

**THE MEDIATING ROLE OF EMPLOYEES' ORGANISATIONAL  
COMMITMENT ON THE RELATIONSHIP BETWEEN INTERNAL  
MARKET ORIENTATION AND EMPLOYEES' RETENTION: EVIDENCE  
FROM MALAYSIAN HOTEL INDUSTRY**

**BY**

**HAMIZA JAMALUDIN**

**Thesis Submitted to  
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(Date)

Nama Pelajar  
(Name of Student) : Hamiza Jamaludin

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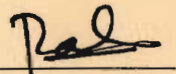
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Program Pengajian  
(Programme of Study) : Doctor of Business Administration

---

Nama Penyelia/Penyelia-penyelia  
(Name of Supervisor/Supervisors) : Assoc. Prof. Dr. Abdul Rahim bin Othman

---

  
Tandatangan  
(Signature)

Nama Penyelia/Penyelia-penyelia  
(Name of Supervisor/Supervisors) : Assoc. Prof. Dr. Zolkafli B Hussin

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## ABSTRACT

Empirical evidence and statistical data show that the hotel industry in Malaysia faces high employee turnover. The hotel industry is not so fortunate in retaining its employees. Though they can be easily hired retention becomes the most challenging job faced by the hotel managers when high turnover gradually increases. There is a research gap in this area since most of the previous researchers focused their studies on employee turnover. This study focuses on employee retention strategy. On this note, the research framework was developed based on the Herzberg Two-Factor Theory and the Social Exchange Theory. The current study aims to identify whether factors, such as internal market orientation and employees' organisational commitment have significant influence on employee retention in the Malaysian hotel industry. Out of the 600 personally administered questionnaires to the frontline hotel employees, 392 sets of questionnaires were returned and found useable, constituting about 65 per cent rate of return. The data was analysed using the SPSS package version 20. The findings indicated that all the three components of internal market orientation, namely internal market intelligence generation, internal market intelligence dissemination and responsiveness to market intelligence, have a significant and positive relationship with employees' organizational commitment and employee retention. Employees' organizational commitment was also found to have a positive and significant relationship with employees' retention. The study also revealed that only affective and normative commitments serve as mediators in the relationship between internal market orientation and employees' retention but failed to support continuance commitment as the mediator. In addition, this study also established internal market orientation as the hygiene factor and not as the motivation factor. This study concludes with a discussion on the theoretical and practical contributions, study limitations and suggestions for future research.

**Keywords:** internal market orientation, employees' organizational commitment, employee retention, hotel industry, Malaysia

## ABSTRAK

Bukti empirikal dan data statistik menunjukkan industri perhotelan di Malaysia berhadapan dengan pusing ganti pekerja yang tinggi. Hal ini membuktikan bahawa industri perhotelan tidak bernasib baik dalam mengekalkan pekerja walaupun mudah untuk mengupah mereka. Perkara ini jelas menunjukkan bahawa pengekalan pekerja menjadi cabaran besar kepada pengurus hotel apabila pusing ganti menjadi semakin meningkat. Oleh demikian, terdapat jurang kajian dalam bidang ini memandangkan kebanyakan penyelidik sebelum ini hanya memfokuskan penyelidikan mereka terhadap pusing ganti pekerja sahaja. Namun demikian, penyelidikan ini memfokuskan kepada strategi pengekalan pekerja. Dalam hal ini, kerangka kajian dibangunkan berasaskan kepada Teori Dua Faktor Herzberg dan Teori Pertukaran Sosial. Matlamat utama kajian adalah untuk mengenal pasti sama ada faktor orientasi pasaran dalaman mempunyai kesan yang signifikan terhadap komitmen pekerja kepada organisasi dan pengekalan pekerja dalam industri perhotelan di Malaysia. Daripada 600 borang soal selidik yang diedarkan secara peribadi oleh penyelidik kepada pekerja barisan hadapan, sebanyak 392 telah dikembalikan dan boleh digunakan iaitu kira-kira 65% kadar pulangan. Data telah dianalisis menggunakan pakej SPSS versi 20. Hasil kajian menunjukkan bahawa ketiga-tiga komponen orientasi pasaran dalaman iaitu penjana maklumat pasaran dalaman, penyebaran maklumat pasaran dalaman dan tindak balas terhadap pasaran dalaman mempunyai hubungan yang signifikan dengan komitmen pekerja kepada organisasi dan pengekalan pekerja. Kajian ini juga menunjukkan komitmen pekerja kepada organisasi mempunyai hubungan yang signifikan dengan pengekalan pekerja. Hasil kajian juga menunjukkan bahawa hanya komitmen afektif dan normatif menjadi perantara dalam hubungan orientasi pasaran dalaman dan pengekalan pekerja, tetapi gagal untuk menyokong komitmen penerusan sebagai perantara dalam hubungan tersebut. Selain itu, kajian ini turut mengesahkan orientasi pasaran dalaman sebagai faktor yang bersih dan bukan sebagai faktor motivasi. Kajian ini diakhiri dengan perbincangan mengenai sumbangan kajian dalam bidang praktikal dan teori, batasan kajian serta cadangan untuk kajian pada masa hadapan.

**Kata Kunci:** orientasi pasaran dalaman, komitmen pekerja terhadap organisasi, pengekalan pekerja, industri perhotelan, Malaysia

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## **LIST OF ABBREVIATIONS**

|      |  |
|------|--|
| AFC  | Affective Commitment                       |
| CC   | Continuance Commitment                     |
| EOC  | Employees' Organisational Commitment       |
| ER   | Employees' Retention                       |
| HRM  | Human Resource Management                  |
| IMO  | Internal market Orientation                |
| IMID | Internal Market Intelligence Dissemination |
| IMIG | Internal Market Intelligence Generation    |
| KMO  | Kaiser-Meyer-Olkin                         |
| NC   | Normative Commitment                       |
| RTI  | Responsiveness to Intelligence             |
| SET  | Social Exchange Theory                     |
| SMEs | Small and Medium Enterprises               |
| SPSS | Statistical Package for Social Science     |
| VIF  | Variance Inflation Factor                  |

# CHAPTER 1

## INTRODUCTION

### **1.1 Research Background**

The services sector is an important component of the world economy with tourism industry has become the largest and most dynamic industry in today's economy. The World Travel and Tourism Council (WTTC) 2013 reported that the global tourism industry contributed about nine percent to the total Gross Domestic Product (GDP) or about US\$ 6.6 trillion in 2012. The industry also generated over 260 million jobs, taking number one spot in 11 of the world's total jobs; the forecast is 296 million jobs by 2019 (UWNTO, 2010). In a similar vein, this industry also contributed over 10 percent of all new jobs created in 2012 (UWNTO, 2010), including employment in airlines, travel agencies, restaurant, hotels, and other passenger transportation services, as well as leisure industries, which are directly supported by tourists.

In Malaysia, the Economic Planning Unit (2010) stated that the tourism industry is a developing industry, and is the key driver in the growth of the services industry. This industry continues to be a significant foreign exchange earner, responsible for strengthening the balance of payment, as well as in attracting investment and providing employment opportunities. According to the Business Monitor (2010), this industry recorded tourist arrivals of 23.6 million in year 2009, which increased to 24.6 million in year 2010. In year 2011 and 2012, this industry recorded tourist arrivals of 24.7 million and 25.9 million, respectively. It also reported an increase in total receipts from RM54 billion in 2009 to RM56.5 billion in 2010, and is expected to reach RM 115 billion in 2015. According to the Central Bank of Malaysia (2010), the

contribution of this industry towards the Malaysia's GDP was about 9.4 percent in 2009. Meanwhile, in the year 2012, the industry generated direct contribution to Malaysia's GDP of about RM65.3 billion or about seven percent of total GDP (WTTC, 2013).

Accordingly, Malaysia occupies fifth place as the most visited country in the Asian Region and ninth most visited country in the world, whereby the tourism industry received more than RM1 billion per week in foreign tourist receipts. In the job market, National Economic Advisory Council's (2009) reported that the tourism sector accounts for approximately 23 percent of the total labour force either directly or indirectly with offering about 563,000 jobs on tourism-related activities in 2009. In year 2012, the total contribution of travel and tourism to employment in Malaysia was increased to 1,708,500 jobs or about 13.6 percent of total employment. The forecast is that this figure will rise to 1,795,500 jobs or 14 percent of total employment at December 2013 (WTTC, 2013). In fact, the WTTC also reported that direct employment included hotel, restaurants, resorts generated about 811,500 jobs in 2012 or about 6.5 percent of total employment. In addition, Department of Statistic (2010), reported the total employees working in hotel industry alone in Malaysia in 2009 is about 104,645 or about 19 percent from total employment in tourism sector.

Albeit economic development demonstrated a slight improvement in Malaysian labour market condition for 2010, unfortunately, Malaysia was experiencing labour shortage and turnover either voluntarily or involuntarily (Ponnu & Chuah, 2010; Kuean, Kaur & Wong, 2010). Many studies have revealed that the turnover phenomenon will affect organisational performance, such as reduction in profits,

reduction of market share, decreasing customer loyalty and satisfaction, etc. (Huselid, 1995; Ponnu & Chuah, 2010; Babatunde & Laoye, 2011). A survey done by Aon Hewitt (2010) indicated that employees' turnover rate in Malaysia had increased to 13 percent in 2010, compared in 2009 and 2008 which is 10.1 percent and 9.3 percent respectively. In addition, latest report by Towers Watson in 2013 General Industry Total Rewards Survey- Malaysia discovered that employee turnover rate had increased to 13.2 percent in 2013 compared with 12.3 percent in 2012. This phenomenon occurs when employees leave the organisations for better opportunities and higher salary elsewhere.

The growth of the hotel industry in Malaysia also embittered by the high employee turnover as mentioned by many researchers such as Abdullah, Musa, Zahari, Rahman, and Khalid (2011); Masdek, Aziz and Awang (2011); Ishak, Abdullah and Ramli (2011); Saad, Yahya and Panggil (2011); Radzi, Ramley, Salehuddin, Othman and Jalis (2009); Allan, Radzi, Hemdi and Othman (2008) and Hemdi & Rahim (2011). This is due to the availability of vacancies when many hotel employees leave the organisation and start looking for other job alternatives. Turnover in the hotel industry remains high, indicating that the hotel easily can hire employees, but is not so fortunate in retaining them. According to the Ministry of Human Resources (2009), about 50 percent of employees' turnover in the Malaysian tourism sector is contributed by the hotel industry. However, most hotel management is not willing to disclose or share their employees' turnover problems.

Related to this issue, study by Milman (2003) also found that the hotel industry experiences a turnover rate of between 60 percent and 300 percent annually.



Meanwhile, the Malaysia Economic Report (2011) reported that the hotel industry recorded the highest number of vacancies (about 35.7 percent) as a result of the high turnover rate. This indicates that employee turnover has become a major problem in the Malaysian hotel industry, and would affect the successfulness of Malaysia tourism industry. In fact, this phenomenon has been happening for the last 15 years, when the Malaysian Association of Hotels (2000) reported that the average employees' turnover rate reached about 66 percent annually for each of the years of 1998 and 1999. Hence, high employee turnover will influencing workplace efficiency, productivity, and hotel cost structure (Davidson, Timo & Wang, 2010).

Many studies posited that high turnover (including in hotels) is a serious problem since it leads to various effects such as raise costs of employee training and recruiting, reduce firm/company productivity, and cause an emotional instability among employees (Ishak *et al.*, 2011; Taufik, Sumarjan, & Sulaiman, 2012), as well as resulting in many negative organisational implications (Kuean *et al.*, 2010). According to Ponnu and Chuah (2010), employee turnover will burden the organisation various effects such as increase financial costs, probability to lose the key skills, knowledge and experience, interruption to operations and negative effect on the employee morale; while Babtunde and Laoye (2011) and Huselid (1995) suggested that this problem will affect productivity, growth, as well as corporate financial performance. In addition, turnover increases the cost of advertising for replacement, time for interview and selection, time and expenses on training, agency fees and uniform costs; and may affect the level of service, customer experience and value (Davidson *et al.*, 2010). The entire costs borne by the organisations will increase every time employees leave the organisation. Since the turnover culture

continues to be a major problem, therefore, employee retention recognizes as a constant challenge for HR practitioners who need to formulate new strategies that will not only attract employees, but equally retain those employees in order for them to help in achieving organisational goals and objectives. In addition, organisations can also reduce all costs associated with turnover by adapting appropriate motivational strategies to reduce further turnover rates.

Empirical evidences have found that hotel employees' turnover is caused by a number of factors, including long working hours and unattractive remuneration (Zamri *et al.*, 2012); anti-social working hours, little salary, unstable, seasonal employment, low job status (Allan *et al.*, 2008); job content and promotional activities (Hemdi & Rahim, 2011); repetitive work, stressful work atmosphere, poor working setting, lack of career development opportunities and better work or employment opportunities elsewhere (Budhwar, Varma, Malhotra, & Mukherjee, 2009); as well as employees' commitment towards the organisation ( Martinez, Stinson & Jubenville, 2011). Therefore, it is well accepted that employees' turnover happens when the employees perceive that their needs are not being satisfied, and at the same time, an alternative job is available (Bawa & Jantan, 2005).

In the hotel industry, almost three quarters of the employees are hired as frontline employees, while only a few are appointed for administrative and management positions. For example, a study by Davidson *et al.*, (2010) revealed that 75 percent of total employees in 4-star and 5-star hotels in Australia comprised frontline employees. It is due to the nature of the hotel business itself; the main purpose for the establishment of hotels is to provide lodging on a short-term basis, thereby requiring

many frontline employees to undertake the services offered. In many ways, frontline employees are recognized as the pillars of the organisation, playing the most critical roles, such as the deliver to guests a quality services (Mishra, 2010; Gaspari & Taga, 2011), returning irascible guests to a state of satisfaction after service failure (Yavas, Karatepe, Babakus & Avai, 2004), and also significantly contributing to external customer retention (Alexandrov, Babkus, & Yavas, 2007). The frontline employees also recognise as the most valuable assets, representing their organisations to external customers and enhancing the image of the organisation. In addition, they also involved in facilitating execution strategies of the organisation and through effective interaction with customers (Donavan, Brown & Maven, 2004).

The imperative role of employees especially frontline is that the success of the hotels relates to their attitudes and behaviours, and the capability of the organisation to retain them (Chen, Wang, Cheng, Chu & Chien, 2010). It can be found in Barney (1991) who viewed the importance of employees as the source of organisational competitive advantage to achieve superior performance. This resource, which is particularly rare, cannot be imitated, is non-substitutable, and is a means of sustained competitive advantage of the firm. It has been demonstrated that the employees' skills, talent and experience could help the organisation to remain successful in the market place, and retaining these employees is something worthwhile for the organisation's future. For that reason, it has been shown that motivating frontline employees to remain is the most important task for the owners/managers of the hotel industry. This argument is aligned with Herzberg's Two-Factor Theory which is premised on the needs of the motivation factor to create employee satisfaction (Herzberg, 1971), hence influencing their decision to remain.

As turnover among hotel employees remains high, many efforts have been introduced to overcome this problem. Many studies have been conducted to investigate the factors that contribute to employee turnover, but there has been less effort to investigate what factors could influence employees to be loyal or to remain with the organisation. In other words, the hotel owners/managers should explore what is the best strategy to retain their employees, instead of focusing on the factors that influence turnover. In addition, Clarke (2012) demonstrated that retention became a key issue in 2012 for most of the employers since talent mobility as well as employee turnover expected to be a significant challenge in Malaysia.

In line with this, Lings (2004) and Hwang and Chi (2005) proposed that internal market orientation could be used as a strategy for employees' retention, which discloses that satisfying employees is the most crucial task to retain employees. However, to date, only a handful of studies has been conducted which connects internal market orientation and employees' retention. In addition, internal market orientation also seems to have linkages with employees' organisational commitment (Caruana & Calleya, 1998; Martinez *et al.*, 2011). It has been demonstrated that employees are reported to be committed to organisational success when the companies can demonstrate their commitment to their employees (Ahmed & Rafiq, 2003), thus contributing to employees' retention.

Many researchers have suggested that management of an organisation should have more concern about their employees' needs and try to make them satisfied, which eventually can create strong employees' attachment. Employees who have a strong

association with their organisations are expected to have lower turnover or intention to leave than those with weak association (Allen & Meyer, 1990; Porter & Steers, 1973). Since the hotel industry has faced substantial effects of turnover, which reflects on a country's economy, thus it is worthwhile to investigate the relationship between internal market orientation and employees' organisational commitment, and how these variables influence employees' retention.

## **1.2 The Hotel Industry in Malaysia**

Malaysia's hotel industry is recognized as among the active players in the services sector and is among the largest sectors offering employment opportunities. Briefly, a hotel is recognised as an establishment that provides lodging paid for on a short-term basis, with a variety of facilities, such as rooms with bed, cupboard, table and even jacuzzi bathtub. As hotel recognizes as a part of the hospitality industry, Hepple, Kipp and Thomson (1990) identified hotel via four characteristics, including hosting a guest who is away from home, providing for the guest's security, as well as psychological and physiological comfort.

According to the Malaysian Association of Hotels (2011), in general, hotels in Malaysia fall into five categories: 1-star, 2-star, 3-star, 4-star and 5-star hotels. However, a few hotels are rated under the orchid and boutique categories. Meanwhile, Malaysian Association of Hotels (2011) disclosed that the hotel in Malaysia are rated based on six major criteria inclusive of qualitative and aesthetic condition, common areas, bedroom requirements, services, safety standard and hygiene and staff. Until December 2012, 1774 hotels have been registered throughout Malaysia, including

Sabah and Sarawak, with the Ministry of Tourism and Culture Malaysia (MOTAC).

Table 1.1 below shows the distribution of hotels in Malaysia.

Table 1.1

*Registered Hotels with Ministry of Tourism and Culture Malaysia*

| No | State           | Total Registered Hotels |
|----|-----------------|-------------------------|
| 1  | Johor           | 128                     |
| 2  | Kedah           | 81                      |
| 3  | Kelantan        | 71                      |
| 4  | Kuala Lumpur    | 201                     |
| 5  | Melaka          | 137                     |
| 6  | Negeri Sembilan | 60                      |
| 7  | Pahang          | 147                     |
| 8  | Perak           | 136                     |
| 9  | Perlis          | 13                      |
| 10 | Pulau Pinang    | 92                      |
| 11 | Sabah           | 288                     |
| 12 | Sarawak         | 192                     |
| 13 | Selangor        | 127                     |
| 14 | Terengganu      | 97                      |

Source: Ministry of Tourism and Culture Malaysia (MOTAC), 2012

A few studies have been conducted on the Malaysian hotel industry. For instance, Abdullah *et al.*, (2011) examined the frontline employees' satisfaction and loyalty in Klang Valley hotels. The study disclosed that employees' satisfaction resulted in employees' loyalty, and this satisfaction influences by four important factors, including recognition and rewards, working conditions, teamwork and cooperation, and relationship with supervisors.

Hemdi and Rahim (2011) conducted a study among managers in Selangor, Kuala Lumpur and Penang hotels, which indicated that psychological contract, comprising job content and promotion opportunities, in particular, is significantly related to turnover intention, and affective commitment is found to partially mediate the relationship between job content and turnover intention. Affective commitment in

their study is referred as the emotional connection between employee and organization which influence employee whether or not to remain with the organization. In addition, the relationship between promotion opportunity and turnover intention is fully mediates by affective commitment. In fact, they disclosed that age plays an important role in determining the effect of psychological contract on turnover intention.

In addition, Kumar and Eng (2012) performed a study to test the relationship between organisational commitment and turnover intention in three hotels in Penang. Their finding suggested that organisational commitment is highly related to turnover intention in a negative way among top level management and lower level employees.

Another study on turnover in hotels in Malaysia was conducted by Masdek *et al.*, (2011). The study examined service recovery performance, job satisfaction and employees' turnover in 3-star, 4-star, and 5-star hotels in the Klang Valley. The result disclosed that only training and empowerment influenced frontline hotel employees' turnover, while rewards system was only related to service recovery performance.

Based on the above discussion, it is clearly illustrated that the research on internal market orientation, employees' organisational commitment and factors that contribute to employees' retention in the hotel industry in Malaysia is still limited, since these studies failed to investigate the effect of internal market orientation on employees' organisational commitment and employees' retention. Thus, there is a critical need to study the outcome of internal market orientation, employees' organisational commitment and employees' retention in the Malaysian hotel industry setting.

### 1.3 Problem Statement

Many studies such as Abdullah *et al.*, (2011), Masdek *et al.*, (2011), Ishak *et al.*, (2011) and Saad *et al.*, (2011) claimed that the hotel industry is facing high employees' turnover, which this problem affect organisational performance such as reduces labour productivity and return on asset (Abukhalifah, Mat Som & Albatat, 2013); diminished work efficiency and productivity (Davidson, Timo & Yang, 2010); diminished labour productivity, financial performance, customer service and quality and safety (Hancock, Allen, Bosco, McDaniel & Pierce, 2013) and many others. Turnovers in hotel also could affect a country's economy if this problem is not monitored and managed properly. Thus, retention become the main challenge for managers to overcome this problem which note that increased in retention explained reduction in employees' turnover (Whitt, 2006). In the other words, when retention is managed properly, then there will be no more employees' turnover.

Although many studies concluded that low turnover described an increase in retention, however, Holtom, Mitchell, Lee and Eberly (2008) suggested that turnover and retention are not simply two sides of the same constructs, which showed that turnover and retention could be led by different factors. For instance, worthwhile promotion, interesting work, job security and improving knowledge and skills are found to lead employees to stay while poor pay system led employees to leave the organisation (Boxall, Macky & Resmussen, 2003); culture and company policy, working environment, teamwork and challenging opportunities led to retention (Ashraf *et al.*, 2008) and poor remuneration system, poor working condition and job insecurity are recognized as turnover factors while adequate salaries, job security and social affiliation as the retention factors (Chiboiwa *et al.*, 2010). These studies



clearly showed that in certain situation, employees' turnover and employees' retention are influenced by distinct factors. As many existing studies conducted on turnover compared to retention (Huang, Lin & Chuang, 2006), thus, it showed the need to conduct a further study on employees' retention as the mode to overcome employees' turnover.

Internal market orientation has been examined extensively and received considerable attention among practitioners and academicians (Tortosa, Moliner & Sanchez, 2009; Tortosa, Garcia & Moliner, 2010; Zaman, Javaid, Arshad & Bibi, 2012; Kaur *et al.*, 2009; Nikbin, Saad & Ismail, 2010; Mohammadi, Hashemi & Moradi, 2012; Huang & Chi, 2005). Until recently, vast majority of the researches on internal market orientation converge to organisational performance, employees' job satisfaction, employees' satisfaction, market orientation, customers' orientation, and strategic orientation. Their studies revealed the vital effect of internal market orientation and showed that the execution of internal marketing in internal environment could influence employees' attitude and behaviour towards organisational goal and objectives (Tansuhaj *et al.*, 1988). For instance, continuous improvement of internal market orientation results in employees' job satisfaction and commitment in banking industry (Kaur *et al.*, 2009), increased customer perceived quality of local credit institution (Tortosa *et al.*, 2009), and market orientation, commitment and organizational profitability (Zaman *et al.*, 2012; Nikbin *et al.*, 2010 & Mohammadi *et al.*, 2012).

According to Tansuhaj *et al.*, (1988), employees' behaviour and attitude could be reflected by internal market orientation, which is retention behaviour could be one of

the imperative outcome of practicing internal market orientation. It proved that execution of internal marketing could improve employees' retention (Berry & Parasuraman, 1991) and denoted that internal marketing and retention significantly related. However, only handful studies examined internal market orientation and retention such as Lings and Greenley (2005) in retail industry; Ahmad, Iqbal and Sheeraz (2012) in banking sector in Pakistan and Lings and Greenly (2005) in retailing industry. Unfortunately, research that tries to examine internal market orientation and employees' retention in the hotel industry especially in Malaysia is still lacking. The argument is that, one cannot assumed the effect of internal market orientation toward employees' retention in the banking and retail industry is similar to the hotel industry, as found in Shekary, Moghadam, Adaryany and Moghadam (2012). This is due to different work processes, organisational culture and working environment. In fact, employees' decision to remain in Malaysia could be different due to culture differences, as in previous studies conducted in other countries such as Taiwan (Yang , Wan & Fu, 2012) and Iran (Abzari, Ghorbani & Madani, 2011).

Moreover, the execution of internal market orientation in the organization could foster employees' organisational commitment (Berry & Parasuraman, 1991; Carter & Gray, 2007). It claimed that committed employees could be ascertained when organisation aware and fully execute internal market orientation. It is denoted that organisations aware about internal market orientation, however, they have less omitted as determinants in employees' organisational commitment. Only a few studies such as Kaur *et al.*, (2009), Vaziferedoost, Hoosgmand and Dehafarin (2012), Awwad and Agti (2011) and Farzad, Nahavandi and Caruana (2008) showed the significant effect of internal market orientation on employees' organisational

commitment specifically in banking industry. Unfortunately, studies on the effect of internal market orientation on employees' organisational commitment in hotel industry is limited and deemed necessary because the results could vary since most of these studies were conducted in western countries. Therefore, it is also arguable that employees' organizational commitment could differ when it comes to hotel industry compared with the above mentioned industry.

Besides that, studies also approved that commitment play a vital role in measuring employees' behaviour such as turnover, turnover intention, absenteeism, intention to leave, desire to remain, attendances and tenure (Kuean *et al.*, 2010; Allen & Meyer, 1996; Cohen & Golan, 2007; Chew & Wong, 2008; Somer, 2009), where most of those studies heavily referred to organisational commitment as employees' commitment towards their organisation (Cichy, Cha & Kim, 2009). Meanwhile, a few studies denoted employees' retention as the outcome of employees' commitment to their organisation (Addae, Parboteeah & Velinor, 2008; Berry and Parasuraman, 1991; Curtis & Wright, 2001), which signify that highly committed employees' choose to remain with their employer compared with uncommitted employees'. Yet, it is also arguable that it is difficult for employees to remain when their commitment towards their employers deteriorate. As commitment express the situation of employees' to remain or not, thus most of the researchers grant that by studying commitment, they indirectly studying employees' retention. However, in this study, the researchers try to examine the effect of employees' organizational commitment on employees' retention. In this note, the study incline to investigate either fully committed employees with affective commitment or less committed employees with continuance commitment and/or normative commitment really want

to continue their membership or discontinue their membership with their organization with the presence of commitment.

In addition, previous studies such as Meyer, Staley, Herscovitch and Topolnytsky (2002), posited that affective, normative and continuance commitment negatively related with turnover and/or turnover intention, with affective commitment has the highest correlation with turnover and/or turnover intention. However, since, employees' retention receives considerable attention especially to overcome employees' turnover, it is important to study the relationship between employees' organizational commitment and employees' retention. It is also notable that most of the studies on commitment were conducted by looking at employees' organizational commitment as a whole (Kuean *et al.*, 2010 and Kim, Leong & Lee, 2005) or at least at affective commitment (Hemdi and Rahim 2011; Joarder *et al.*, 2011) rather than investigate the effect of each components of commitment towards employees' retention. Until recently, only a few studies were conducted to examine the relationship between employees' organisational commitment and retention such as among hospital employees, scientists and engineers (Steer, 1977), casual dining chain restaurant (Kim, Leong & Lee, 2005) and education industry (Chungthai & Zafar, 2006). Yet, research that relates to employees' organizational commitment and employees' retention in hotel industry rather limited.

Study by Tansuhaj *et al.*, (1988), Kaur *et al.*, (2009) and Martinez *et al.*, (2011) also mentioned that internal market orientation related to employees' commitment, in turn affect employees' retention. It showed that internal market orientation have an indirect effect of employees' retention through employees' organisational

commitment. It is important to note that if the organizations want their employees to remain, internal market orientation should be offered which could influence employees' organizational commitment, and finally will affect employees' retention. In this stratum, study by Zaman *et al.*, (2012) indicated that employees' organisational commitment partially mediates the relationship between internal marketing and market orientation. Therefore, Awwad and Agti (2011) suggested that the mediating role of employees' organisational commitment in the relationship between internal marketing and market orientation is confusing. Little work; however, were explored on the thought processes of employees that may affect their decisions towards retention in Malaysia hotel industry. Study by Hemdi (2006) proved affective commitment served as the mediator in the relationship between human resource practices and turnover intention, which denoted that human resource practices could negatively influence frontline employees' turnover intention via intervention of affective commitment. Based on the above discussion, it is clearly showed that there are inconsistent findings of employees' organizational commitment as a mediator. Thus, it is important to explain the confusion of employees' organisational commitment as mediator especially in the relationship between internal market orientation and employees' retention.

Moreover, previous studies on internal market orientation such as Carter and Grey (2007), Farzad *et al.*, (2008), Kaur *et al.*, (2009), Lings (2004), Lings and Greenley (2005), Neude *et al.*, (2003), Tortosa *et al.*, (2009) did not examine each components of internal market orientation, but rather examine internal market orientation as a whole. Only a few studies such as Soliman (2013), Lings and Greenley (2005), Sulaiman, Othman, Perumal and Hashim (2013) and Sulaiman, Othman, Perumal

and Hussin (2013) analysed the relationship between the different components of internal market orientation. According to Soliman (2013) and Sulaiman *et al.*, (2013a), employees' job satisfaction only related with internal response, but internal generation and internal communication did not show significant relationship with employees' job satisfaction. Meanwhile, only internal response found to has positive relationship with affective commitment (Sulaiman *et al.*, 2013b). In addition, Lings and Greenley (2005) analysed the relationship between internal market orientation and organizational performance among managers in retail industry setting.

Yet, they also discuss the findings of internal market orientation on employees' organisational commitment and employees' retention as a whole. There is no effort to examine the effect of each component of internal market orientation on employees' retention, as well as the effect of each components of internal market orientation on each components of employees' organisational commitment as done by the current researcher. In fact, by studying each components of internal market orientation such as internal market intelligence generation, internal market intelligence dissemination and responsiveness to intelligence, the current researcher could contribute a greater understanding of internal market orientation.

In addition, the justification to consider internal market orientation as the subject of interest is because internal market orientation could help in generating values to both customers and employees simultaneously (Lings & Greenley., 2010). Thus, it can be concluded that, internal market orientation does not only worth for organization to affect perceived employees values, increase employees' retention but also generate external customer perceived quality and satisfaction.

## **1.4 Research Questions**

Based on the background of the study and problem statement as mentioned above, the current study presents answers to the following research questions:

1. Do the different aspects of internal market orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) have relationships with employees' retention in Malaysia's hotel industry?
2. Do the different aspects of orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) have relationships with the different aspects of employees' organisational commitment (affective, continuance, normative) in Malaysia's hotel industry?
3. Do the different aspects of employees' organisational commitment (affective, continuance, normative) have a relationship with employees' retention in Malaysia's hotel industry?
4. Do the different aspects of employees' organisational commitment (affective, continuance, normative) mediate relationships between the different aspects of internal market orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) and employees' retention in Malaysia's hotel industry?

## **1.5 Research Objectives**

The main purpose of the present study is to examine the relationship between internal market orientation, employees' organisational commitment and internal aspects of performance in Malaysia's hotel industry, focusing on employees' retention, in

particular. Thus, based on the above research questions, the following research objectives are formulated:

1. To investigate whether the different aspects of internal market orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) have relationships with employees' retention in Malaysia's hotel industry?
2. To determine whether the different aspects of internal market orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) have relationships with employees' organisational commitment (affective, continuance, normative) in Malaysia's hotel industry?
3. To examine whether the different aspects of employees' organisational commitment (affective, continuance, normative) have relationships with employees' retention in Malaysia's hotel industry?
4. To determine whether the different aspects of employees' organisational commitment (affective, continuance, normative) mediates relationships between the different aspects of internal market orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) and employees' retention in Malaysia's hotel industry?



## **1.6 Significance of the Study**

Many studies such as Abdullah *et al.*, (2011); Masdek *et al.*, (2011); and Ishak *et al.*, (2011) are likely to examine employees' retention by looking at two different areas. Firstly, most of the studies on retention have been conducted by looking at employees' turnover intention and employees' turnover directly. They believed that the factor influencing turnover also is related to employees' retention. Secondly, studies on this subject were conducted with regards to human resource management's point of view which believed the employee is a person who is hired to supply services to the organisation. It is very much in contrast with the internal marketing perspective which looks at employees as the firm's first customer who needs to be served and satisfied as the prerequisite for external customer satisfaction, and the job as the firm's product. Since market orientation has received substantial attention in the marketplace (e.g., Tortosa *et al.*, 2009; Tortosa-Edo *et al.*, 2010; Gounaris, 2006; Gounaris, 2008; Lings & Greenley, 2005; Lings, 2004), it is imperative to employ internal market orientation as the strategy to motivate and retain internal customers, which in turn, will increase employees' retention, leading to reduced employees' turnover.

The present study highlights the importance of internal market orientation in creating employees' organisational commitment, and their retention behaviours. Thus, it hopes to provide significant contribution both in theoretical and practical areas, with internal market orientation, commitment, and retention, as the main focus.

From the practical perspective, the present study hopes to shed some light on the role of internal market orientation and employees' organisational commitment on

employees' retention, as highlighted in Ahmed and Rafiq (2003). Since this study focuses on employees, the main finding of the present study will help the policy makers and practitioners in the hotel industry to develop effective internal market orientation as the strategy that could be used to influence employees' retention decision. Indeed, the hotel owner/manager/policy maker also can employ internal market orientation as a strategy to create employee commitment towards the organisation, which later will influence employees' retention. In other words, successfully retaining frontline employees can be a key success factor in delivering excellent services to external customers. Perhaps, the findings will aid hotel owners/managers on how to motivate and retain their internal market, thus enhancing employees' attachment and commitment to the organisation, which in turn, will affect their performance. In that sense, service organisations will be able to maintain their talented, skilled, and valuable employees for their sustained success.

Moreover, base on Herzberg's Two-Factor Theory and Social Exchanged Theory, the findings will assist the hotel owners/managers that they should play a significant role in determining the benefit that employees should receive while offering appropriate strategies (internal market intelligence generation, internal market intelligence dissemination, and responsiveness to intelligence) as reciprocation for the effort that the employees make, which later could increase employees' commitment towards their organisation and their retention decision.

Although the present study was conducted in the Malaysian hotel industry, however, the finding could also apply in the other industries, such as medical, financial, call centres as well as education industry, due to the notion that internal market orientation

is most suitable for the services industry in creating employees' commitment and to tackle employee turnover culture.

Theoretically, the findings from the present study also could offer additional knowledge into the existing body of knowledge on employees' retention by incorporating employees' organisational commitment as the mediating variable in the relationship between internal market orientation and employees' retention, from an individual point of view which previously has been understudied. In fact, the findings also discuss either employees' organisational commitment serve as full or partial mediator which later could influence policy maker in designing organisation policy and strategy.

In addition, the current study will add the richness in the literature of internal market orientation by studying the effect of each components of internal market orientation such as internal market intelligence generation, internal market intelligence dissemination and responsiveness to intelligence on employees' retention. It is important to examine each components of internal market orientation since the effect of each IMO components could varies on employees' retention. Besides that, the findings also offer additional knowledge by determine significant level of each components of IMO on employees' retention. In this note, the findings will determine which component has the highest impact on employees' retention and which component has the lowest impact on employees' retention. In fact, current study also investigates the effect of each component of IMO on different aspects of employees' organizational commitment inclusive of affective commitment, normative commitment, and continuance commitment and the effect of each components of

employees' organizational commitment have on employees' retention which previously has been understudied. As showed in Newman and Sheikh (2012), internal response such as rewards system is related to affective commitment in Airline Industry but it is not related with affective commitment in education industry (Nawab & Bhatti, 2011). It clearly showed that the effect of internal response component on affective commitment is different in diverse industry. Thus, it is important to study each components of internal market orientation and employees' organizational commitment on employees' retention since the findings could differ compared to existing studies.

Besides that, the findings also could increase the empirical literature in marketing and other related disciplines, and add to better understanding of Herzberg's Two-Factor Theory and Social Exchange Theory, which are identified as the main theories used to develop the research framework. Herzberg's Two-Factor Theory expresses the reason why employees act the way they do (retention) and advises on factors (the different aspects of internal market orientation, such as internal market intelligence generation, internal market intelligence dissemination, and responsiveness to intelligence), that when applied, could get the best results of employees' commitment towards their organisation (Baah & Amoako, 2011). Meanwhile, the Social Exchange Theory clarifies the process of negotiated exchange between parties (employee and manager/ employer), in which both parties involved in the exchange take responsibility for each other and depend on each other (Blau, 1964). In this note, the findings will clarify either internal market orientation as the hygiene or motivational factors which have an effects on employees' organisational commitment and employees' retention and

determine the important factors that need to be considered in the process of negotiation between employer and employee.

The finding is also significant since individual employee commitment, especially frontline employees towards the organisation, could vary, if compared to the managerial point of view. In fact, different internal market orientation components may influence differently their commitment, and different aspects of commitment may have different effects on employees' behaviour (Jaros, 1995). Moreover, due to the limited amount of studies on internal market orientation, this study can offer additional knowledge by demonstrating internal market orientation as an important strategy in managing employees' retention. The findings of the present study also could be valuable since it is conducted in the Malaysian hotel industry setting, compared to many previous studies that were conducted in western countries.

### **1.7 Scope of the Study**

The main purpose of the present study is to investigate the internal aspects of performance; employees' retention in particular, in the Malaysian hotel industry, by looking at Herzberg's Two-Factor Theory and Social Exchange Theory (SET). Meanwhile, the research questions and objectives of the study were investigated based on the data collected from hotel employees in Kuala Lumpur and Selangor areas. However, the present study is limited to the 3-star, 4-star and 5-star hotel category in the mentioned areas. Although the present study was conducted in the Malaysian context, however, its implication is very vital and significant to other contexts due to the nature of this study which examined the factors that influence employees' commitment towards their organisation.

The present study employed a quantitative cross-sectional research design through self-administered questionnaires. This technique was employed due to the argument that self-administered questionnaires will help the researcher to obtain sufficient response rate. The frontline employees of the above mentioned hotel category were chosen as a unit of analysis due to the fact that these categories of hotels are active in implementing internal market orientation within the organisation, compared to the other two hotel categories. In fact, the turnover problem mainly happens among frontline employees compared with administration and managerial employees.

Therefore, the present study only examines internal market orientation as an independent variable, employees' organisational commitment as the mediator variable, and employees' retention as the dependent variable. Internal market orientation dimension is measured through three components: internal market intelligence generation, internal market intelligence dissemination, and responsiveness to internal intelligence. Therefore, all three dimensions of organisational commitment, namely affective, continuance and normative commitment, are used to measure employees' organisational commitment.

## **1.8 Operational Definition**

According to Sekaran (2003), the operational definition refers to the definition of a construct in measurable terms by reducing it from the level of abstraction through the explanation of its dimensions and elements. Cooper and Schindler (2008) referred to operational definition as a definition for a variable that has been tested in the study in terms of specific testing criteria, which specifies what must be counted, measured, or

gathered to fit the research objectives. The definitions and descriptions of the main terms used in the current study are discussed in the following sections:

### **1.8.1 Employees' Retention**

Employees' retention is defined as anything that organisations are willing to do to have and retain skilled employees (Kyndt *et al.*, 2009). In other words, employees' retention is about employees' perception to stay with their current organisation, based on the factors that have been offered by the organization to them.

### **1.8.2 Employees' Organisational Commitment**

Employees' organisational commitment is defined as the connection between employees and the organisation they are attached to, which is associated with turnover (Allen & Meyer, 1990). It indicates that a highly committed employee is likely to continue membership and connection with the organisation.

### **1.8.3 Internal Market Orientation**

Internal market orientation is defined as the continuous activity done by the organisation to fulfil the employees' needs and wants as the prerequisite to satisfied external customer needs and wants (Gounaris, 2008). The activities include intelligence generation, intelligence dissemination and responsiveness to intelligence.

### **1.8.4 Hotel Organisation**

Hotels are in the business of providing space to customers in which they permit them to do the basic things, such as eat, drink, sleep, wash, bath, play, confer, relax, do business and a whole range of other common human activities (Jones & Lookwood,

2002). It is an establishment that provides lodging paid for on a short-term by external customers.

### **1.8.5 Frontline Employee**

A frontline employee is defined as an employee who deals directly with customers (Cambridge Dictionary, 2013). In the hotel industry, frontline employees are referred to as employees who are directly involved in delivering services to the external customers, including front office, housekeeping and maintenance employees, etc.

## **1.9 Organisation of the Thesis**

The present study is divided into five chapters. The first chapter explores the background and key success stories of Malaysia's tourism sector and hotel industry based on its development and contribution to the Malaysian economy, followed by a discussion on the hotel industry in Malaysia, including studies that have been done before. This is followed by the problem statement, research questions, research objectives, significance of the study and definition of critical terms that are used in this study.

The second chapter presents the historical context of previous research, including employees' retention, employees' organisational commitment and internal market orientation, specifically in service firms, where various findings and inputs were reviewed. This chapter also addresses the underlying theory: Herzberg's Two-Factor Theory and Social Exchange Theory as the foundation of the theoretical framework and research hypothesis.



The third chapter presents research methodology of this research. It starts with establishing the proposed theoretical framework for this study, followed by hypotheses development. It also discusses the research design, unit of analysis, measurement of variables, administration of the field study, and finally data analysis method.

The fourth chapter presents results and findings of each tested hypothesis. The final chapter which is chapter 5 discusses the findings of the present study, including the contributions, implications, recommended future research, and summary.

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

#### **2.1 Introduction**

This chapter provides review of literature from secondary sources that are related to the theoretical foundation of the present study. The chapter begins with a brief discussion on employees' retention as a dependent variable for this study, followed by independent variables, namely internal market orientation, and finally employees' organizational commitment as mediating variable. This is followed by a brief discussion on the underpinning theories, namely Herzberg's Two-Factor Theory and Social Exchange Theory. The chapter ends with a summary.

