2014). Internal marketing has previously demonstrated a constructive relationship in engaging employees with work and goal achievement (Lings, 2004). Employees' involvement and engagement reported as a vital precursor to innovative behaviour (Collins & Payne, 1991).

Theoretical and Managerial Implications

The study provides key theoretical implications. Our study validated the link between internal marketing practices with IWB and proved intrinsic motivation as an underlying factor to bridge internal marketing and innovative work behaviour. Secondly, our study examined the engineering sector, which was previously ignored in the extant literature.

The study also offers vital managerial implications. First, since internal marketing has proved to be a key antecedent to intrinsic motivation and innovative work behaviour, managers should empower their employees to design their jobs and participate in decision-making to formulate objectives and plans. Second, rewards and benefits should adequately satisfy basic and higher-order needs. Third, managers should develop customised training programs for the continuous improvement of employees. Lastly, managers must keep employees intrinsically motivated to make them innovative. Investment in employees' skills yields constructive outcomes in the shape of work efficiency and attitude development.

Limitations and Future Research Directions

Like other empirical studies, our research is also not free from limitations; we employed a cross-sectional research design. Attitude and perception change over time. Hence future studies may use a longitudinal research design. Second, a questionnaire survey also poses the challenge of common method bias. Though efforts were made to control social desirability response, the possibility of it still exists. Third, we confined the study to the engineering sector. Future studies may extend the scope by examining the same model over other industries.
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