#### **2.2 Employees' Retention**

Performance is recognised as the most important outcome in evaluating organisations, and is the final point for evaluating firm success. Most of the organisation's performance is mainly influenced by employees' performance, which is measured from various perspectives, such as employees' job performance, employees' job satisfaction, employees' job dissatisfaction, employees' commitment, absenteeism, attendance, employees' retention, employees' turnover, etc. According to Steers (1977) and Sager and Johnson (1989), numerous indicators have been used to measure employees' performance, including employee desire and intent to remain, employees' retention and turnover, attendance, and job performance. However, numerous studies accepted retention and turnover intention as the most crucial employees' performance factors in the service organisation context, which is a reflection of the ability of the companies to retain their employees, in turn lowering

their intention to leave. According to Cardy and Lengnick-Hall (2011), many researchers' attention has focused more on the subject of "will they go" or turnover and far less attention has been paid to "will they stay" or retention. In fact, many studies have been conducted to examine employees' retention by looking at employees' turnover intention and actual turnover rather than retention as the main construct (Hong & Kaur, 2008).

### **2.2.1 Employees' Retention Definition**

Employees' retention is recognized as one of the significant dependent variables to measure performance, and is considered as the cornerstone for the success of an organisation (Osteraker, 1999). Retention has recognized as a major source of firm competitive advantage in the modern business world (Vaiman, 2008). From the organisational point of view, the main purpose of retention is to prevent the loss of skilled employees from the organisations, to ensure that employees are retained in the organisation. It is believed that retaining employees is vital because while hiring qualified candidates is essential for the organisation, their retention is more important because a huge amount of money is spent by the organisation on the orientation and training of new employees (Irshad, 2011). Employees want to remain loyal with the organisation when they have value, sense of pride and work to their full potential (Cole, 2000). In general, many studies recognize retention as the opposing side of turnover which refers to employees intending to remain and commit to stay with the organisation when their turnover intention is low. It demonstrates the condition of the employees' commitment to stay with their organisation when their intention to leave is low, while high intent to leave means that they do not commit to stay.

Many studies relate employees' retention as voluntary effort made by the organisation with the purpose of keeping and retaining the employees with the organisation. This notion is consistent with Chaminade (2007), who referred retention as a voluntarily move by an organisation to create an environment to retain employees for longer period of time.

According to Frank, Finnegan and Taylor (2004), retention is theorised as the effort made by employers to hold or retain desirable workers in order to achieve business objectives, while Kyndt *et al.*, (2009) defined employees' retention as anything that the organisation is willing to do to have and retain skilled employees. Sandhya and Kumar (2011) claimed that retention is a practice in which employees are boosted or sparked to stay with the organisation, either until a project has been completed or for maximum period of time. Employees' retention benefits not only the organisation, but the employee as well. Cascio (2003) referred to retention as initiatives taken by the organisation to hold its employees from leaving the organisation, which included pleasing employees when they perform their jobs effectively, tendering and ensuring harmonious working associations, as well as providing and maintaining healthier and safer work environment. Meanwhile, James and Mathew (2012) referred employees' retention as a process that encourages the employee to remain with the organisation for maximum period.

For that reason, it can be concluded that employees' retention can be any effort set up by the organisation to keep their desirable employees to achieve organisational and individual objectives.

### **2.2.2 Antecedent of Employees' Retention**

Empirical evidence, such as by Milman (2003) and Meyer and Allen (1991), suggested that employees' retention performance outcomes were associated with many factors such as demographic and personal characteristics factors, overall job satisfaction, work and organisation environment, job content and intrinsic motivation, the external labour environment, employees' perceptions of alternative jobs, absenteeism, lateness and job performance.

It clearly showed that studies on factors that influence and antecedents of employees' retention have been conducted extensively. For example, Ashraf, Joarder, and Masum (2008) identified several factors related to employees' retention, which placed as organisational and HR factors. Their findings revealed that retention of private university employees in Bangladesh influenced by four important factors such as university culture and policies, working environment, challenging opportunity and teamwork. However, they also revealed that employees' retention did not relate with compensation package which offered by the university, person-organization fit, training and development and leadership behavior. The findings indicated that the employees at the university were mainly concerned on organizational factors rather than the HR factors for them to remain with the university.

Sheridan (1992) suggested that employees' job performance significantly interacts with organisational culture values in influencing retention rates and Mohanty (2009) disclosed that open communication, reward programmes, performance based bonuses and incentives, career development, and giving gifts are practices that a company can adopt to retain employees. Study by Gberevbie (2010) among federal civil service

employees in Nigeria revealed that job status and annual income were found to be significantly not related to employees' retention and performance. Further, the researcher claimed that appropriate incentives should be provided to retain competent employees. Evidently, this indicated that incentives are important to influence employees' retention compared with salaries and job positions.

Mat Zin, Ahmad, Ngah, Ismail, Ibrahim and Abdullah (2012), in their study, suggested that various strategies could be used for retention in Malaysia SMEs, including intrinsic and extrinsic factors of motivation, such as training and development, recognition, achievement, work and responsibility, company policy, supervision working conditions, interpersonal relations, job security and compensation. They also suggested that both intrinsic and extrinsic factors could be divided into three factors which include organisational strategies factors, organisational cultural and benefit factors to retain employees. Therefore, the intrinsic and extrinsic factors are vital in retaining employees in Malaysia.

Study by Khan, Rehman, Rehman, Safwan and Ahmad (2011) said that the Pakistani banks have retained their most talented and determined employees through employees' compensation and rewards, training programmes, work clarity and clear job description. Meanwhile, study by Kyndt *et al.*, (2009) among 349 employees indicated that both personal factor and organizational factor are important in retention. They found that skill of leadership, recognition and stimulation, learning attitude, work severe, seniority and education level should be considered when investigated employees' retention. The result also showed that retention enables managers to focus on both levels to retain their employees (Kyndt *et al.*, 2009). In other stratum, Hytter

(2007) highlighted six factors that have indirect influence on retention in France and Sweden: vocation prospects, rewards, style of leadership, training and development of skills, working conditions and work-life balance. According to Hassan, Hassan, Khan and Naseem (2011), career prospects, attitude of employer, job and life balance and job security contributed to employees' retention in the leather industry in Pakistan. They argued that employees' loyalty comes when an employee is fully satisfied with his or her employer, who provided good working conditions, benefits and fair pay, good recruitment, and training and development to hone abilities, all of which contribute to employees' intention to stay. Another study by Hong *et al.*, (2012), showed that employee compensation, employee training, and appraisal system are significantly related to employee retention, while empowerment is not related to retention among institutes of higher learning employees. Evidently, this indicated that various strategies are used to influenced employees' retention, which may directly or indirectly influenced employees' retention.

In relation to work position, a study done by Chiboiwa, Samuel and Chipunza (2010), among medical laboratory companies in Zimbabwe, revealed that labour turnover is higher among non-managerial employees compared to managerial employees, and high turnover is largely attributed to poor reward system administration. Another study by Moncarz, Zhao and Kay (2009), found that retention of non-management and management employees is influenced by different practices. According to the authors, non-management employees' retention is influenced by corporate culture, hiring and promotion practices, and training, while management retention is influenced by hiring and promotion practices only. Therefore, organisational mission,

goal and direction, employees' recognition, rewards and compensation are responsible for reducing non-management employees' turnover.

Besides, according to Sandhya and Kumar (2011), retention strategy can be classified into three stages, which are bottom stage, middle stage, and top stage. Retention strategy used for the bottom level is inclusive of performance appraisal, offering workplace conveniences, support by the employer, recognizing professionalism, providing compensatory monetary benefits, providing perks, recreation and fun at work, and occasional stress relievers. Meanwhile, middle level retention strategy consists of recognition, enhances personal growth and opportunities through offering training and development, providing workplace conveniences and safety measures, benefits programme and support for family, as well as performance appraisal. The high level retention strategy is more on promoting and encouraging work/life effectiveness; considering employees' esteem needs, providing professional training and development, offering environment of trust and finally hiring the right people for the right job in the right place at the right time. The above studies clearly showed that factors which influenced employees' retention differ for managerial and non-managerial, which indicated that rewards system, training and organisational culture influenced non-managerial compared with managerial employees which are influenced by hiring and promotional practices, employees' esteem needs, providing professional training and development and many others as being discussed earlier.

In other industry settings, such as telecommunication, care centre inclusive of child care and home care, ICT, manufacturing, pharmaceutical, banking and nursing, Govaerts *et al.*, (2011), specified that professional employees' retention has a positive



relationship with age, while letting employees extra things and learn more of what they are good at will persuade them to remain with the organisation for long period of time. The findings clearly showed that by allowing professional employees to do something beyond their limits, the managers showed their creditworthy on them, and later hard for them to leave the organisation.

Studies on employees' retention in the hospitality and hotel related industry can also be found in Milman (2003) and Chiang, Back and Canter (2005). According to Milman (2003), retention of hourly employees in the amusement park and attraction industry in Florida are influenced by working conditions and self-fulfilment and compared with monetary rewards. Further, he claimed that employees tend to stay with their current employer when they experienced with consistent working hours, sense of fulfilment with their job, positive experience with performance reviews, longer tenure with current employer, and higher level of satisfaction with the job. Chiang *et al.*, (2005) demonstrated that the quality of training given by their employer positively related with their satisfaction; training and job, as well as intention to stay among employees in the hospitality industry.

Therefore, study by Cho, Johanson and Guchait (2009) among hospitality employees in the United States discovered that employees' intent to stay strongly influenced by perceived organisational support, which includes the willingness of the company to help the employees when they need special favour, make the job as interesting as possible, care about employees' opinions, take pride in employees' accomplishment at work, care for employee well-being, strongly consider employees' goals and values, and the willingness to extend itself in order to help employees perform their job to the

best of their ability. Their findings demonstrated that these employees did not concern on monetary rewards to remain with the hotel and hospitality industry rather than concern on working condition, training and organisational support which most valuable for them.

Various studies suggested that employees' retention is influenced by various factors. A study by Samuel and Chipunza (2009) disclosed that employees' retention in public and private sectors in South Africa is strongly influenced by training and development, rewards system, bonus and commission, and cutting-edge technology. Meanwhile Sanjeevkumar and Wei (2012) proposed that compensation, work-life balance, organisational commitment and career opportunity are positively related with intention to stay, and have become the practices that influence retention among Kedah State Development Corporation employee. DeVos and Maganck (2009) who studied HR managers' and employees' view on the factors that shaping employee retention based on psychological contract perspectives, found that employees attach most importance to employer inducements relating to the social atmosphere, job content, career development, and less importance to financial rewards and work-life balance.

In addition, studies also revealed that the factors influenced employees' retention in Gulf countries and Libya also differs. For instance, employees' retention in Gulf countries was more likely to be influenced by recognition, empowerment, motivation and working relationship while superior-subordinate relationship mediated it (Ganesan and Badrinath (2012). Meanwhile, employees' retention in Libya government organizations are influenced by HRM practices includes organizational planning, staffing, rewards, training and performance appraisal, and employees'

retention found mediate the relationship between HRM practices and organisational commitment (ALDamoe, Yazam &Ahmid, 2011). The findings clearly showed that different countries should employed different retention strategies. In fact, in certain situation, retention strategies not directly affect retention rather than mediated by other factor such as superior-subordinate relationship.

Employees' retention also appears to be a significant outcome for organisational commitment (Allen & Meyer, 1996; Curtis & Wright, 2001; Mor Barak, Nissly & Levin, 2001; Kim *et al.*, 2005; Chungtai & Zafar, 2006; Chew & Wong, 2008; Somer, 2009; Kuean *et al.*, 2010; Anis, Rehman, Rehman, Khan & Humayoun, 2011; Qureshi & Rehman, 2013). They argued that employees who are attached and committed to the organisation for which they work will definitely choose to remain with the company (Mat Zin *et al.*, 2012). The influence of employees' organisational commitment on employees' retention is further discussed in employees' organisational commitment.

Extensive reviews clearly showed the limited studies have been conducted on employees' retention, rather than examined employees' turnover and/or turnover intention. Various factors were identified to effect employees' turnover and/or turnover intention. Since the factors that led to employees' turnover and/or turnover intention could not the identical (Holthom et al., 2008), thus it is vital to conduct the study on factors that influence employees' retention; in this case internal market orientation and employees' organizational commitment. Another support is that by studying employees' retention, it could be overcome employees' turnover and/or turnover intention.

The empirical studies on retention mentioned above are summarised in Table 2.1 below.

Table 2.1

*Summary of Past Empirical Researches on Employees' Retention*

| No | Authors                       | Dimensions  | Findings  |
|----|-------------------------------|---|---|
| 1. | Sheridan (1992)               | Professional employees in accounting firm.                                | The findings revealed that organisational culture values influence the retention rate.  |
| 2. | Chiang <i>et al.</i> , (2005) | Training, training satisfaction, job satisfaction, and intention to stay. | The results showed that training quality is positively related to training satisfaction, job satisfaction, as well as employees' intention to stay.   |
| 3. | Milman (2003)                 | Amusement park and attraction industry in Florida.                        | The result showed retention is influenced by self-fulfilment and working conditions compared with monetary rewards while consistent working hours, sense of fulfilment with their job, positive experience with performance reviews, longer tenure with current employer, and higher level of satisfaction with the job will influence them to stay.  |
| 4. | Hytter (2007)                 | Review  | The result revealed that vocation prospects, rewards, style of leadership, career opportunities, training and development of skills, working conditions and work-life balance were found to have indirect influence on retention.   |
| 5. | Ashraf <i>et al.</i> , (2008) | Retention practices for Faculty Members in Dhaka City.                    | The study revealed that organisational and employees' factors relates to employees' retention behaviour. University culture and policy, working environment, teamwork connection, and challenging opportunities significantly influence faculty member retention, while compensation, training and development, person-organisation fit, and leadership behaviour are not related with retention. |
| 6. | Kyndt <i>et al.</i> , (2009)  | Employees' learning and retention in private sector.                      | The result showed that learning and working climate is a strongest predictor of employees' intention to remain, while seniority and education level also significantly influence employees' retention.  |
| 7. | Mohanty (2009)                |   | Open communication, rewards programmes, performance based bonuses and incentive, career development, and giving gifts are practices that companies can adopt to retain their employees.   |

Table 2.1 (Continued)

| No  | Authors                         | Dimensions   | Findings  |
|-----|---------------------------------|--|---|
| 8.  | Cho <i>et al.</i> , (2009)      | Hospitality employees in US.   | Results discovered that perceived organisational support and organisational commitment decrease intent to leave, and only perceived organisational support positively affects intent to stay.   |
| 9   | Samuel and Chipunza (2009)      | Motivational factor and retention among public and private sector in South Africa.                               | Both intrinsic and extrinsic motivational factors (training and development, rewards system, bonus and commission, and cutting-edge technology) are related to employees' retention, where both motivational variables represent the internal marketing practices. However, motivational factors influence differently private and public sector employees. |
| 10. | Moncarz <i>et al.</i> , (2009)  | Organisational practices on employees' turnover and retention among US lodging properties organisation.          | The findings showed that the factors that influence non-management and management retention differ. Corporate culture, hiring and promotion, and training influence non-management retention, while management retention is influenced by hiring and promotion practices.   |
| 11. | De Vos and Maganack (2009)      | Factor affecting retention by using psychological contract among public and private firms' employees in Belgium. | The results revealed that HR managers indicate that financial rewards, career development, job content, social atmosphere, and good relationship with colleagues are most frequently cited as the reason for stay, while employees' view indicates that social atmosphere, career development, and job content are the most cited reasons for stay.         |
| 12. | Chiboiwa <i>et al.</i> , (2010) | Employees' retention in private organisation in Zimbabwe.  | Finding of the study demonstrated that poor remuneration, poor working condition, job insecurity influence high turnover. Adequate salaries, job security, and social affiliation will influence employees' retention.  |
| 13. | Gberevie (2010)                 | Recruitment, retention, and performance of Federal Civil Service of Nigeria.                                     | It is indicated that job status and employees' annual income are not related to employees' retention, and appropriate incentives should be provided to retain organisational employees.   |
| 14. | Govaerts <i>et al.</i> , (2011) | Professional employees.  | The results showed that employees' retention has a positive relationship with age, while letting employees do more and learn more of what they are good at will encourage them to stay.   |

Table 2.1 (Continued)

| No  | Authors                        | Dimensions  | Findings  |
|-----|--------------------------------|---|---|
| 15. | ALDamoe <i>et al.</i> , (2011) | HRM practices, employees' retention, and organisational performance in Government organisations in Libya. | HRM practices have positive influence on employee retention as well as organisational performance. Employees' retention has positive influence on organisational performance, and employees' retention mediates the relationship between HRM practices and organisational commitment. |
| 16. | Sandhya and Kumar (2011)       | Reviews.  | Retention strategy is classified into three stages: bottom stage, middle stage, and top stage which different stages involving different strategies.  |
| 17  | Khan <i>et al.</i> , (2011)    | Employee retention in Pakistani private and public sector banks.  | The result indicated that the talented and determined employees can be retained through factors such as compensation and rewards, training, work clarity and clear job description.   |
| 18  | Hassan <i>et al.</i> , (2011)  | Employee retention in Leather industry.   | The study disclosed that career prospects, attitude of employer, job and life balance, and job security contributed to employees' retention.  |
| 19. | Mat Zin <i>et al.</i> , (2012) | Malaysian SME.  | The result indicated that employees' retention is influenced by intrinsic and extrinsic factors presented by organisational strategies, organisational culture and benefits factors.  |
| 20. | Ganesan and Badrinath (2012)   | Employees' retention at Gulf Countries.   | Recognition, empowerment, motivation, and working relationship influence employees' retention and this relationship is mediated by superior-subordinate relationship.   |
| 21. | Sanjevekumar and Wei (2012)    | Retention practices among Kedah State Development Corporation employee.                                   | The result indicated that compensation, work-life balance, organisational commitment and career opportunity are positively related with intention to stay, which are recognized as practices to influence retention.  |
| 22. | Hong <i>et al.</i> , (2012)    | Employee retention in higher learning in Malaysia.  | The result indicated that compensation, employee training, and appraisal system significantly related to employees retention.   |

### **2.3 Internal Market Orientation**

The importance of employees, especially customer contact personnel, or known as frontline employees, has been acknowledged especially in services industries which led to the development of internal marketing and/or internal market orientation in the marketplace (Lings & Greenley, 2005). Internal market orientation indicates that satisfied, motivated, and committed frontline employees are critical if customers are to perceive that they are receiving superior service (Berry, 1984; Tansuhaj *et al.*, 1998; Berry & Parasuraman, 1991). In the beginning, internal market orientation was the key to superb service and for successful of external marketing (Greene, Walls & Schrest, 1994); later, it became an important practice in today's competitive market based on the expansion and adaptation of market orientation concept by Kohli and Jaworski (1990). Internal market orientation is an effort made by an organisation to improve internal climate, by highlighting internal exchange between employees and the organisation (Lings & Greenley, 2005). According to Yang (2010), internal market orientation is aimed at satisfying employees' demands through the creation of harmonious exchanges between employees and organisations. This notion shows that the development of internal market orientation is expressly to provide stability between employees' view of what they have given to their work and what they will get from their work (Lings & Greenley, 2005).

Most of the studies on internal market orientation have been conducted as a means to measure organisational performance. For instance, Gounaris (2008) proposed internal market orientation as a practice to influence employees' performance and customers' satisfaction. Meanwhile, Hwang and Chi (2005) disclosed that internal market orientation in hotel industry could influence employee job satisfaction, financial

performance, operational performance and organisational performance. Internal market orientation can also influence service quality, employees' job satisfaction, organisational competencies, market effectiveness, financial performance, etc. (Oncharoen & Ussahawanitchakit, 2009; Gounaris, 2008; Opoku, Atuobi-Yiadon, Chong & Abrat, 2009).

In addition, empirical researches disclosed that internal market orientation mostly has been executed by service organisations, including retail businesses, banking industry, financial institutions, education industry, airline industry, hotel industry and other services-related organisations (Lings & Greenley, 2005; Caruana & Calleya, 1998; Hwang & Chi, 2005; Farzad *et al.*, 2008; Nawab & Bhatti, 2011; Newman & Sheikh, 2012). It has been demonstrated that internal market orientation is responsible for pushing quality in the services industry through the examination and control of the service delivery mechanism, i.e., services of frontline employees. Thus, it supports the notion that internal market orientation is recognized as the approach done by management to ascertain customer satisfaction by fulfilling the needs of frontline employees' at first (Berry, 1981).

### **2.3.1 Definition of Internal Market Orientation**

Based on an extensive review of the relevant literature, the definition of internal market orientation varies but has similar foundations, i.e., to satisfy the employees' needs and wants. According to Berry and Parasuraman (1991), internal market orientation refers to viewing organisation employees as internal customers and jobs as an internal product that satisfies the needs and wants of these internal customers while addressing the objectives of the firm. This definition reveals that internal market



orientation is involved with action taken by the organisation to ensure that employees will be motivated to assist organisations to achieve organisational goals. In line with that, Cooper and Cronin (2000) defined internal market orientation as the effort made by the organisation for the purpose of training and motivating its employees to provide better, which is also demonstrated in the role of internal market orientation in retaining and motivating internal customers.

Lings (2004) theorised that internal market orientation identifies as satisfies the needs and wants of the organisation's employees as a precondition to satisfying the external customers' needs. They showed that internal market orientation takes responsibility for creating value for employees, aligns and motivates employees with a company's market objectives, which later encourage the employees to perform better. It shows that by performing best services, the company will enjoy external customer satisfaction.

Gounaris (2006) defined internal market orientation as the synthesis of specific beliefs with specific *marketing-like* behaviour and uphold the need to develop and build effective connections between company's employees and management. It includes management's commitment towards their employees which comprise understanding value of the employees; and react to their individual needs, ensuring that they receives all the required means in order to deliver the type and level of service that the company's (external) marketing objectives and strategy dictate (Gounaris, 2008).

As many studies identified the importance of this subject, thus internal market orientation is proposed to be a key factor for organisations to achieve superior

performance. It portrays the application of philosophy and practices of marketing to the people who serve external customers, so that the best possible people can be employed and retained and they will do the best possible work (Greene *et al.*, 1994; Taylor & Cosenza, 1997). According to the authors, internal market orientation could be used to develop and retain motivated personnel within an environment (Budhwar *et al.*, 2009), which later can reduce fluctuations in service quality, thus increasing customer loyalty.

The present study considers internal market orientation as identifying and satisfying the wants and needs of employees through adoption of marketing as a tool that can build effective employer-employee relationship for the external success.

### **2.3.2 Components of Internal Market Orientation**

Lings (2004) conceptualised internal market orientation into three components, namely internal market intelligence generation, internal market intelligence communication, and response to internal intelligence. He proposed that internal market research dimension is equal to the concept of external orientation information generation, while internal communications is similar with external market orientation information dissemination, whilst internal responsiveness is parallel with external market orientation's responsiveness concept.

Ling and Greenley (2005) conceptualised that internal market orientation includes internal market intelligence generation which consists of (i) the informal generation of information; (b) the formal generation of internal information in writing form; and (c) the formal face-to-face generation of internal communication. Meanwhile, internal

market intelligence dissemination refers as communication or the dissemination of internal information generated, and finally responsiveness to intelligence refers to the execution the response by the managers' to the internal information generated and communicated or disseminated.

A study by Tortosa-Edo *et al.*, (2010), in small financial institutions, considered internal market intelligence generation involves formal and informal internal intelligence generation, dissemination of internal information, and response to the internal information generated. Although researchers identified differently each dimension of internal market orientation, it is well accepted that internal market orientation pivots around three dimensions: internal market intelligence generation, internal market intelligence dissemination, and responsiveness to intelligence.

Briefly, internal market intelligence generation relates to activities relating with collecting intelligence or information regarding the employees' market including recognition of exchanges of value for the employees, understand the external labour market condition, identification and appreciation of internal market segment, and crafting strategies for each internal segment referred (Lings, 2004). Further, information pertinent to the internal market includes the information of the important attributes of job, employees' satisfaction with their working conditions, factors that influence their satisfaction, both internal and external factors, as well as external market information, such as employment conditions, activities of competitors in employee markets, and others (Lings, 2004).

Meanwhile, intelligence dissemination relates to the communication within the organisation either between employee and manager, or among managers from different departments and hierarchical levels (Lings, 2004). It is the means by which people within the organisation, transfer and disseminates information through communication. These internal communications are central to the alignment of employees' attitudes with organisational goals (Gronroos, 1990). Through these communications, organisations transfer information from one to another, and it will be disseminated to the entire organisation. It is important for organisations to operate in a transparent way (Panigyrakis &Theodoridis, 2009), which can allow them to openly share organisation intelligence, such as strategies, objectives, business conditions, as well as organisation performance. Hence, communication between manager, top management and personnel also vital which through the communication, appropriate feedback could be given to the employees, thus will assist them in improving their job performance (Conduit & Mavondo, 2001).

Finally, responsiveness to the intelligence includes designing jobs that meet up the needs of the employees, amend the remuneration schemes according to employees needs, making the company's management to consider more with regards to the employees' needs, and offering the employees with the necessary training in order to develop the skills and capabilities that their job description requires (Lings, 2004).

Jou, Chou and Fu (2008) proposed six instruments that underlies internal market concept inclusive of empathy and considerations on employees needs and wants, benchmarking, job quality, upward communication, sharing the information, and promotional activities. Meanwhile, a study by Gounaris (2006) on frontline

employees of four star and five star hotels clarified that internal-segmentation and internal-targeting reflect the company's degree of responsiveness to internal intelligence, together with job description, remuneration system, training, and management concern as the third dimension of internal market orientation. Further, he argued that identifying exchanges of value and conditions of external employee market serve as internal market intelligence generation. Finally, internal market intelligence dissemination comprises communication between managers and employees, and communication among employees.

In relation to the internal market orientation dimensions, the confirmatory factor analysis (CFA) verifies the dimensionality of the internal market orientation scale, and it consists of internal market intelligence generation, internal market intelligence dissemination, and responsiveness to internal intelligence (Lings & Greenley, 2005). The three components of internal market orientation also agreed by many researchers, such as Gounaris (2006); Gounaris (2008); Kaur *et al.*, (2009); Tortosa *et al.*, (2009); and Lings and Greenly (2010). Recently, Sahi, Lonial, Gupta and Seli (2013), on revisiting internal market orientation, supported the notion that internal market orientation is significantly predicted by three dimensions: information generation, information dissemination and responsiveness. Further, they said that the generation of information should not only rely on internal customer surveys solely, but should also be obtained from formal and informal means; while effective dissemination of information pertaining to internal market could be done through coordinating activities of different business units (Sahi *et al.*, 2013). The study also specified that the dimensions of information generation is antecedent to information dissemination and response to the internal market, while information dissemination in the internal

market is also antecedent to internal market responses; however formal generation of information is not related to response to information (Tortosa-Edo *et al.*, 2010).

### **2.3.3 The Effect of Internal Market Orientation on Employees' Retention**

The appropriate effects of internal market orientation on employees' retention have been acknowledged by researchers, such as Lings (2000); Souchon and Lings (2001); Lings (2004); Lings & Greenley, (2005); Carter and Gray (2007); Ahmad, Iqbal and Sheeraz, (2012); and Kale (2012).

A study by Lings (2000) in the United Kingdom (UK) retail industry found internal market orientation, including group interaction and wages flexibility, does have a significant impact on employees' retention and their readiness to fulfil the operational requirements. Meanwhile, studies by Lings (2004) and Carter and Grey (2007) founded that employees' satisfaction, employees' retention, relational competence, and commitment are recognized as internal aspects of the organisation, which are found to positively influence internal market orientation. Further, open channels of communication in the organisation are enablers for staff retention (Carter & Gray, 2007). Similarly, Lings and Greenley (2005), in their study, suggested that internal market orientation predicts employees' retention, which later will affect customer satisfaction and loyalty. They also validated that generation of informal information, generation of information through formal face-to-face, generation of information through formal written, dissemination of information and responsiveness to the generated information truly measure internal market orientation (IMO). Clearly, the above studies showed that the application of internal market orientation not only will predict employees to remain, but could contribute to satisfaction and loyalty since

satisfied and retained employees will serve external customers better compared to dissatisfied employees.

Other study on the Pakistani bank sector by Ahmad *et al.*, (2012) also found positive relation between IMO and employees' retention. The authors revealed that internal communication, training and motivation will play a significant role to maintain an employee with the organisation and later, employees will promote the organisation to the external customers. They argued that sufficient attention should be given to IMO if banks want to retain their employees for longer periods of time, which can be realised through implementing proper policies in managing their employees and allocating their resources efficiently. Meanwhile, a study on frontline employees in Macau Casinos by Kale (2012) suggested 10 tools or techniques that should be used to recruit and retain service employees include hiring best people, becoming the preferred employer, including employees in company vision, knowing the internal customer, hiring for competencies and service inclination, training, supportive infrastructure, appreciating the work done, measuring and rewarding performance, and finally communication. The author emphasised that labour shortage problem in Macau casinos can be overcome through the implementation of IMO. These studies showed that internal market orientation not only useable in retaining employees, but also promoting the organisation to the external customers by developing an effective and attractive internal market orientation.

The relevant reviews manifested that most of the studies on employees' retention were conducted by looking at turnover intention as the subject of interest. Meanwhile, the examination of IMO has always been done by looking at the practices of the

subject. For instance, Hong and Kaur (2008) suggested that that turnover intention and actual turnover are often highly correlated, and decrease in employees' turnover is reflected in employees' retention. They also referred to structure of the organisation, responsibility, rewards, and support which represent the organisational climate, as having significant inverse relationship with employee intention to leave in the Malaysian context. Hunges and Rog (2008) suggested that effective implementation of talent management in the hospitality industry could improve employees' recruitment, rate of employees' retention, and could also enhance employees' engagement. In this case, talent management refers to various components of human resource management (HRM), such as performance management, recruitment, selection, rewards, employee growth, and succession planning, which also additionally integrate and align the internal organisational system with external environmental factors.

In order to solve employees' turnover problems, the hotel managers at Taiwanese international tourist hotels suggested that career development, compensation policy and emotional campaigns should be included in the employee retention strategies (Yang, Wan & Fu, 2012). Further, they found that corporate retention strategies: understanding employees' career ambitions, arrangement of social activities, optimisation of the work environment and career development, developed by HR managers are crucial for solving turnover problems (Yang *et al.*, 2012). Budhwar *et al.*, (2009) discovered that high turnover in Indian Call Centres could be prevented through the adoption of internal marketing approach, including providing employee harassment prevention, industry-specific training programmes, career planning, innovative recruitment, eliminating accent training, injecting fun in workplace, family



involvement, employee welfare, cultural sensitivity training, as well as anti-poaching policy.

In relation to internal market orientation components, Souchon and Lings (2001) believed that the adoption of internal marketing practices has had an impact on employee retention and citizenship behaviour. They proposed internal environment, managerial characteristics and information characteristics directly influence cross-national internal marketing, and are likely to influence generation and dissemination of cross-national internal marketing, and the process of responding to the generated and disseminated information, which later will influence motivation and employee retention.

The appropriate and significant effect of internal market orientation component were also investigated since each components are presented by different domains and have a different effect on the investigated outcome. A study by Sulaiman *et al.*, (2013a) and Soliman (2013) on the relationship between IMO and job satisfaction revealed that employees' job satisfaction positively related with internal response while internal intelligence generation and internal communication are not related in influencing employees' job satisfaction. In fact, study also showed that internal response has a relationship with affective commitment, but not continuance and normative commitment (Sulaiman *et al.*, 2013b). It can be concluded that although internal market orientation is important in influencing employees' behavior (Lings, 2004; Ling & Greenley, 2005), however, internal response is the most substantial component in influencing employees' job satisfaction. It is notably that internal

market orientation has highest effect on affective commitment rather than continuance and normative commitment.

Similarly, Kaur *et al.*, (2009) discovered that responsiveness is important for internal market orientation effectiveness. It indicated that, the greater responsiveness of an organization to their employees, it make internal market orientation will be more effective. Meanwhile, their study also revealed that the greater the internal supplier emphasis on responsiveness, the greater it to the organizational commitment and job satisfaction among internal customers. Lings & Greenley (2010) investigated the relationship between IMO and MO revealed that IMO positively impact on market-oriented behavior. In this case, organization that has developed an effective response to the internal market could influence their employees to adopt market-oriented behavior (Lings & Greenley, 2010). It is clearly showed that internal response plays a vital role in employees' job satisfaction and employees' affective commitment. Thus, it is important for employer or manager to provide adequate response to the generated and disseminated information within the organization. In this case, based on internal information that they obtain from employees, the manager should offer appropriate training, develop appropriate rewards system, take care of their employees, and provide clear job description which could influence employees' satisfaction and commitment.

Therefore, according to Tortosa-Edo *et al.*, (2010), management consideration and direct communication between managers and employees should contribute to the positive reciprocal response of the contact personnel, in the form of greater satisfaction with their work. In addition, study by Prabu (2013) found that managerial

communication have great impact on employees intent to remain, which employees' perceived that communication allowed them to understand about their job and how well the managers understand their problems, which in turn will affect their behavior and attitude (Tansuhaj *et al.*, 1988). It can be concluded that internal communication is vital towards employees' satisfaction. Another words, allowing two-way communication between employees and supervisor for instance, permit the employees to discuss any matters related with their job that will assist them to perform their task effectively.

#### **2.3.4 The Effect of Internal Market Orientation on Employees' Organisational Commitment**

Literature also suggested that IMO is related to employees' commitment towards their organisation. The important idea of connection between IMO and employees' organisational commitment can be found in Vazifehdoost *et al.*, (2012). The authors argued that the employees' organisational commitment could be enhanced by converting IMO as a strategy within the organisation. Similarly, Woodruffe (1995) suggested that the adoption of marketing concept in the organisation could be enhanced internal customer commitment. In fact, Tansuhaj *et al.*, (1988) and Lings (2004) disclosed that employees' retention is not an absolute outcome of IMO. The authors revealed that IMO practices also reflect employees' organisational commitment as well, disclosing that organisations not only execute or implement IMO to increase employees' retention, but its execution is likely to enhance employees' organisational commitment.

A study by Awwad and Agti (2011) among 365 employees of the banking industry in Jordan indicated IMO has a direct effect on organisational commitment, leading to organisational citizenship behaviour and market orientation. The authors suggested that Jordanian banks should adapt IMO into their core operation which later could make employee to show their sincere organizational commitment. In a similar industry setting, Farzad *et al.*, (2008) confirmed that IMO and organisational commitment of state-owned banks in Isfahan are positively related, which shows that inter-functional coordination and integration, understanding and differentiation, training, and motivation have a positive effect on organisational commitment. In fact, the authors found that job satisfaction (represent as internal marketing criteria) is less important for the enhancement of organisational commitment compared with the other four criteria. Study done by Zaman, Javaid, Arshad and Bibi (2012) also revealed that IMO programmes can be used to enhance bank employees' commitment, market orientation, and overall profitability of the Pakistani commercial banks.

Meanwhile, a study within the food and drug distribution companies in Kermanshah by Mohammadi, Hashemi and Moradi (2012) disclosed that IMO was not only found to be related to organisational commitment, but also significantly affected job satisfaction and customer orientation behaviour. They also found that organizational commitment of marketers and directors is not mediated the relationship between internal market orientation and customer orientation. In the hotel industry setting, Abzari *et al.*, (2011) also discovered the influence of IMO on organisational commitment directly and indirectly on market orientation of the hotel industry in Iran. They found that internal market orientation influenced the commitment of 3-star, 4-star and 5-star hotels manager. Further, they argued that organisational commitment is

one of the areas which market orientation has been found to have an influence on. In addition, management of change, corporate image, employees' empowerment and employees' satisfaction could be vital in enhancing organisational commitment in Indian service organisations (Mishra, 2010). In other words, in certain circumstances, employees foresee empowerment as a matter of enhancing commitment which showed that IMO significantly affect employees' retention and employees' organisational commitment.

Above studies revealed that internal market orientation responsible in influencing employees' commitment, which denoted that IMO should be converted as company overall strategy to influence employees' commitment. In this note, it is important for organisations to execute certain practices such as provide appropriate training and development, motivation, management consideration which will influence employees' membership with the organisation. Therefore, empowerment also vital and should be executed since the impact on employees' commitment is worthwhile. It is clearly showed that by offering these strategies, internal market orientation in particular could inspire employees' to maintain their membership with the organization rather than leaving, which later could influence job satisfaction, company profitability and market orientation.

A study by Caruana and Calleya (1998) among retail bank managers, suggested that IMO has highest influence on affective commitment compared to continuance and normative commitment. Newman and Sheikh (2012) suggested organisational reward is positively related to affective commitment among the employees in the Chinese Airline Company; nevertheless, employees' different cultural values might respond

differently to the provision of organisational rewards. Similar finding can be found in Martinez *et al.*, (2011) which study IMO on intercollegiate athletes' commitment. The authors argued that IMO is suggested to have a significant relationship with affective commitment, while the relationship between job function and affective commitment is mediated by IMO. In other words, it can be concluded that affective commitment of intercollegiate athletes is an antecedent to their perception on IMO. Moreover, Nawab and Bhatti (2011) in their study on faculty members in Pakistani education institutions showed that financial compensation was strongly related with continuance and normative commitment compared to affective commitment, which has a strong influence on non-financial compensation.

Above studies clearly showed that the effect of internal market orientation on employees' organizational commitment components could be varies. In this note, internal market orientation has the greatest impact on affective commitment, and less impact on continuance and normative. Besides that, previous studies also indicated that internal responsive has the highest impact on affective commitment rather than continuance and normative. It is clearly showed that the effect of internal market orientation components on employees' organizational commitment varies depending on the industry they examined. Meanwhile, the above reviews also clearly showed that only limited studies were conducted on internal market orientation in relations to employees' retention and employees' organisational commitment. In fact, reviews also disclosed that most of the studies on IMO were conducted in banking, finance, retailing and education industry but limited examination in hotel industry.

Therefore, reviews of the literature also proved lack of studies on each components of internal market orientation such as internal market intelligence generation, internal market intelligence dissemination, and responsiveness to intelligence on employees' retention and commitment. Previous studies look into internal market orientation as a whole rather than being investigated individually, except for Soliman (2013), Sulaiman *et al.*, (2013a), Sulaiman *et al.*, (2013b) and Lings and Greenley (2005). However, they focused their studies in other industries rather than hotel industry. Since employees' value could be generated through the execution of IMO, perhaps hotel manager could use this strategy to retaining their employees' and overcome employees' turnover. The empirical studies on IMO as above-mentioned are summarised in Table 2.2 below.

Table 2.2  
*Summary of Past Empirical Researches on Internal Market Orientation.*

| No | Authors                         | Dimensions   | Findings   |
|----|---------------------------------|--|--|
| 1  | Tansuhaj <i>et al.</i> , (1988) | Services Marketing Management Model.   | Employees' retention and organisational commitment as the consequences of internal marketing.  |
| 2  | Woodruffe (1995)                | Internal market orientation and commitment.                                  | Internal market orientation as a mean to create employee commitment.   |
| 3  | Caruana and Calleya (1998)      | Internal marketing and organisational commitment among retail bank managers. | Internal marketing is positively related to organisational commitment which is affective component is the most significant dimension of organisational commitment.                             |
| 4  | Lings (2000)                    | Internal marketing and retention in UK retail industry.                      | Group interaction and wages flexibility positively affect retention of staff and their willingness to comply with organisation requirements.   |
| 5  | Souchon and Lings (2001)        | Internal marketing, geographic and cultural distance.                        | Internal market orientation is influenced by internal environments, managerial characteristics; information characterizes, and will be the determinant of employees' motivation and retention. |

Table 2.2 (Continued)

| No | Authors                         | Dimensions  | Findings  |
|----|---------------------------------|---|---|
| 6  | Lings (2004)                    | IMO and organisation performance.   | Internal market orientation is proposed to affect internal and external aspects of performance.   |
| 7  | Lings and Greenley (2005)       | Internal market orientation among UK retail managers.                           | Internal market orientation positively and significantly impacts on staff attitudes, complaint behaviour, customer satisfaction and relative competitive position.  |
| 8  | Carter and Gray (2007)          | Internal market orientation, relational competence, and employees' performance. | The result revealed that the greater the internal market orientation of the organisation, the higher the compliance, retention, and satisfaction of the employees.  |
| 9  | Farzad <i>et al.</i> , (2008)   | Internal marketing, organisational performance of Isfahan bank.                 | Training, inter-functional coordination and integration, understanding and differentiation, training and motivation (job security, sense of job importance, task variation, freedom in job, clarity of tasks) affect organisational commitment. |
| 10 | Hong and Kaur (2008)            | Organisational climate, employee personality and intention to leave.            | The result showed that structure of the organisation, responsibility, rewards, and support which are presented as organisational climate have significant inverse relationship with employee intention to leave.                                |
| 11 | Hunges and Rog (2008)           | Employee recruitment, retention and engagement in hospitality organizations.    | The result indicated that recruitment, selection, compensation, performance management, development, and succession planning could be used for improving employee recruitment, retention and engagement.  |
| 12 | Budwar <i>et al.</i> , (2009)   | Turnover and internal marketing in Indian Call Centers.                         | Result showed that internal marketing can be used to tackle high employee turnover.   |
| 13 | Kaur, Sharma and Seli (2009)    | Internal market orientation in Indian Banking Industry.                         | Intelligence dissemination and responsiveness determined the IMO level that results in internal customer organisational commitment and job satisfaction, as well as enhanced retention.   |
| 14 | Mishra (2010)                   | Indian service organisation.  | Management of change, building corporate image, employees' empowerment, and employees' satisfaction, as well as enhanced organisational commitment.   |
| 15 | Martinez <i>et al.</i> , (2011) | Intercollegiate athletes, internal marketing, commitment.                       | Internal market orientation strongly influences affective commitment.   |



Table 2.2 (Continued)

| No | Authors                              | Dimensions   | Findings  |
|----|--------------------------------------|--|---|
| 16 | Yang <i>et al.</i> , (2012)          | Employee turnover, retention strategies in Taiwan hotels.  | Result showed that understanding employees' career ambitions, arrangement of social activities, optimisation of the work environment, and career development could be used as retention strategies.   |
| 17 | Nawab and Bhatti, (2011)             | Internal marketing practices of faculty members in Pakistan.   | Financial compensation was strongly related with continuance and normative commitment compared with affective commitment which has a strong influence on non-financial compensation, which in turn will reflect employees' retention and their behaviour to perform better. |
| 18 | Abzari <i>et al.</i> , (2011)        | Internal marketing and commitment of hotel industry in Iran.   | Internal marketing has a direct effect with organisational commitment and has an indirect effect through market orientation.  |
| 19 | Awwad and Agti (2011)                | Internal marketing, organisational commitment, organisational citizenship behaviour, and market orientation of bank employees in Jordan. | Internal marketing has a significant positive direct effect on organisational commitment, and will affect organisational citizenship behaviour and market orientation. Organisational citizenship behaviour also affects market orientation.                                |
| 20 | Vazifehdoost <i>et al.</i> , (2012). | Internal marketing and organisational commitment among Iranian private bank-managers.  | Internal marketing should be converted as a strategy into their core operation, thus employees will show their sincere organisational commitment.   |
| 21 | Mohammadi <i>et al.</i> , (2012)     | Internal marketing, job satisfaction, and organisational commitment in food and drug distribution companies.                             | The result revealed that internal marketing has a positive relationship with organisational commitment, job satisfaction and customer orientation behaviour.  |
| 22 | Kale (2012)                          | Internal marketing and labour shortage in Macau.   | The finding indicates considering internal marketing tools to recruit and retain service employees in Macau casinos.  |
| 23 | Zaman <i>et al.</i> , (2012)         | Internal marketing, organisational commitment, and Pakistani commercial bank business.   | Internal marketing had a significant impact on employees' commitment, market orientation, and overall profitability of the organisation.  |
| 24 | Ahmad <i>et al.</i> , (2012)         | Internal marketing and employees' retention in Pakistani bank sector.  | Internal communication, training and motivation positively affect employee retention.   |

Table 2.2 (Continued)

| No | Authors                          | Dimensions  | Findings   |
|----|----------------------------------|---|--|
| 25 | Newman and Sheikh (2012)         | Cultural values, attitudinal responses, organisational commitment and rewards in Chinese airline company. | Organisational rewards are positively related to affective commitment, and employees' different cultural value might respond differently to the provision of organisational rewards. |
| 26 | Soliman (2013)                   | Internal market orientation and job satisfaction in Malaysian public sector.                              | Internal response has a positive and significant relationship with employees' job satisfaction.  |
| 27 | Sulaiman <i>et al.</i> , (2013a) | Internal market orientation and job satisfaction in childcare sector in Malaysia.                         | Employees' job satisfactyion in childcare sector in Malaysia is related with internal response.  |
| 28 | Sulaiman <i>et al.</i> , (2013b) | Internal market orientatioa and affective commitment in childcare sector in Malaysia.                     | Internal response has a positive and significant relationship with employees' affective commitment.  |

#### 2.4 Employees' Organisational Commitment

The study on organisational commitment has received considerable attention among researchers, where most of researches heavily referred to organisational commitment as employees' commitment toward their organisation (Cichy, Cha & Kim, 2009). Bashaw and Grant (1994) posited that organisational commitment recognize as the most important and most referred construct compared to job and career commitment; and believed as the driving force behind the organisation's performance (Kamarul & Raida, 2003). According to Meyer, Stanley, Herscovitch and Topolnytsky (2002), employees' organisational commitment syntactically influences employees whether or not to remain with the organisation.

A study by Allen and Meyer (1990) suggested employees that have strong affective commitment tend to stay with the organisation because they want to, while employees

that have strong normative commitment tend to remain because they feel they ought to do so, and employees with strong continuance commitment tend to remain in organisations because they need to. Sun, Aryee and Law (2007) founded that affectively committed employees are created when they feel that they received well treatment from their employer eventually leading to increased retention.

Most studies on employees' organisational commitment have been deliberately conducted to study reduction of labour turnover and promotion of skill retention. Winter (2004) proposed that companies could reduce turnover and increase employees' retention through promoting job satisfaction, altering employee perception towards their organisation, reducing ease of movement, and building organisational commitment. Three critical factors have been outlined for building employees' organisational commitment, including establishing an appropriate organisational culture, improving opportunity for training and development and introducing employees' participation.

In addition, employees' organisational commitment is reported to have an effect on employee performance. For instance, Khan (2010) discovered that all components of commitment; affective, normative and continuance are positively related to employees' job performance, and proposed that the manager of the oil and gas sector in Pakistan should pay special attention to the factors that can foster employees' retention, which is an antecedent to job performance.

### **2.4.1 Definition of Employees' Organisational Commitment**

Extensive review of literature demonstrated that the definition of employees' organisational commitment is varied but premised on the relationship between employees and the organisation. Reicher (1985) argued that organisational commitment can be viewed in three ways. Firstly, is it conceptualised as side-bets which refer to the function of the rewards and costs associated with the organisational membership, where commitment will be increased as tenure in the organisation increases. Secondly, commitment refers to attributions, i.e., binding of the individual to behavioural acts that result when individuals attribute an attitude of commitment to themselves after engaging in behaviour that is volitional, explicit and irrevocable. Finally, commitment occurs when individuals identify with and extend effort towards organisational goals and values.

Mowday, Steers and Porter (1979) revealed that the focus of organisational commitment research has changed to employees' attitudes from employees' behaviours. Attitude is related to the situation by which people consider about their connection with the organisation, while behavioural commitment is related to the situation by which an individual becomes locked with organisation and how he or she pacts with this problem (Mowday, Porter & Steer ,1982).

The definition of employees' organisational commitment also can be found in other researches. For instance, employees' organisational commitment is referred to as attitude of an employee towards the organisation, which is reflected in a combination of effects, cognition and action readiness (Solinger, Van Olffen & Roe, 2008); investment that someone makes when he or she opts with one organisation (Sager &

Johnson, 1989), an attitudinal variable that indicates the level of loyalty and support an employee feels for an organisation (Baotham, Hongkhuntod & Rattanajun (2010) , belief in and acceptance of the organisational goals, willingness to exert considerable effort on behalf of the organisation and desire to maintain organisational membership (Porter, Steers, Mowday & Bouhan, 1974). Meanwhile, Cooper-Hakim and Viswesvaran (2005) conceptualised commitment as a psychological state or mindset that binds individuals to a course of action relevant to one or more targets, and a willingness to persist in a course of action.

Since the employees are recognized as the internal customers, thus show that committed internal customers could stay with an organisation compared to uncommitted internal customers.

#### **2.4.2 The Components of Employees' Organisational Commitment**

According to Allen and Mayer (1990), commitment consists of three dimensions, namely, affective, continuance, and normative dimensions, in which each of the dimensions is characterised by a different psychological state or mindset. Affective commitment is referred as emotional attachment of the employee to, identification with and their involvement in the organisation (Allen & Meyer, 1990). This emotional response is portrayed the linkages between individual identity and the identity of the organisation, and as an attachment to the organisation for its own sake, apart from instrumental worth, thus resulting in a situation where the employee shows their desire to continue his or her relation with the organisation (Dawley, Stephen & Stephens, 2005). It strongly demonstrates that an employee who is affectively

committed strongly identifies with the goals of the organisation and he or she commits to the organisation because he or she “wants to.”

The normative component refers to the employee’s feeling of obligation or responsibility to stay with the organisation due to socialisation experiences that emphasise the appropriateness of remaining loyal to one’s employer. These feelings could be derived from a strain that the individual has before and after joining the organisation. It is demonstrated that employees tend to stay with the organisation because he or she “has to.”

Finally, continuance component refers to the costs that will be burden by employee when leaving the organisation. In other words, it includes the component of the gains verses losses of working in the organisation. According to Dawley *et al.*, (2005), continuance commitment is exhibited as the amount of personal sacrifice associated with leaving the organisation. It presents that employees remain with the organisation because of the perceived costs that they have to confront with leaving the organisation; perhaps employees perceive the high cost of losing organisational membership, economic costs and social costs as reasons for them to stay with the organisation.

It is clearly showed that all components of commitments are important, which indicated that the commitment as employees’ psychological attachment to the organisation as the reason why employees’ remain with the organisation. Besides, out of three components of commitment, affective commitment is the most widely studied as it has consistent relationship with organisational outcome includes retention.

### **2.4.3 The Effect of Employees' Organisational Commitment on Employees'**

#### **Retention**

Extensive review of literature discovered that commitment is related to employees' behaviour for achieving external success, and is one of the important antecedents of organisational performance (Tansuhaj *et al.*, 1988; Jaramillo, Mulki & Marshall, 2005; Cohen & Golan, 2007; Kuean *et al.*, 2010). Organisational commitment has been found to be strongly associated with job performance improvement, increased tenure with the organisation, lower absenteeism, lower tardiness, less turnover, desire to remain, as well as employees' retention (Steers, 1977; Somer, 1995; Meyer & Allen, 1997; Curtis & Wright, 2001; Mor Barak *et al.*, 2001; Kim *et al.*, 2005; Chunghtai & Zafar, 2006; Somer, 2009; Cho, Johanson & Guchait, 2009; Kuean *et al.*, 2010; Anis *et al.*, 2011; Meyer, Stanley & Parfyonova, 2012; Qureshi & Rehman, 2013 ).

Steer (1977) acknowledged that employees' desire to remain, intent to remain, attendance, and turnover were also found to be related to commitment. The author argued that employees' organisational commitment is recognized as a way to increase employees' retention and performance. A study by Somer (1995) in large and urban hospitals located in Northeastern US disclosed that affective, normative and continuance commitment positively related to intent to remain among 422 nurses. In addition, Meyer and Allen (1997) also discovered the imperative effect of organisational commitment on employees' retention. In other words, it could be explained that the existence of employees' organisational commitment will persuade employees to remain with the organisation. According to Meyer *et al.*, (2012), all

three forms of commitment are found tie an individual to the organisation, decreasing the likelihood of leaving, but their implications for on-the-job behaviour can differ.

Kim *et al.*, (2005) carry out a study among employees of a casual dining chain restaurant in Seoul, Korea. The results showed that organisational support and customer focus have an influence on the commitment of casual dining employees. Furthermore, the finding also suggested the committed casual dining restaurant employees will decrease their intention to leave, subsequently leading to retention. In addition, Chungtai and Zafar (2006) examined the factors that contribute to the commitment of 125 faculty members in Pakistan universities and the effect of employees' organisational commitment on turnover intention. The finding showed that individual employee characteristics, satisfaction with job, and distributive justice significantly explained variance in the employees' organisational commitment, whereby employees' organisational commitment negatively influenced employee turnover intention, and increased retention. Their findings clearly showed that employees' organizational commitment has an effect on employees' retention, however the effect of employees' organisational commitment on employees' retention is not a direct effect, but rather, employees' organisational commitment negatively affect employees' turnover intention, and then lead to employees' retention. In other justification, the authors assumed that employees' retention will increase when employees' turnover intention has decreased.

Studies also discovered that different components of commitment could affect differently employees' retention. A study by Qureshi and Rehman, (2013) disclosed that normative commitment has a direct relationship with employees' retention.



According to the authors, knowledge of retention is a key issue for the organisation, but it is hidden in organisational policies, especially in US organisations, where they suggested that employees' retention could be created through affective and normative commitment. Meanwhile, Curtis and Wright (2001) proposed that fully committed employees have a desire to continue the relationship with the organisation. They opined that the presence of group cohesion, satisfaction and encouraging employee involvement and participation will influence employee affective commitment. Therefore, continuance commitment will be present once the organisation offers competitive pay to their employees, flexible work options and employee benefits. Normative commitment, on the other hand, could be present by rewarding the employee and providing necessary training.

Meanwhile, study by Allen and Meyer (1996) indicated that affective and normative commitments are found as the predictors of positive organisational behaviour, such as satisfaction, increased job performance, tenure, as well as attendance. Besides, a study by Kuean *et al.*, (2010) among working adults in Malaysia also founded that highly committed employee has lower intention to leave the organisation and affective commitment become the most important predictor of intention to leave. They found that participation in decision making has a moderating effect on the relationship between organisational commitment and intention to leave. In addition, Somer (2009) conducted a study among nurses in the hospital industry in Southern US discovered that highly committed employees and those with an affective-normative dominance have the strongest intentions to remain and have lowest levels of job search behaviour. Although studies notified that all three types of commitments are tied to an individual of an organisation (Meyer *et al.*, 2012) however, affective commitment has

the highest impact on employees' intention to leave and employees' retention compared to normative and continuance commitment. It showed that employees' with high sense of belonging and attachment with their organisation incline to remain compared with employees' that remain because of feeling obligated to remain or feeling of losing something because of leaving.

Only a study showed there is a direct relationship between employees' organisational commitment and employees' retention. A study by Anis *et al.*, (2011), among front line employees in the pharmaceutical industry in Pakistan revealed that employees' commitment to the organisation has a strong impact on job satisfaction and employees' retention. According to the authors, compensation and supervisory support were found to have positive effect on employees' organisational commitment; hence organisational commitment will reflect job satisfaction and employees' retention. However, they disclosed that there is a strong connection presents between organisational commitment and job satisfaction compared to the relationship with employees' retention, which demonstrated that employees' organisational commitment not important in retaining employees but rather, vital to influence employees' job satisfaction.

However, Mor Barak *et al.*, (2001) in meta-analysis study discovered four best predictors of intention to quit inclusive of burnout, organisational commitment, job satisfaction and professional commitment. It can be explained that employees who lack these two commitments, who are unhappy with their jobs, and who faces with excessive burnout and stress without adequate social support, are likely to leave the organisation. In contrast, employees who feel that they are happy with their job,

which obtained enough social support from their employer, and enjoy a conducive working condition, tend to remain with the organization. Their studies showed that employees' has a tendency to remain not because of employees' commitment but rather, the support that they had received from their employers and their working condition i. In the similar argument, study by Cho *et al.*, (2009) showed opposing findings which they revealed that perceived organisational support and organisational commitment could not explain intention to stay among hospitality employees in the US. Evidently, it is important to note that in certain situation employees' organisational commitment is not directly affect employees' retention.

In addition, most of the studies examined the relationship between affective commitment and employees' retention rather than investigate continuance and normative commitment. According to Allen and Meyer (1996) the affective and normative commitment have a positive relationship with organisational behaviour, such as satisfaction, increased job performance, tenure, retention as well as attendance. A study by Qureshi and Rehman (2013) among employees' in automobiles company in US showed that normative and affective commitment positively related with employees' retention, with normative commitment indicated stronger effect on employees' retention compared with affective commitment. According to the authors, knowledge of retention is a key issue for the organisation, but it is hidden in organisational policies, especially in US organisations, where they suggested that employees' retention could be created through affective and normative commitment. A study by Kuean *et al.*, (2010)revealed that working adults in Malaysia are to be highly committed employees who has lower intention to leave the organisation and affective commitment become the most important predictor of

intention to leave. In addition, they found that participation in decision making has a moderating effect on the relationship between organisational commitment and intention to leave. In addition, Somer (2009) conducted a study among nurses in the hospital industry in Southern US discovered that highly committed employees and those with an affective-normative dominance have the strongest intentions to remain and have lowest levels of job search behaviour.

It is clearly demonstrated that affective and normative commitment have a great impact on employees' retention compared with continuance commitment. It is suggested that employees that have emotionally attachment with the organization are more likely to remain or continue their membership. Meanwhile, employees that feel obligated to the organization would also likely to continue their membership. Unfortunately, employees with continuance commitment willing to lose all the benefits by leaving rather than continue their membership with the organization.

#### **2.4.4 Employees' Organisational Commitment as the Mediator**

An extensive review of literature discovered the role of organisational commitment as a mediator variable. For instance, a study by SamGnanakkan (2010) among ICT professionals discovered that HR practices positively related to organisational commitment and negatively related to turnover intention. They discovered that training given to the employees, communication and participation, performance management, career development, and compensation and reward significantly critical in measuring ICT professional commitment. Meanwhile, the author revealed that organisational commitment served as the mediator between human resource practices and turnover intention. Besides, Guchait and Cho (2010) discovered that the

relationship between human resource practices and intention to leave among services employee in India is partially mediated by organisational commitment. In their study, working condition recognize as the only practice that has a significant relation with intention to leave.

Meanwhile, many studies also confirmed affective commitment as a mediating variable. For instance, Joarder, Sharif and Ahmmed (2011) conducted a study among private university faculty members in Bangladesh discovered the effect of affective commitment as a mediator in the relationship between HRM practices and turnover intention. Their finding demonstrated HR practices, such as job security, compensation, supervisory support, job autonomy, working conditions, and training and development have indirect relationship with turnover intention with the presence of affective commitment. Similarly, Hemdi (2006) discovered that the effect of human resource practices on Malaysia hotel employees' turnover intention is mediated by affective commitment that clearly showed the connection between human resource practices and employees' turnover intention are influenced by employees' sense of attachment towards the hotel organisation.

Therefore, a study by Hemdi and Rahim (2011) among managers in Selangor, Kuala Lumpur and Penang hotels, disclosed that affective commitment is an important mediator in the relationship between psychological contract and turnover intention. Specifically, the result showed that the relationship between job content and turnover intention is partially mediated by the presence of affective commitment. They argued that the more hotel managers perceive their job as challenging, comprehensive, and

diverse, the more they are committed to their employer, in turn leading to reduced intention to leave. Based on their studies, it is clearly showed that employees' organisational commitment, particularly affective commitment is important in the relationship between human resource practices and employees' turnover intention. In other justification, employees' who received good treatment from their employers, in this case, human resource practices will influence their sense of belonging towards their employers, which later will reduces their intention to leave.

In addition, Che Rose, Kumar and Pak (2011) also discovered organisational commitment partially mediated the relationship between organisational learning and work performance. In this case, the authors suggested that the management of public service companies in Malaysia should understand and identify what factors could contribute to the effectiveness of organisational learning activities as the means to increased organisational commitment, job satisfaction and work performance among the public service managers.

The above reviews indicated that studies on employees' organisational commitment have been conducted widely, by which employees' commitment are suggested to have various effect on employees' attitude, behavior, customer satisfaction and organizational performance (Tansuhaj *et al.*, 1988). Besides, the findings of previous studies also disclosed the vital effect of employees' organisational commitment as the mediator. However, the studies indicated that most of the studies on commitment failed to analyse the effect of each component of commitment on the investigated outcome rather than analysed commitment as a whole. In this note, different aspect of commitment could influence differently employees whether or not to remain with the

organization (Stanley *et al.*, 2002) which later could influence differently employees' retention. Unfortunately, many studies on commitment has been done on affective rather than continuance and normative commitment and mostly done in others industry setting such hospital (Somer, 1995, 2009; child welfare organization (Kim *et al.*, 2005), university (Chungthai & Zafar, 2006; Joarder *et al.*, 2011) and automobile industry (Qureshi & Rehman, 2013). Although Hemdi and Rahim (2011) conducted their studies on hotel industry in Malaysia, however, they investigated the relationship between psychological contract, affective commitment, and turnover intention. Besides, review of the literatures also showed limited studies to investigate employees' organisational commitment as the mediator in the relationship between internal market orientation and employees' retention. Thus, it is clearly showed the gap the critical need to conduct a study on the relationship between internal market orientation, employees' organizational commitment and employees' retention.

The empirical studies on organisational commitment are summarised in Table 2.3 below.

Table 2.3  
*Summary of Past Empirical Researches on Employees' Organisational Commitment.*

| No | Authors                    | Dimensions   | Findings  |
|----|----------------------------|--|---|
| 1  | Steers (1977)              | Antecedents and outcomes of organisational commitment among employees. | Personal characteristics, job characteristics, and work experience have major influence on organisational commitment, related to desire to remain, intent to remain, attendances and employees' turnover. |
| 2  | Somer (1995)               | Organisational commitment among nurses in Northeastern US.             | Affective, normative and continuance commitment positively related with intention to remain.  |
| 3  | Chungthai and Zafar (2006) | Full-time teachers of Pakistan university.                             | Highly committed employees tend to remain with the organisation, and have positively related job performance.   |

Table 2.3 (Continued)

| No | Authors                          | Dimensions  | Findings   |
|----|----------------------------------|---|--|
| 4  | Meyer and Allen (1997)           | Reviews.  | Employees' organisational commitment significantly affects employees' retention.   |
| 5  | Curtis and Wright (2001)         | Review of organisational commitment.  | Fully committed employees have a desire to maintain membership in the organisation.  |
| 6  | Mor Barak <i>et al.</i> , (2001) | Demographic variables, personal perceptions and organisational condition on turnover in child welfare organisation.                                   | People who are lacking organisational and professional commitment, are likely to contemplate leaving the organisation, compared to committed employees who tend to remain with the organisation.   |
| 7  | Kim, Leong and Lee (2005)        | Effect of service orientation, job satisfaction and commitment.   | Organisational commitment was negatively associated with intention of leaving, thus increasing retention.  |
| 8  | Cho <i>et al.</i> , (2009)       | Hospitality employees in the US.  | The result showed that perceived organisational support and organisational commitment were not related with intention to stay.   |
| 9  | Kuean <i>et al.</i> , (2010)     | Affective, normative, and continuance commitment in Malaysian Companies.  | There is negative significant relationship between organisational commitment and intention to quit, while affective commitment is the most important predictor of intention to leave.  |
| 10 | Somer (2009)                     | Compares commitment profiles to turnover intention, job search behaviour, work withdrawal and job stress among nurses of Southern hospital in the US. | Five profile commitments; highly committed, continuance commitment, affective-normative dominant, continuance-normative dominant, and uncommitted. Highly committed and those with an affective-normative dominance have the strongest intentions to remain and employees with affective-normative dominance and an affective dominance have the lowest level of job stress (partially supported). |
| 11 | Hemdi and Rahim (2011)           | Affective commitment, psychological contract, turnover intention.   | The result discovered that affective commitment served as the mediator in the relationship between psychological contract and turnover intention.  |
| 12 | Anis <i>et al.</i> (2011)        | Compensation, supervisory support, organisational commitment, job satisfaction, and employees' retention in pharmaceutical industry in Pakistan.      | Compensation and supervisory support positively affect organisational commitment, hence organisational commitment will reflect job satisfaction and employees' retention. Therefore, job satisfaction is also found to be related with employees' retention.   |



Table 2.3 (Continued)

| No | Authors                         | Dimensions   | Findings   |
|----|---------------------------------|--|--|
| 13 | Joarder <i>et al.</i> , (2011)  | Human Resource Management Practices, affective commitment, and turnover intention of private university faculty members in Bangladesh. | HRM practices inclusive of job security, compensation, supervisory support, job autonomy, working condition, and training and development have direct relationship with turnover intention, and partially mediated by affective commitment. Meanwhile, affective commitment has a significant and negative relationship with turnover intention. |
| 14 | Che Rose <i>et al.</i> , (2011) | Organisational learning, work performance and job satisfaction.  | The finding discovered that the relationship between organisational learning and work performance is mediated by employees' organisational commitment.   |
| 15 | SamGnakkan (2010)               | Human resource practices, organisational commitment and turnover intention.  | The result revealed that organisational commitment mediated the relationship between human resource practices and turnover intention among ICT professionals.  |
| 16 | Guchait and Cho (2010)          | HRM practices, organisational commitment and intention to leave.   | The result discovered that HRM practices negatively related with intention to leave and positively related to organisational commitment. Organisational commitment negatively affect intention to leave and also served as mediator in the relationship between HRM practices and intention to leave among service employees in India.           |
| 17 | Qureshi and Rehman (2013)       | Manufacturing of automobiles company in the US.  | Study revealed that normative and affective commitment are positively and significantly related to employees' retention, whereby normative commitment indicated stronger effect on employees' retention compared to affective commitment.  |

## 2.5 Internal Market Orientation in Malaysia

In recent years, companies in Malaysia start acknowledging internal marketing/internal market orientation as a mean for organization success in the areas of commitment, job satisfaction, business performance and others. Study by Hong (2005) denotes that internal marketing is important in creating strategic market orientation, and then influenced product innovation. The findings showed that internal

marketing practices consist of top management support and cross-functional co-ordination which are identified as important and strongly related to strategic market orientation. Further, it explained that leadership, rewards system, training and development are part of top management support, whereas internal communication and inter-function coordination are part of cross-functional co-ordination which both practices are necessary. It showed that internal marketing is vital and should be considered for manufacturing companies, which means that company should develop effective strategies within the organization such as provide necessary training, rewards employees adequately, and established communication within the organization that could assist the organization to achieve employees' organisational commitment.

Internal market orientation also found to have a relationship with organizational commitment and job satisfaction. According to Nikbin, Saad and Ismail (2010), organizational commitment and employees' job satisfaction have a positive relationship with internal market orientation practices in services organizations and organizational commitment and job satisfaction also served as mediators in relationship between internal market orientation and organizational strategic orientation. The findings indicated that internal market orientation (vision and development) play an important role in organizational commitment and employees' job satisfaction. Thus, it showed that the succession of organizational strategic orientation heavily depend on internal market orientation, where service organization should not overlook on the benefit of internal market orientation and try to implement them as often as possible.

Unfortunately, study by Ahmad, Rafiq and Saad (2003) in manufacturing and services companies revealed that internal market orientation only affect market oriented behavior and individual competencies but not employees' satisfaction, while individual competencies and market oriented behavior also mediates the relationship between internal market orientation and business performance. In their study, internal marketing consists of internal marketing mix, business process support mix and cross-functional coordination mix are important to create employees' market orientated behavior and individual employees' competencies. It clearly showed that the effect of IMO could be varies.

In relation between IMO and job satisfaction, Sulaiman *et al.*, (2013a) and Sulaiman *et al.*, (2013b) also revealed that internal response is an important predictor of employees' job satisfaction and employees' affective commitment. According to Sulaiman *et al.*, (2013a), satisfaction of childcare center is related with the ability of the manager to put their concern about their employees' need and wants in which organization should put special effort by offering benefits, developing individual reward system, conducting performance reviews, changing hours of work, providing training and flexible physical setting in order to influence their satisfaction. With the same effort, employees' affective commitment also could be developed (Sulaiman *et al.*, 2013b).

Further, internal response also found to have a relationship with job satisfaction among public sector employees which denoted that job design, compensation schemes, management concern and training influenced their satisfaction (Soliman, 2013). In this note, it is vital for managers to design a job that satisfied employees'

need and wants and reward them accordingly. However, above studies founded that internal generation and internal communication are not related with job satisfaction which could be concluded that internal response be the most important component of internal market orientation compared with internal generation and internal communication in creating employees' job satisfaction. In this way, it could influence manager to struggle and put their concern more on response to employees' need and wants but less concern on internal generation and internal communication since both of these aspects are not important for creating employees' job satisfaction. In contrast, study among five star hotel employees in Malaysia, internal communication denoted as a foundation effort for organizational success (Abdullah & Anthony, 2012). The findings showed that employees are proud of their bottom-up, top down and horizontal communication in the organization, which internal communication could enhance employees' relations. Based on the findings, it is suggested that organization should made every effort to keep employees fully informed of events and news.

Review of the literatures showed that internal marketing/internal market orientation has also been studied in Malaysia, unfortunately the findings varies. However, itstands with the notion that internal market orientation should be actively executed and implemented in order to assist the organization to achieve organizational goals. Thus, it shows the need to conduct further study to understand the nature of internal market orientation in Malaysia.

## **2.6 Underpinning Theory**

Based on extensive review of literature, the current study used Herzberg's Two-Factor Theory and Social Exchange Theory to explain the relationship among IMO, employees' organisational commitment and employees' retention.

### **2.6.1 Herzberg's Two-Factor Theory of Work Motivation**

Herzberg's two-factor theory provides a theoretical background for this study to explain motivation, commitment, job satisfaction, and retention behaviour. This theory explains that employees are motivated by certain values which are related to on-job and non-job related factors. According to Herzberg, people have two types of needs which are not dependent on each other, and each has an impact on the person's behaviour, such as job satisfaction and job performance in the organisations. The first is labelled as "motivator" or "satisfier" and the second is labelled as "hygiene factor" or "dissatisfier". This theory emphasises that motivator leads to satisfaction when adequately fulfilled while hygiene leads to dissatisfaction when deficient (Herzberg, Mausner & Snyderman, 1967). Meanwhile, numerous studies have shown that satisfaction and dissatisfaction are related to behaviour, i.e., dissatisfied employees are more likely to quit their jobs compared to satisfied employees (Kohler & Mathieu, 1993; Saari & Judge, 2004).

The motivation factor is related to job content which typically involves intrinsic factors, such as rewards, recognition and feedback (Samad, 2006), interesting work, advancement, growth and opportunities for achievement (Herzberg *et al.*, 1967), and largely administered by the employees. It is indicated that persons are happy with their work because of the job itself. Conversely, hygiene factor is related to job

context or is the outcome of the extrinsic factors. Hygiene factor consists of company policies, pay, working conditions, quality of supervision, connection between peers and subordinates, perceived supervisor support, status and security, recognised as negative elements that could cause dissatisfaction at work. This shows that employees feel dissatisfaction toward their work because they are not satisfied with the working environment. The presence of a motivator that can result in job satisfaction, does not lead to job dissatisfaction when absent. This shows that the presence of motivators would give motivation but its absence or inadequacy will not cause dissatisfaction. It has also been argued that employee motivation also varies between individuals, and they will respond differently in different situations with the same stimuli (Lee-Ros, 1999).

A study done by Sandhya and Kumar (2011) proposed that bottom level employees' retention can be influenced by motivation, such as open communication, reward programmes, career development, performance based bonus, recreation facilities, gifts and others. Samuel and Chipunza (2009) specified that intrinsic and extrinsic motivational factors associated with employees' retention, include training and development, job security, challenging/interesting work setting, performance, recognition/rewards, salary package, performance bonus/commission and terminal/pension benefits, which also represent IMO.

In many cases, employees become motivated with extrinsic factors rather than intrinsic factors; however, the intrinsic factors supplement the extrinsic factors. Study by Tan and Waheed (2011) and Guha (2010) revealed the importance of extrinsic compared to intrinsic factors. Guha (2010) found that Herzberg's model does not

sufficiently explain the motivators for the present generation (generations X and Y); however, extrinsic motivational factors influence job satisfaction and commitment, thus affecting intention to leave (Pepe, 2010). Tan and Waheed (2011) found that hygiene factors were the dominant motivators of sales personnel job satisfaction, which had significant relationship with organisational commitment, in turn being a reason for employees to remain in the organisation (Samad & Yusuf, 2012). However, different results have been found by Farooq and Hanif (2013). The researchers found that employees become more motivated with intrinsic factors, including achievement, affiliation, power, and training and development, rather than extrinsic factors, in the banking sector in Pakistan. Further, they argued that extrinsic factors supplement the intrinsic factors in explaining employee retention (Farooq & Hanif, 2013). Additionally, Mat Zin *et al.*, (2012) suggested that the two-factor theory is appropriate as a motivation model for employees' retention, i.e., both intrinsic and extrinsic factors contribute to employees' retention in the Malaysian Small and Medium Enterprises sector.

A study by Lundberg, Gudmundson, and Anderson (2009) among seasonal workers in hospitality and tourism industry found that growth/motivator factors significantly influenced work motivation and non-significantly influenced hygiene factors. It demonstrated that feedback, information, responsibility, and training/knowledge were strongly significant with seasonal workers' satisfaction, and asserted the notion that there is no strong interdependence between both factors (Lundberg *et al.*, 2009).

Within organisational practices, it is clearly demonstrated that employees' work motivation is crucially influenced by hygiene and motivator factors, which later affect

satisfaction and dissatisfaction of the employees. In the other words, employees who receive both intrinsic and extrinsic stimuli will have an influence on their work motivation. In fact, it is also demonstrated that hygiene and motivator factors also could stimulate employees' psychological contract with their employer. It is also indicated that employees' retention within organisations is particularly related to employees' motivation, whereas to get truly motivated employees, the job has to be fully enriched, where the employee has the opportunity for achievement and recognition, stimulation, responsibility, and advancement, which in turn affect their retention behaviour (Ramlall, 2004). In addition, it is imperative for employers to utilise positive reinforcement methods while maintaining expected hygiene factors to maximise employee satisfaction and retention.

### **2.6.2 Social Exchange Theory**

The Social Exchange Theory argues that all human connections are shaped by the use of subjective cost-benefit, which is rooted in three vital areas: economics, psychology (Homans, 1958; Thibault & Kelly, 1959), and sociology (Blau, 1964). The theory explains social exchange as a process of negotiated exchanges between parties which both parties involved in the exchange take responsibility for one another and strongly depend on each other. In addition, the interactions between parties are usually seen as mutually dependent and contingent on the actions made by the other persons (Blau, 1964), and this interaction can be found or appear in internal market orientation. According to Homans (1958) in Emerson (1976) who studied social exchange theory in psychological area was concerned on the individual behaviour when interacting with one another, and suggested that power, conformity, status, leadership and justice within the social behaviour are important in explaining the theory. Meanwhile,



according to Darolia, Kumari and Darolia (2010), social exchange theory is grounded as the reciprocation of valued resources and the determination of the organisation's readiness to reward the effort made by employee. It present the employees' belief on what their employer thinks about their contribution and promotes their welfares (Darolia *et al.*, 2010).

Homan (1958) suggested three important propositions grounded in this theory. Firstly, success proposition happens when persons finds that they are rewarded for their actions; so then they tend to repeat the same action. Secondly, stimulus proposition is that the more often a particular stimulus has resulted in a reward in the past, the more likely it is that a person will respond to it. Finally, the deprivation-satiation proposition suggests that when a person finds that they often receives a particular reward, thus they feel less valuable any further unit of that reward becomes (Emerson, 1976). Furthermore, Cook and Rice (2003) discovered that value proposition believes that if the result of a behavioural action is considered valuable to the individual, it is more likely for that behaviour to occur, while the other proposition is that emotions occur due to different reward situations.

According to Cropanzano and Mitchell (2007), reciprocity and negotiation are two important rules existing in the exchange. The negotiated rules are concerned with the hope of reaching beneficial arrangement between parties involved, while reciprocity is concerned with the repayment that occurs in the exchange. Meanwhile, this social exchange theory involves a few characteristics inclusive of connection with other persons, trusts is not a legal obligation, flexibility, and rarely involves explicit bargaining (Stafford, 2008).

The assumption that underlines this theory is related to the notion that humans seek rewards and avoid punishment, and are relational beings. It is also understood that the humans use different standard to evaluate costs and rewards every time, and differ from one person to another. Costs are the elements of relational life which perceives have a negative value to a person, while rewards are the elements of a relationship which perceives have positive value (West & Turner, 2007). Therefore, the nature of the relationship is constantly interdependent, and is a relational life process.

The cost-benefit analysis argues that people calculate the overall worth of a particular relationship by deducting its costs from the rewards it provides. In the situation of positive number of worth such as the rewards is more than the cost, it presents the positive relationship. On the other hand, negative number of worth indicates a negative relationship. The worth of a relationship influences the people either to continue with the relationship or terminate it. This cost-benefit analysis support the root of IMO as the employer and employee exchange, which employee belief that their employers highly think their contributions and will rewards them adequately, later will affect them either to retain the relationship or leave the organisation.

Cropanzano and Mitchell (2007) discovered that social exchange relationship also pertinent in work setting. The authors suggested that one employee can form distinguishable social exchange relationship either with his or her immediate supervisor, co-workers, organisations, customers, as well as the suppliers, where these distinct relationships have implications on their behaviour. In fact, they discovered that perceived organisational support and leader-member exchange in the work setting could also support the employees' commitment.

Thus, the above discussion on Social Exchange Theory is that employees are likely to continue the relationship with their employer/manager/owner when they perceive that the relationship is worthwhile for them, and terminate the relationship when the costs are more than the rewards that they gain from the relationship. In fact, the relationship could also be linked to the formation of commitment (Cook & Rice, 2003).

## **2.7 Gap in the Literature**

The current study aims to fill the gap in the literature by focusing on the relationship among IMO, employees' organisational commitment and employees' retention. It is important to examine and discover how the execution of IMO could affect employees' organisational commitment, and also employees' retention in the hotel industry in Malaysia.

Based on the review of the literature, the researcher found that limited studies have been conducted to test the relationship between IMO, employees' organisational commitment and employees' retention. Firstly, only a handful of studies have been conducted to test the role played by employees' organisational commitment as the mediator in the relationship between IMO and employees' retention. For instance, the study by Kaur *et al.*, (2009) stated that IMO resulted in internal customer organisational commitment and job satisfaction, which in turn enhanced employees' retention among employees of the Indian Banking industry.

The extensive review of literature also revealed that there are limited studies that have been carried out to test the influence of each component of IMO (internal market intelligence generation, internal market intelligence dissemination, and

responsiveness to intelligence) on employees' retention. Previous studies examined the effect of IMO on employees' turnover or turnover intention while only a few studies were concerned with employees' retention, as the subject of interest such as Lings (2004) and Lings and Greenley (2005). Both studies examined the direct effect of IMO on employees' retention without considering the effect of each component of IMO on employees' retention.

In addition, review of literatures also revealed that there are limited numbers of studies have been conducted to test the influence of employees' organisational commitment on employees' retention. Most of previous studies inspected the direct effect of employees' organisational commitment on employees' turnover and turnover intention. Only study by Curtis and Wright (2001) and Anis *et al.*, (2011) discovered that employees' organisational commitment positively related with employees' retention. Thus, it proves the need to conduct a study to fill the gap.

In addition, the review of literature also disclosed that there are limited studies that have been conducted to test the influence of each component of IMO on employees' organisational commitment, represented by affective, continuance, and normative commitment. For instance, Martinez *et al.*, (2011) revealed the relationship between IMO and affective commitment, but failed to discuss the influence of IMO on normative and continuance commitment. In fact, their studies solely tested IMO as one variable instead of looking into the components of IMO.

Further, this study is conducted in a different setting, i.e., the hotel industry in Malaysia. According to the review of the literature, most studies were conducted in

western countries, Pakistan, India and Iran; for instance, Lings and Greenley (2005) in the UK retail industry, Farzad *et al.*, (2008) in Iran banking industry, Kaur *et al.*, (2009) in Indian banking industry, and Zaman *et al.*, (2012) in Pakistan commercial banks.

## **2.8 Summary of the Chapter**

This chapter reviews literature on three important variables of the proposed framework: IMO, employees' organisational commitment and employees' retention. A review of the literature presents that the concept of IMO is still mixed and its impact on commitment is varied. In fact the impact of commitment on employees' retention also varied. This chapter also discusses the underpinning theories that support the research framework.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the research methodology, research design and process to accomplish the study purposes and objectives. The first section describes the research framework of the study and hypotheses development. It explains the connection of the past literature in discussing the direct effect of IMO and employees' retention among hotel employees in Malaysia. This section also discusses the effect of organisational commitment as the mediator in the relationship between IMO and employees' retention. The development of hypotheses for this study is also described. The following section illustrates the research design, the unit of analysis, the sampling design, the operational definition, the measurement of variables, the questionnaire design and the translation of questionnaire, data collection and data analysis technique. Finally, it ends with a summary of this chapter.

#### **3.2 Research Framework**

The research framework was developed from past theoretical reviews which examined the relationship between all the variables mentioned below. This research framework was also developed based on the theoretical gaps found in the previous literature. This study intends to examine the relationship between IMO, employees' organisational commitment and employees' retention. The main constructs include employees' retention as a dependent variable, IMO as an independent variable, and employees' organisational commitment as a mediator variable. Herzberg's Two-

Factor Theory and Social Exchange Theory are used to explain the relationship between all variables used in this study.

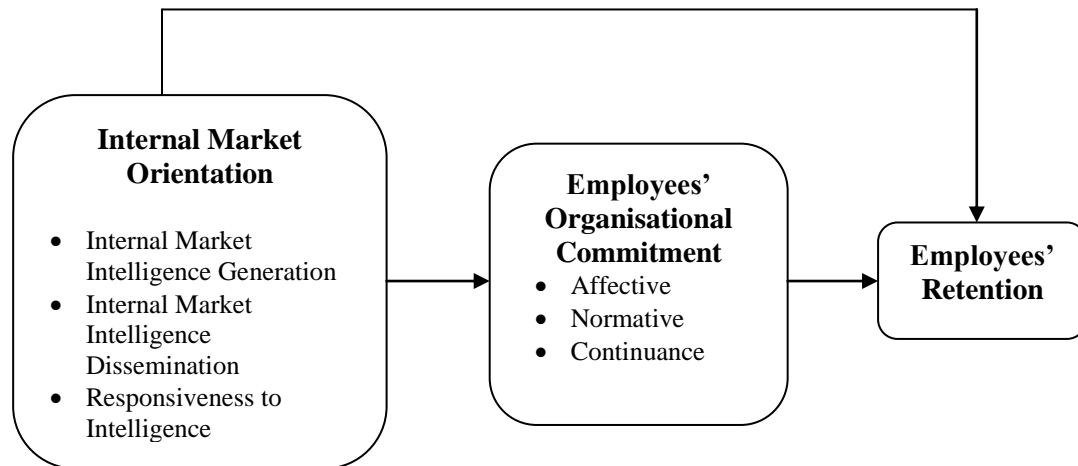


Figure 3.1  
A Theoretical Framework

### 3.3 Hypotheses Development

The hypotheses of the present study were formulated based on the research framework as shown in Figure 3.1 above. The researcher expects that formulated hypotheses to be true and respond to the stated research objectives. The questions included in the present study questionnaires support all the stated hypotheses.

#### 3.3.1 Internal Market Orientation and Employees' Retention

According to Carter and Gray (2007), IMO is proposed as the means to improve individual employees' performance, including employees' satisfaction, motivation and retention. In a similar argument, Ahmad *et al.*, (2012); Lings and Greenley (2005); Lings (2004); and Lings (2000) also asserted that IMO is positively related to employee retention. In other words, the execution of IMO would influence their retention behaviour.

In addition, the positive relationship between IMO and employees' retention can be traced back to Herzberg's Two-factor theory of work motivation which argues that employees are motivated by certain factors (in this case, the factor is represented by IMO) which lead to their satisfaction, and in turn, enhance their retention.

Based on the above discussion, the following hypotheses are proposed:

Hypothesis 1a: There is a positive significant relationship between internal market intelligence generation and employees' retention.

Hypothesis 1b: There is a positive and significant relationship between internal market intelligence dissemination and employees' retention.

Hypothesis 1c: There is a positive and significant relationship between responsiveness to intelligence and employees' retention.

### **3.3.2 Internal Market Orientation and Employees' Organisational Commitment**

IMO has been posited to affect organisational commitment. Caruana and Calleya (1998) suggested that application of IMO programme within the organisation has become the best way to achieve commitment of employees in the organisation. Tansuhaj *et al.*, (1988) and Lings (2004) manifested that execution of IMO by the organisation will reflect employees' attitudes towards commitment. Abzari *et al.*, (2011) and Awwad and Agti (2011) disclosed that IMO positively and significantly affects organisational commitment and must be effectively implemented to foster the



development of commitment (Martinez *et al.*, 2012). Therefore, the following hypotheses are proposed:

Hypothesis 2a: There is a positive and significant relationship between internal market intelligence generation and affective commitment.

Hypothesis 2b: There is a positive and significant relationship between internal market intelligence dissemination and affective commitment.

Hypothesis 2c: There is a positive relationship between responsiveness to intelligence and affective commitment.

Hypothesis 2d: There is a positive relationship between internal market intelligence generation and continuance commitment.

Hypothesis 2e: There is a positive and significant relationship between internal market intelligence dissemination and continuance commitment.

Hypothesis 2f: There is positive and significant relationship between responsiveness to intelligence and continuance commitment.

Hypothesis 2g: There is a positive relationship between internal market intelligence generation and normative commitment.

Hypothesis 2h: There is a positive and significant relationship between internal market intelligence dissemination and normative commitment.

Hypothesis 2i: There is positive and significant relationship between responsiveness to intelligence and normative commitment.

### **3.3.3 Employees' Organisational Commitment and Employees' Retention**

Commitment has been theorised to affect performance, both at organisational and individual levels. Steers (1977) proposed that organisational commitment leads to specific behavioural outcomes, including retention. Meyer and Allen (1997) and Anis *et al.*, (2011) suggested that organisational commitment has a strong relationship with employees' retention; while Curtis and Wright (2001) demonstrated that fully committed employees have a desire to maintain membership in the organisation. All the above notions indicate that employees' organisational commitment influences employees' retention.

Based on the above discussion, therefore, the following hypotheses are proposed:

Hypothesis 3a: There is a positive and significant relationship between affective commitment and employees' retention.

Hypothesis 3b: There is a positive and significant relationship between continuance commitment and employees' retention.

Hypothesis 3c: There is a positive and significant relationship between normative commitment and employees' retention.

### **3.3.4 The Mediating Role of Employees' Organisational Commitment**

According to Kaur *et al.*, (2009), IMO influences internal customer commitment and loyalty, and hence their retention. Martinez *et al.*, (2012) proposed that IMO is related to organisational commitment, leading to increased retention. In line with this, Tansuhaj *et al.*, (1988) proposed that IMO activities directly influence employees' organisational commitment, thus leading to employee behaviour, including employees' retention. In other words, it can be assumed that organisational commitment might become the mediator in the relationship between IMO and employees' retention. Indirect finding also can be found in a study by Sam Gnakkan (2010) and Guchait and Cho (2010) who urged that organisational commitment serves as the mediator in the relationship between HR practices and turnover intention.

Based on the above discussion, therefore, the following hypotheses are proposed:

Hypothesis 4a: Affective commitment mediates the relationship between internal market intelligence generation and employees' retention.

Hypothesis 4b: Affective commitment mediates the relationship between internal market intelligence dissemination and employees' retention.

Hypothesis 4c: Affective commitment mediates the relationship between responsiveness to intelligence and employees' retention.

Hypothesis 4d: Continuance commitment mediates the relationship between internal market intelligence generation and employees' retention.

Hypothesis 4e: Continuance commitment mediates the relationship between internal market intelligence dissemination and employees' retention.

Hypothesis 4f: Continuance commitment mediates the relationship between responsiveness to intelligence and employees' retention.

Hypothesis 4g: Normative commitment mediates the relationship between internal market intelligence generation and employees' retention.

Hypothesis 4h: Normative commitment mediates the relationship between internal market intelligence dissemination and employees' retention.

Hypothesis 4i: Normative commitment mediates the relationship between responsiveness to intelligence and employees' retention.

### **3.4 Research Design**

According to Cooper and Schindler (2008), research design is a blueprint that has been developed to fulfil research objectives and answer questions. They indicate that research design is purposely developed to guide the researcher in conducting the present study including establishment of the purpose of the study, unit analysis, types of investigation, sampling design, time horizon, data collection method as well as data analysis (Sekaran, 2003). It encompasses the methodology and procedures that are

employed in conducting a research. The appropriate research design is very crucial for conducting the research which can reinforce the value of the research findings (Sekaran, 2003). In fact, this research design is compatible with the notions of a quantitative study as suggested by Cooper and Schindler (2008). The hypotheses were established in order to achieve the stated objectives, which require the collection of quantitative data and the use of a statistical approach to decide whether to accept or to reject the hypotheses. Therefore, a cross-sectional study was applied to suit the present study's objectives.

### **3.5 Quantitative Approach**

In this study, the questionnaire (Appendix 1 for English version and 2 for Bahasa Malaysia version) was designed according to the objectives, problems and developed hypotheses to determine the relationship among IMO, employees' organisational commitment and employees' retention in the Malaysian hotel industry. The present study was conducted by looking at employees' point of view on the above mentioned variables. The questionnaire is the main instrument used in this study to understand the nature of the mentioned problems.

The questionnaire contains four sections. The first section is designed to gather the information about IMO as an independent variable. IMO is divided into three main dimensions: internal market intelligence generation, internal market intelligence dissemination and responsiveness to intelligence. Internal market intelligence generation is about identifying exchanges of values between employees and employers, awareness of the labour market, internal market segmentation and internal-segment targeting. Therefore, the questions regarding internal market

intelligence dissemination are related to communication between manager and employees, and communication among managers. The final part of IMO is about responsiveness to intelligence, which is related to job description, remuneration system, management concern and training.

The second section of the questionnaire is designed to measure employees' organisational commitment as the mediating variable in the present study. This section is divided into three main aspects: affective commitment, normative commitment and continuance commitment. Affective commitment refers to the employees' emotional attachment, identification and involvement with the organisation they are attached to; while normative commitment is related to employees' feeling of obligation to stay with the organisation; and continuance commitment is related to employees' decision to remain because of the cost that employees will be burdened with when they leave their organisation.

Therefore, the third section of the questionnaire is designed to measure employees' retention as a dependent variable. Finally, the fourth section in the questionnaire is designed to gather information on personal employee information, such as age of the employees, working position, education level, nationality, as well as years of service of each respondent.

All the questions regarding IMO, employees' organisational commitment and employees' retention were measured using a five-point Likert Scale. These scales were used based on Wright and Crimp (2000) who stated that five-point scales are sufficient to avoid responses converging on the middle response. The authors claimed

that too many points, such as seven-points tend to confuse the respondents. The five-point Likert Scale in this study ranged from (1) “strongly disagree” to (5) “strongly agree”.

### **3.6 Unit of Analysis**

The present study used an individual as a unit of analysis, which is a frontline employee of 3-star, 4-star and 5-star hotels in Kuala Lumpur and Selangor areas. The rationale of choosing hotel employees is because they are the people who directly deal with external customers, and it has been noted that the hotel industry is still facing high turnover among these employees. In fact, approaching frontline employees as a unit of analysis is suited to the research problem as mentioned in the previous chapter. They also act as the persons who mediate the relationship between the manager/owners of hotels and the external customers. Thus, these individual employees are the most suitable unit of analysis for this study.

### **3.7 Sampling Design**

The sampling design involves the determination of the population, the sampling frame, sampling techniques and sample size for the present study. It is discussed below.

#### **3.7.1 Population**

According to Sekaran (2003), population refers to the complete set of people, events, or things that researchers wish to examine. Similarly, according to Hair, Black, Babin and Anderson, (2010), population is defined as the whole group of elements relevant

to the project. In the present study, general population of the study comprised all the employees of hotels operating in Malaysia, including Sabah and Sarawak.

According to the Ministry of Tourism and Culture Malaysia (MOTAC), there are 1,774 hotels registered with the Ministry in 2012 throughout Malaysia, including Sabah and Sarawak. Out of 1,774 registered hotels, 443 hotels are recognized as 3-star, 4-star, and 5-star hotels and the rest are registered under 1-star and 2 star categories. However, MOTAC does not have a solid figure of total hotel employees in Malaysia. Due to discussion with a few HR managers of hotels in Kuala Lumpur, they mentioned that on average, 80 to 100 employees are hired at any one time by one hotel based on the hotel rating, comprising part-time and full-time employees. According to the Department of Statistics (2011), 104,645 employees were attached with hotel in 2009, increased about 5 percent gradually from year to year. Meanwhile, in year 2011 there were about 121,000 employees working in this industry and an expected increase to 150,000 in 2015 (Department of Statistic, 2012).

### **3.7.2 Sampling Frame**

The sampling frame for the present study is a list of all the employees at 3-star, 4-star and 5-star hotels in Kuala Lumpur and Selangor areas. The reason behind the researcher's selection of this hotel category is because these hotels believe actively in implementing and executing practices similar to IMO, compared to 1-star and 2-star hotels, and these three hotel categories chosen still encounter high turnover among the employees.



Since total population of hotel employees in Kuala Lumpur and Selangor areas also was also not available, thus in the first place, the researcher had to obtain the total number of hotels registered with MOTAC. After that the population of hotel employees was drawn from the discussion between the participating hotels' HR managers and the researcher. The listed numbers of registered hotels were obtained from the MOTAC (2012) website. Table 3.1 shows the total breakdown of 3-star, 4-star and 5-star hotels.

Table 3.1  
*The number of Registered Hotels in Kuala Lumpur and Selangor*

| Hotel Category & Location | 3-Star    | 4-Star    | 5-Star    | TOTAL      |
|---------------------------|-----------|-----------|-----------|------------|
| Kuala Lumpur              | 30        | 24        | 25        | 79         |
| Selangor                  | 12        | 13        | 13        | 38         |
| <b>TOTAL</b>              | <b>42</b> | <b>37</b> | <b>38</b> | <b>106</b> |

Source: Ministry of Tourism and Culture Malaysia, 2012.

The estimated total employees for 3-star to 5-star hotels in Kuala Lumpur and Selangor areas done based on the average figure that the researcher obtained from discussion with HR managers. From the calculation, an estimated 9540 (90 x 106 hotels) employees are hired by the hotels in those particular areas.

### 3.7.3 Sample Size

Sampling is one of the important elements in conducting a research. It is a portion or segment that represents the whole population of a study. According to Hair *et al.*, (2010), the sample is a group of the population. Therefore, from the sample population, it is possible to draw conclusions that later can be generalised to the

population of interest (Sekaran, 2003). The sample should be carefully selected to confirm that the selected sample represents the population under study.

Therefore, determining the appropriate and suitable size of sample is important because it will affect the result of the study. In line with this, Field (2009) suggested that sample size of at least 300 would generally present a consistent result in factor analysis. Maccallum, Widaman, Zhang and Hong (1999) suggested that the recommended sample size is at least 250 to perform factor analysis. On the other hand, according to Roscoe (1975), the rule of thumb to perform multiple regression analysis is that the size of the sample should preferably be 10 times or more the number of variables in the study. However, the sample size for the current study was obtained from the sampling table developed by Sekaran (2003) as shown in Table 3.2 below.

Table 3.2  
*Determining sample size of a given population*

| <i>N</i> | <i>S</i> |
|----------|----------|
| 10000    | 370      |
| 15000    | 375      |
| 200000   | 377      |
| 300000   | 379      |
| 400000   | 380      |
| 500000   | 381      |
| 750000   | 382      |
| 1000000  | 384      |

Note: N= Population, S= sample size  
Source: Sekaran (2003)

Based on the information that the researcher obtained from HR managers of hotels, on average, there are 80 to 100 employees being hired by a hotel at one time, comprising part-time and full time employees. Almost three quarters of the employees are frontline employees, while the rest are engaged in administrative positions. The

frontline positions include receptionists, customer services staff, food and beverages staff, security, maintenance staff, housekeeping staff and general managers, all of whom are critical for the hotel industry. However, from the discussion and observation made by the researcher, food and beverages, maintenance and housekeeping employees occupy a dominant work position in the hotel industry. As mentioned before, about 9540 employees are engaged in this industry in Kuala Lumpur and Selangor areas. This figure was obtained by calculating the average number of employees multiplied by the total number of 3-star to 5-star hotels in the research area (90 x 106). Thus, for the population of 9540 employees, the sufficient sample size is 370 and it is appropriate for the research as determined by several researchers (Saunders, Lewis & Thornhill, 2003; Sekaran, 2003; Krejcie & Morgan, 1970).

Since the researcher was not sure whether she could obtain 100 percent response rate for the distributed questionnaires, the total number of questionnaires distributed was 600, which is larger than the recommended sample size. Saunders *et al.*, (2003) mentioned that the response rate for self-delivered and collected questionnaires is moderately high (about 30 percent to 50 percent). By employing self-administered questionnaires, the researcher hoped to obtain at least 70 percent of the distributed questionnaires.

#### **3.7.4 Sampling Technique**

Systematic sampling technique and disproportionate were employed in the present study. In general, systematic sampling involves selecting of the sample at regular intervals from the sampling frames. According to Sekaran (2003), systematic

sampling refers as drawing every  $n$ th element in the population starting with a randomly chosen element between 1 and  $n$  while in stratified method, there is an equal chance of selecting each unit from within a particular stratum of the population when creating the sample. In this study systematic sampling was employed in selecting the hotels while disproportionate stratified random sampling was used in selecting the respondents.

Firstly, the researcher selected the hotel name randomly from the list of the 3-star to 5-star hotels operating in Kuala Lumpur and Selangor areas from Ministry of Tourism and Culture Malaysia (MOTAC), 2012. Each hotel in the sampling frame was numbered beginning with 0, 1, 2, and so on until number 106 Then, the researcher selected every 10<sup>th</sup> hotel from the list for questionnaire distribution.

In the second stage, the researcher contacted the human resource manager of the selected hotel, where discussion pertaining questionnaires distribution was held. This method was conducted by giving the researcher a list of employees by the HR manager to select the target respondent. In this note, the researcher will select the  $n$ th number based on the total employees at that particular hotel.

As illustrated in Table 3.2, the sample size for the present study is 370 since the total number of hotel employees is 9450. Yet, the researcher distributed 600 questionnaires based on the suggestion by Lovelock, Stiff, Cullwick and Kaufman (1976) which stated that the response rate for self-delivered and picked-up questionnaires is normally up to 70%. Therefore, the total number of distributed questionnaires for the current study was  $370/0.6 = 596$  as shown in Table 3.3 below.

In order to get the desired sample size of each hotel, the researcher need to get the percentage first by divided the number of employees. For instance, for Hotel A which has 250 employees, the calculation was  $250/1670 \times 100 = 14.9\%$ . Then, the researcher could get the desired sample size for hotel A via  $14.9/100 \times 600 = 89$  as shown in Table 3.3 below.

Table 3.3  
*Desired Sample Size of Each Hotel*

| Hotel   | No. of Employees | % | Desired Sample Size |
|---------|------------------|---|---------------------|
| Hotel A | 250              |   | 89                  |
| Hotel B | 123              |   | 44                  |
| Hotel C | 115              |   | 41                  |
| Hotel D | 95               |   | 36                  |
| Hotel E | 130              |   | 47                  |
| Hotel F | 245              |   | 88                  |
| Hotel G | 175              |   | 62                  |
| Hotel H | 80               |   | 29                  |
| Hotel I | 180              |   | 64                  |
| Hotel J | 275              |   | 100                 |
|         | <b>1670</b>      |   | <b>600</b>          |

Source: Data obtained from Lovelock, Stiff, Cullwick and Kaufman, 1976

### 3.8 Measurement of Variables

Table 3.4 below shows all three main variables used in the present study, comprising IMO, employees' organisational commitment and employees' retention.

Table 3.4  
*Measurement of Variables and Items*

| No | Author(s)                    | Variables                                  | Items | Alpha |
|----|------------------------------|--|-------|-------|
| 1  | Gounaris (2006)              | Internal Market Intelligence Generation    | 17    | 0.80  |
| 2  | Gounaris (2006)              | Internal Market Intelligence Dissemination | 9     | 0.75  |
| 3  | Gounaris (2006)              | Responsiveness to Intelligence             | 17    | 0.85  |
| 4  | Allen and Meyer (1990)       | Affective Commitment                       | 8     | 0.87  |
| 5  | Allen and Meyer (1990)       | Normative Commitment                       | 8     | 0.79  |
| 6  | Allen and Meyer (1990)       | Continuance Commitment                     | 8     | 0.75  |
| 7  | Kyndt <i>et al.</i> , (2009) | Employees' Retention                       | 11    | 0.91  |

Table 3.4 above indicates that IMO questions are based on the work by Gounaris (2006). Reliability test done by the author on that variable revealed that all three dimensions of IMO have Cronbach's Alpha value above 0.7, which is statistically acceptable and reliable (Hair *et al.*, 2010). The questionnaire of employees' organisational commitment is based on the study by Allen and Meyer (1990). The reliability of this variable showed that affective, normative and continuance commitments also have Cronbach Alpha value above 0.7 and can be concluded as reliable. Finally, the questions on employees' retention is based on Kyndt *et al.*, (2009), where the employees' retention was also reported as perfectly reliable with the Cronbach's Alpha value of more than 0.91. Thus, it is confirmed that all the variables are statistically reliable as all the values are above the cut-off point value of 0.7 (Hair *et al.*, 2010 and Sekaran and Bougie, 2010).

### 3.9 Questionnaire Design

The questionnaire design is refer as the design of the questions to obtain information from the selected respondents. No survey can be done without a well-designed questionnaire. According to Sekaran (2003), a survey is a pre-formulated written

group of questions, used for data collection. For the present study, the questionnaire was adapted from the work of Gounaris (2006), Allen and Meyer (1990), and Kyndt *et al.*, (2009). However, in order to ensure that the adaptations of the questionnaires were done appropriately, a discussion with experienced researchers in the related field was held, and then reviewed. The discussion was done to ensure the adaptation of the questionnaire can help the respondents to understand the questions and respond to them. The review was done by a Marketing Professor from UNITEN to ensure that the selected instruments are suitable for the present study.

The questionnaire for the present study comprised 78 questions, using a five point Likert Scale and was distributed to hotel employees, specifically to frontline employees to evaluate their views on IMO, their commitment towards their organisation, and employees' retention. The questionnaires developed for the present study consisted of four sections. The first section measures the IMO as the independent variable, followed by employees' organisational commitment as the mediating variable in the second section. The third section measures the dependent variable, namely employees' retention, and the final section of the questions collected the demographic data of the respondents. The questionnaire was also translated into Bahasa Malaysia since the target respondents of the present study included frontline employees who normally are not familiar with or fluent in English language.

### **3.9.1 Internal Market Orientation as Independent Variable**

The construct and the measurement of IMO were adapted from the work by Gounaris (2006), which defined IMO as a continuous activity done by the organisation to fulfil

the employees' needs and wants as the prerequisite to satisfy external customers' needs and wants. At the same time, it also showed that the activities are a part of the organisation's obligation towards employees. The author split IMO into three components, namely internal market intelligence generation, internal market intelligence dissemination, and responsiveness to intelligence.

Firstly, internal market intelligence generation consisted of four domains: identifying value exchanges, awareness of labour market condition, internal market segmentation and internal-segment targeting. Secondly, internal market intelligence dissemination comprised two domains related to communication between managers and employees, and communication among managers. The final component of IMO was responsiveness to intelligence. This component comprised four domains related to the action taken by managers or organisations in order to meet the requirement of the employees, such as job description, remuneration system, management concern and training.

All of the items were measured using a five-point Likert scale - 1= "Strongly Disagree" to 5 = "Strongly Agree". The constructs and items of IMO in the present study are illustrated in Appendix 1 and 2 (English and Bahasa Malaysia versions of the Questionnaire).

### **3.9.2 Employees' Organisational Commitment as Mediator Variable**

The construct and measurement for employees' organisational commitment was adapted from the work of Allen and Meyer (1990). The authors defined employees' organisational commitment as the connection between employees and the



organisation they are attached to and associated with turnover; and comprises three components: affective, normative and continuance commitment. Affective commitment is employees' emotional attachment, identification and involvement in the organisation; normative component refers to the employees' feelings of obligation to remain with the organisation; and continuance component is linked to the costs that employees associate with leaving the organisation. It shows that employees' commitment is closely related to turnover.

All of the items were measured using a five-point Likert Scale, of 1= "Strongly Disagree" to 5 = "Strongly Agree". The constructs and items of employees' organisational commitment in the present study are illustrated in Appendix 1 and 2 (English and Bahasa Malaysia versions of the Questionnaire).

### **3.9.3 Employees' Retention**

The construct and the measurement of employees' retention in the present study were adapted from the work of Kyndt *et al.*, (2009). The authors conceptualised employees' retention as anything that organisations are willing to do to have and retain skilled employees. In other words, employees' retention is about an employee's personal view whether to remain or leave the organisation.

All of the items were measured using five-point Likert Scale, of 1= "Strongly Disagree" to 5 = "Strongly Agree". The constructs and items of employees' retention in the present study are illustrated in Appendix 1 and 2 (English and Bahasa Malaysia versions of the Questionnaire).

### **3.9.4 Demographics**

The last section of the questionnaires collects information of the respondents. The information obtained includes the departments which the employees are attached to, their education level, gender, age, nationality and number of years they have been working with that particular hotel. The construct and items of demographics are illustrated in Appendix 1 and 2 (English and Bahasa Malaysia versions of the Questionnaire).

### **3.10 Translation of the Questionnaire**

For the purpose of the current study, the original version of the questionnaire was translated into Bahasa Malaysia. According to Sekaran (2003), the translation of questionnaires is important to obtain better feedback from the respondents. In relation to the present study, it is important to translate the original version since the respondents of the study consist of frontline employees who do not understand and are not fluent in English. Thus, the translation can ensure that the respondents can respond to the given questions, thus ensuring the objectives of the present study can be achieved.

### **3.11 Pilot Study**

Most studies conduct a pilot study before real full-scale research projects are started. Pilot studies can be based on quantitative and/or qualitative methods which large-scale researches prefer to employ a number of pilot tests before the main survey is conducted. Pilot studies are used as feasibility studies to ascertain the techniques behind the research idea are suitable, which are conducted on a small scale version or trial as the preparation before a full-scale research project launch (Polit, Beck &

Hungler, 2001). It is also referred to as pre-testing of a particular research instrument (Baker, 1994). The execution of a pilot study purposely to identify possible problems in the research procedure, such as to develop and test the adequacy of research instruments, assess the feasibility of a full-scale study, examine whether the sampling frame and technique are useful, and design a research protocol. Normally, a pilot study test involves respondents from the similar group of respondents of the study from which the actual data is to be attained, as suggested by Bradburn, Sudman and Wansik (2004).

The other objective of pilot study is to measure the validity and reliability of the items in the questionnaires, as well as the measured variables. According to Hair *et al.* (2010), consistency is the estimation of the degree of uniformity among the multiple measurements of a construct, while reliability is how to consistently measure what the researcher expects to measure (Ary, Jacobs & Razaveieh, 1996).

In the pilot study, the goodness of data is tested via reliability and validity tests. The reliability measurement is established by testing the internal consistency and stability of the items, where the pilot study uses the Cronbach's Alpha Coefficient to evaluate the survey instruments and scales. This reliability test estimates how well the items that reflect the same construct produce similar results. As Sekaran (2003) posited, Cronbach's Alpha refers to reliability coefficients which specify how well the items in the set are positively correlated to one another. The author suggested that the closer the Cronbach's Alpha value is to 1, the higher the internal consistency reliability. For the purposes of testing the goodness of data for a pilot study, the Cronbach's Alpha

coefficient scale should be at least 0.7, as suggested by Hair *et al.*, (2010) and Nunally and Bernstein (1994).

The data for pilot study was obtained from 30 full-time frontline employees from three different hotels in Kuala Lumpur – 10 respondents from each category of hotel as mentioned previously. The researcher personally distributed and collected the questionnaires in order to ensure a 100 percent response rate. In fact, the researcher also asked the respondents their understanding level on the distributed questionnaires. As a result, their comments and suggestions were taken into consideration to enhance the quality of the questionnaires.

The current study's pilot study performed the Cronbach's Alpha to check the consistency of the intended measure. The researcher performed reliability analysis on every component of the tested variables. Table 3.5 below shows the Cronbach's Alpha values for each measure items used in the pilot study. The full SPSS output is given in Appendix 3.

Table 3.5  
*Reliability Analysis of Pilot Study*

| Construct                                  | No. of Items | Cronbach's Alpha |
|--|--------------|------------------|
| Internal Market Intelligence Generation    | 17           | 0.852            |
| Internal Market Intelligence Dissemination | 9            | 0.727            |
| Responsiveness to Internal Intelligence    | 17           | 0.793            |
| Affective Commitment                       | 8            | 0.812            |
| Continuance Commitment                     | 8            | 0.865            |
| Normative Commitment                       | 8            | 0.771            |
| Employee Retention                         | 11           | 0.746            |

The above Table indicates most of the tabulated values of the Cronbach's Alpha coefficient are above 0.7, exceeding the cut-off value as suggested by Hair *et al.*, (2010), thus confirming the internal consistency and stability of the measured items.

Content validity was carried out in order to measure the goodness of data formally referred to as non-statistical types of validity. According to Anastasi and Urbina (1997), content validity involves the systematic measure of the content to determine whether it covers the representative sample of behaviour domain to be measured. Thus, content validity presents the degree to which the content of the test matches a content domain associated with the construct, which mostly involves an expert review of the items and comments on whether the items cover a representative sample of the behaviour domain. In fact, by using a panel of experts to review the test specifications and the selection of items, the content validity of a test can be improved (Foxcroft, Paterson, le Roux & Herbst, 2004).

In this study, the researcher was invited 3 experts in marketing field to attest the content of the instrument. One of them is the late Prof. Dr. Basheer Abass Mahmood Al Allak from College of Graduate School (COGS) UNITEN and 2 senior lecturers from Marketing Department of UNITEN. According to Sekaran (2003), it is important to perform content validity, since it can assist the researcher to ensure that the measure includes an adequate and representative set of items that tap the concept. Yet, it is important to invite expert from marketing field rather than other areas since this study focuses on internal market orientation. By performing content validity, the researcher is confident that the items and domains that have been used in the present

study are appropriate and comprehensive relative to its intended measurement, concepts, population and use (Sekaran, 2003).

The translation of the questionnaire from English to Bahasa Malaysia and Bahasa Malaysia to English was done by a lecturer from the Department of Languages and Communication from UNITEN. The translation is very important since the respondents for the present study consisted of frontline employees.

The translation process tolerably challenging when the translator would find an easiest word to ensure that the target respondents will understand the meaning of each statement in the questionnaire.

### **3.12 Administration of Questionnaire**

The primary data for this study was collected through survey method using questionnaires which were developed to fit the research objectives. The researcher employed a self-administered approach as the means to gather the data by personally delivering and collecting the questionnaires from the respondents. The personally administered technique was chosen due to the benefits that can be obtained by using this method. There are few reasons for using self-administered questionnaires, such as the researcher can collect all the completed responses within a short period of time and reach the right respondents from whom the researcher wishes to collect the data. By using this method, the researcher can also explain promptly the terms or questions which the respondents do not understand and get their sincere opinions.

### **3.12.1 Data Collection Procedures**

The researcher employed a self-administered approach for the present study and employed systematic random sampling technique in selecting the hotels before distributing the questionnaires to the potential respondents. This technique involved selecting the sample at random from the sampling frame. According to the MOTAC, there are 106 hotels located in the Kuala Lumpur and Selangor areas which are categorised as 3-star, 4-star and 5-star hotels. The list of the hotels was obtained from the website of MOTAC. In this stage, the researcher used a unique number for each hotel in the sampling frame - the first hotel was numbered 0, the second hotel onwards from 1, 2, 3, and so on. Secondly, the researcher selected every 10<sup>th</sup> number until the sample size was reached.

Once the researcher obtained the desired sample size of the hotels, the researcher employed the second technique which is also called as disproportionate technique to approach and collect the data from the target respondents. This technique involved drawing every  $n$ th respondent in the sample frame from each selected hotel starting with a randomly chosen respondent between 1 and  $n$  (Sekaran and Bougie, 2010).

The distribution of questionnaires by the researcher was mostly done at the discussion room of that particular hotel. The selected respondents came to the discussion room during their rest time, and took about half an hour to complete the questionnaires. However, due to time constraint among the respondents, incomplete questionnaires were collected after two weeks by the researcher. The data collection was completed in two and a half months (September to December 2012).

### **3.13 Data Analysis**

The present study employed Statistical Package for Social Science (SPSS) version 20 for data analysis purposes. It is because SPSS is recognized as a good statistical practice and has outstanding data presentation capabilities. In fact, most researchers believe in SPSS in their research, such as Zampetakis and Moustakis (2007) who studied internal marketing, Lok and Crowford (2001) on organisational commitment, and Makbul, Rahid and Hasun (2011) on turnover. In this study, five major statistical techniques were undertaken: factor analysis, reliability analysis, descriptive statistics, correlation, as well as regression analysis.

#### **3.13.1 The Goodness of Measure**

The goodness of the data in the present study was tested via validity and reliability test. According to Saunder *et al.*, (2003), validity is the extent to which the data collection methods perfectly examine what are the researchers intended to measure and the extent to which research findings are really about what they offer. In other words, it is about the degree that the instrument, technique, as well as process used to measure a concept does indeed measure the intended concept. In the same fashion, Cooper and Schindler (2008) suggested that the validity analysis determines whether the survey questionnaire computes the variables that are created to measure, and excellent measure of the study should satisfy validity and reliability tests. The researcher set up the factor analysis method to test the construct validity, while content validity was tested by means of review and validation by the expert which is in this case in Marketing Professor from UNITEN. The reliability test was performed by measuring the Cronbach's Alpa values to investigate the goodness of measure.



This study used the instruments that have already been tested and used by other researchers; factor analysis was performed to determine the set of common underlying dimensions (Hair *et al.*, 2010). It means that by performing factor analysis, the researcher can reduce the number of variables to a manageable set. According to Sekaran (2003), factor analysis will help the researcher to reduce the vast number of variables that has been used in the study into a meaningful, interpretable, and manageable set of factors. Coakes and Steed (2003) urged that by performing factor analysis, a large number of variation can be reduced to a smaller set of underlying factors that summarises the essential information contained in the tested variables. Thus, the present study performed a exploratory factor analysis in order to summarise the structure of the set of variables, namely IMO, employees' organisational commitment and employees' retention.

In general, factoring can be performed through two ways, namely via principle component analysis (PCA) or principle axis factoring (PAF). PCA is performed purposely to convert a set of observations of possibly correlated variables into a set of values that are perceives as linearly correlated. This analysis is guaranteed to be independent if the data set jointly is normally distributed. Therefore, the PAF seeks to validate some prior hypothesis among items and variables, while exploratory factor analysis is to identify the complex interrelationships among studied items and group items, in which these items are a part of the unified concepts. In performing factor analysis, Cookes and Steed (2003) outlined three steps in factor procedure: computation of the correlation matrix to determine the appropriateness of the factor analytical model; the factor extraction which determines how many factors are

necessary to represent the data; and rotation, as the way to make the factor structure more interpretable.

Therefore, a numbers of assumptions underlies the application of factoring includes sample size, normality, linearity, outliers among cases and multicollinearity and singularity (Coakes & Steed, 2003). The most important assumption is the sample size for factoring. Guilford (1954) suggested that the minimum cases for factoring should be at least 250, while MacCallum, Widaman, Zhang and Hong (1999) suggested that the level of communality plays a critical role in determining the sample size for factoring. According to the authors, where the communalities are above 0.6, the required sample is below 100, while for communalities of 0.5 to 0.59, the required sample is in the range of 100 to 200. If the communalities are small and the numbers of factors are also small, the sample should be at least 300. Hair *et al.*, (2010), Coakes and Steed (2003) suggested that preferably, size for factor analysis should be 100 or larger, or have at least five times as many observations as the number of variables to be analysed. Since the usable sample obtained in this study is 392 samples and meets the sample size requirement, factor analysis was utilised.

In addition, it is also important to verify the linearity of the data, and the outliers while the variables should be normally distributed. Another assumption is that correlation matrix in excess of 0.3 should be found, if none is found, then PAF should be considered. The correlation matrix assesses the sampling adequacy for each variable. The measures of sampling adequacy are displayed in anti-image correlation with the acceptable level of anti-image correlation of items being above 0.7. Therefore, the Bartlett's Test of Sphericity also should be significant, and the Kaiser-

Meyer Olkin (KMO) values should be greater than 0.5. If all of these assumptions are met, then factor analysis can be performed.

Once the above mentioned assumptions have been met, then the PCA is performed to choose the items that belong to the components that are given by the model. The first step is to rotate the factors by using Varimax Rotation, where the rotated factor matrix will provide more meaningful factor solution compared to unrotated factor matrix. The second step is to look at the factor loading of the items. Only items with factor loading equal to 0.5 and above can be chosen for further analysis. Hair *et al.*, (2010) suggested that factor loading of 0.5 and above is considered significant. The final step is to investigate the cross loading items where the loading is considered a cross loading whenever a particular item registered factor loading of 0.5 and above in both or more components.

The reliability test also was performed on all variables in this study to check the goodness of the measure. The main function of reliability test is to measure the internal consistency and stability of the multi-item scale (Hong, 2007; Hair *et al.*, 2010), where the internal consistency reliability technique is accepted as the most popular tool to evaluate the instruments and scales measured using Cronbach's Alpha (Cronbach, 1951). The value of reliability coefficient indicates how well used items in the set are positively correlated to one another (Sekaran, 2003). It demonstrates that the closer the Cronbach's Alpha is to 1, the higher the internal consistency and reliability (Sekaran, 2003). Nunally and Bernstein (1994) suggested Cronbach's Alpha of 0.6 as cut-off values. The researcher used the Cronbach's Alpha coefficient

value of 0.7 to measure the reliability of the items (Hair *et al.*, 2010; Sekaran & Bougie, 2010).

### **3.13.2 Descriptive Analysis**

The descriptive analysis presents some information about the respondents and their background which is also valuable for researchers to reach the stated objectives. The descriptive analysis is imperative since it is employed to classify the respondents according to demographic variables (Al-Mari, Ahmed & Zairi, 2007). In this study, descriptive statistics was performed to describe the frequency, mean, standard deviation, median, and response rate.

### **3.13.3 Correlation Analysis**

In this study, the researcher applying Pearson correlation to describe the linear relationship between two continuous variables. The Pearson correlation indicates the extreme coefficients value is a range of possible values from -1 (perfectly negatively correlated) to +1 (perfectly positively correlated). It can be expressed as:  $(-1 < r_p < +1)$ . The strength of relationship between tested variables can be determined through the coefficient value. According to Cohen (1998) and Jullie (2001), value in the range between 0.10 to 0.29 is considered weak, 0.30 to 0.49 is considered moderate, and 0.50 to 1.00 is considered strong. Meanwhile, De Vaus (2002) referred to correlation value between 0 and 0.09 as insignificant, 0.1 and 0.29 as weak, 0.3 and 0.49 as moderate, 0.5 and 0.69 as strong significance, , 0.7 and 0.89 as very strong significance, and 0.9 and 1.00 as near perfect.

For the purpose of the current study, the range value of Hair *et al.*, (2010) was used to measure the linear association between the test variables. They suggested that the value between 0.0 to 0.2 has slight and almost negligible association, 0.21 and 0.4 has a small association, but definite relationship, 0.41 and 0.7 is considered moderate, 0.71 and 0.9 has a high association, and 0.91 and 1.00 has a very strong association.

#### **3.13.4 Hypotheses testing via Multiple Regressions**

Multiple regressions were employed to examine the relationship between the variables under study, namely IMO, employees' organisational commitment and employees' retention. According to Coakes and Steed (2003), multiple regressions are an extension of bivariate correlation which is performed to show the best prediction of dependent variable from several independent variables. Further, the authors outlined a number of assumptions that underpin the use of regression that must be met before interpreting the regression analysis, such as outlier cases, normality, linearity, homoscedasticity and independence of residuals which can be tested through residual scatterplots against the predicted value. The linearity can be tested through performing scatter plot of residuals against the predicted value while the normality can be tested through performing the normal plot of regression standardised residual. The linearity can be described as a straight line passing through the data array and the normal distribution can be found when the graph is shaped like a symmetrical curve. Thus, the linearity can be assumed when there is no clear relationship between residuals and the predicted value, while normal distribution can be assumed when all the points are sitting on the diagonal line or parallel to the line.

The other objective of this study is to examine the mediating effect of the relationship between the independent variable and dependent variable. For that reason, multiple regressions were performed to test the mediating relationship according to steps suggested by Barron and Kenny (1986); MacKinnon, Warsi and Dwyer (1995) and Frazier, Tix and Baron (2004). According to Frazier *et al.*, (2004), there are four steps in establishing that a variable mediates the relationship between predictor variable (also called independent variable) and outcome variable (dependent variable):

1. there is a significant relationship (see path c) between the predictor and outcome;
2. the predictor (independent variable) is related to the mediator variable (see path a);
3. to show that the mediator is related to outcome (see path b); and
4. the strength of the relation between predictor and outcome is significantly reduced when the mediator is added in the model (compare path c in Figure 3.2 with path c in Figure 3.3)

The steps are as follows:

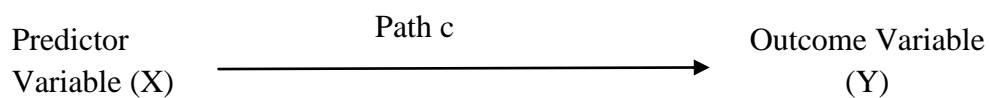


Figure 3.2  
*Direct Relationship between Predictor Variable and Outcome Variable*

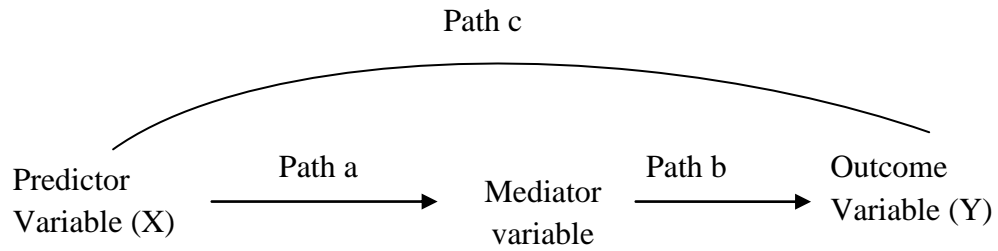


Figure 3.3  
*Mediator Effect in the relationship between Predictor Variable and Outcome Variable*

To test whether there is complete mediation or partial mediation in the relationship, the following assumptions are used:

1. The mediator is recognized as complete mediator when the relationship between predictor and outcome will be not differing from zero after mediator is included in the model; and
2. The mediator is recognized as partial mediator when the relationship between predictor and outcome will be significantly reduces when mediator is included in the model, but still greater than zero.

### **3.14 Summary of the chapter**

This chapter presents the research framework and hypotheses used in this study. The development of the questionnaires is also discussed in detail, as well as the methods used in data collection and sampling decision. Finally, this chapter presents data analysis methods employed in this study.

## **CHAPTER 4**

### **DATA ANALYSIS AND FINDINGS**

#### **4.1 Introduction**

The present study defined four objectives that need to be achieved. Firstly, this study wants to examine the relationship between IMO and employees' retention (ER). Secondly, it wants to examine the relationship between IMO and employees' organisational commitment (EOC), followed by examining the relationship between EOC and ER. The final objective of the present study is to identify the mediating effect of EOC on the relationship between IMO and ER. In general, IMO consists of internal market intelligence generation (IMIG), internal market intelligence dissemination (IMID), and responsiveness to intelligence (RTI). ER is the only dependent variable in this study. Meanwhile, EOC consists of affective, normative, and continuance commitment, which were utilised as the mediating variables in the relationship between IMO and ER.

#### **4.2 Response Rate**

A total of 600 questionnaires were distributed to frontline employees of 3-star, 4-star and 5-star hotels in Kuala Lumpur and Selangor areas. The questionnaires were personally distributed to the employees using simple systematic random sampling after the researcher obtained the approval from the hotel management. As mentioned earlier, systematic sampling was employed in the present study in the selection of hotels and respondents involved in this study. The questionnaires were distributed to the respondents in the room that was given by the manager to the researcher for this study's purposes.



Questionnaires distribution were done in 2 and half months which is from September 2012 until the middle of December 2012. While many respondents completed the questionnaires on time, however there were remaining questionnaires which were not completed were collected 2 weeks after the distribution. Yet, due to certain circumstances such as time constraint, 42 questionnaires were only collected a month after the distribution period. In this stand, the researcher specify a month as the reaction time, which meant that questionnaires that been submitted after a month of circulation are considered as late response.

Out of 600 distributed questionnaires, a total of 401 questionnaires were returned representing a response rate of 66.8 percent. However, only 392 questionnaires were identified as usable, representing a 65.3 percent feedback which considered acceptable (Saunders *et al.*, 2003). High response rate were captured in this study since the researcher personally distributed the questionnaires to the selected respondents. Other studies in Malaysia hotel industry also indicated high response rate such as 52 percent in study by Masdek *et al.*, (2011), 86 percent response rate in study by Abdullah *et al.*, (2011) and 42 percent of response rate in the study by Allan *et al.*, (2008). High response rate showed that frontline employees of Malaysia hotels willing to participate in the survey which they may perceive that the information given could be used for improvement in hotel industry.

### **4.3 Tests for Non-response Bias**

The most basic statistical test that measures group differences is the t-test. According to Andrew, Pedersen, and McEvoy (2011), t-test is used when the researcher wishes

to determine whether two groups, defined as independent variable, differ on the basis of the selected dependent variable. Another word, it allows the researcher to compare a categorical independent variable with two groups on the basis of an interval or ratio-scaled dependent variable. In this case, the t-test was used to calculate group differences by examining the mean score and variation of early response (for those returned within one month after circulation) and late responses (for those returned after one month of circulation). An independent sample t-test was performed on continuous variables: IMO, EOC and ER. Based on the reaction time as discussed above, 350 respondents were identified as early responses and 42 respondents were identified as late responses. Table 4.1 below shows the results of the non-response test. The full SPSS output is given in Appendix 4.

Table 4.1  
*Test for Non-response Bias*

| Variables | Early<br>(N = 350) |       | Late<br>(N= 42) |       | Test of<br>Equal<br>Variance | Test of Equal Mean |       |
|-----------|--------------------|-------|-----------------|-------|------------------------------|--------------------|-------|
|           | M                  | SD    | M               | SD    |                              | t-value            | Sig   |
| IMO       | 3.396              | 0.410 | 3.413           | 0.319 | 0.145                        | -0.255             | 0.799 |
| EOC       | 3.365              | 0.577 | 3.485           | 0.459 | 0.146                        | -1.298             | 0.195 |
| ER        | 3.437              | 0.357 | 3.396           | 0.289 | 0.189                        | 0.711              | 0.479 |

Note : IMO = Internal Market Orientation  
EOC = Employees' Organisational Commitment  
ER = Employees' Retention

The above Table indicates the p values of the analysis had violated no significant difference between two groups represented as early responders and late responders (significant  $p > 0.05$ ). According to Olkin (1960), Levene's test is used to assess the equality of variances for a calculated variable. It states that if the value of Levene's test is less than some critical value (typically 0.05), the obtained differences in sample

variances are unlikely to have occurred. The above Table indicates that the significant level of Levene's test for IMO ( $p = 0.145$ ), EOC ( $p = 0.146$ ) and ER ( $p = 0.189$ ) demonstrates that the p value for all variables were above than 0.05.

Therefore, the test of equal means indicated that the significant values for the test are at more than 0.01 levels of significance for all variables, which shows that the issues of non-response bias are not serious in the present study. For that reason, both early and late responses were used for further analysis.

Hence, if Levene's test is significant at  $p \leq .05$ , we can gain confidence in the hypothesis that the variances are significantly different and that the assumption of homogeneity of variances has been violated. If, however, Levene's test is non-significant (i.e.  $p > .05$ ) then we do not have sufficient evidence to reject the null hypothesis that the difference between the variances is zero – in other words, we can assume that the variances are roughly equal and the assumption is tenable (Field, 2009).

In addition, test for non-response bias showed that the mean values for early and late responses are between 3.0 and 3.5 which are considered neutral. In this study, the neutral value could be influenced by the job tenure, which this study indicated that about 55 percent of the respondents are attached with the hotel less than 5 years. In this case, the first argument is that the respondents cannot be measure accurately on the tested items. However, the mean value have showed the variation in the answer, which indicated that respondents respond differently to the tested items, which could be 2, 3 or 4. It may rejected the assumption of inaccuracy measurement by the

respondents, and showed that items in the questionnaires are understandable. Other justification is that, results of factor analysis also showed that majority of the items have factor loading above 0.5 which indicated that the mean value is considered neutral, where the respondents could understand the items and able to answer.

In relation to job tenure, similar study in Malaysian hotel industry by Hemdi and Tamalee (2005) and Abdullah and Bustamam (2011) also revealed that the highest job tenure among front line employees is between 1 to 5 years which is about 87 percent and 76 percent respectively and revealed that the mean value for both studies is between 2.9 to 3.5, thus clarify that the mean value for this study considered acceptable.

#### **4.4 Descriptive Analysis of Respondents**

The present study concerns frontline employees of hotels. Frontline employees consist of front desk employees, house keeping, concierge, security, food and beverages, maintenance, general manager and others. In the study, six demographic information were collected: work position, employees' education level, gender, age, nationality as well as total number of years they have been attached with the particular hotel. This demographic section provides information that may be useful for future research, such as the average age of frontline employees, employees' education level as well as the gender of the hotel employees. The information could help the management of the hotels to set their strategies in managing and motivating these employees to achieve organisational goals and objectives. In fact, the information obtained in this study could be used by the hotels' management for the purpose of retaining their employees.

The profiles of the respondents are as mentioned in Table 4.2 below. The full SPSS output is given in Appendix 5.

Table 4.2  
*Profile of Respondents*

| Variables       | Description        | Frequencies | Percentage |
|-----------------|--------------------|-------------|------------|
| Work position   | Front desk         | 103         | 26.3       |
|                 | House keeping      | 75          | 19.1       |
|                 | Duty Manager       | 9           | 2.3        |
|                 | Concierge          | 19          | 4.8        |
|                 | Security           | 26          | 6.6        |
|                 | Maintenance        | 79          | 20.2       |
|                 | Food and Beverages | 38          | 9.7        |
|                 | Others             | 43          | 11         |
| Education Level | SRP* / PMR*        | 21          | 5.4        |
|                 | SPM*               | 194         | 49.5       |
|                 | STPM*              | 28          | 7.1        |
|                 | Diploma            | 122         | 30.9       |
|                 | Bachelor           | 16          | 4.3        |
|                 | Others             | 11          | 2.8        |
|                 | Gender             | Male        | 239        |
|                 | Female             | 153         | 39         |
| Age             | 30 years and below | 203         | 51.8       |
|                 | 31- 40 years       | 134         | 34.2       |
|                 | 41- 50 years       | 45          | 11.5       |
|                 | 51 years and above | 10          | 2.6        |
| Nationality     | Malaysian          | 376         | 95.9       |
|                 | Non-Malaysian      | 16          | 4.1        |
| Year of Service | Less than 5 years  | 218         | 55.6       |
|                 | 5 – 10 years       | 137         | 34.9       |
|                 | 11- 20 years       | 34          | 8.7        |
|                 | 21 years and above | 3           | 0.8        |

Note : \*Sijil Rendah Pelajaran (SRP)  
\*Penilaian Menengah Rendah (PMR)  
\*Sijil Pelajaran Malaysia (SPM)  
\*Sijil Tinggi Pelajaran Malaysia (STPM)

The above Table reveals that most of the respondents in the present study are in the position of front desk employees, accounting for 26.3 percent of the total respondents, followed by maintenance and housekeeping staff with 20.2 percent and 19.1 percent, respectively. About 9.7 percent of the respondents are in food and beverages, 6.6

percent in security, 4.8 percent in concierge, 2.3 percent as duty managers, and 11 percent in other positions in the hotels.

In relation to the education level, the results revealed that 49.5 percent of the respondents are SPM holders followed by diploma and STPM holders, with 30.9 percent and 7.1 percent, respectively. Meanwhile, 4.3 percent are bachelor degree holders, 5.4 percent are SRP/ PMR holders and 2.81 have other education levels. Most of the respondents are males, accounting for about 61 percent of the total respondents and 51.8 percent of them are in the age group of 30 years and below. It is also reported that 34.2 percent of the respondents are between 31 to 40 years old, 11.5 percent between 41 to 50 years old, and only 2.6 percent of the respondents are 51 years old and above.

In terms of nationality, most of the respondents are Malaysians, accounting for about 95.9 percent of the total respondents, while the other 4.1 percent of the respondents are Indonesians and Bangladeshis. The analysis also revealed that 55.6 percent of the respondents have been attached with the organisation for less than five years, while 34.9 percent for about five to 10 years, and 8.7 percent for between 11 to 20 years. Finally, the data reports that only 0.8 percent of the respondents have been attached with that particular hotel for more than 21 years.

#### **4.5 The Goodness of Measures**

The data of the current study were primary examined for exploratory factor analysis using SPSS version 20. Although the present study used the instruments already tested by other researchers, factor analysis was performed to examine a set of items

thought to be related to the variables (Hair *et al.*, 2010), as the technique to confirm the goodness of the measures. In line with this notion, by performing factor analysis, the number of items can be reduced to a minor set of factors, and the factors that had been cleared were then named and summated scale scores were computed for each factor. In the present study, the PCA was performed on all the variables: IMO, EOC and ER.

The internal consistency was tested by calculating Cronbach's Alpha value. This test was performed to measure which instrument items are homogenous and reflect the same underlying construct (Cooper & Schindler, 2008). They argued that reliability test is performed to check the accuracy, precision and consistency of the variables.

The sample size that is needed to perform factor analysis in the present study is also acceptable. According to Hair *et al.*, (2010), the acceptable sample size should be 50 or more, or at least five times the observations per variable. Since the sample size of the present study is 392 and above the minimum required sample, thus it is appropriate to perform factor analysis. Indeed, as a few items are in reversed form, thus all the negative items in the questionnaire were reverse-coded before performing reliability test to ensure that all the items were measured in the same way.

#### **4.6 Testing the Validity of the Construct**

The present study performed PCA with Varimax rotation to recognize a set of parsimonious, distinct, and non-overlapping variables underlying the items of each

construct. In addition, exploratory factor analysis was established to extract the components of IMO, EOC and ER.

Among the important assumptions of the PCA application is to check on the factorability of the correlation via Kaiser-Meyer Olkin and Bartlett's Test of Sphericity. According to Hair *et al.*, (2010), the Kaiser-Meyer Olkin (KMO) measure of sampling adequacy should be greater than 0.5, while the Bartlett's Test of Sphericity also must be significant (sig. <0.05) in order to proceed with the factor analysis. Further, they claimed that the significance value indicates the existence of significant correlations among the variables.

As KMO values for all constructs ranged from 0.734 to 0.896, which is above the minimum suggested values, the Bartlett's Test of Sphericity is significant (sig <0.05) and the anti-image correlation items also reported above the minimum value of 0.5 (Hair *et al.*, 2010); thus, factor analysis was performed.

Once the above assumptions had been met, then the next step of factor analysis was employed. The first step was to rotate the factor. The rotated factor matrix was performed by using Varimax Rotation. The second step was to look at the factor loading. According to Hair *et al.*, (2010), only factor loadings equal and greater than 0.5 are generally considered significant. The third step was to investigate the cross-loading factor which the factors are considered as across whenever a particular item registered factor loading equal to 0.5 or above.



The reliability test was performed on IMO, EOC and ER, and the researcher used the Cronbach's Alpha of more than 0.7 as a measure of reliability (Hair *et al.*, 2010).

#### **4.6.1 Factor Analysis of Internal Market Orientation**

As mentioned above, the IMO variable consists of three components: IMIG, IMID and RTI. The PCA was performed on all the components of these variables to check the validity of the constructs. The objective of the factoring is to reduce a large number of variables to smaller number of factors. It started with acquiring the items of IMO with the use of PCA with Varimax Rotation.

The correlation matrix of IMO showed that there are considerable numbers of correlations on the items exceeding 0.3, which were suitable for factoring (Tabachnic & Fidell, 2001). Table 4.3 below shows that the KMO measure of sampling adequacy, indicating that the value of KMO for IMO is 0.896, which is above 0.5. Thus, it can be assumed that the data is suitable for factor analysis. Meanwhile the Bartlett's Test of Sphericity also indicates that it is significant (Sig. <.001), which confirmed the suitability of performing factor analysis (Field, 2009). Moreover, the inspections of eigenvalues for all components of IMO were greater than 1. Inspection of the anti-image correlation also revealed that all measures of sampling adequacy were well above the acceptable level of 0.5 (Mooi & Sarstedt, 2011; Field, 2009).

The factoring disclosed that component one is represented as IMIG, component two as IMID, and component three as RTI, which showed eigenvalues of 12.56, 3.902 and 2.048, respectively. The components of IMIG, IMID and RTI indicated the variance of 28.04 percent, 37.11 percent, and 41.88 percent, respectively.

Therefore, the factor loading value for IMIG component ranged from 0.504 to 0.742, while factor loading value for IMID ranged from 0.507 to 0.773. Meanwhile, the factor loading values for RTI component ranged from 0.520 to 0.684. The result of PCA showed fourteen items with factor loading of less than 0.5, while the other twenty nine items had factor loading of more than 0.5. The items which factor loading below 0.5 were deleted from the analysis (Hair *et al.*, 2010). These items were IMO1, IMO5, IMO6, IMO7, IMO8, IMO9, IMO10, IMO13, IMO16, IMO24, IMO25, IMO26, IMO28 and IMO38.

Based on the results of factoring, the IMIG component is related to the awareness of the hotel management about the labour market condition, HR policy, benefits, value exchanges and competition among hotel organisations. The IMID component reflected the respondents' perception on the internal communication between employees and supervisors, and communication among supervisors from different departments. Meanwhile, the RTI component represented the respondents' perception of the hotel management in response to their needs and wants. The full output is provided in Appendix 6.

Table 4.3  
*Factor Analysis of Internal Market Orientation Construct*

| Items  | Component |      |   |
|--|-----------|------|---|
|  | 1         | 2    | 3 |
| If one is moved from one department to another, the new supervisor will personally train him/her for a pre-specified period of time.                               | .742      |      |   |
| When I do something extraordinary, I know that I will receive some financial bonus / reward.   | .725      |      |   |
| Before the implementation of a major change in service rules, we always get significant training regarding its impact on our daily activities and job description. | .697      |      |   |
| At least once per year, we fill in questionnaires regarding our needs and wants from the company.  | .663      |      |   |
| All employees are treated exactly the same way. Individual needs are ignored. (R)  | -.616     |      |   |
| In this company, training is closely related to the individual needs of each employee.   | .612      |      |   |
| Every important decision regarding human-resource policies is always adapted according to our individual needs.  | .578      |      |   |
| The Senior Management is resolved to solving our problems and giving us all required support necessary for our job.  | .573      |      |   |
| My income and annual increases are very closely tied with my qualification and my performance.   | .568      |      |   |
| Specific human-resource policies are always considered for specific groups of employees with a common set of needs.  | .557      |      |   |
| The supervisors in this company meet regularly to discuss subordinates' problems and listen to what the other supervisors have to say.                             | .536      |      |   |
| Before any policy change is introduced, our individual characteristics have always been considered in advance.   | .517      |      |   |
| Our management seeks to find out what competitors do to keep their employees satisfied.  | .504      |      |   |
| My supervisor is never too busy to talk with me when I need him/her  |           | .773 |   |
| My supervisor spends time informing me about my tasks, my objectives and to reach an agreement with me.  |           | .721 |   |
| My supervisor is sincerely concerned about personal problems I have that may affect my performance.  |           | .712 |   |
| My supervisor is sincerely listening about the problems I have doing my job.   |           | .685 |   |
| Before any policy change, my supervisor informs me phase-to-phase in advance.  |           | .621 |   |
| The tasks I am assigned will help me to advance my career with this organisation.  |           | .618 |   |
| My job description allows me to satisfy my personal needs and goals through my work.   |           | .529 |   |
| My supervisor is expected to justify my job description and the tasks I am assigned with more senior levels of management.   |           | .508 |   |
| My supervisor sees that we all meet regularly so that we have the chance to say what we expect from the organisation.  |           | .507 |   |

Table 4.3 (Continued)

| Items  | Component |        |        |
|--|-----------|--------|--------|
|  | 1         | 2      | 3      |
| Nothing too expensive for our Senior Management if this would satisfy needs of specific groups of employees.   |           |        | .684   |
| A newly hired employee will have to find his/her own answers to the requirements of the jobs (R).  |           |        | .680   |
| My income and annual increases are dependent only on the Union's bargaining with the employers' side (R).  |           |        | .660   |
| The senior management of this organisation is really indifferent to our problems (R).  |           |        | .644   |
| Everyone gets an annual bonus regardless of their performance (R).   |           |        | .620   |
| The human-resource policies apply to everyone. Individual needs are never considered.  |           |        | .535   |
| My income and the annual increases are much related to those of people with similar qualifications working in this organisation or any other industry. |           |        | .520   |
| <b>KMO</b>   |           |        |        |
| Chi Square Value   | .896      |        |        |
| Bartlett's Test  | 8155.172  |        |        |
| Eigenvalue   | .000      |        |        |
| Variance Extracted %   | 12.056    | 3.902  | 2.048  |
|  | 28.038    | 37.114 | 41.876 |

Note: Component 1 = Internal Market Intelligence Generation  
Component 2 = Internal Market Intelligence Dissemination  
Component 3 = Responsiveness to Intelligence

#### 4.6.2 Factor Analysis of Employees' Organisational Commitment

The EOC variable consists of three components namely affective commitment, continuance commitment and normative commitment. Factor analysis was also performed for this variable to check the validity of the constructs together. The correlation matrix of EOC showed that there are considerable numbers of correlations on the items exceeding 0.3, which was found suitable for factoring (Tabachnic & Fidell, 2001). Table 4.4 below shows that the KMO measure of sampling adequacy, indicating that the value of KMO for EOC was 0.862 which is above the suggested standard value of 0.5. It shows that the items are consistent and shared frequent factors. Bartlett's Test of Sphericity was also revealed to be significant (Sig. <.001),

while the inspections of Eigenvalues for all tested components were greater than 1. In fact, inspection of the anti-image correlation indicated that all measures of sampling adequacy were well above the acceptable level of 0.5.

The result of the factoring showed that three components were extracted. Component one represents continuance commitment while component two represents normative commitment. Component three represents affective commitment. The factoring also showed that eigenvalues for components one, two, and three were 7.402, 1.853 and 1.716, respectively. Therefore, the components of affective commitment, normative commitment and continuance commitment clarified the variances of 30.84 percent, 38.56 percent, and 45.71 percent, respectively.

The factoring also indicated the factor loading value for continuance commitment component ranged from 0.565 to 0.766, while factor loading value for normative commitment ranged from 0.506 to 0.729. Meanwhile, the factor loading values for affective commitment component ranged from 0.550 to 0.762. The result of PCA showed six items with factor loading of less than 0.5, which then were deleted from the analysis (Hair *et al.*, 2010). These items were EOC2, EOC4, EOC6, EOC13, EOC15, and EOC17. The full output is provided in Appendix 7.

Table 4.4  
*Factor Analysis of Employees' Organisational Commitment*

| Items  | Component |        |        |
|--|-----------|--------|--------|
|  | 1         | 2      | 3      |
| Too much in my life would be disrupted if I decide I wanted to leave my organisation now.  | .766      |        |        |
| It wouldn't be too costly for me to leave my organisation now. (R)   | .719      |        |        |
| It would be very hard for me to leave my organisation right now, even if I wanted to.  | .682      |        |        |
| I feel that I have too few options to consider leaving this organisation.  | .618      |        |        |
| I am afraid of what might happen if I quit my job without having another one lined-up. (R)   | .615      |        |        |
| One of the major reasons I continue to work for this organisation is that leaving would require considerable personal scarifies - another organisation may not match the overall benefits I have here. | .565      |        |        |
| Jumping from organisation to organisation seems at all unethical to me. (R)  |           | .729   |        |
| Things were better in the days when people stayed with one organisation for most of their careers.   |           | .685   |        |
| I do not think that wanting to be a "company man" or "company women" is sensible anymore   |           | .610   |        |
| If I got another offer for a better job elsewhere, I would not feel it was right to leave my organisation.   |           | .585   |        |
| One of the major reasons I continue to work for this organisation is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain                                 |           | .580   |        |
| I was taught to believe in the value of remaining loyal to one organisation. (R)   |           | .545   |        |
| I do not believe that a person must always be loyal to his or her organisation. (R)  |           | .506   |        |
| This organisation has a great deal of personal meaning for me.   |           |        | .762   |
| I do not feel strong sense of belonging to my organisation. (R)  |           |        | .754   |
| I do not feel emotionally attached to this organisation. (R)   |           |        | .644   |
| I really feel as if this organisation's problems are my own.   |           |        | .615   |
| I would be very happy to spend the rest of my career with this organisation.   |           |        | .550   |
| KMO  | .862      |        |        |
| Chi Square Value   | 3594.747  |        |        |
| Bartlett's Test  | .000      |        |        |
| Eigenvalue   | 7.402     | 1.852  | 1.716  |
| Variance Extracted %   | 30.840    | 38.557 | 45.708 |

Note. Component 1 = Continuance Commitment  
Component 2 = Normative Commitment  
Component 3= Affective Commitment

### 4.6.3 Factor Analysis of Employees' Retention

The present study also performed PCA for ER. ER was measured by using eleven items. As shown in Table 4.5 below, the KMO value for ER is 0.734 which is above the suggested standard value of 0.5, thus showing that the items were consistent and shared frequent factors. The Bartlett's Test of Sphericity also indicated significant result (Sig. <0.001), while the inspection of eigenvalues for ER was greater than 1. The correlation matrix also showed that there were considerable numbers of correlations on ER items exceeding 0.3, which were found suitable for factoring. In fact, inspection of the anti-image correlation indicated that all measures of sampling adequacy were well above the acceptable level of 0.5.

From the analysis, three items were found to have factor loading of less than 0.5 and below the cut-off value suggested by Hair *et al.*, (2010). Therefore, all the three items were deleted from further analysis while the useable items were subjected to reliability test. These items were RET1, RET7 and RET11. The full output is given in Appendix 8.

Table 4.5  
*Factor Analysis of Employees' Retention*

| Items  | Component<br>1 |
|--|----------------|
| The work I'm doing is very important to me.  | .693           |
| If it were up to me, I will definitely be working for this organisation for the next five years.             | .622           |
| It doesn't matter if I'm working for this organisation or another, as long I have work                       | .593           |
| I have checked out a job in another organisation previously.   | .580           |
| If I received an attractive job offer from another organisation, I would take the job.                       | .557           |
| Within this organisation, my work gives me satisfaction.   | .554           |
| If I wanted to do another job or function, I would look first at the possibilities within this organisation. | .530           |
| I see a future for myself within this organisation.  | .501           |

Table 4.5 (Continued)

|                      |          |
|----------------------|----------|
| KMO                  | .734     |
| Chi Square Value     | 1293.362 |
| Bartlett's Test      | .000     |
| Eigenvalue           | 3.138    |
| Variance Extracted % | 28.525   |

Note. Component 1 = Employees' Retention

#### 4.7 Reliability Test

The reliability analysis was also performed on the items of IMO, EOC and ER, after the factoring. As mentioned in the previous chapter, the present study used the minimum cut-off value for Cronbach's Alpha coefficient at 0.7 as suggested by Hair *et al.*, (2010) and Sekaran and Bougie (2010). The summary of reliability test is presented in Table 4.6 below. The full SPSS output is given in Appendix 9.

Table 4.6  
*Reliability Coefficient for Each Construct*

| Construct                                  | No. Of Items | Cronbach's Alpha |
|--|--------------|------------------|
| Internal Market Intelligence Generation    | 13           | 0.820            |
| Internal Market Intelligence Dissemination | 9            | 0.869            |
| Responsiveness to Intelligence             | 7            | 0.724            |
| Affective Commitment                       | 5            | 0.778            |
| Normative Commitment                       | 7            | 0.797            |
| Continuance Commitment                     | 6            | 0.832            |
| Employees' Retention                       | 8            | 0.739            |

The above Table shows that all components of IMO have Cronbach's Alpha greater than 0.7, which indicates the existence of internal consistency and stability of the items (Hair *et al.*, 2010; Sekaran & Bougie, 2010). The Cronbach's Alpha values for IMIG, IMID, and RTI are reported as 0.820, 0.869, and 0.724, respectively. IMID indicated the highest internal consistency followed by IMIG and RTI.



In relation to EOC, the result of reliability analysis indicated that all components have Cronbach's Alpha value above 0.7 which demonstrated the existence of internal consistency and stability of the items. The result also revealed that among the three components of EOC, continuance commitment had the highest reliability values compared with affective and normative commitment. The Cronbach's Alpha value for affective commitment was 0.778, normative commitment was 0.797 and continuance commitment was 0.832.

The reliability analysis was also performed for ER. The result indicated Cronbach's Alpha value for ER was at 0.739, which demonstrated the acceptability of internal consistency. Thus, the researcher concluded that the internal consistency and stability of the measures used in the present study can be considered to be good.

#### **4.8 Descriptive Analysis of Main Variables**

Descriptive analysis was performed to acquire a preliminary summation of the data in order to depict the common situation of IMO, EOC, and ER within the hotel industry in Malaysia. All the data included mean and standard deviations; intercorrelations for the factors were calculated to figure out the changeability and inter-reliance of subscales obtained from the factor analysis. In addition, the means of the items of the factors were subsequently used for hypothesis. Table 4.7 below shows the means, standard deviations, minimum and maximum value of the factors. The present study used a five-point Likert scale (1= "Strongly Disagree" to 5= "Strongly Agree") to measure respondents' feedback to all items in each variable.

The results in Table 4.7 below indicate that among the IMO variables, IMID indicated the highest mean value of 3.538, compared to IMIG and RTI, for which the mean values were 3.462 and 3.014, respectively. However, RTI contributed the highest standard deviation value, which was 0.679 compared to IMID and IMIG, with values of 0.672 and 0.585, respectively. The results demonstrated that employees in the present study had a high perception on IMID practiced in the organisation.

In relation to EOC, continuance commitment indicated the highest mean value which was 0.346 compared to affective and normative commitment, for which the mean values were 3.406 and 3.293, respectively. Again, continuance commitment also indicated the highest value for standard deviation, which was 0.773 compared to affective and normative commitment which were 0.670 and 0.662, respectively.

The present study also examined the mean and standard deviation of ER as dependent variable. The mean value was 3.398 while standard deviation value was 0.615. The results indicated that the frontline employees of Malaysia's hotel industry had a high perception on retention. The full SPSS output is given in Appendix 10.

Table 4.7  
*Descriptive Statistics of the Construct (n=392)*

| Construct                                  | Mean  | Standard Deviation | Minimum | Maximum |
|--|-------|--------------------|---------|---------|
| Internal Market Intelligence Generation    | 3.462 | 0.585              | 1.130   | 4.620   |
| Internal Market Intelligence Dissemination | 3.538 | 0.672              | 1.330   | 5.000   |
| Responsiveness to Intelligence             | 3.014 | 0.697              | 1.570   | 4.860   |
| Affective Commitment                       | 3.406 | 0.670              | 1.000   | 5.000   |
| Normative Commitment                       | 3.293 | 0.662              | 1.000   | 5.000   |
| Continuance Commitment                     | 3.464 | 0.773              | 1.000   | 5.000   |
| Employees' Retention                       | 3.398 | 0.615              | 1.000   | 5.000   |

#### 4.9 Correlation Analysis

Before performing the regression analysis, the present study carried out Pearson correlation analysis. The main reason of using this technique was to obtain preliminary image of the relationship between the tested variables: IMIG, IMID and RTI, affective commitment, normative commitment, continuance commitment, and ER as the absolute dependent variable in this study. In other words, the correlation analysis was employed to measure the degree of linear dependence between two variables and also provide directions among the tested variables. In general, the correlation value in the range between +1 and -1, with 1 is total positive correlation, 0 is no correlation, and -1 is negative correlation.

According to Hair *et al.*, (2010), the value of correlation between 0.0 to 0.2 has slightly and almost negligible association, 0.21 and 0.4 has a small association, but definite relationship, 0.41 and 0.7 is considered moderate, 0.71 and 0.9 has a high association and 1 has a very strong association. In addition, high correlation coefficients of 0.9 imply the existence of multicollinearity (Hair *et al.*, 2010). The outcome of the correlation analysis is presented in Table 4.8 below. The full SPSS output is given in Appendix 11.

Table 4.8  
*Pearson Correlation Analysis*

|      | 1      | 2      | 3      | 4      | 5      | 6      | 7 |
|------|--------|--------|--------|--------|--------|--------|---|
| IMIG | 1      |        |        |        |        |        |   |
| IMID | .578** | 1      |        |        |        |        |   |
| RTI  | .099*  | .321** | 1      |        |        |        |   |
| AFC  | .395** | .554** | .313** | 1      |        |        |   |
| CC   | .468** | .387** | .112*  | .498** | 1      |        |   |
| NC   | .254** | .458** | .388** | .460** | .502** | 1      |   |
| ER   | .329** | .450** | .272** | .411** | .297** | .304** | 1 |

Note 1: \* Correlation is significant at the 0.05 (1-tailed)  
\*\* Correlation is significant at the 0.01 level (1-tailed)

Note 2 : IMIG= Internal Market Intelligence Generation  
IMID= Internal Market Intelligence Dissemination;  
RTI = Responsiveness to Intelligence  
AFC= Employee Affective Commitment  
CC= Employee Continuance Commitment  
NC= Employee Normative Commitment  
ER= Employees' Retention

The above Table shows that all the Pearson correlation was found to be statistically significant at the 0.05 levels of significance. The data supported the existence of significant relationship between IMO component and ER in the Malaysian hotel industry, ranging from  $r = 0.272$  ( $p < 0.01$ ) to  $r = 0.450$  ( $p < 0.01$ ). The present study also examined the correlation between IMO and EOC. Firstly, the results support the existence of significant relationship between IMO and affective commitment, with the values of the correlation ranging from  $r = 0.313$  ( $p < 0.01$ ) to  $r = 0.554$  ( $p < 0.01$ ). Secondly, the result also supports the existence of significant relationship between IMO and continuance commitment, with the values of the correlation ranging from  $r = 0.112$  ( $p < 0.05$ ) to  $r = 0.468$  ( $p < 0.01$ ). Finally, the result showed that the correlation value between IMO and normative commitment is ranging from  $r = 0.254$  ( $p < 0.01$ ) to  $r = 0.458$  ( $p < 0.01$ ), which indicated the existence of a significant relationship between both constructs.

Therefore, the results of correlation coefficient support the significant relationship between EOC component, including affective, continuance and normative dimensions, with the values ranging from  $r = 0.0460$  ( $p < 0.01$ ) to  $r = 0.502$  ( $p < 0.01$ ). In addition, the present study also examined the correlation coefficient among IMO components, where the result was statistically significant, ranging from  $r = 0.099$

( $p < 0.05$ ) to  $r = 0.578$  ( $p < 0.01$ ). The result also showed the existence of a significant correlation among EOC components which the correlation values ranging from  $r = 0.297$  ( $p < 0.01$ ) to  $r = 0.411$  ( $p < 0.01$ ). In conclusion, the result of correlation coefficient showed existence of significant relationship between all the tested components. Meanwhile, inspection on the strength of relationship found that out of 21 tested components, nine are considered moderate while another 10 of the correlations have a small association, but definite relationship, and only two have slightly and almost negligible association. In other words, most of the correlation coefficient values fell under small to moderate association.

Based on the finding of the Pearson correlation analysis, the following conclusions are made:

1. The higher the positive perceptions of implemented IMO within the hotel organisation, the higher the ER will be.
2. The higher the positive perceptions of implemented IMO within the hotel organisation, the higher the EOC will be.
3. The higher the IMO and EOC, the higher the ER with their organisation.

#### **4.10 Checking the Requirements before Performing Regression Analysis**

The data of the present study were checked first before performing the multiple regression analysis as outlined by Coakes and Steed (2003). In the present study, the data were firstly checked for outliers and multicollinearity, and then followed by linearity, normality, homoscedasticity and independence of residual testing. The researcher tested the presence of outliers and multicollinearity before performing

multiple regression analysis. However, it was proven that the data had no critical problems relating to outliers and multicollinearity

#### **4.10.1 Checking for Outliers**

The present study performed checking for outliers. As suggested by Hair *et al.*, (2010), outliers refer to observations that have rare traits and vary definitely from the others. The most popular technique to check for outliers is via Mahalanobis distance measure and Cook's value. Further, Hair *et al.*, (2010) stated that the Mahalanobis distance values were a measure of the distance of each observation from the mean centre of all observations in multidimensional space. In the present study, only 4.8 percent of the observations were found to have Mahalanobis distance values, which are still considered acceptable. The Cook's value was less than 0.1, which indicated that the potential outliers are deemed not influential and could be retained for further analysis.

#### **4.10.2 Checking for Multicollinearity**

According to Cooper and Schindler (2008), multicollinearity refers to a condition where more than two independent variables are highly correlated. The existence of multicollinearity can be expected when the correlation value is 0.8 or greater. Therefore, if the variance inflation factor (VIF) index falls at 10.0 or more, it suggests multicollinearity. The present study employed the tolerance value and VIF to observe the existence of multicollinearity among the tested variables.

Table 4.1 below illustrates that the tolerance values of all the variables ranged between 0.486 and 0.785. It indicated that tolerance values of all the variables in this

study were more than 0.1 as suggested by Hair *et al.*, (2010). The VIF for all the variables ranged between 1.2724 and 2.058, which showed that all the VIF values were below the threshold value of 10 as suggested by Hair *et al.*, (2010). Based on the above discussion, it is indicated that the issues of multicollinearity did not exist in the current study. The full SPSS report is given in Appendix 12.

Table 4.9  
*Multicollinearity Test*

| Variables                                  | Tolerance Value | Variance Inflation Factor |
|--|-----------------|---------------------------|
| Internal Market Intelligence Generation    | 0.577           | 1.732                     |
| Internal Market Intelligence Dissemination | 0.486           | 2.058                     |
| Responsiveness to Intelligence             | 0.785           | 1.274                     |
| Affective Commitment                       | 0.571           | 1.751                     |
| Continuance Commitment                     | 0.566           | 1.768                     |
| Normative Commitment                       | 0.582           | 1.719                     |

#### **4.10.3 Normality Testing**

The normality assumption was inspected through the probability plots of the residual. In the present study, the researcher employed graphical technique to inspect normality, including histogram and Q-Q plot

As shown in Figure 4.1, the data disclosed that the behaviour of the data distribution does not differ significantly from normal curve. As the result, it can be concluded that the data pursues a normal distribution.

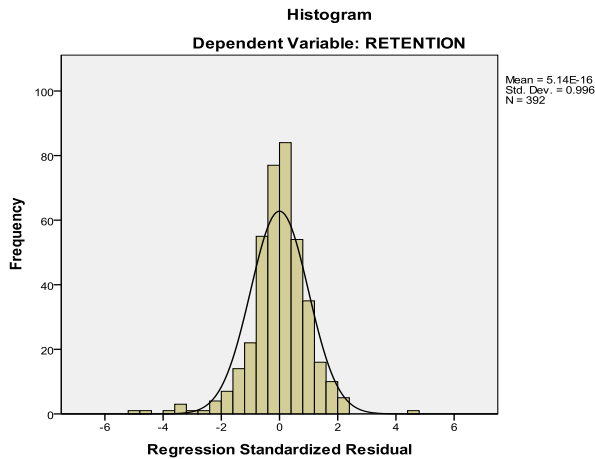


Figure 4.1  
*Histogram of Regression Residuals of Employees' Retention*

The Q-Q plot in Figure 4.2, discloses that most of all the points fall on the straight line. Only a few of them are not placed on the line. It clearly shows that the data pursues a normal distribution.

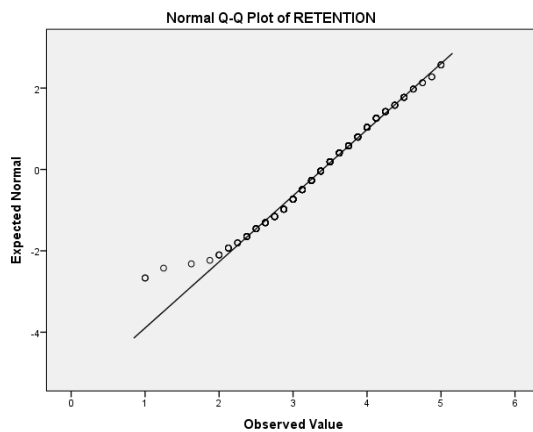


Figure 4.2  
*Testing Normality Using Normal Q-Q Plot of Employees' Retention.*

The Skewness and Kurtosis disclosed that the value for Skewness and Kurtosis range between -0.320 and 1.106 with standard errors 0.123 of and 0.246, respectively. The findings indicate that the both Skewness and Kurtosis fell in the range -1.00 and 1.00,



indicating an appropriate normality of the residuals, as suggested by Hair *et al.*, (2010). The full SPSS output is given in Appendix 13.

Table 4.10  
*Skewness and Kurtosis*

|                      | Skewness  |            | Kurtosis  |            |
|----------------------|-----------|------------|-----------|------------|
|                      | Statistic | Std. Error | Statistic | Std. Error |
| Employees' Retention | -.320     | .123       | 1.106     | .246       |

In addition, the current study also confirmed the assumption of normality by utilising the M-Estimators test. The finding in Table 4.11 below indicates that the assumption of normality can be accepted since the min, trimmed mean and median value are almost same with M-Estimators values. The full SPSS output is given in Appendix 14.

Table 4.11  
*M-Estimators*

|                  | Huber's<br>M-Estimator | Tukey's<br>Biweight | Hampel's<br>M-Estimator | Andrews'<br>Wave |
|------------------|------------------------|---------------------|-------------------------|------------------|
| <i>Retention</i> | 3.4048                 | 3.4069              | 3.4106                  | 3.4064           |

#### **4.10.4 Testing for Linearity, Homoscedasticity and the Independence of Errors**

The current study also tested linearity, homoscedascity and the independence of the errors by checking the scatterplot of the residuals. Figure 4.3 below discloses there are no clear relationships between the residuals and predicted values. Since the scatterplot indicates no clear relationship between the residuals and the predicted values, it confirms the linearity, homoscedascity and the independence of the errors, as suggested by Hair *et al.*, (2010).

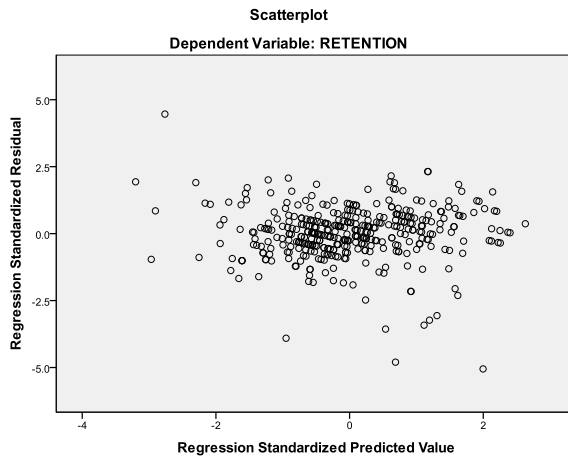


Figure 4.3  
*Scatterplot of the Residuals of Employees' Retention*

#### **4.11 Hypothesis Testing and Regression Analysis**

The main objective of hypotheses development is to test the relationship between all the variables in the present study: (a) IMO and ER; (b) IMO and EOC; and (c) EOC and ER. The multiple regression analysis was conducted to test the hypotheses in this current study which involved the relationship between independent variables, dependent variable and mediating variables.

##### **4.11.1 The Relationship between Internal Market Orientation and Employees' Retention**

In the present study, multiple regressions were conducted to test the developed hypotheses. The present study assessed how well the respondents perceive IMO as the predictor to their decision to remain with the organisation. The predictors contained the different aspects of IMO (IMIG, IMID and RTI) while the criterion variable was ER. In order to examine the relationship between the different aspects of IMO and ER, three hypotheses were developed.

Hypothesis 1a: There is a positive significant relationship between internal market intelligence generation and employees' retention.

Hypothesis 1b: There is a positive and significant relationship between internal market intelligence dissemination and employees' retention.

Hypothesis 1c: There is a positive and significant relationship between responsiveness to intelligence and employees' retention.

Table 4.12

*Regression Result of the Different Aspects of Internal Market Orientation and Employees' Retention*

| Independent Variable                       | Dependent Variable<br>Employees' Retention |         |
|--|--|---------|
|  | Standardised<br>Beta                       | T-Value |
| Internal Market Intelligence Generation    | .123*                                      | 2.244   |
| Internal Market Intelligence Dissemination | .330**                                     | 5.718   |
| Responsiveness to Intelligence             | .154**                                     | 3.249   |
| R Square                                   |  | .231    |
| Adjusted R Square                          |  | .225    |
| F Value                                    |  | 38.787  |
| Significant of F Value                     |  | 0.000   |
| Durbin-Watson Statistics                   |  | 1.923   |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

Table 4.12 above summarises the finding of the analysis. The full SPSS output is given in Appendix 15. The Table shows that all three aspects of IMO (IMIG, IMID and RTI) were positive and significantly contributed to the prediction of ER at the 0.01 and 0.05 significance levels ( $\beta=0.123$ ,  $t=2.244$ ,  $p<0.05$ ;  $\beta=0.330$ ,  $t=5.718$ ,  $p<0.01$ ;  $\beta=0.154$ ,  $t=3.240$ ,  $p<0.01$ ) respectively. As a conclusion, Hypotheses 1a, 1b and 1c are supported.

#### **4.11.2 The Relationship between Internal Market Orientation and Employees' Organisational Commitment**

The present study also examined how well respondents' insight of IMO predicted their commitment towards the organisation. The examination was divided into three. Firstly, the predictors contained the three aspects of IMO (IMIG, IMID and RTI) and the criterion variable was affective commitment. Secondly, the predictors of IMO (IMIG, IMID and RTI) and the criterion variable was continuance commitment. Finally, the predictors of IMO (IMIG, IMID and RTI) and the criterion variable was normative commitment.

##### **4.11.2.1 Internal Market Orientation and Affective Commitment**

The researcher examined how well the respondents' insight of IMO predicted their affective commitment towards their organisation. The predictors contained the three aspects of IMO (IMIG, IMID and RTI) and the criterion variable was affective commitment. Therefore, to investigate the relationship between IMO and employees' affective commitment, Hypotheses H4, H5 and H6 were developed.

Hypothesis 2a: There is a positive and significant relationship between internal market intelligence generation and affective commitment.

Hypothesis 2b: There is a positive and significant relationship between internal market intelligence dissemination and affective commitment.

Hypothesis 2c: There is a positive relationship between responsiveness to intelligence and affective commitment.

Table 4.13

*Regression Result of the Different Aspects of Internal Market Orientation and Affective Commitment*

| Independent Variable                       | Dependent Variable<br>Affective Commitment |         |
|--|--|---------|
|  | Standardized<br>Beta                       | t-Value |
| Internal Market Intelligence Generation    | .134**                                     | 2.626   |
| Internal Market Intelligence Dissemination | .424**                                     | 7.935   |
| Responsiveness to Intelligence             | .163**                                     | 3.721   |
| R Square                                   |  | .339    |
| Adjusted R Square                          |  | .334    |
| F Value                                    |  | 66.242  |
| Significant of F Value                     |  | 0.000   |
| Durbin-Watson Statistics                   |  | 2.035   |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

Table 4.13 above summarises the finding of the analysis. The full SPSS output is given in Appendix 16. The Table shows that all three aspects of IMO (IMIG, IMID and RTI) are positive and significantly contributed to the prediction of employees' affective commitment at the 0.01 significance level ( $\beta=0.134$ ,  $t=2.626$ ,  $p<0.01$ ;  $\beta=0.424$ ,  $t=7.935$ ,  $p<0.01$ ;  $\beta=0.163$ ,  $t=3.721$ ,  $p<0.01$ ) respectively. In other words, the findings revealed that Hypotheses 2a, 2b and 2c are supported.

#### **4.11.2.2 Internal Market Orientation and Continuance Commitment**

Similar to the previous analysis, the researcher also examined how well the respondents' insight of IMO predicted their continuance commitment towards their organisation. The predictors contained the three aspects of IMO (IMIG, IMID and RTI) and the criterion variable was continuance commitment. To investigate the relationship between IMO and employees' continuance commitment, Hypotheses 2d, 2e and 2f were developed.

Hypothesis 2d: There is a positive and significant relationship between internal market intelligence generation and continuance commitment.

Hypothesis 2e: There is a positive and significant relationship between internal market intelligence dissemination and continuance commitment.

Hypothesis 2f: There is a positive relationship between responsiveness to intelligence and continuance commitment.

Table 4.14  
*Regression Result of the Different Aspects of Internal Market Orientation and Continuance Commitment*

| Independent Variable                       | Dependent Variable<br>Continuance Commitment |         |
|--|--|---------|
|  | Standardized<br>Beta                         | t-Value |
| Internal Market Intelligence Generation    | .369**                                       | 6.767   |
| Internal Market Intelligence Dissemination | .167*  | 2.095   |
| Responsiveness to Intelligence             | .021   | .456    |
| R Square                                   |  | .239    |
| Adjusted R Square                          |  | .234    |
| F Value                                    |  | 40.722  |
| Significant of F Value                     |  | 0.000   |
| Durbin-Watson Statistics                   |  | 1.884   |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

Table 4.14 above summarises the finding of the analysis. The full SPSS output is given in Appendix 17. The Table shows that only two aspects of IMO (IMIG and IMID) positively and significantly contributed to the prediction of employees' continuance commitment at the 0.01 significance level ( $\beta=0.369$ ,  $t=6.767$ ,  $p<0.01$ ;  $\beta=0.169$ ,  $t=2.905$ ,  $p<0.05$ ) respectively. However, the beta value indicated that significant relationship does not exist between RTI and continuance commitment

( $\beta=0.021$ ,  $t=0.456$ ,  $p>0.05$ ). In conclusion, Hypotheses 2d and 2e are accepted while hypothesis 2f is rejected.

#### **4.11.2.3 Internal Market Orientation and Normative Commitment**

Similar to the previous analysis, the researcher also examined how well the respondents' insight of IMO predicted their normative commitment towards their organisation. The predictors contained the three aspects of IMO (IMIG, IMID and RTI) and the criterion variable was normative commitment. Therefore, to investigate the relationship between IMO and employees' normative commitment, Hypotheses H2g, H2h and H2i were developed.

Hypothesis 2g: There is a positive and significant relationship between internal market intelligence generation and normative commitment.

Hypothesis 2h: There is a positive and significant relationship between internal market intelligence dissemination and normative commitment.

Hypothesis 2i: There is a positive relationship between responsiveness to intelligence and normative commitment.

Table 4.15

*Regression Result of the Different Aspects of Internal Market Orientation and Normative Commitment*

| Independent Variable                       | Dependent Variable   |         |
|--|----------------------|---------|
|  | Standardized<br>Beta | t-Value |
| Internal Market Intelligence Generation    | .019                 | .361    |
| Internal Market Intelligence Dissemination | .361**               | 6.441   |
| Responsiveness to Intelligence             | .270**               | 5.876   |
| R Square                                   |                      | .275    |
| Adjusted R Square                          |                      | .269    |
| F Value                                    |                      | 49.002  |
| Significant of F Value                     |                      | 0.00    |
| Durbin-Watson Statistics                   |                      | 1.946   |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

Table 4.15 above indicates that relationship does not exist between IMIG and normative commitment ( $\beta=0.019$ ,  $t=0.361$ ,  $p>0.05$ ). It shows that employees' normative commitment is not predicted by IMIG. In the relationship between IMID and RTI with normative commitment, the result indicates the existence of significant relationship between IMID and normative commitment ( $\beta=0.361$ ,  $t=0.6441$ ,  $p<0.01$ ), and the relationship between RTI and normative commitment ( $\beta=0.270$ ,  $t=5.876$ ,  $p<0.01$ ). The full SPSS output is given in Appendix 18. Thus, the findings reveal that Hypotheses H2h and H2i are supported, while Hypothesis H2g is rejected. The findings show the higher the IMID and RTI, the higher the normative commitment is of the employees.

#### **4.11.3 The Relationship between Employees' Organizational Organisational Commitment and Employees' Retention**

The examination of the relationship between EOC and ER is mainly to know how well the respondents' insight of their commitment is predicted by their decision to



remain with the hotel they work for. The predictors contained the three aspects of EOC (affective commitment, continuance commitment, and normative commitment) and the criterion variable was ER. Therefore, to investigate the relationship between EOC and ER, Hypotheses H3a, H3b and H3c were developed.

Hypothesis 3a: There is a positive and significant relationship between affective commitment and employees' retention.

Hypothesis 3b: There is a positive and significant relationship between continuance commitment and employees' retention.

Hypothesis 3c: There is a positive and significant relationship between normative commitment and employees' retention.

Table 4.16

*Regression Result of the Different Aspects of Employees' Organisational Commitment and Employees' Retention*

| Independent Variable     | Dependent Variable<br>Employees' Retention |         |
|--------------------------|--|---------|
|                          | Standardized<br>Beta                       | t-Value |
| Affective Commitment     | .318**                                     | 5.787   |
| Continuance Commitment   | .079                                       | 1.045   |
| Normative Commitment     | .118*                                      | 2.150   |
| R Square                 |  | .190    |
| Adjusted R Square        |  | .184    |
| F Value                  |  | 30.344  |
| Significant of F Value   |  | 0.00    |
| Durbin-Watson Statistics |  | 1.701   |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

Table 4.16 above indicates the existence of significant relationship between affective commitment and ER ( $\beta=0.318$ ,  $t=5.787$ ,  $p<0.01$ ). Thus, hypothesis 3a is supported. Regression analysis showed inexistence of significant relationship between continuance commitment and ER ( $\beta=0.079$ ,  $t=1.405$ ,  $p>0.05$ ). It indicates that ER is not predicted by continuance commitment. Thus, hypothesis 3b is rejected. In the relationship between normative commitment and ER, the multiple regression indicates the existence of a significant relationship between both components ( $\beta=0.118$ ,  $t=2.150$ ,  $p<0.05$ ), which supports hypothesis 3c. Generally, it can be concluded that employees' organisational commitment is a predictor to employees' retention. The full SPSS output is given in Appendix 19.

#### **4.12 Tests for Mediation**

In the present study, the researcher also examined the mediation effect of EOC in the relationship between IMO and ER. The reason for the researcher performing mediation tests was to clarify the nature of the relationship between IMO and ER with the presence of EOC. The existence of mediation relationships can be found when the presence of mediator as third explanatory variable plays an important role in governing the relationship between independent and dependent variables. In this case, the researcher hypothesised that IMO influences EOC, which in turn, influences ER.

In order to measure the mediating role of EOC on the relationship between IMO and EOC, the researcher followed the measures suggested by Frazier *et al.*, (2004). The first assumption is the significant relation between predictors (independent variables) and the outcome (dependent variable). Secondly, the predictor (independent variables) is also related to the mediator variable and finally, the mediator should have a

significant relation with the outcome (dependent variable). Since continuance commitment (moderator) was found to be insignificant to the ER (dependent variable) in the previous regression analysis, thus continuance commitment was not considered for further analysis. Similarly, regression analysis also found that IMIG is also insignificant to normative commitment, thus further analysis was also not considered. In other words, testing the mediation effect of normative commitment on the relationship between IMIG and ER was not considered for further analysis.

#### **4.12.1 The Mediation Effects of Affective Commitment**

The examination is to know how well affective commitment and normative commitment influence the relationship between IMO and ER decision in the hotel industry in Malaysia. Thus, Hypotheses 16, 17, 18, 19 and 20 were developed. In this case, the researcher employed hierarchical regression analysis to test the mediation effect of EOC.

Hypothesis 4a: Affective commitment mediates the relationship between internal market intelligence generation and employees' retention.

As mentioned earlier, the present study employed the study by Frazier *et al.* (2004) for mediation testing as shown in Table 4.17 below. The first assumption is supported since the beta coefficient value of IMIG is significantly influenced by ER. The second assumption is also supported since IMIG is significantly influenced by affective commitment. Finally, the third assumption is also supported since affective commitment significantly influenced ER.

Table 4.17  
*Regression Analysis of Mediating Assumptions of Internal Market Intelligence Generation*

|  | SE B  | B       |
|--|-------|---------|
| Assumption 1<br>Internal Market Intelligence Generation – Employees’ Retention | 0.050 | 0.329** |
| Assumption 2<br>Internal Market Intelligence Generation – Affective Commitment | 0.053 | 0.395** |
| Assumption 3<br>Affective Commitment – Employees’ Retention                    | 0.045 | 0.333** |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

SE B = Standard error of coefficient, B = Beta coefficient

Table 4.17 above shows the regression analysis in testing the mediating effect of affective commitment on the relationship between IMIG and ER. The finding shows that IMIG is significantly related to ER in step 1 ( $\beta = 0.329$ ,  $p < 0.01$ ) and also significantly related to affective commitment ( $\beta = 0.395$ ,  $p < 0.01$ ). Therefore, the results show that affective commitment is related to ER ( $\beta = 0.333$ ,  $p < 0.01$ ). It indicates that three assumptions outlined to test the mediator have been met, concluding that affective commitment mediates the relationship between IMIG and ER.

In order to check whether affective commitment partially or fully mediates this relationship, the beta values for step 1 and step 2 were compared. Table 4.18 below indicates that the beta coefficient value of IMIG to ER dropped to 0.197, when affective commitment was added into the equation (step2), demonstrating the existence of mediation in the relationship; but IMIG was still significant. As the relationship between IMIG and ER was significantly reduced when affective

commitment was added into the model, it is implied that affective commitment partially mediates the relation. The full SPSS output is given in Appendix 20.

Table 4.18  
*Mediating Effect of Affective Commitment on Internal Market Intelligence Generation and Employees' Commitment*

| Dependent Variable   | Variables                               | Beta    | Beta    | Results           |
|----------------------|---|---------|---------|-------------------|
| Employees' Retention | Independent Variable                    | Step 1  | Step 2  | Partially Mediate |
|                      | Internal Market Intelligence Generation | 0.329** | 0.197** |                   |
|                      | Mediating Variable                      |         | 0.333** |                   |
|                      | Affective Commitment                    |         |         |                   |
|                      | R <sup>2</sup>                          | 0.108   | 0.202   |                   |
|                      | Adjusted R <sup>2</sup>                 | 0.106   | 0.198   |                   |
|                      | F Change                                | 47.288  | 49.233  |                   |

Note : \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

Hypothesis 4b: Affective commitment mediates the relationship between internal market intelligence dissemination and employees' retention.

Table 4.19 below indicates the beta value of tested variables. The first assumption to test the mediator is supported since the beta coefficient value of IMID is significantly influenced by ER. The second assumption is also supported as IMID is significantly influenced by affective commitment. Finally, the third assumption is also supported because affective commitment significantly influences ER.

Table 4.19  
*Regression Analysis of Mediating Assumptions of Internal Market Intelligence Dissemination*

|   | SE B  | B       |
|---|-------|---------|
| Assumption 1<br>Internal Market Intelligence Dissemination – Employees’ Retention | 0.041 | 0.450** |
| Assumption 2<br>Internal Market Intelligence Dissemination – Affective Commitment | 0.042 | 0.554** |
| Assumption 3<br>Affective Commitment – Employees’ Retention                       | 0.049 | 0.234** |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

SE B = Standard error of coefficient, B = Beta coefficient

Table 4.20 exhibits the findings of the hierarchical regression analysis in testing the mediating effect of affective commitment on the relationship between IMID and ER. The findings show that IMID is significantly related to ER in step 1 ( $\beta = 0.450$ ,  $p < 0.01$ ) and is also significantly related to affective commitment ( $\beta = 0.554$ ,  $p < 0.01$ ). However, the result discloses that the beta coefficient value dropped to 0.321 when affective commitment was added into the equation (step2), which demonstrates the existence of mediation in the relationship but IMID was still significant. As the relationship between IMID and ER was significantly reduced when affective commitment was added into the model, thus it is implied that affective commitment partially mediates the relation. The full SPSS output is given in Appendix 21.

Table 4.20

*Mediating Effect of Affective Commitment on Internal Market Intelligence Dissemination and Employees' Retention*

| Dependent Variable   | Variables                                  | Beta    | Beta    | Results           |
|----------------------|--|---------|---------|-------------------|
| Employees' Retention | Independent Variable                       | Step 1  | Step 2  | Partially Mediate |
|                      | Internal Market Intelligence Dissemination | 0.450** | 0.321** |                   |
|                      | Mediating Variable                         |         | 0.234** |                   |
|                      | Affective Commitment                       |         |         |                   |
|                      | R <sup>2</sup>                             | 0.203   | 0.241   |                   |
|                      | Adjusted R <sup>2</sup>                    | 0.201   | 0.237   |                   |
|                      | F Change                                   | 99.127  | 61.595  |                   |

Note : \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

Hypothesis 4c: Affective commitment mediates the relationship between responsiveness to intelligence and employees' retention.

Table 4.21 below indicates that the first assumption is supported since the beta coefficient value of RTI is significantly influenced by ER. The second assumption is also supported since RTI is significantly influenced by affective commitment. Finally, the third assumption is also supported since affective commitment significantly influences ER.

Table 4.21

*Regression Analysis of Mediating Assumptions of Responsiveness to Intelligence*

|   | SE B  | B       |
|---|-------|---------|
| Assumption 1  |       |         |
| Responsiveness to Intelligence – Employees' Retention | 0.043 | 0.272** |
| Assumption 2  |       |         |
| Responsiveness to Intelligence – Affective Commitment | 0.046 | 0.313** |
| Assumption 3  |       |         |
| Affective Commitment – Employees' Retention           | 0.044 | 0.362** |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

SE B = Standard error of coefficient, B = Beta coefficient

Table 4.22 exhibits the findings of the hierarchical regression analysis in testing the mediating effect of affective commitment on the relationship between RTI and ER. The findings show RTI is significantly related to ER in step 1 ( $\beta = 0.272$ ,  $p < 0.01$ ) and the RTI is also significantly related to affective commitment ( $\beta = 0.313$ ,  $p < 0.01$ ). However, the beta coefficient value dropped to 0.159 when affective commitment was added into the equation (step2) which demonstrated the existence of mediation in the relationship but RTI was still significant. As the relationship between RTI and ER significantly reduced when affective commitment was added into the model, thus it is implied that affective commitment partially mediates the relation. The full SPSS output is given in Appendix 22.

Table 4.22  
*Mediating Effect of Affective Commitment on Responsiveness to Intelligence and Employees' Retention*

| Dependent Variable   | Variables  | Beta              | Beta              | Results           |
|----------------------|--|-------------------|-------------------|-------------------|
| Employees' Retention | Independent Variable<br>Responsiveness to Intelligence | Step 1<br>0.272** | Step 2<br>0.159** | Partially Mediate |
|                      | Mediating Variable<br>Affective Commitment             |                   | 0.362**           |                   |
|                      | R <sup>2</sup>   | 0.074             | 0.192             |                   |
|                      | Adjusted R <sup>2</sup>                                | 0.071             | 0.188             |                   |
|                      | F Change   | 31.091            | 46.183            |                   |

Note : \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

#### 4.12.2 The Mediation Effects of Normative Commitment

The present study also performed mediation test to identify how well normative commitment influences the relationship between IMO (IMID and RTI) and ER decision in the hotel industry in Malaysia. Thus, Hypotheses 19 and 20 were developed.



Hypothesis 4h: Normative commitment mediates the relationship between internal market intelligence dissemination and employees' retention.

Table 4.23 below indicates that the first assumption is supported since the beta coefficient value of IMID is significantly influenced by ER. The second assumption is also supported since IMID is significantly influenced by normative commitment. Finally, the third assumption is also supported since normative commitment significantly influences ER.

Table 4.23  
*Regression Analysis of Mediating Assumptions of Internal Market Intelligence Dissemination*

|   | SE B  | B       |
|---|-------|---------|
| Assumption 1<br>Internal Market Intelligence Dissemination – Employees' Retention | 0.041 | 0.450** |
| Assumption 2<br>Internal Market Intelligence Dissemination – Normative Commitment | 0.044 | 0.458** |
| Assumption 3<br>Normative Commitment – Employees' Retention                       | 0.047 | 0.124** |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

SE B = Standard error of coefficient, B = Beta coefficient

Table 4.24 exhibits the findings of the hierarchical regression analysis in testing the mediating effect of normative commitment on the relationship between IMID and ER. The findings show IMID is significantly related to ER in step 1 ( $\beta = 0.450$ ,  $p < 0.01$ ) and also significantly related to normative commitment ( $\beta = 0.458$ ,  $p < 0.01$ ). However, the beta coefficient value dropped to 0.394 when normative commitment was added into the equation (step2) which demonstrated the existence of mediation in the relationship but IMID was still significant. As the relationship between IMID and ER

is significantly reduced when normative commitment was added into the model, thus it is implied that normative commitment partially mediates the relation. The full SPSS output is given in Appendix 23.

Table 4.24  
*Mediating Effect of Normative Commitment on Internal Market Intelligence Dissemination and Employees' Retention*

| Dependent Variable   | Variables                                  | Beta    | Beta    | Results           |
|----------------------|--|---------|---------|-------------------|
| Employees' Retention | Independent Variable                       | Step 1  | Step 2  | Partially Mediate |
|                      | Internal Market Intelligence Dissemination | 0.450** | 0.394** |                   |
|                      | Mediating Variable                         |         | 0.124** |                   |
|                      | Normative Commitment                       |         |         |                   |
|                      | R <sup>2</sup>                             | 0.203   | 0.215   |                   |
|                      | Adjusted R <sup>2</sup>                    | 0.201   | 0.211   |                   |
|                      | F Change                                   | 99.127  | 53.182  |                   |

Note : \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

Hypothesis 4i: Normative commitment mediates the relationship between responsiveness to intelligence and employees' retention.

Table 4.25 below indicates that the first assumption is supported since the beta coefficient value of RTI is significantly influenced by ER. The second assumption is also supported since RTI is significantly influenced by normative commitment. Finally, the third assumption is also supported since normative commitment significantly influences ER.

Table 4.25  
*Regression Analysis of Mediating Assumptions of Responsiveness to Intelligence*

|   | SE B  | B       |
|---|-------|---------|
| Assumption 1  |       |         |
| Responsiveness to Intelligence – Employees’ Retention | 0.043 | 0.272** |
| Assumption 2  |       |         |
| Responsiveness to Intelligence – Normative Commitment | 0.044 | 0.388** |
| Assumption 3  |       |         |
| Normative Commitment – Employees’ Retention           | 0.048 | 0.234** |

Note: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

SE B = Standard error of coefficient, B = Beta coefficient

Table 4.26 exhibits the findings of the hierarchical regression analysis in testing the mediating effect of normative commitment on the relationship between RTI and ER. The findings show RTI is significantly related to ER in step 1 ( $\beta = 0.272$ ,  $p < 0.01$ ) and it also significantly related to normative commitment ( $\beta = 0.388$ ,  $p < 0.01$ ). However, the beta coefficient value dropped to 0.181 when normative commitment was added into the equation (step2) which demonstrated the existence of mediation in the relationship but RTI was still significant. As the relationship between RTI and ER significantly reduced when normative commitment was added into the model, thus it is implied that normative commitment partially mediates the relation. The full SPSS output is given in Appendix 24.

Table 4.26

*Mediating Effect of Normative Commitment on Responsiveness to Intelligence and Employees' Retention*

| Dependent Variable   | Variables                      | Beta    | Beta    | Results           |
|----------------------|--------------------------------|---------|---------|-------------------|
| Employees' Retention | Independent Variable           | Step 1  | Step 2  | Partially Mediate |
|                      | Responsiveness to Intelligence | 0.272** | 0.181** |                   |
|                      | Mediating Variable             |         | 0.234** |                   |
|                      | Normative Commitment           |         |         |                   |
|                      | R <sup>2</sup>                 | 0.074   | 0.120   |                   |
|                      | Adjusted R <sup>2</sup>        | 0.071   | 0.116   |                   |
|                      | F Change                       | 31.091  | 26.588  |                   |

Note : \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$ ;  $p > 0.05$

**4.13 Summary of Analysis and Finding**

The present study was conducted to measure the relationship between all tested variables in the theoretical framework. The major findings from the present study extracted from the regression analysis are summarised in Table 4.27.

Table 4.27

*Summary of All Tested Relationship*

| Hypotheses | Description   | Findings  |
|------------|---|-----------|
| H1a        | Internal market intelligence generation is positively and significantly related to employee's retention     | Supported |
| H1b        | Internal market intelligence dissemination is positively and significantly related to employees' retention  | Supported |
| H1c        | Responsiveness to intelligence is positively and significantly related to employees' retention.             | Supported |
| H2a        | Internal market intelligence generation is positively and significantly related to affective commitment.    | Supported |
| H2b        | Internal market intelligence dissemination is positively and significantly related to affective commitment. | Supported |
| H2c        | Responsiveness to intelligence is positively and significantly related to affective commitment.             | Supported |

Table 4.27 (Continued)

| Hypotheses | Description   | Findings           |
|------------|---|--------------------|
| H2d        | Internal market intelligence generation is positively and significantly related to continuance commitment.    | Supported          |
| H2e        | Internal market intelligence dissemination is positively and significantly related to continuance commitment. | Supported          |
| H2f        | Responsiveness to intelligence is positively related to continuance commitment.                               | Not Supported      |
| H2g        | Internal market intelligence generation is positively and significantly related to normative commitment.      | Not Supported      |
| H2h        | Internal market intelligence dissemination is positively and significantly related to normative commitment.   | Supported          |
| H2i        | Responsiveness to intelligence is positively related to normative commitment.                                 | Supported          |
| H3a        | Affective commitment is positively and significantly related to employees' retention.                         | Supported          |
| H3b        | Continuance commitment is positively and significantly related to employees' retention.                       | Not Supported      |
| H3c        | Normative commitment is positively and significantly related to employees' retention.                         | Supported          |
| H4a        | Internal market intelligence generation and employees' retention are mediated by affective commitment.        | Partially Mediated |
| H4b        | Internal market intelligence dissemination and employees' retention are mediated by affective commitment.     | Partially Mediated |
| H4c        | Responsiveness to intelligence and employees' retention are mediated by affective commitment.                 | Partially Mediated |
| H4h        | Internal market intelligence dissemination and employees' retention are mediated by normative commitment.     | Partially Mediated |
| H4i        | Responsiveness to intelligence and employees' retention are mediated by normative commitment.                 | Partially Mediated |

The present study has successfully examined all the hypotheses to fulfil the objectives of the study. From the analysis done on all the variables, it can be concluded that IMO has a positive and significant relationship with ER. The positive and significant relationship can also be found in the relationship between IMO and EOC. EOC is also found to have significant and positive relationship with ER, while the analysis also revealed that EOC partially mediates the relationship between IMO and ER.

## CHAPTER 5

### DISCUSSION, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

Employees are recognized as the pillars of service organisations, including the hotel industry in creating business success. However, the succession of this industry is impeded by the high turnover especially among frontline employees. As one of the most valuable resources, organisations should place special effort to retain these employees in order to achieve superior performance. It is suggested that IMO could be used as a means to increase and/or influence ER. From the hotel employees' point of view in Kuala Lumpur and Selangor areas, the execution of IMO within the organisations would influence their commitment towards the organisation, and will affect their retention decision. The results indicate that hotel employees perceive IMO as important, which must be employed by the organisation. Good IMO will influence them to stay with the organisation and also would increase their commitment.

This chapter discusses possible explanations to support the findings of the study related to each outlined research question. The first section of this chapter discusses the study findings in response to each research question. The second section covers the implication of the present study for both theoretical and managerial areas, while the third section discusses the limitations of the present study, and discusses suggestions for future studies based on current limitations. Finally, this chapter ends with the conclusion of the chapter.

To facilitate the discussion, all main research questions in this study are restated below:

1. Do the different aspects of internal market orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) have relationships with employees' retention in the hotel industry?
2. Do the different aspects of internal market orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) have relationships with the different aspects of employees' organisational commitment (affective, normative, continuance)?
3. Do the different aspects of employees' organisational commitment (affective, normative, continuance) have a relationship with employees' retention in the hotel industry?
4. Do the different aspects of employees' organisational commitment (affective, normative, continuance) mediate relationships between the different aspects of internal market orientation (internal market intelligence generation, internal market intelligence dissemination, responsiveness to intelligence) and employees' retention?

## **5.2 Discussion**

### **5.2.1 Internal Market Orientation and Employees' Retention**

The first objective of the present study is to examine whether IMO has a significant relationship with ER. In line with that, hypotheses 1a, 1b and 1c were developed to meet the stated objectives. The findings demonstrated that there is a significant relationship between IMO and ER. This finding supports the studies by Lings (2004)



and Carter and Gray (2007). According to Lings (2004), IMO is found to have a direct impact on retention, affecting external market orientation and external business performance. Similarly, Carter and Gray (2007) posited that the higher degree of IMO within the firm will result in higher ER. This also supports the findings by Kaur *et al.*, (2009), which suggested that IMO is responsible for creating the internal customers' satisfaction and loyalty, and enhances retention.

Another explanation is that IMO plays an important role in the ER decision which drives the hotel industry to recognize the significant effect of IMO in motivating and retaining the employees. It discloses IMO is accountable for fostering the effective relationship between frontline employees and the management, which in turn will impact ER. Some of the findings are as follows:

Firstly, hypothesis 1a indicate that IMIG has a significant relationship with ER or support hypothesis 1a. It is clarified that IMIG has a direct effect and is essential for influencing ER. For that reason, it is imperative to understand the aspirations of every employee, how they perceive the organisation, and how much they are satisfied with their job. In the hotel industry, the effectiveness of the relationship between employees and the management can be established and created in many ways, such as via identifying value exchanges, awareness of labour market conditions by the hotel management, utilising internal market segmentation and executing internal-segment targeting.

In general, understanding employees' needs is crucial. Management must respond to their employees' needs and provide fair treatment. Management should focus on

internal market research which can be done through conducting yearly assessment or survey within the organisation to gather as much information as possible about the job requirements of internal customers. As proposed by Lings and Greenley (2001), the survey should include the identification of internal customers' satisfaction in terms of finance and appropriate responses to internal marketing in terms of job products. This information could assist the management to understand what their employees' needs are. The management should note that assessing individual needs and employees' job satisfaction is an important duty to serve their employees better. In fact, it is possible for management to look at what their competitors have done to keep their employees satisfied, and possibly apply similar strategies within their own organisations. Thus, marketing strategies can be applied in the internal market environment. In addition, employees feel that it is crucial for the management to consider HR policies to be adapted according to their individual needs which can be done through systematic assessment in the company.

Secondly, the result shows the significant relationship between IMID and ER or support hypothesis 1b. Another possible clarification is that communication is imperative in hotel organisations and could be recognized as the medium for creating a relationship between employee and manager. Through dissemination of information (communication), the bonding between employee and employer can be enhanced and there can be more transparency of information within the hotel. This finding concurs with the study by Kale (2012) who showed that communication is an antidote for labour shortage in Macau casinos; regular communication across all levels in the organisation could enhance feelings of ownership and belonging of employees. Communication promotes greater understanding between employee and

manager/supervisor, and among the managers from different departments in order to ensure that the information is disseminated effectively.

Communication allows the employers to share and transfer information pertaining to policy changes, disruption of operations, customer information, and other types of information to the entire organisation. Communication also permits the employees to be informed on key issues, and at the same time, employees need to know whether their opinions given to the management are valuable or not (Sandhya & Kumar, 2011).

In addition, communication between employee and manager is also found to be essential in creating ER. In many conditions, managers are advised to always be available for their employees. They have to spend time to talk and discuss with their employees to reach an agreement between both parties especially concerning tasks and objectives. In fact, it is also crucial for managers to inform personally their employees of any changes in company policies in advance and in phases to ensure that the employees really understand the changes, and can work towards these changes. At the same time, managers should sincerely listen to their employees' problems, especially to perform their jobs with responsibility.

Therefore, communication among managers in the organisation is very important in hotel organisations. Since hotels have a few departments and work positions, it is reasonable for them to meet regularly to discuss their subordinates' problems, and find possible solutions in order to reduce possible trouble in future. In certain situations, the problems that occur are inter-related, which present the need for this

communication. The finding concurs with the study by Ahmad *et al.*, (2012) and Mohanty (2009) which emphasised the importance of communication in retaining employees.

Thirdly, hypotheses 1c also confirm the significant relationship between RTI and ER. The RTI construct pertains to designing jobs that meet the needs of the employees, adjustment of remuneration schemes accordingly, considering employees' needs and offering necessary training to the employees in order to develop the skills and capabilities which are required when performing their jobs. Since frontline employees are involved in most of the business operations, clear job description is very important. For further clarification, jobs should be designed carefully which allows the employees to satisfy their needs and goals via assigned tasks, which could also help the employees in advancing their careers. Employees who are provided with a clear job description tend to perform their work outstandingly since they know that they could really perform the task that has been assigned to them.

As remuneration is an important element in retaining employees, thus the remuneration system which has been implemented by the organisation should be adjusted accordingly. For instance, some financial rewards should be provided for extraordinary action taken by the employees, while income and annual increment should also be adjusted accordingly based on performance and qualifications of the employees. The management should offer certain incentives to make employees feel that their extraordinary work is important for the organisation; this will influence other employees to do the same action in the future. In fact, employees' satisfaction can be enhanced when they believe that their income and yearly increment are aligned

with their performance, which have been assessed by their immediate manager or supervisor. In addition, the hotel management could offer Performance Based-Bonus which is employees will be able to relate their performance with the organisation profits, hence will be motivate them to work hard (Sandhya & Kumar, 2011).

It is also important to consider the rewards system which the company applies if it is similar or at par to their competitors. In certain circumstances, employees could change their employment to other competitors or other industries if they feel that the rewards they receive are less than other employees. Thus, offering good remuneration to these employees is vital and will influence them to remain. In fact, Herzberg's Two-Factor Theory also acknowledges the importance of remuneration system as the imperative hygiene factor that influences employees' job satisfaction, and their retention decision, as highlighted in the study by Hong *et al.*, (2012). This study proposes that compensation system should be designed to adequately compensate employees.

On the other hand, support and concern from the management of the hotel could influence retention among employees. The present study reveals that frontline employees tend to be loyal and remain if they feel that their management considers their individual needs, and introduces new policies which reflect their needs. In line with Lings' and Greenley's (2010) study, applying IMO perhaps can create value for employees and align the employees with the company's objectives and motivate them to performer better. It demonstrates that employees who remain with the organisation will perform better. Finally, in relation to training, offering suitable training to the employees is critical since the training itself will help the employees to perform their

jobs and also could enhance their skills and capabilities. Thus, job-related training could enhance employees' ability for problem solving. Employees who are confident and motivated to perform a task are more likely to be committed to their job, leading to reduced turnover rate (Hong *et al.*, 2012).

The hotels must provide appropriate training to the employees. Appropriate and suitable training is critical to allow the employees to perform their tasks confidently. Indeed, training is also necessary to update the current situation. Moreover, employees should be trained before the company implements any changes in the organisation. It is important to ensure that their work is in line with the changes. In certain circumstances, it is important for supervisors to train personally the existing employees who have been transferred to a new department although this transfer of employees are within the organisation. Being personally trained by the supervisor could make employees feel that they are most welcome to the new department and could motivate them to perform their work better. It is clearly noted that suitable and significant training will help the employees to perform their tasks easily, thus positively affecting their decision to remain.

Briefly, the results of the present study are consistent with Hytter (2007) who suggested that rewards, leadership style, career opportunities, training and development, physical work condition, and work life balance directly influence ER. In fact, similar findings were also revealed by Samuel and Chipunza (2009), which found that training and development, rewards system, compensation including bonus and commission, and technology also influenced ER. In addition, the relationship between training and intention to stay is consistent with Chiang *et al.*, (2005) and

Hjalager and Andersen (2001). In fact, direct relationship between employee training and ER is found in Hong *et al.*, (2012).

However, the findings somehow contradict Ashraf *et al.*, (2008). The authors found that compensation, training and development, person-organisation fit, and leadership behaviour were found to be unrelated to retention among faculty members in Dhaka University. The findings differ due to culture differences, nature of the industry and nature of the job itself (Ashraf *et al.*, 2008). The result disclosed that in the education industry, the frontline employees consist of lecturers who are more educated compared with frontline employees in the hotel industry who have lower educational levels. The differences of customers in hotel industry compared with education industry could also influence the findings. For instance, in the hotel industry settings, frontline employees meet different types of customers compared to lecturers who serve the same students for a single period of time.

### **5.2.2 Internal Market Orientation and Employees' Organisational Commitment**

The second objective of the present study is to examine whether IMO has a significant relationship with EOC. In order to meet the proposed objectives, hypotheses 2a, 2b and 2c were developed to test whether IMIG, IMID and RTI have a significant relationship with affective commitment. Further, hypotheses 2d, 2e and 2f were developed to test the relationship between IMIG, IMID and RTI and continuance commitment. Finally, the examination of the relationship between IMIG, IMID and RTI and normative commitment were tested via hypotheses 2g, 2h and 2i.

Briefly, the result of the regression analysis reveals that IMO is significantly related to EOC. The finding of the present study is similar with Kaur *et al.*, (2009) and Abzari *et al.*, (2011). According to Kaur *et al.*, (2009), IMIG, IMID and RTI determined the level of IMO, and resulted in EOC. Similarly, in the hotel industry settings, Abzari *et al.*, (2011) found that internal marketing impacts organisational commitment directly. In fact, the finding concurs with the study findings by Mohammedi *et al.*, (2012) which found that internal marketing is related to commitment.

The present finding indicates that IMIG, IMID and RTI are significantly related to affective commitment. In other words, the finding suggests that employees with high sense of belonging towards their organisations can be developed in many ways, includes through the execution of IMO within the organisation. In this way, hotel organisations can conduct regular meetings with their frontline employees to obtain valuable information to enhance the relationship between employer and employee as well as to improve performance. Regular meetings could be the best medium to listen to their employees' problems, especially when it is related to their jobs. In addition, hotel organisations should also conduct yearly survey. This survey perhaps will help the hotel organisations to understand what their employees' needs and wants are, which later will help the employers to create appropriate responses, in turn creating employees' emotional attachment to their employer and hotel.

The finding also disclosed that assessing employees' job satisfaction is important for hotel organisations. Employees who are not satisfied with their employers tend to leave the organisation and find alternative jobs which they believe can satisfy their needs. Through assessing employees' job satisfaction, the management could find out



what makes the employees satisfied and what makes the employees dissatisfied, and then formulate the appropriate feedback, such as improving the factors that contribute to employees' dissatisfaction. Many factors are considered to influence job satisfaction and job dissatisfaction, such as rewards system, fairness in the organisation, promotional activities, job security, working environment, and others. In certain circumstances, it is essential for the management to study and find out what their competitors do to keep their employees satisfied. In fact, the management may duplicate the similar strategies done by the competitors to keep their employees if they feel that strategy is worthwhile and suitable to be implemented within their own organisations.

The significant relationship between intelligence dissemination and employees' affective commitment indicates the ability of distribution and sharing the information within the organisation could increase employees' sense of belonging and emotional attachment to their organisation. It can be explained that communication between employee and manager could generate mutual understanding between parties, either in personal matters, or other matters that are related to their jobs. Many employees feel pleasant if their immediate supervisor or manager could spend his or her time to listen to their problems, which may affect their job performance in the future. In fact, the employees also believe that it is important for immediate supervisors to spend their time to inform the employees about issues related to their task, objectives, and then reach an agreement together.

The present study also reveals strong relationship between RTI and employees' affective commitment. Although the finding contradicts Nawab and Bhatti (2011)

who suggested affective commitment is less related to RTI, however similar result can be found in Newman and Sheikh (2012). It is based on the notion that organisational reward is positively related to affective commitment which shows that employees are motivated by appropriate remuneration factors. The present study finds that remuneration system includes receiving financial rewards, annual increment, bonuses and other elements related to remuneration which will increase employees' emotional attachment to the organisation. Thus, it is critical for the hotel owners/management to offer a good remuneration system to their employees for their hard work.

It is also demonstrated that clear job description which is aligned with employees' personal needs, support and management concern and training can create a strong sense of belonging to their current employer. In fact, training also could offer few benefits for both organisation and employees. For instance, training helps to motivate employees, to keeps employees up-to-date, increase employees' job satisfaction, increase employees' productivity; training also can attract and retain talented employees (Aminuddin, 2011). Another study by Dockel, Basson, and Coetzee (2006) also supported the findings of this study which clarified that compensation, training and development, supervisor support, career development and work/life policies factors are strongly and significantly related to affective commitment.

In relation to continuance commitment, only two components of IMO are related to continuance commitment: IMIG and IMID. Another possible explanation is that hotel management must always consider about generation of internal market intelligence to develop continuance commitment among their employees, specifically among frontline employees. In this case, employees' are likely to be loyal to the organisation

since they perceive that their employer actively endeavours to generate as much information as possible from internal and external sources to create a harmonious situation through the creation of HR policies based on their employees' needs and wants.

The results also indicate the significant relationship between dissemination of internal market intelligence and continuance commitment. It can be explained that by permitting communication within the organisation, employees will be able discuss their problems and share job-related problems with their supervisor. In this case, by leaving the organisation, they feel that they might lose some kind of benefits which may not be offered at the new place.

The result of the present study finds a positive and significant relationship between IMO and normative commitment. Specifically, IMID and RTI could explain employees' normative commitment. This result discovered that employees are likely to remain with the organisation because they feel it is necessary to stay because of the influence of communication within the organisation. Through communication, all the information about the hotel, policies, job-related information and organisational issues could be disseminated and shared among employees. In addition, by promoting communication in the hotel organisation, employees facing difficulties in their jobs also could be helped by their manager or even by their colleagues.

Therefore, responsiveness to intelligence also could explain employees' normative commitment. Employees who perceive that their employer or hotel owner/management provides an appropriate response to their needs and wants will

demonstrate their willingness to remain since they feel a sense of connection with the organisation. In this case, the hotel owner/manager should provide an appropriate and suitable response to the employee based on the information given. One of the important factors that needs to be considered is offering suitable financial rewards to employees, including performance based reward, salary, commission etc., as mentioned by Nawab and Bhatti (2011). In addition, employees could also show their normative commitment with the influence of training given by the management/owners, especially training related to their job, while concern from the top management toward their welfare also is an important reason for them to stay.

### **5.2.3 Employees' Organisational Commitment and Employees' Retention**

The third research objective is to investigate the relationship between EOC and ER. In general, the findings of this study prove that EOC significantly affects ER, which is consistent with Curtis and Wright (2001) and Anis *et al.*, (2012). The study by Curtis and Wright (2001) stated that fully committed employees have a strong desire to remain with the organisation; while Anis *et al.*, (2011) discovered that organisational commitment is the antecedent to ER. Based on the above findings, it can be concluded that ER is an important outcome of organisational commitment which can lead to decreased turnover culture.

In the present study, three hypotheses were developed to test the significant relationship between EOC and ER. Hypothesis 3a was established to examine the relationship between affective commitment and ER. The finding inferred that employees' affective organisational commitment could explain Malaysian hotel ER, which indicated that employees with high affective commitment will remain with the

organisation because they feel an emotional attachment to the organisation. In this case, employees believe it is difficult for them to leave the organisation, where they enjoy the sense of belonging and have emotional attachment to their employers. In fact, they also feel happy to spend the rest of their career with their organisation. Based on the good experiences that the employees had with their organisations, the employees would choose to stay rather than leave the organisation, leading to reduced employees' turnover. In addition, employees who have high affective commitment were found do not discuss any related issues concerning their organisation with the external parties, since they feel like they are a part of the family of their organisation. For them, discussing organisation problems is just like sharing their own problems with the external parties.

This finding concurs with the previous study done by Joarder, Sharif and Ahmed (2011) who found that employees' affective commitment is completely related to employees' turnover in the Bangladesh education industry which also could explain ER.

Hypothesis 3b was developed to test the relationship between employees' continuance commitment and ER; the result indicates insignificant relationship between both variables. It confirms that employees with continuance commitment are not inclined to remain and are likely to leave the organisation. In this case, hotel employees are likely to leave without concern for the benefits that they may lose by leaving their current employer. In this case, the employee is ready to confront the risks associated with leaving, such as the limited job opportunity elsewhere and losing the amenities that he/she currently has.

Finally, hypothesis 3c was established with the purpose of examining the relationship between normative employees' commitment and ER. The result discovered that normative commitment could explain ER in Malaysia's hotel industry. The finding implies that employees with high normative commitment wish to remain with the organisation because they feel it necessary for them to remain. In this case, socialisation experiences that they obtained with the organisation emphasise the appropriateness for them to be loyal to their employer. In fact, bad experience with the previous employer could also influence employees to remain.

To date, review of literature has found that EOC is significantly related to ER. However, only a handful studies has been undertaken to test the significant effect of organisational commitment components; affective, normative, and continuance commitment on ER. For instance, Qureshi and Rehman (2013) suggested that ER is influenced by affective commitment and normative commitment, where normative commitment showed higher correlation to ER than affective commitment.

#### **5.2.4 The Mediating Role of Employees' Organisational Commitment between the Relationships of Internal Market Orientation and Employees' Retention.**

The other objective of this study is to clarify the mediating impact of EOC in the relationship between IMO and ER. Therefore, five hypotheses were developed to test whether EOC mediates the relationship between both independent and dependent variables. In testing for mediating role of EOC, the researcher found that only two components of commitment - affective commitment and normative commitment - partially mediate the relationship between IMO and ER.

In general, EOC indicates the affiliation of employees towards the organisation. In this study, affective commitment is portrayed as employees' desire to commit to the organisation because they want to commit. Meanwhile, normative commitment is portrayed as employees' feeling of obligation to remain because of socialisation experiences that emphasise the appropriateness of remaining loyal to one's employer.

Hypothesis 4a indicates that the relationship between IMIG and ER is mediated by affective commitment. This implies that IMIG has indirect impact on ER through employees' affective commitment. It has emerged that employees who perceive their hotel manager/owner/management as having awareness on employment, labour market conditions, competition, internal segmentation and internal targeting will express a higher affective commitment level, later leading them to make a decision to remain with their current employer. In this case, employees perceive that the generated intelligence will make them feel a sense of belonging and they believe that their attachment is worthwhile with the hotel; this results in a situation where they want to continue their association with the organisation. Thus, it is vital for hotel managers/owners to be concerned about their employees' needs and wants, employees' satisfaction, as well as keep informing the employees about employment of that industry, legal developments, etc., to enhance employees' affective commitment, and retention decision.

Meanwhile, hypothesis 4b indicates that AFC mediate the relationship between IMID and ER. The finding discovered that IMID has indirect impact on ER, which indicates that encouraging communication within hotel organisations could make employees express a higher affective commitment toward their organisation, later influencing

them to remain. In this case, dissemination of information could enable the employees to share job-related information with other people within their workplace which could help them to perform their jobs. Therefore, dissemination also allows the employees to obtain, in advance, any changes in the organisation, which will assist the employees to perform their tasks. As a result, employees could feel emotional attachment to the hotel, later influencing them to remain.

Hypothesis 4c discovered that affective commitment partially mediates the relationship between RTI and ER. It implies that RTI has indirect impact on ER, which shows that employees who perceive that their hotel owners/managers/management provide clear job description, offer good remuneration system, show their concern to the employees, and provide appropriate and suitable training feel a sense of emotional attachment to the organisation, thus influencing them to remain with that hotel.

Besides that, hypothesis 4h was established to test whether NC mediates the relationship between IMID and ER. In testing for mediating role of normative commitment, the researcher discovered that normative commitment partially mediates the relationship between IMID and ER. It shows that IMID has indirect impact on ER with the presence of normative commitment. In this case, dissemination of intelligence especially between employees and supervisor/manager of hotel organisations could help them to enlighten their needs and wants to their employer, which will reflect their normative commitment, and later lead them to remain. In other words, communication will make the employee feel it is necessary to remain with the



organisation where the benefits may not be offered in the other organisations, subsequently influencing them to remain.

Finally, hypothesis 4i was developed to examine whether normative commitment mediates the relationship between RTI and ER. The result indicates that normative commitment partially mediates the relationship between RTI and ER, which reveals that RTI has an indirect impact on ER with the presence of normative commitment. Employees who perceive that the response given by hotel owners/managers towards generated intelligence, for example, training, management concern, remuneration, and job description fit their needs and wants, and they will feel committed to their , which in turn will lead them to remain with the hotel. In other words, response by the manager/owner on the generated and disseminated intelligence in the hotel organisation will make the employees inevitably remain with organisation, which later will influence them to stay.

To date, based on the review of literature, only a handful studies has been conducted to examine the mediation effect of EOC on the relationship between IMO and ER. For instance, the study by Martinez *et al.*, (2011) and Kaur *et al.*, (2009) noted the existence of EOC as the mediator in the relationship between IMO and ER.

In this study, the findings also revealed that continuance commitment does not serve as a mediator in the relationship between internal market orientation and employees' retention which demonstrated that continuance commitment is not essential to retain hotel employees. In this note, the finding showed that responsiveness to intelligence has an insignificant relationship with continuance commitment, and was found to be

not related with employees' retention. The findings contradicted with Aydogdu and Asikgil (2011) which proofed that continuance commitment has the strongest negative relationship with turnover intention which led to retention. In this study, the findings clearly showed that although the organization put a greater effort to respond to internal needs such as providing clear job description, develop good remuneration system, provides training and concern on employees' need, adversely, it does not affect employees' continuance commitment, which later they incline to leave the organization rather than maintain their relationship with the organization. It is important to note that an employees' decision to stay with their current employers not because of the influence by sense of losing something when leaving the organization, but rather than their feelings of attachment and obligation to stay. In this case, employees' tend to leave the organization that offered those benefits since they perceived that they will not lose anything when they leave the organization but rather they expect to earn similar benefit with other company.

### **5.3 Research Implications**

The present study was established to achieve the research objective, and answer the research questions. The results of the study have an important contribution, both in terms of managerial and theoretical implications. The discussion is as follows;

#### **5.3.1 Theoretical Implications**

The result of the present study supports the notion of IMO as a means to create value for employees, which could be used to align and motivate employees with organisational market objectives, in turn encouraging them to perform better.

Therefore, EOC and ER are found to be strongly influenced by IMO that encompasses various factors which support the research framework.

Back to Herzberg's Two-Factor Theory, job satisfaction and job performance are influenced by two distinct sets known as motivator and hygiene factor (Herzberg's *et al.*, 1967). The theory argues that the motivator factor leads to satisfaction, while the absence of hygiene factors will lead to dissatisfaction. It also can be assumed that both factors will influence commitment and employees' behaviour, including retention.

Many studies supported that the relationship between the organisation and employees is bound by some other factors. This study found that IMO is a noteworthy factor that could bind employee and employer, which is similar to the Social Exchange Theory. This theory demonstrates that human relationships are formed by the use of subjective cost-benefit as has been established in IMO, commitment, and retention literatures. In the hotel industry settings, frontline employees are recognized as the pillar of organisational success and extremely important source of sustained competitive advantage for the hotel. In fact, it is to be noted that every employee has different skills, capabilities, and abilities which are not easy to be replaced, where an employee might be able to create value in one context and may be unable to do so in other contexts (Wright, McMahan & McWilliam, 1994).

Firstly, this study contributes new knowledge by confirming the role of EOC as the mediator in the relationship between IMO and ER. Although many studies confirmed that IMO has an imperative effect on internal climate of the organization

organisation, such as commitment, turnover, performance, job satisfaction, and retention (Lings, 2004; Ling & Greenley, 2005; Gounaris, 2006), however this study confirms that commitment is the mediator variable in the relationship between IMO and ER. The findings discovered that IMO has indirect effect on ER through EOC. In this case, affective commitment and normative commitment are found to partially mediate the relationship between IMO and ER of the Malaysian hotel industry, which supports previous argument by Tansuhaj *et al.*, (1988), Kaur *et al.*, (2009) and Martinez *et al.*, (2011). However, continuance commitment is found not mediate the relationship between IMO and ER. Based on the research finding, it can be argued that the presence of EOC with affective and normative commitment will reduce the strength of relationship between IMO and ER.

Secondly, the findings of this study fill the gap mentioned by Ahmed & Rafiq (2003); they previously revealed the limited studies on commitment in relation to IMO. Although many studies on internal marketing and IMO have been done before, however previous studies were focussed on job satisfaction, service quality, firms' performance, and customer satisfaction but little attention on commitment itself. The results of this study support that IMO has a significant influence on EOC which indicates that the higher the IMO, the higher the organisational commitment will be. It shows that employees who perceive that execution of IMO by their employer will enhance their commitment towards their organisation. This study's findings are similar to Nikbin *et al.*, (2010).

Although previous studies acknowledged the importance of IMO in the current market practices, however, the studies on the significant effects for each components

of IMO towards ER and EOC are still limited. For instance, Tortose-Edo *et al.*, (2010) confirmed that only informal generation of information affects personnel satisfaction, while the other components do not indicate any significant effect on personnel satisfaction. On the other hand, a previous study by Martinez *et al.*, (2011) found that IMO is strongly influenced by affective commitment, but they failed to examine each component of IMO on affective commitment. By looking at this limitation, this study offers two additional knowledges.

The present study reveals that each component of IMO (IMIG, IMID and RTI) has a significant relationship with ER. It demonstrates that ER is influenced by each of the components of IMO. In addition, the present study also offering that affective commitment is influenced by each component of IMO, but responsiveness to intelligence is not related to continuance commitment. Meanwhile, it is also reveals that only internal market intelligence dissemination and responsiveness to intelligence are related to normative commitment but not internal market intelligence generation. Thus, it shows the effect of each component of IMO on EOC could vary depending upon the values of the relationship.

Thirdly, the findings of this study are also in line with Herzberg's Two-Factor Theory which states that the IMO strategy can be used as a means to create ER. This study verifies IMO as hygiene factor, which emphasises the deficiency of these factors will lead to dissatisfaction, and subsequently will lead to employees quitting their job. Conversely, it demonstrated that when hygiene factor or in this study referred as IMO is fulfilled, it will lead to satisfaction, and satisfied employees are more likely to remain. Thus, the findings show that ER could possibly be realised when the hygiene

factors are fulfilled. Meanwhile, in relation to the Social Exchange Theory, the relationship between employee and employer are formed by the use of subjective cost-benefit which can be found in IMO. According to this theory, the researcher presumes that employees decide to remain when they believe their needs and wants are fully satisfied by their employer through IMIG, IMID and RTI, which later leads to the company obtaining a sense of commitment from the employees.

Although many studies on ER have been done before, however, studies on ER from a marketing point of view are still lacking, since very few organisations implement the concept of internal marketing in practice (Ahmed & Rafiq, 2003). Most of the studies on ER have been conducted from HRM perspectives which treat employees as persons who are hired to provide services to a company; whereas internal marketing recognizes the employees as the first customer in the organisation. Thus, identifying and satisfying the wants and needs of this internal customer have been done through the adoption of marketing like-tool; this could build effective employer-employee relationship for external success. As a result, this study helps to fill the gap in the area by looking at the contribution of IMO towards ER from the marketing point of view. This study is mainly conducted in the hotel industry settings in Malaysia, whereby the findings could be different if compared to other countries and industry settings due to the nature, surroundings and the culture of that country as well as the industry that is being studied.

### **5.3.2 Managerial Implications**

Retaining talented and skilled employees is not a simple task, especially for the hotel industry managers/owners. Many hotels in Malaysia, specifically 3-star, 4-star and 5-

star hotels are reportedly facing high turnover, especially among their frontline employees because of a few reasons, such as poor working environment, dissatisfaction with salary and benefits, inappropriate training, lack of management concern, etc. The employees' turnover problem will be reflected in the business performance both in the short and long run performance; for example, creating a negative impact on customer satisfaction, decrease in customer loyalty, decrease in profitability, reduced market share and others. Thus, it is necessary for the hotel management/owners to find as many as possible appropriate strategies or methods to retain their employees and subsequently, reduce employees' turnover.

It is well accepted that the most important responsibility of hotel managers/owners is to retain and motivate their talented and skilled employees especially those engaged in frontline positions. For that reason, they should admit that their employees are the firm's first customer as outlined in internal marketing, which need to be managed and cared for properly. In line with Herzberg's Two-Factor Theory, the managers/owners of the hotel must ensure that the employees' needs are satisfied within the workplace, as the basis for the organisation to manage its employees. In this case, execution of IMO (in this study referred as hygiene factors) will lead to their satisfaction and influence their behaviour towards their employers including decision to remain.

Since employees are recognized as the most valuable assets of the organisation, holding different skills, capabilities and abilities in serving external customers, the hotel managers/owners should change their belief that they can find and replace their employees easily. For that reason, the hotel managers/owners should make efforts to satisfy their employees' needs and wants in order to retain their employees. Another

important clarification is that negotiation and reciprocity arise between employees and the managers/owners as discussed in the Social Exchange Theory. In the hotel organisation, social exchange could happen, where it is suggested that employees and managers/owners take responsibility for one another and depend on each other (Blau, 1964). ER could be offered by the employee to the employer as the exchange for concern, training, attractive remuneration system, support and other IMO factors offered by the employer to the employees.

The finding of the present research offers that the owners/managers of the hotel industry should focus on hygiene factors, whereby the presence of these factors will lead to employee satisfaction at work. A sense of satisfaction will lead to employees' commitment, thus influencing their intention to remain. For that reasons, the researcher suggests that the hotel managers/owners should develop, establish, and execute the IMO practices within the organisation. It is because employees perceive that the concern expressed by the managers/owners is important to them and will be reflected in their future behaviour. Thus, the possible explanation is that the hotel management at the first place should understand their employees' needs and wants which can be done through regular discussions, meetings, dialogues, or regular surveys at least once a year to assess employees' satisfaction. The discussions or surveys seem to be very important since the hotel management will get valuable information about the employees, organisation, and their work which later could be used to improve the employees' and organisational performance. The findings of this study recommend to the hotel management to consider every important decision regarding HR policies that are in accordance with employees' needs. For instance, monthly meetings could be used as the platform for employees to voice up their



dissatisfaction, problems that may occur in their daily work, share their good and bad experiences related to their work with others; while the managers/owners can use all the information for improvement or correction.

The hotel management is also advised to permit the sharing and distribution of information within the hotel organisation. For instance, the management should encourage their employees to communicate with their managers openly which will allow them to share and discuss their problems with their supervisor/manager. This communication also could offer positive relationships between peer and subordinate. Frontline employees who directly bond with external customers need special care from their supervisor/manager, and at the same time, the management has to ensure that hotel supervisors/managers spend their time with their subordinates to discuss the problems related to their work. In fact, in certain situations, the willingness of the managers to hear their employees' personal problems shows their concern for their employees. Communication between employee and supervisor/manager can be done through many media, such as direct conversation, email, phone conversation and others.

The hotel management is also advised to encourage supervisors/managers from different departments to discuss their subordinates' problems and find the best solution. It is important when the problem faced by one employee for instance is related with other employees with similar function within the hotel organisation. In fact, communication among supervisors/managers also will allow them to share valuable information that may come from the employees from other departments which can be used by the organisation to maintain and succeed in the marketplace. It

is reasonable if the solution for certain problems comes from a manager from a different department.

It is also essential for supervisors/managers and the hotel owners/management to provide response to the generated information. The hotel management is advised to put their effort to provide clear job descriptions which permit the employees to satisfy their personal needs and goals through their work, or which can assist them to advance their career in the organisation. Employees who are familiar with their jobs believe that they can perform their jobs smoothly and this will also increase their performance. Since many employees believe that they should be rewarded adequately, thus it is important for hotel management to structure a good remuneration system, including annual increment for all the employees; bonuses for good performance, allowances, and others rewards that will motivate the employees to perform better in future. In fact, employees who perform something extraordinary should receive some special financial reward for their effort from the organisation.

Since the front line employees face diverse customers, thus, the management should provide appropriate and proper training to employees based on their work position. In fact, the training also could assist employees in enhancing their job performance and is also useful in assisting the employees to provide good services to external customers. For instance, on-the-job-training is suitable for frontline employees due to the nature of their work, while off-job training could also be offered to enhance their job quality. In certain circumstances, it is good for hotel owners/managers to conduct training outside to show their appreciation towards their employees. Through training programmes, the management could demonstrate their support, and strive to resolve

their employees' problems, as well as provide all required support for employees to perform their jobs.

In conclusion, the following development programmes can be designed in response to the generated intelligence:

- The hotel management should offer some financial reward for extraordinary action and yearly increment by using performance-based rewards;
- The hotel management should improvise clear job description to help their employees to perform their work which allows them to satisfy their personal needs and goals;
- The hotel management must manifest the company concern by providing the necessary support related to employees' work and their individual needs; and
- Appropriate and significant training should be offered, and should fit with employees' job position, and at the same time, personal training should be provided by the supervisor to the new comers.

The implementation of IMO within the hotel organisation not only influences frontline employees to remain but it also is responsible for enhancing EOC. Thus, the need for hotel management to execute IMO strategy within the organisation is clearly demonstrated. Although the main concern of the management is to retain motivated and skilled employees by reducing turnover, however the execution of IMO also can be used as a weapon to create and enhance EOC, which in turn will affect ER. This suggestion supports the findings made by Vazifehdooost *et al.*, (2012) who advised converting IMO as a strategy in the firm's core operations to create commitment among employees, leading to their remaining with the organisation.

The other important aspect this study offers is how to retain employees, especially frontline employees through IMO strategy. Although ER is influenced by employees' commitment towards their organisation, however, the finding of the present study is that IMO should be the main concern of the hotel owners/management to retain their employees, leading to reduced employees' turnover culture.

#### **5.4 Internal market Orientation and Human Resource Practices**

Although the basic ground of internal market orientation and human resource practices quite similar and accountable in the creation and exchange of utilities, nevertheless it differs in certain ways. It is well accepted that internal market orientation is responsible to attract, develop, motivate and retain internal customer through job products that satisfy their needs (Berry & Parasuraman, 1991) that portray the development of a marketing programme and aimed at the internal marketplace by using the same basic structures used for external marketing (Piercy & Morgan, 1991). In another words, internal market orientation is intended to create internal environment which is flexible and responsive, and nurtures common values and behavior which reflect organizational goals and its synergy with the marketplace (Foreman & Woodruffe, 1991).

According to George (1990), Gronroos (1985) and Coric and Vokic (2009), internal market orientation are viewed as a management philosophy for both motivation and support and it is spread throughout the organization. It developed as an organization culture that cover the organization on the whole rather than focusing exclusively on the marketing department. By viewing internal market orientation as the management

philosophy, it is demonstrated that IMO is not a short-term campaign aimed to boost attention to customers (Coric & Vokic, 2009) but rather it is a culture that can be adopted and executed widely in achieving organizational goals. IMO becomes a culture initiative geared towards reshaping the entire culture within a firm to support value to external customer (Simberova, 2007) and such initiatives should lead to much greater integration between functional departments. In this argument, internal marketing can help HR manager to attract and retain the type of people which a company wants, and get the best of in-house customers and also could be able to generate value for both customers and employees simultaneously (Gounaris et al., 2010).

On the other hand, Daud (2006) defined human resource management as a system, a philosophy, policy and practices that can influence individuals that work in an organization. In this note, HR practices are considered as activities that can influence individuals that work in an organization (Daud, 2006) and directed at managing the pool of human resources and ensuring that resources are employed towards the fulfillment of organizational goals (Wright & Snell, 1991) include staffing, training and development, performance appraisal, compensation management, safety and health and industrial relations. In addition, according to Collin and Payne (1991), human resource management have frequently been oriented towards control and administrative activities rather than the alignment of human resources towards achieving strategic organizational purposes and goals that has been practicing by internal market orientation.

Both of the perspectives denoted the distinction between IMO and HR practices. The most important note is that IMO concerned with market-oriented management while HR practices frequently been oriented towards control and administrative activities rather than align human resources towards achieving strategic organizational purposes and goals. In addition, IMO also considered as management, and involved in the process of increasing the effectiveness and/or efficiency by which marketing activities are performed (Collin & Payne, 1991) that should spread throughout the organisation rather than human resource practices as key activities (key functions) in realizing the philosophy.

In other arguments by Coric and Vokic (2009) is that the internal marketing and human resource management differ in two areas. According to the authors, it differs in the core activities and in the specialization of employees performing the activities. For instance, internal marketing relates to all function within the organization while HRM have frequently been oriented towards control and administrative activities rather than the alignment of human resources towards achieving strategic organizational purposes and goals (Collin & Payne, 1991). Besides that, it differs in term of departments which responsible for the implementation. In this way, responsibility for internal marketing is of marketing or HR department while the responsibility for human resource management is on HR department.

It is important to note, although internal market orientation and HRM practices are overlap in certain extent, however internal market orientation should perceive as a company philosophy that accountable for market oriented management (Gronroos, 1993). It is also suggested that activities pertaining internal market orientation should

be converted as company culture which could assist the company in doing business (McKenna, 1992). By adopting internal market orientation, it requires the human resource manager to focus on the needs and wants of internal customers groups to stimulate internal service. Thus, based on the result of the present study, it is suggested that hotel managers should admit the importance of internal market orientation as a culture for the whole company rather than assisting the hotel industry in attracting, developing, motivating and retaining all organizational employees. By understanding the differences between internal market orientation and human resources practices, thus there is no more discrepancy whether internal market orientation is relevant or not since IMO parallel with HR practices. Thus, the contribution of this study is worth and substantial.

### **5.5 Limitations of the Study**

Although the present study has undertaken a comprehensive review of the body of literature, a few limitations are detected which might influence the final result. Firstly, the present study is conducted only in Kuala Lumpur and Selangor areas; the researcher believes that if the study is conducted throughout Malaysia, it might offer a better scenario of the hotel industry performance especially in relation to ER.

Secondly, the respondents of this study are restricted to those who are attached to 3-star to 5-star hotel category in chosen area without being about the ownership of the selected hotels. This is because the implementation of IMO between foreign-owned hotels and local-owned hotels could be different, thus generating different findings.

Thirdly, the present study is also restricted by examining IMO as a dependent variable, EOC as mediating variable, and ER as dependent variable. There may be other important variables which should be considered in future studies. Moreover, this study is only conducted in hotel industry rather than other industry settings. The researcher believes that different industry settings will generate different results as different employees from different types of industries may perceive IMO differently, which may affect differently their commitment, and retention behaviour. In fact, the internal marketing practices that have been implemented could vary among industries. Finally, the present study is restricted by employing Social Science Statistical Package (SPSS) 20 to analyse the data.

#### **5.6 Suggestions for Future Research**

After identifying the limitations for the present study, future research is expected to overcome the current limitation. Firstly, it is important to conduct the similar study across Malaysia rather than limit to certain states or areas since the acceptance and implementation of investigated variables (IMO, EOC and ER) could be different in different location areas or states. It is also rather necessary to obtain support from tourism related agencies such as Ministry of Tourism and Culture and Malaysian Association to make the future research runs smoothly.

Secondly, future research also should be conducted in other industry settings, such as health and medical industry, education industry, and airline industry, as well as banking and financial industry. The rationale of conducting the similar study in the different industry settings is because the perception and implementation of IMO would be different from one industry to another, which could impact differently on



employees' commitment, as well as ER behaviour, as suggested by Shekary et al., (2012).

Thirdly, the future research should investigate the similar study by employing other methods such as SEM, AMOS, Lisrel, and PLS which may offer different results compared to the current study which could offer a new perspective on IMO, EOC and ER.

Fourthly, future research should test moderating effect such as organizational culture, hotel category and hotel location since these variables could influence the relationship between internal market orientation and EOC. In this note, as organisational culture value varies significantly among organisations (Sheridan, 1992), thus ER decision could differ when organisational culture and demographic factors are added into the equation.

## **5.7 Conclusion**

ER has become one of the major challenges faced by many organisations, including hotels. Failure to retain employees will lead to turnover problem which later will affect the long-term and short-term business performance. Although the hotel management often uses various techniques to retain their capable employees, the turnover still remains high. Thus, the present study attempts to find a solution for retaining employees which can subsequently reduce employees' turnover. Four imperative objectives are outlined in this study. This study attempts to examine the relationship between IMO and ER and between IMO and EOC among frontline hotel employees in Malaysia. The relationship between EOC and ER also is tested and

finally the present study attempts to examine the mediating role of EOC in the relationship between IMO and ER. The framework of the study is drawn from two major theories; Herzberg's Two-factor Theory which theorises that employees' job satisfaction and ER is influenced by certain factors, known as motivator and hygiene factors, and secondly by Social Exchange Theory which theorises that human relationships are formed by the use of subjective cost-benefit, which indicate that employees will be likely to continue the relationship with their organisation when they perceive that the relationship is worthwhile for them; they will be likely to terminate the relationship when the cost is more than the reward that they gain from the relationship.

In the present study, IMO is represented by three components (IMIG, IMID and RTI) which are found to have an influence on ER. EOC is represented by three components, which is affective, normative, and continuance commitment. The result shows that IMO is related to EOC and ER. In fact, employees' organisational commitment is related to ER as well.

Meanwhile, the role of EOC, when tested as a mediator in the relationship between IMO and ER, becomes significant in determining the ER in hotel organisations. It indicates that IMO is found to have indirect relationship with ER. Based on the finding of the present study, it is demonstrated that the decision to remain can be achieved when employees perceive that their management/owners have carried out IMO within the internal environment, such as understanding and considering employees' needs and wants, encouraging communication and providing appropriate response by generating and disseminating information. Thus, it is notable that the

hotel management should consider carrying out IMO strategy as the pivotal approach to ensure the success of the business

Finally, the present study also supports the Herzberg's Two-Factor Theory and Social Exchange Theory, and helps to bridge the gap in IMO, EOC and ER literature. In fact, this study also offers input to hotel owners/management about an important factor; in this case, it is IMO which imperatively could be influence EOC, as well as ER. Although this study is bound by constraints and limitations, however it meets the objectives of the study.

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**Appendix 1**  
**Questionnaire**  
**English Version**



**UNIVERSITI UTARA MALAYSIA  
OTHMAN YEOP ABDULLAH  
GRADUATE SCHOOL OF BUSINESS**



**SURVEY QUESTIONNAIRE**

**ASSESSING INTERNAL MARKET ORIENTATION,  
EMPLOYEES' ORGANIZATIONAL  
COMMITMENT AND EMPLOYEES' RETENTION:  
AN EVIDENCE FROM MALAYSIAN HOTEL  
INDUSTRY**

Thank you for participating in this study.

1. This questionnaire concerns the relationship between internal market orientation, employees' organisational commitment and employees' retention in Malaysian hotel industry.
2. All information given in this questionnaire will be kept strictly confidential. Your responses will be used in an aggregate form with other responses. At no time will your responses or your name be identified in any reports.
3. If you have any enquiries, please contact HAMIZA JAMALUDIN at 019-9839934 or [Hamiza@uniten.edu.my](mailto:Hamiza@uniten.edu.my)

Section 1: Internal Market Orientation

Please indicate your extent of agreement or disagreement by circling the number in the appropriate column. .

1 = strongly disagree -----> 5 = strongly agree

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| This organization emphasizes on understanding our needs.  | 1 | 2 | 3 | 4 | 5 |
| My supervisor sees that we all meet regularly so that we have the chance to say what we expect from this organization.                      | 1 | 2 | 3 | 4 | 5 |
| At least one per year we fill in questionnaires regarding our needs and want from this organization.  | 1 | 2 | 3 | 4 | 5 |
| Our management seeks to find out what competitors do to keep their employees satisfied.   | 1 | 2 | 3 | 4 | 5 |
| Assessing our job satisfaction is an important task for our supervisor.   | 1 | 2 | 3 | 4 | 5 |
| This organisation is informed about legal development in the labor market.  | 1 | 2 | 3 | 4 | 5 |
| This organisation is aware of employment rates in our industry  | 1 | 2 | 3 | 4 | 5 |
| This organisation is informed about new jobs created in other industries that could attract employees from this firm.                       | 1 | 2 | 3 | 4 | 5 |
| This organisation is systematically analysing the working conditions of employees working in competition                                    | 1 | 2 | 3 | 4 | 5 |
| In this organisation employees are identified in groups based on our individual characteristics and needs.                                  | 1 | 2 | 3 | 4 | 5 |
| Before any policy change is introduced our individual characteristics have always been considered in advance.                               | 1 | 2 | 3 | 4 | 5 |
| All employees are treated exactly the same way. Individual needs are ignored (R).   | 1 | 2 | 3 | 4 | 5 |
| Our individual needs are systematically assessed in this organisation.  | 1 | 2 | 3 | 4 | 5 |
| Every important decision regarding human-resource policies is always adapted according to our individual needs.                             | 1 | 2 | 3 | 4 | 5 |
| Specific human-resource policies are always considered for specific groups of employees with a common set of needs.                         | 1 | 2 | 3 | 4 | 5 |
| No action is ever taken unless its impact on specific group of employees with common needs is evaluated.                                    | 1 | 2 | 3 | 4 | 5 |
| The human-resource related policies apply to everyone. Individual needs are never considered (R).   | 1 | 2 | 3 | 4 | 5 |
| Before any policy change, my supervisor informs me phase-to-phase in advance.   | 1 | 2 | 3 | 4 | 5 |
| My supervisor is sincerely listening about the problems I they doing my job.  | 1 | 2 | 3 | 4 | 5 |
| My supervisor is sincerely concerned about personal problem I have that may affect my performance.  | 1 | 2 | 3 | 4 | 5 |
| My supervisor is never too busy to talk with me when I need him/ her.   | 1 | 2 | 3 | 4 | 5 |
| My supervisor spends time informing me about my tasks, my objectives and to reach an agreement with me.                                     | 1 | 2 | 3 | 4 | 5 |
| The supervisors in this organisation meet regularly to discuss subordinates' problems and listen to what the other supervisors have to say. | 1 | 2 | 3 | 4 | 5 |

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| If an employee in this company is faced with a serious problem, the managers from other departments will become aware of it in on-time.                             | 1 | 2 | 3 | 4 | 5 |
| This company encourages our managers to meet and discuss among them issues concerning their subordinates.   | 1 | 2 | 3 | 4 | 5 |
| In many occasions, the solution to a problem I had came from a manager from a different department, not from my direct manager.                                     | 1 | 2 | 3 | 4 | 5 |
| My job description allows me to satisfy my personal needs and goals through my work.  | 1 | 2 | 3 | 4 | 5 |
| Nothing has ever been assigned to me unless my supervisor and I had agreed that I could really do it.   | 1 | 2 | 3 | 4 | 5 |
| The tasks I am assigned will help me to advance my career with this company.  | 1 | 2 | 3 | 4 | 5 |
| My supervisor is expected to justify my job description and the tasks I am assigned with more senior's levels of management.  | 1 | 2 | 3 | 4 | 5 |
| When I do something extraordinary I know that I will receive some financial bonus/reward.   | 1 | 2 | 3 | 4 | 5 |
| My income and the annual increases are dependent only to the Union's bargaining with the employers side (R).  | 1 | 2 | 3 | 4 | 5 |
| My income and annual increases are very closely tied to my qualifications and my performance.   | 1 | 2 | 3 | 4 | 5 |
| Everyone gets an annual bonus regardless of their performance (R).  | 1 | 2 | 3 | 4 | 5 |
| My income and the annual increases are much related to those of people with similar qualifications working in this company or any other industry.                   | 1 | 2 | 3 | 4 | 5 |
| The senior management of this company is really indifferent for our problems (R).   | 1 | 2 | 3 | 4 | 5 |
| Nothing too expensive for our Senior Management if this would satisfy needs of specific groups of employees.  | 1 | 2 | 3 | 4 | 5 |
| The Senior management is really considering about our individual needs and makes policies that reflect it.  | 1 | 2 | 3 | 4 | 5 |
| The Senior Management is resolved to solving our problems and giving us all required support necessary for our job.   | 1 | 2 | 3 | 4 | 5 |
| In this organisation, training is closely related to the individual needs of each employee.   | 1 | 2 | 3 | 4 | 5 |
| A newly hired employee will have to find his/her own answers to the requirements of the jobs (R).   | 1 | 2 | 3 | 4 | 5 |
| Before the implementation of a major change in service rules, we always gets significant training regarding its impact on our daily activities and job description. | 1 | 2 | 3 | 4 | 5 |
| If one is moved from one department to another, the new supervisor will personally train him/her for a pre-specified period of time.                                | 1 | 2 | 3 | 4 | 5 |

Section 2: Employees' Organisational Commitment

Please indicate your extent of agreement or disagreement by circling the number in the appropriate column. .

1 = strongly disagree -----> 5 = strongly agree

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| I would be very happy to spend the rest of my career with this organisation.   | 1 | 2 | 3 | 4 | 5 |
| I enjoy discussing my organisation with the outsider.  | 1 | 2 | 3 | 4 | 5 |
| I really feel as if this hotel's problems are my own.  | 1 | 2 | 3 | 4 | 5 |
| I think that I could easily become as attached to another organisation as I am to this organisation (R).   | 1 | 2 | 3 | 4 | 5 |
| I do not feel like part of the family' at this organisation (R).   | 1 | 2 | 3 | 4 | 5 |
| I do not feel "emotionally attached" to this organisation (R).   | 1 | 2 | 3 | 4 | 5 |
| This organisation has a great deal of personal meaning for me.   | 1 | 2 | 3 | 4 | 5 |
| I do not feel strong sense of belonging to my organisation (R).  | 1 | 2 | 3 | 4 | 5 |
| I am not afraid of what might happen if I quit my job without having another one lined-up (R).   | 1 | 2 | 3 | 4 | 5 |
| It would be very hard for me to leave this hotel right now, even if I wanted to.   | 1 | 2 | 3 | 4 | 5 |
| Too much in my life would be disrupted if I decide I wanted to leave this organisation now.  | 1 | 2 | 3 | 4 | 5 |
| It wouldn't be too costly for me to leave this organisation now (R).   | 1 | 2 | 3 | 4 | 5 |
| Right now, staying with this organisation is matter of necessity as much as desire.  | 1 | 2 | 3 | 4 | 5 |
| I feel that I have too few options to consider leaving this organisation.  | 1 | 2 | 3 | 4 | 5 |
| One of the few serious consequences of leaving this organisation would be the scarcity of available alternatives.  | 1 | 2 | 3 | 4 | 5 |
| One of the major reasons I continue to work for this organisation is that leaving would require considerable personal scarifies - another hotel organisation may not match the overall benefits I have here. | 1 | 2 | 3 | 4 | 5 |
| I think that people these days move from company to company too often.   | 1 | 2 | 3 | 4 | 5 |
| I do not believe that a person must always be loyal to his or her organization (R).  | 1 | 2 | 3 | 4 | 5 |
| Jumping from organization to organization seem at all unethical to me (R).   | 1 | 2 | 3 | 4 | 5 |
| One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain.                                      | 1 | 2 | 3 | 4 | 5 |
| If I got another offer for a better job elsewhere I would not feel it was right to leave my organization   |   |   |   |   |   |

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| I was taught to believe in the value of remaining loyal to one organization (R).                   | 1 | 2 | 3 | 4 | 5 |
| Things were better in the days when people stayed with one organization for most of their careers. | 1 | 2 | 3 | 4 | 5 |
| I do not think that wanting to be a “company man” or “company women” is sensible anymore (R).      | 1 | 2 | 3 | 4 | 5 |

### Section 3: Employees' Retention

Please indicate your extent of agreement or disagreement by circling the number in the appropriate column. .

1 = strongly disagree -----> 5 = strongly agree

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| I'm planning on working for another organisation within a period of three years.                             | 1 | 2 | 3 | 4 | 5 |
| Within this organisation my work gives me satisfaction.  | 1 | 2 | 3 | 4 | 5 |
| If I wanted to do another job or function, I would look first at the possibilities within this organisation. | 1 | 2 | 3 | 4 | 5 |
| I see a future for myself within this company.   | 1 | 2 | 3 | 4 | 5 |
| It doesn't matter if I'm working for this organisation or another, as long I have work.                      | 1 | 2 | 3 | 4 | 5 |
| If it were up to me, I will definitely be working for this organisation for the next five years.             | 1 | 2 | 3 | 4 | 5 |
| If I could start over again, I would choose to work for another organisation.                                | 1 | 2 | 3 | 4 | 5 |
| If I received an attractive job offer from another organisation, I would take the job.                       | 1 | 2 | 3 | 4 | 5 |
| The work I'm doing is very important to me.  | 1 | 2 | 3 | 4 | 5 |
| I love working for this organisation.  | 1 | 2 | 3 | 4 | 5 |
| I have checked out a job in another organisation previously.   | 1 | 2 | 3 | 4 | 5 |

## Section 4: Demographic

Please tick your answer on the following questions.

1. Department

- Front Desk
- House keeper
- General Manager
- Concierge
- Security
- Maintenance
- F&B
- Others (Please Specify).....

2. Education Level

- SRP/ PMR
- SPM
- STPM
- Diploma
- First Degree
- Master
- Others (Please specify).....

3. Gender

- Male
- Female

4. Age  30 years and below  
 31 – 40 years  
 41 – 50 years  
 51 years and above
5. Nationality  Citizen  
 Non-Citizen
6. Years of Service  Less than 5 years  
 5 – 10 years  
 11 – 20 years  
 20 years and above

**~ THANK YOU~**



**Appendix 2**  
**Borang Soal Selidik**  
**Versi Bahasa Malaysia**

**UNIVERSITI UTARA MALAYSIA  
OTHMAN YEOP ABDULLAH  
GRADUATE SCHOOL OF BUSINESS**



**SOAL SELIDIK**

**MENILAI ORIENTASI PEMASARAN  
DALAMAN, KOMITMENT PEKERJA TERHADAP  
ORGANISASI DAN PENGEKALAN PEKERJA:  
BUKTI DARIPADA INDUSTRI PERHOTELAN DI  
MALAYSIA.**

Terima kasih atas kesudian tuan/puan mengambil bahagian di dalam kajian ini.

1. Soal selidik ini adalah mengenai perhubungan antara orientasi pemasaran dalaman, komitmen pekerja terhadap organisasi dan pengekalan pekerja di dalam industri perhotelan di Malaysia.
2. Kesemua maklumat yang diberikan di dalam soal selidik ini adalah digunakan untuk tujuan ini dan pengembangan ilmu semata-mata. Semua maklumat ini dianggap sulit dan semua butiran kajian ini akan disimpan tanpa didedahkan kepada mana-mana laporan.
3. Jika tuan/puan mempunyai sebarang kemusykilan, sila hubungi saya HAMIZA JAMALUDIN di talian 019-9839934 atau emailkan kepada [Hamiza@uniten.edu.my](mailto:Hamiza@uniten.edu.my).

Bahagian 1: Orientasi Pasaran Dalam

*Sila nyatakan pandangan anda terhadap soalan-soalan di bawah dengan membulatkan jawapan anda di dalam ruangan yang disediakan.*

1 = Sangat tidak bersetuju -----> 5 = Sangat bersetuju

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| Organisasi ini menitikberatkan pemahaman tentang keperluan kami.  | 1 | 2 | 3 | 4 | 5 |
| Penyelia saya memastikan yang kami akan sentiasa bertemu bagi memberi peluang kepada kami untuk menyatakan apa yang kami harapkan dari organisasi ini.          | 1 | 2 | 3 | 4 | 5 |
| Sekurang-kurangnya sekali dalam setahun kami akan menjawab soal selidik mengenai keperluan dan kehendak kami daripada organisasi ini                            | 1 | 2 | 3 | 4 | 5 |
| Pihak pengurusan kami mengambil tahu bagaimana pesaing mereka memastikan kepuasan pekerja.  | 1 | 2 | 3 | 4 | 5 |
| Menilai kepuasan kami terhadap pekerjaan kami adalah penting bagi penyelia kami.  | 1 | 2 | 3 | 4 | 5 |
| Pihak organisasi memberi maklum tentang perkembangan perundangan di dalam pasaran buruh   | 1 | 2 | 3 | 4 | 5 |
| Organisasi ini maklum mengenai peluang pekerjaan yang ditawarkan di dalam industri lain yang boleh menarik minat pekerja daripada organisasi ini.               | 1 | 2 | 3 | 4 | 5 |
| Organisasi ini sedia-maklum mengenai kadar guna tenaga di dalam industri kami.  | 1 | 2 | 3 | 4 | 5 |
| Organisasi ini secara sistematik menganalisa keadaan pekerja yang bekerja dalam keadaan bersaing  | 1 | 2 | 3 | 4 | 5 |
| Di dalam organisasi ini, pekerja dikenalpasti mengikut kumpulan berdasarkan ciri-ciri dan keperluan individu  | 1 | 2 | 3 | 4 | 5 |
| Ciri-ciri individu pekerja sentiasa dipertimbangkan terlebih dahulu, sebelum mana-mana perubahan polisi diperkenalkan.  | 1 | 2 | 3 | 4 | 5 |
| Semua pekerja dilayan sama rata. Keperluan individu diabaikan (R).  | 1 | 2 | 3 | 4 | 5 |
| Keperluan individu kami dinilai secara sistematik dalam organisasi ini.   | 1 | 2 | 3 | 4 | 5 |
| Setiap keputusan penting yang berkaitan dengan polisi sumber manusia sentiasa dibuat berdasarkan keperluan individu   | 1 | 2 | 3 | 4 | 5 |
| Polisi sumber manusia yang khusus seringkali dipertimbangkan untuk kumpulan pekerja tertentu yang mempunyai keperluan yang sama.                                | 1 | 2 | 3 | 4 | 5 |
| Tidak ada tindakan yang diambil kecuali ia member kesan ke atas kumpulan pekerja yang tertentu yang mempunyai keperluan yang sama telah dikaji                  | 1 | 2 | 3 | 4 | 5 |
| Polisi yang berkaitan dengan sumber manusia adalah digunapakai kepada semua pekerja. Keperluan inividu tidak pernah pertimbangan (R).                           | 1 | 2 | 3 | 4 | 5 |
| Sebelum perubahan pada mana-mana polisi dilakukan, penyelia saya akan memaklumkan terlebih dahulu perubahan tersebut dari satu fasa kepada satu fasa yang lain. | 1 | 2 | 3 | 4 | 5 |
| Penyelia saya dengan jujur mendengar masalah berkaitan tugas yang saya lakukan.   | 1 | 2 | 3 | 4 | 5 |
| Penyelia saya dengan jujur mengambil berat terhadap masalah peribadi saya yang mungkin akan mengganggu prestasi saya  | 1 | 2 | 3 | 4 | 5 |

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| Penyelia saya sentiasa meluangkan masa untuk berbincang dengan saya bila saya memerlukan beliau.  | 1 | 2 | 3 | 4 | 5 |
| Penyelia saya meluangkan masa memaklumkan saya berkenaan tugas dan objektif saya bagi mencapai kata sepakat dengan saya.  | 1 | 2 | 3 | 4 | 5 |
| Para penyelia di organisasi ini sering bertemu untuk membincangkan masalah-masalah pekerja bawahan dan mendengar pandangan daripada kalangan mereka.                                    | 1 | 2 | 3 | 4 | 5 |
| Jika seseorang pekerja dalam organisasi ini berhadapan dengan satu masalah yang serius, pengurus dari jabatan lain akan mengetahuinya pada masa yang sama/singkat.                      | 1 | 2 | 3 | 4 | 5 |
| Organisasi ini menggalakkan para pengurus untuk membincangkan isu-isu berkaitan dengan pekerja mereka.  | 1 | 2 | 3 | 4 | 5 |
| Dalam banyak keadaan, penyelesaian kepada sesuatu masalah yang saya hadapi datangnya daripada pengurus daripada jabatan yang lain, tidak dari pengurus saya                             | 1 | 2 | 3 | 4 | 5 |
| Keterangan tugas yang diberikan membenarkan saya untuk berpuas hati dengan keperluan dan matlamat peribadi saya melalui kerja yang saya lakukan.  | 1 | 2 | 3 | 4 | 5 |
| Tiada apa tugas yang diberikan kepada saya kecuali setelah saya dan penyelia saya bersetuju bahawa saya mampu melaksanakannya   | 1 | 2 | 3 | 4 | 5 |
| Tugas yang di pertanggungjawabkan kepada saya akan membantu saya dalam memajukan karier saya di organisasi ini.   | 1 | 2 | 3 | 4 | 5 |
| Penyelia saya disarankan untuk mengenalpasti kerja dan keterangan tugas yang telah diberikan kepada saya dengan penglibatan lebih ramai pihak pengurusan atasan.                        | 1 | 2 | 3 | 4 | 5 |
| Saya sedia maklum bahawa saya akan memperolehi ganjaran tambahan dalam bentuk kewangan bilamana saya melakukan sesuatu yang istimewa / luar biasa.                                      | 1 | 2 | 3 | 4 | 5 |
| Pendapatan dan kenaikan tahunan saya adalah bergantung kepada perundingan pihak kesatuan sekerja dengan pihak majikan (R).  | 1 | 2 | 3 | 4 | 5 |
| Pendapatan dan kenaikan tahunan saya adalah berkait rapat dengan kelayakan dan prestasi saya.   | 1 | 2 | 3 | 4 | 5 |
| Setiap pekerja menikmati bonus tahunan tanpa bergantung kepada prestasi mereka (R).   | 1 | 2 | 3 | 4 | 5 |
| Pendapatan dan kenaikan tahunan saya adalah berkait rapat dengan mereka yang mempunyai kelayakan yang serupa di organisasi ini atau industri yang lain.                                 | 1 | 2 | 3 | 4 | 5 |
| Pihak pengurusan atasan organisasi ini tidak prihatin terhadap masalah kami (R).  | 1 | 2 | 3 | 4 | 5 |
| Tiada apa yang terlalu berharga kepada pihak pengurusan atasan sekiranya keprihatinan ini akan memberi kepuasan kepada kumpulan pekerja yang tertentu                                   | 1 | 2 | 3 | 4 | 5 |
| Pihak pengurusan atasan sangat prihatin berkenaan keperluan individu kami dan memperkenalkan polisi berdasarkan keperluan ini   | 1 | 2 | 3 | 4 | 5 |
| Pihak Pengurusan Atasan bertekad (bersetuju) untuk menyelesaikan masalah kami dan memberi sokongan untuk kerja kami   | 1 | 2 | 3 | 4 | 5 |
| Di dalam organisasi ini, latihan adalah berkait rapat dengan keperluan individu setiap pekerja.   | 1 | 2 | 3 | 4 | 5 |
| Pekerja yang baru dilantik perlu mencari jawapan sendiri kepada keperluan dalam pekerjaan (R).  | 1 | 2 | 3 | 4 | 5 |
| Sebelum perubahan besar dilaksanakan berkenaan peraturan perkhidmatan, kami sentiasa diberikan latihan berkenaan keberkesanannya ke atas aktiviti-aktiviti harian dan keterangan tugas. | 1 | 2 | 3 | 4 | 5 |

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| Jika seseorang berpindah dari satu jabatan ke jabatan yang lain, penyelia baru sendiri akan melatih beliau secara personal untuk jangkamasa yang telah ditentukan. | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|

## Bahagian 2: Komitmen Pekerja Terhadap Organisasi

Sila nyatakan pandangan anda terhadap soalan-soalan di bawah dengan membulatkan jawapan anda di dalam ruangan yang disediakan.

1 = Sangat tidak bersetuju -----> 5 = sangat bersetuju

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| Saya sangat gembira untuk menghabiskan kerjaya saya di organisasi ini  | 1 | 2 | 3 | 4 | 5 |
| Saya gembira membincangkan berkenaan organisasi ini dengan pihak luar.   | 1 | 2 | 3 | 4 | 5 |
| Saya merasakan masalah organisasi ini adalah juga masalah saya.  | 1 | 2 | 3 | 4 | 5 |
| Saya fikir ianya mudah bagi saya untuk berkerja dengan organisasi lain sebagaimana saya berkerja di hotel ini (R).   | 1 | 2 | 3 | 4 | 5 |
| Saya tidak berasa seperti sebahagian daripada organisasi ini (R).  | 1 | 2 | 3 | 4 | 5 |
| Saya tidak rasa terikat secara emosi kepada organisasi ini (R).  | 1 | 2 | 3 | 4 | 5 |
| Organisasi ini mempunyai makna yang tersendiri kepada saya.  | 1 | 2 | 3 | 4 | 5 |
| Saya tidak mempunyai perasaan yang mendalam terhadap organisasi ini (R).   | 1 | 2 | 3 | 4 | 5 |
| Saya tidak amat bimbang tentang apa yang mungkin berlaku jika saya berhenti dari organisasi ini tanpa mempunyai pekerjaan yang lain (R).   | 1 | 2 | 3 | 4 | 5 |
| Adalah sangat sukar bagi saya untuk meninggalkan organisasi ini walaupun sekiranya saya mengkehendaknya.   | 1 | 2 | 3 | 4 | 5 |
| Terlalu banyak perkara dalam hidup saya yang akan terganggu , jika saya mengambil keputusan untuk meninggalkan organisasi ini sekarang.  | 1 | 2 | 3 | 4 | 5 |
| Ianya tidak merugikan untuk saya meninggalkan organisasi ini sekarang (R).   | 1 | 2 | 3 | 4 | 5 |
| Buat masa sekarang, bersama dengan organisasi ini adalah satu keperluan disamping sesuatu yang saya inginkan.  | 1 | 2 | 3 | 4 | 5 |
| Saya merasakan yang saya mempunyai terlalu sedikit pilihan untuk dipertimbangkan untuk meninggalkan organisasi ini.  | 1 | 2 | 3 | 4 | 5 |
| Salah satu kesan buruk apabila meninggalkan organisasi ini adalah bilamana terdapat terlalu sedikit pilihan yang ada diluar sana.  | 1 | 2 | 3 | 4 | 5 |
| Salah satu sebab saya terus bekerja di organisasi ini adalah kerana meninggalkan hotel ini akan memerlukan pengorbanan individu yang besar - organisasi lain mungkin tidak dapat menandingi manfaat keseluruhan yang saya miliki sekarang ini. | 1 | 2 | 3 | 4 | 5 |
| Saya berpendapat pekerja-pekerja sekarang terlalu kerap berpindah dari satu organisasi ke organisasi yang lain.  | 1 | 2 | 3 | 4 | 5 |
| Saya tidak percaya pekerja mesti sentiasa setia kepada organisasi mereka (R).  | 1 | 2 | 3 | 4 | 5 |
| Bertukar dari satu organisasi ke satu organisasi adalah tidak kelihatan seperti tidak beretika kepada saya (R).  | 1 | 2 | 3 | 4 | 5 |
| Salah satu factor penting yang menyebabkan saya terus bekerja di organisasi ini adalah kerana saya percaya kesetiaan adalah amat penting dan merasakan adalah tanggungjawab saya untuk terus setia.  | 1 | 2 | 3 | 4 | 5 |

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| Sekiranya saya mendapat tawaran kerja yang lebih baik di tempat lain, saya merasakan ianya tidak patut untuk saya meninggalkan organisasi ini. | 1 | 2 | 3 | 4 | 5 |
| Saya diajar untuk percaya pada nilai kesetiaan kepada sesebuah organisasi.   | 1 | 2 | 3 | 4 | 5 |
| Keadaan menjadi lebih baik pada masa dahulu apabila pekerja hanya bekerja untuk satu organisasi sepanjang kerjayanya.                          | 1 | 2 | 3 | 4 | 5 |
| Saya tidak fahir menjadi "company man" atau "company women" adalah sesuatu yang rasional(R).   | 1 | 2 | 3 | 4 | 5 |

### Bahagian 3: Pengekalan Pekerja

Sila nyatakan pandangan anda terhadap soalan-soalan di bawah dengan membulatkan jawapan anda di dalam ruangan yang disediakan.

1 = Sangat tidak bersetuju -----> 5 = sangat bersetuju

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| Saya bercadang untuk bekerja dengan organisasi lain dalam tempoh masa tiga tahun.  | 1 | 2 | 3 | 4 | 5 |
| Bekerja dengan organisasi ini memberi saya kepuasan.   | 1 | 2 | 3 | 4 | 5 |
| Sekiranya saya ingin melakukan kerja atau fungsi yang lain, saya akan mencari peluang di dalam organisasi ini terlebih dahulu. | 1 | 2 | 3 | 4 | 5 |
| Saya melihat(nampak) masa depan saya bersama organisasi ini.   | 1 | 2 | 3 | 4 | 5 |
| Saya tidak peduli samada saya bekerja di organisasi ini atau organisasi yang lain, asalkan saya mempunyai pekerjaan.           | 1 | 2 | 3 | 4 | 5 |
| Tidak menjadi masalah samada saya bekerja di organisasi ini atau organisasi yang lain, asalkan saya mempunyai pekerjaan.       | 1 | 2 | 3 | 4 | 5 |
| Jika saya boleh bermula semula, saya akan memilih untuk bekerja dengan organisasi lain.  | 1 | 2 | 3 | 4 | 5 |
| Sekiranya saya mendapat tawaran kerja yang lebih baik daripada organisasi lain, saya akan menerima kerja tersebut.             | 1 | 2 | 3 | 4 | 5 |
| Pekerjaan yang saya lakukan ini adalah sangat penting kepada saya.   | 1 | 2 | 3 | 4 | 5 |
| Saya suka untuk bekerja dengan organisasi ini.   | 1 | 2 | 3 | 4 | 5 |
| Saya telah mencari peluang pekerjaan di organisasi yang lain sebelum ini.  | 1 | 2 | 3 | 4 | 5 |



#### Bahagian 4: Pengekalan Pekerja

Sila tandakan jawapan anda untuk soalan berikut.

1. Jawatan
- Meja Hadapan
  - Pencucian
  - Pengurus
  - Penjaga pintu
  - Keselamatan
  - Penyelenggaraan
  - Makanan dan minuman
  - Lain-lain (Sila nyatakan.....)
2. Tahap pendidikan
- SRP/ PMR
  - SPM
  - STPM
  - Diploma
  - Ijazah pertama
  - Ijazah Sarjana
  - Lain-lain (nyatakan).....
3. Jantina
- Lelaki
  - Perempuan

4. Umur  30 tahun dan ke bawah  
 31 – 40 tahun  
 41 – 50 tahun  
 51 tahun dan ke atas
5. Warganegara  Warganegara  
 Bukan warganegara
6. Jumlah tahun berkhidmat  Kurang dari 5 tahun  
 5 – 10 tahun  
 11 – 20 tahun  
 21 tahun dan lebih

**~TERIMA KASIH/ THANK YOU~**

## Appendix 3

### Reliability Analysis of Pilot Study

#### i. Internal Market Intelligence Generation (IMIG)

**Case Processing Summary**

|       |                       | N  | %     |
|-------|-----------------------|----|-------|
| Cases | Valid                 | 40 | 100.0 |
|       | Excluded <sup>a</sup> | 0  | .0    |
|       | Total                 | 40 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .852             | .856   | 17         |

**Item Statistics**

|       | Mean | Std. Deviation | N  |
|-------|------|----------------|----|
| IMO1  | 3.40 | .928           | 40 |
| IMO2  | 3.53 | .933           | 40 |
| IMO3  | 3.48 | 1.281          | 40 |
| IMO4  | 3.45 | 1.085          | 40 |
| IMO5  | 3.43 | 1.107          | 40 |
| IMO6  | 3.70 | 1.091          | 40 |
| IMO7  | 3.68 | .917           | 40 |
| IMO8  | 3.58 | 1.035          | 40 |
| IMO9  | 3.30 | .911           | 40 |
| IMO10 | 3.13 | .939           | 40 |
| IMO11 | 3.48 | .905           | 40 |
| IMO12 | 2.83 | 1.059          | 40 |
| IMO13 | 3.25 | 1.104          | 40 |
| IMO14 | 3.48 | .960           | 40 |
| IMO15 | 3.33 | .888           | 40 |
| IMO16 | 3.28 | .960           | 40 |
| IMO17 | 3.30 | 1.043          | 40 |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| IIMO1 | 54.18                      | 76.199                         | .694                             | .790                         | .834                             |
| IMO2  | 54.05                      | 75.485                         | .737                             | .836                         | .832                             |
| IMO3  | 54.10                      | 71.169                         | .717                             | .906                         | .829                             |
| IMO4  | 54.13                      | 79.548                         | .392                             | .661                         | .848                             |
| IMO5  | 54.15                      | 73.823                         | .697                             | .693                         | .832                             |
| IMO6  | 53.88                      | 74.522                         | .669                             | .882                         | .834                             |
| IMO7  | 53.90                      | 76.400                         | .690                             | .788                         | .834                             |
| IMO8  | 54.00                      | 76.872                         | .571                             | .738                         | .839                             |
| IMO9  | 54.28                      | 79.640                         | .481                             | .540                         | .844                             |
| IMO10 | 54.45                      | 79.844                         | .452                             | .835                         | .845                             |
| IMO11 | 54.10                      | 81.426                         | .371                             | .632                         | .849                             |
| IMO12 | 54.75                      | 101.987                        | -.692                            | .771                         | .896                             |
| IMO13 | 54.33                      | 76.225                         | .564                             | .824                         | .839                             |
| IMO14 | 54.10                      | 77.785                         | .566                             | .726                         | .840                             |
| IMO15 | 54.25                      | 77.526                         | .638                             | .743                         | .837                             |
| IMO16 | 54.30                      | 80.062                         | .426                             | .614                         | .846                             |
| IMO17 | 54.28                      | 83.487                         | .196                             | .518                         | .857                             |

**Scale Statistics**

| Mean  | Variance | Std. Deviation | N of Items |
|-------|----------|----------------|------------|
| 57.58 | 88.302   | 9.397          | 17         |

**ii. Intelligence Market Intelligence Dissemination (IMID)**

**Case Processing Summary**

|       |                       | N  | %     |
|-------|-----------------------|----|-------|
| Cases | Valid                 | 40 | 100.0 |
|       | Excluded <sup>a</sup> | 0  | .0    |
|       | Total                 | 40 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .727             | .743   | 9          |

**Item Statistics**

|       | Mean | Std. Deviation | N  |
|-------|------|----------------|----|
| IMO18 | 3.80 | 1.043          | 40 |
| IMO19 | 3.50 | .934           | 40 |
| IMO20 | 3.60 | 1.081          | 40 |
| IMO21 | 3.55 | 1.061          | 40 |
| IMO22 | 3.48 | 1.176          | 40 |
| IMO23 | 3.65 | 1.099          | 40 |
| IMO24 | 3.78 | 1.050          | 40 |
| IMO25 | 3.38 | 1.079          | 40 |
| IMO26 | 2.98 | 1.250          | 40 |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| IMO18 | 27.90                      | 23.631                         | .537                             | .372                         | .679                             |
| IMO19 | 28.20                      | 25.292                         | .426                             | .542                         | .700                             |
| IMO20 | 28.10                      | 22.605                         | .621                             | .600                         | .662                             |
| IMO21 | 28.15                      | 22.592                         | .639                             | .779                         | .660                             |
| IMO22 | 28.22                      | 21.358                         | .683                             | .789                         | .646                             |
| IMO23 | 28.05                      | 23.331                         | .530                             | .616                         | .679                             |
| IMO24 | 27.93                      | 26.276                         | .259                             | .357                         | .727                             |
| IMO25 | 28.33                      | 23.763                         | .498                             | .501                         | .685                             |
| IMO26 | 28.72                      | 32.974                         | -.305                            | .434                         | .827                             |

**Scale Statistics**

| Mean  | Variance | Std. Deviation | N of Items |
|-------|----------|----------------|------------|
| 31.70 | 30.164   | 5.492          | 9          |

**iii. Responsiveness to Intelligence (RTI)**

**Case Processing Summary**

|       |                       | N  | %     |
|-------|-----------------------|----|-------|
| Cases | Valid                 | 40 | 100.0 |
|       | Excluded <sup>a</sup> | 0  | .0    |
|       | Total                 | 40 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .793             | .795   | 17         |

**Item Statistics**

|       | Mean | Std. Deviation | N  |
|-------|------|----------------|----|
| IMO27 | 3.45 | 1.176          | 40 |
| IMO28 | 3.20 | 1.137          | 40 |
| IMO29 | 3.73 | 1.086          | 40 |
| IMO30 | 3.40 | .928           | 40 |
| IMO31 | 3.23 | 1.330          | 40 |
| IMO32 | 3.20 | 1.224          | 40 |
| IMO33 | 3.55 | 1.260          | 40 |
| IMO34 | 3.23 | 1.405          | 40 |
| IMO35 | 2.98 | 1.165          | 40 |
| IMO36 | 3.30 | .966           | 40 |
| IMO37 | 3.15 | 1.051          | 40 |
| IMO38 | 3.48 | .933           | 40 |
| IMO39 | 3.33 | 1.023          | 40 |
| IMO40 | 3.88 | 1.223          | 40 |
| IMO41 | 3.35 | 1.312          | 40 |
| IMO42 | 3.48 | 1.240          | 40 |
| IMO43 | 3.45 | 1.197          | 40 |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| IMO27 | 53.90                      | 75.374                         | .690                             | .844                         | .760                             |
| IMO28 | 54.15                      | 85.054                         | .215                             | .694                         | .794                             |
| IMO29 | 53.63                      | 85.010                         | .233                             | .775                         | .792                             |
| IMO30 | 53.95                      | 82.305                         | .456                             | .643                         | .779                             |
| IMO31 | 54.13                      | 74.779                         | .622                             | .716                         | .763                             |
| IMO32 | 54.15                      | 91.105                         | -.075                            | .612                         | .814                             |
| IMO33 | 53.80                      | 79.959                         | .413                             | .432                         | .780                             |
| IMO34 | 54.13                      | 84.984                         | .150                             | .724                         | .802                             |
| IMO35 | 54.38                      | 87.112                         | .109                             | .747                         | .801                             |
| IMO36 | 54.05                      | 84.921                         | .281                             | .722                         | .789                             |
| IMO37 | 54.20                      | 87.344                         | .122                             | .729                         | .799                             |
| IMO38 | 53.88                      | 82.574                         | .436                             | .794                         | .780                             |
| IMO39 | 54.03                      | 81.153                         | .470                             | .769                         | .778                             |
| IMO40 | 53.48                      | 73.487                         | .756                             | .796                         | .754                             |
| IMO41 | 54.00                      | 81.538                         | .320                             | .808                         | .788                             |
| IMO42 | 53.88                      | 74.676                         | .683                             | .746                         | .759                             |
| IMO43 | 53.90                      | 74.400                         | .727                             | .830                         | .757                             |

**Scale Statistics**

| Mean  | Variance | Std. Deviation | N of Items |
|-------|----------|----------------|------------|
| 57.35 | 90.849   | 9.531          | 17         |

**iv. Affective Commitment (AFC)**

**Case Processing Summary**

|       |                       | N  | %     |
|-------|-----------------------|----|-------|
| Cases | Valid                 | 40 | 100.0 |
|       | Excluded <sup>a</sup> | 0  | .0    |
|       | Total                 | 40 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .812             | .813   | 8          |

**Item Statistics**

|      | Mean | Std. Deviation | N  |
|------|------|----------------|----|
| EOC1 | 3.43 | .984           | 40 |
| EOC2 | 3.28 | .987           | 40 |
| EOC3 | 3.50 | .987           | 40 |
| EOC4 | 3.33 | 1.118          | 40 |
| EOC5 | 3.50 | .934           | 40 |
| EOC6 | 2.98 | 1.165          | 40 |
| EOC7 | 3.45 | 1.061          | 40 |
| EOC8 | 3.18 | 1.059          | 40 |

**Item-Total Statistics**

|      | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| EOC1 | 23.20                      | 24.728                         | .428                             | .382                         | .804                             |
| EOC2 | 23.35                      | 24.951                         | .401                             | .274                         | .808                             |
| EOC3 | 23.13                      | 22.933                         | .632                             | .647                         | .776                             |
| EOC4 | 23.30                      | 23.087                         | .516                             | .349                         | .793                             |
| EOC5 | 23.13                      | 23.907                         | .559                             | .389                         | .787                             |
| EOC6 | 23.65                      | 22.797                         | .514                             | .571                         | .794                             |
| EOC7 | 23.18                      | 22.558                         | .615                             | .632                         | .778                             |
| EOC8 | 23.45                      | 22.972                         | .570                             | .680                         | .785                             |

**Scale Statistics**

| Mean  | Variance | Std. Deviation | N of Items |
|-------|----------|----------------|------------|
| 26.63 | 29.881   | 5.466          | 8          |

**v. Normative Commitment (NC)**

**Case Processing Summary**

|       |                       | N  | %     |
|-------|-----------------------|----|-------|
| Cases | Valid                 | 40 | 100.0 |
|       | Excluded <sup>a</sup> | 0  | .0    |
|       | Total                 | 40 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .865             | .868   | 8          |

**Item Statistics**

|       | Mean | Std. Deviation | N  |
|-------|------|----------------|----|
| EOC9  | 3.35 | 1.272          | 40 |
| EOC10 | 3.40 | 1.194          | 40 |
| EOC11 | 3.50 | 1.340          | 40 |
| EOC12 | 3.70 | 1.114          | 40 |
| EOC13 | 3.40 | 1.008          | 40 |
| EOC14 | 3.40 | 1.081          | 40 |
| EOC15 | 3.48 | 1.012          | 40 |
| EOC16 | 3.38 | 1.125          | 40 |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| EOC9  | 24.25                      | 36.603                         | .338                             | .405                         | .882                             |
| EOC10 | 24.20                      | 33.344                         | .628                             | .546                         | .847                             |
| EOC11 | 24.10                      | 30.605                         | .744                             | .629                         | .833                             |
| EOC12 | 23.90                      | 32.195                         | .790                             | .690                         | .829                             |
| EOC13 | 24.20                      | 36.421                         | .492                             | .318                         | .861                             |
| EOC14 | 24.20                      | 33.446                         | .704                             | .643                         | .839                             |
| EOC15 | 24.12                      | 35.753                         | .549                             | .681                         | .856                             |
| EOC16 | 24.22                      | 32.743                         | .731                             | .696                         | .836                             |

**Scale Statistics**

| Mean  | Variance | Std. Deviation | N of Items |
|-------|----------|----------------|------------|
| 27.60 | 43.426   | 6.590          | 8          |

**vi. Continuance Commitment (CC)**

**Case Processing Summary**

|       |                       | N  | %     |
|-------|-----------------------|----|-------|
| Cases | Valid                 | 40 | 100.0 |
|       | Excluded <sup>a</sup> | 0  | .0    |
|       | Total                 | 40 | 100.0 |

a. Listwise deletion based on all variables in the procedure.



**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .771             | .777   | 8          |

**Item Statistics**

|       | Mean | Std. Deviation | N  |
|-------|------|----------------|----|
| EOC17 | 3.68 | 1.071          | 40 |
| EOC18 | 3.38 | 1.055          | 40 |
| EOC19 | 2.88 | 1.137          | 40 |
| EOC20 | 3.40 | 1.081          | 40 |
| EOC21 | 3.40 | 1.033          | 40 |
| EOC22 | 2.95 | 1.108          | 40 |
| EOC23 | 3.35 | 1.075          | 40 |
| EOC24 | 2.75 | 1.316          | 40 |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| EOC17 | 22.10                      | 27.990                         | .114                             | .220                         | .802                             |
| EOC18 | 22.40                      | 24.144                         | .500                             | .503                         | .742                             |
| EOC19 | 22.90                      | 25.374                         | .329                             | .375                         | .771                             |
| EOC20 | 22.38                      | 22.907                         | .614                             | .613                         | .722                             |
| EOC21 | 22.38                      | 22.856                         | .660                             | .729                         | .716                             |
| EOC22 | 22.83                      | 23.020                         | .582                             | .695                         | .727                             |
| EOC23 | 22.43                      | 21.994                         | .722                             | .619                         | .703                             |
| EOC24 | 23.03                      | 24.230                         | .345                             | .496                         | .773                             |

**Scale Statistics**

| Mean  | Variance | Std. Deviation | N of Items |
|-------|----------|----------------|------------|
| 25.78 | 30.435   | 5.517          | 8          |

**vii. Employees' Retention (ER)**

**Case Processing Summary**

|       |                       | N  | %     |
|-------|-----------------------|----|-------|
| Cases | Valid                 | 40 | 100.0 |
|       | Excluded <sup>a</sup> | 0  | .0    |
|       | Total                 | 40 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .746             | .760   | 11         |

**Item Statistics**

|       | Mean | Std. Deviation | N  |
|-------|------|----------------|----|
| RET1  | 3.28 | 1.109          | 40 |
| RET2  | 3.25 | 1.104          | 40 |
| RET3  | 3.05 | 1.061          | 40 |
| RET4  | 3.03 | .891           | 40 |
| RET5  | 3.03 | 1.209          | 40 |
| RET6  | 3.43 | 1.259          | 40 |
| RET7  | 3.13 | 1.324          | 40 |
| RET8  | 3.58 | 1.152          | 40 |
| RET9  | 3.68 | .888           | 40 |
| RET10 | 3.53 | 1.012          | 40 |
| RET11 | 3.15 | 1.350          | 40 |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| RET1  | 32.83                      | 36.046                         | .496                             | .563                         | .713                             |
| RET2  | 32.85                      | 37.310                         | .397                             | .584                         | .727                             |
| RET3  | 33.05                      | 37.177                         | .432                             | .751                         | .722                             |
| RET4  | 33.08                      | 39.558                         | .315                             | .533                         | .737                             |
| RET5  | 33.08                      | 37.507                         | .332                             | .517                         | .736                             |
| RET6  | 32.68                      | 35.866                         | .427                             | .501                         | .722                             |
| RET7  | 32.98                      | 38.589                         | .215                             | .531                         | .755                             |
| RET8  | 32.53                      | 36.153                         | .462                             | .509                         | .718                             |
| RET9  | 32.43                      | 37.174                         | .547                             | .506                         | .712                             |
| RET10 | 32.58                      | 36.507                         | .519                             | .721                         | .712                             |
| RET11 | 32.95                      | 37.228                         | .294                             | .412                         | .744                             |

**Scale Statistics**

| Mean  | Variance | Std. Deviation | N of Items |
|-------|----------|----------------|------------|
| 36.10 | 43.887   | 6.625          | 11         |

## Appendix 4

### Test for Non-response Bias

**Group Statistics**

| group | N   | Mean   | Std. Deviation | Std. Error Mean |
|-------|-----|--------|----------------|-----------------|
| IMO 0 | 350 | 3.3959 | .40984         | .02191          |
| 1     | 42  | 3.4126 | .31895         | .04921          |

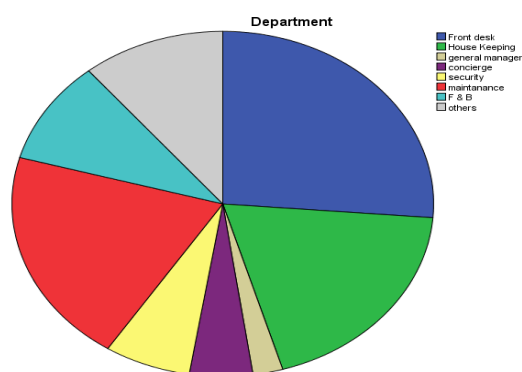
**Independent Samples Test**

|                                 | Levene's Test for Equality of Variances |      | t-test for Equality of Means |        |                 |                 |                       |   |        |
|---------------------------------|---|------|------------------------------|--------|-----------------|-----------------|-----------------------|---|--------|
|                                 | F                                       | Sig. | t                            | df     | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference |        |
|                                 |   |      |                              |        |                 |                 |                       | Lower                                     | Upper  |
| IMO Equal variances assumed     | 2.135                                   | .145 | -.255                        | 390    | .799            | -.01672         | .06553                | -.14555                                   | .11210 |
| IMO Equal variances not assumed |   |      | -.310                        | 58.588 | .757            | -.01672         | .05387                | -.12453                                   | .09108 |

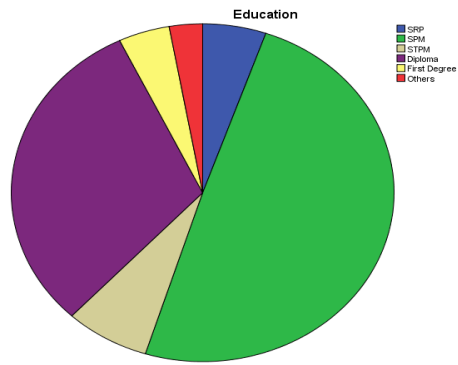
## Appendix 5

### Profile of Respondents

|       |                 | Department |         |               |                    |
|-------|-----------------|------------|---------|---------------|--------------------|
|       |                 | Frequency  | Percent | Valid Percent | Cumulative Percent |
| Valid | Front desk      | 103        | 26.3    | 26.3          | 26.3               |
|       | House Keeping   | 75         | 19.1    | 19.1          | 45.4               |
|       | general manager | 9          | 2.3     | 2.3           | 47.7               |
|       | concierge       | 19         | 4.8     | 4.8           | 52.6               |
|       | security        | 26         | 6.6     | 6.6           | 59.2               |
|       | maintanance     | 79         | 20.2    | 20.2          | 79.3               |
|       | F & B           | 38         | 9.7     | 9.7           | 89.0               |
|       | others          | 43         | 11.0    | 11.0          | 100.0              |
|       | Total           | 392        | 100.0   | 100.0         |                    |

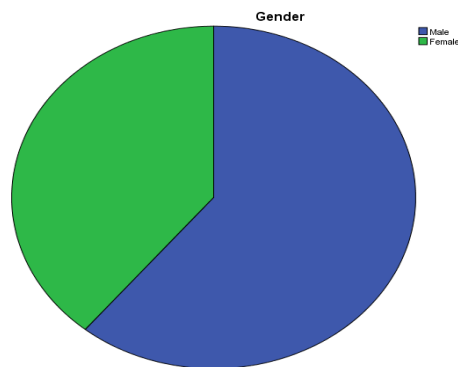


|       |              | Education |         |               |                    |
|-------|--------------|-----------|---------|---------------|--------------------|
|       |              | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | SRP          | 21        | 5.4     | 5.4           | 5.4                |
|       | SPM          | 194       | 49.5    | 49.5          | 54.8               |
|       | STPM         | 28        | 7.1     | 7.1           | 62.0               |
|       | Diploma      | 121       | 30.9    | 30.9          | 92.9               |
|       | First Degree | 17        | 4.3     | 4.3           | 97.2               |
|       | Others       | 11        | 2.8     | 2.8           | 100.0              |
|       | Total        | 392       | 100.0   | 100.0         |                    |



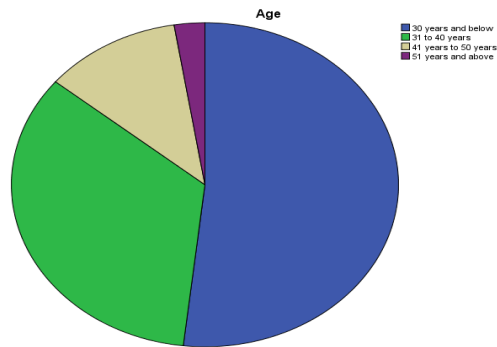
**Gender**

|              | Frequency  | Percent      | Valid Percent | Cumulative Percent |
|--------------|------------|--------------|---------------|--------------------|
| Valid Male   | 239        | 61.0         | 61.0          | 61.0               |
| Valid Female | 153        | 39.0         | 39.0          | 100.0              |
| <b>Total</b> | <b>392</b> | <b>100.0</b> | <b>100.0</b>  |                    |



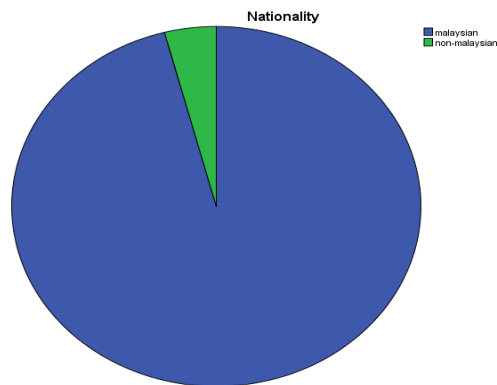
**Age**

|                          | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------|-----------|---------|---------------|--------------------|
| Valid 30 years and below | 203       | 51.8    | 51.8          | 51.8               |
| 31 to 40 years           | 134       | 34.2    | 34.2          | 86.0               |
| 41 years to 50 years     | 45        | 11.5    | 11.5          | 97.4               |
| 51 years and above       | 10        | 2.6     | 2.6           | 100.0              |
| Total                    | 392       | 100.0   | 100.0         |                    |



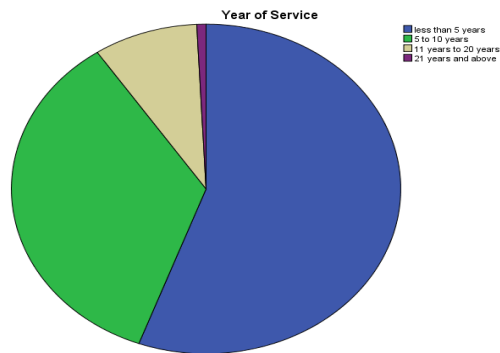
**Nationality**

|                 | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-----------|---------|---------------|--------------------|
| Valid malaysian | 376       | 95.9    | 95.9          | 95.9               |
| non-malaysian   | 16        | 4.1     | 4.1           | 100.0              |
| Total           | 392       | 100.0   | 100.0         |                    |



**Year of Service**

|                            | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------|-----------|---------|---------------|--------------------|
| less than 5 years          | 218       | 55.6    | 55.6          | 55.6               |
| 5 to 10 years              | 137       | 34.9    | 34.9          | 90.6               |
| Valid 11 years to 20 years | 34        | 8.7     | 8.7           | 99.2               |
| 21 years and above         | 3         | .8      | .8            | 100.0              |
| Total                      | 392       | 100.0   | 100.0         |                    |



## Appendix 6

### Factor Analysis of Internal Market Orientation (IMO)

#### KMO and Bartlett's Test

|  |          |
|--|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .896     |
| Approx. Chi-Square                               | 8155.172 |
| Bartlett's Test of Sphericity                    |          |
| df   | 903      |
| Sig.   | .000     |

#### Total Variance Explained

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 12.056              | 28.038        | 28.038       | 12.056                              | 28.038        | 28.038       | 7.726                             | 17.967        | 17.967       |
| 2         | 3.902               | 9.076         | 37.114       | 3.902                               | 9.076         | 37.114       | 6.212                             | 14.446        | 32.413       |
| 3         | 2.048               | 4.763         | 41.876       | 2.048                               | 4.763         | 41.876       | 4.069                             | 9.463         | 41.876       |
| 4         | 1.849               | 4.301         | 46.177       |                                     |               |              |                                   |               |              |
| 5         | 1.650               | 3.837         | 50.014       |                                     |               |              |                                   |               |              |
| 6         | 1.413               | 3.285         | 53.300       |                                     |               |              |                                   |               |              |
| 7         | 1.284               | 2.987         | 56.287       |                                     |               |              |                                   |               |              |
| 8         | 1.224               | 2.847         | 59.134       |                                     |               |              |                                   |               |              |
| 9         | 1.063               | 2.471         | 61.605       |                                     |               |              |                                   |               |              |
| 10        | .995                | 2.315         | 63.920       |                                     |               |              |                                   |               |              |
| 11        | .873                | 2.030         | 65.950       |                                     |               |              |                                   |               |              |
| 12        | .839                | 1.951         | 67.900       |                                     |               |              |                                   |               |              |
| 13        | .816                | 1.899         | 69.799       |                                     |               |              |                                   |               |              |
| 14        | .795                | 1.850         | 71.649       |                                     |               |              |                                   |               |              |
| 15        | .730                | 1.698         | 73.347       |                                     |               |              |                                   |               |              |
| 16        | .714                | 1.661         | 75.008       |                                     |               |              |                                   |               |              |
| 17        | .661                | 1.538         | 76.546       |                                     |               |              |                                   |               |              |
| 18        | .632                | 1.469         | 78.015       |                                     |               |              |                                   |               |              |
| 19        | .598                | 1.391         | 79.406       |                                     |               |              |                                   |               |              |
| 20        | .580                | 1.349         | 80.755       |                                     |               |              |                                   |               |              |
| 21        | .573                | 1.333         | 82.087       |                                     |               |              |                                   |               |              |
| 22        | .547                | 1.271         | 83.359       |                                     |               |              |                                   |               |              |
| 23        | .531                | 1.235         | 84.593       |                                     |               |              |                                   |               |              |
| 24        | .509                | 1.184         | 85.778       |                                     |               |              |                                   |               |              |
| 25        | .469                | 1.092         | 86.869       |                                     |               |              |                                   |               |              |
| 26        | .454                | 1.057         | 87.926       |                                     |               |              |                                   |               |              |
| 27        | .432                | 1.005         | 88.931       |                                     |               |              |                                   |               |              |
| 28        | .415                | .964          | 89.895       |                                     |               |              |                                   |               |              |
| 29        | .399                | .928          | 90.823       |                                     |               |              |                                   |               |              |



|    |      |      |         |  |  |  |  |  |
|----|------|------|---------|--|--|--|--|--|
| 30 | .381 | .885 | 91.708  |  |  |  |  |  |
| 31 | .376 | .875 | 92.583  |  |  |  |  |  |
| 32 | .367 | .853 | 93.436  |  |  |  |  |  |
| 33 | .350 | .815 | 94.250  |  |  |  |  |  |
| 34 | .328 | .762 | 95.012  |  |  |  |  |  |
| 35 | .311 | .724 | 95.736  |  |  |  |  |  |
| 36 | .288 | .669 | 96.406  |  |  |  |  |  |
| 37 | .277 | .644 | 97.050  |  |  |  |  |  |
| 38 | .269 | .625 | 97.675  |  |  |  |  |  |
| 39 | .241 | .561 | 98.236  |  |  |  |  |  |
| 40 | .231 | .537 | 98.773  |  |  |  |  |  |
| 41 | .196 | .455 | 99.228  |  |  |  |  |  |
| 42 | .192 | .447 | 99.675  |  |  |  |  |  |
| 43 | .140 | .325 | 100.000 |  |  |  |  |  |

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup>**

|       | Component |      |      |
|-------|-----------|------|------|
|       | 1         | 2    | 3    |
| IMO43 | .742      |      |      |
| IMO31 | .725      |      |      |
| IMO42 | .697      |      |      |
| IMO3  | .663      |      |      |
| IMO12 | -.616     |      |      |
| IMO40 | .612      |      |      |
| IMO14 | .578      |      |      |
| IMO39 | .573      |      |      |
| IMO33 | .568      |      |      |
| IMO15 | .557      |      |      |
| IMO23 | .536      |      |      |
| IMO11 | .517      |      |      |
| IMO4  | .504      |      |      |
| IMO21 |           | .773 |      |
| IMO22 |           | .721 |      |
| IMO20 |           | .712 |      |
| IMO19 |           | .685 |      |
| IMO18 |           | .621 |      |
| IMO29 |           | .618 |      |
| IMO27 |           | .529 |      |
| IMO30 |           | .508 |      |
| IMO2  |           | .507 |      |
| IMO37 |           |      | .684 |
| IMO41 |           |      | .680 |
| IMO32 |           |      | .660 |
| IMO36 |           |      | .644 |
| IMO34 |           |      | .620 |
| IMO17 |           |      | .535 |
| IMO35 |           |      | .520 |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

## Appendix 7

### Factor Analysis of Employee Organizational Commitment (EOC)

#### KMO and Bartlett's Test

|  |          |
|--|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .862     |
| Approx. Chi-Square                               | 3594.747 |
| Bartlett's Test of Sphericity                    |          |
| df   | 276      |
| Sig.   | .000     |

#### Total Variance Explained

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 7.402               | 30.840        | 30.840       | 7.402                               | 30.840        | 30.840       | 3.899                             | 16.246        | 16.246       |
| 2         | 1.852               | 7.717         | 38.557       | 1.852                               | 7.717         | 38.557       | 3.586                             | 14.943        | 31.188       |
| 3         | 1.716               | 7.150         | 45.708       | 1.716                               | 7.150         | 45.708       | 3.485                             | 14.519        | 45.708       |
| 4         | 1.342               | 5.593         | 51.300       |                                     |               |              |                                   |               |              |
| 5         | 1.156               | 4.815         | 56.116       |                                     |               |              |                                   |               |              |
| 6         | 1.025               | 4.273         | 60.388       |                                     |               |              |                                   |               |              |
| 7         | .856                | 3.567         | 63.955       |                                     |               |              |                                   |               |              |
| 8         | .843                | 3.511         | 67.466       |                                     |               |              |                                   |               |              |
| 9         | .800                | 3.332         | 70.798       |                                     |               |              |                                   |               |              |
| 10        | .781                | 3.254         | 74.052       |                                     |               |              |                                   |               |              |
| 11        | .752                | 3.132         | 77.184       |                                     |               |              |                                   |               |              |
| 12        | .699                | 2.910         | 80.095       |                                     |               |              |                                   |               |              |
| 13        | .588                | 2.452         | 82.546       |                                     |               |              |                                   |               |              |
| 14        | .548                | 2.285         | 84.831       |                                     |               |              |                                   |               |              |
| 15        | .519                | 2.162         | 86.993       |                                     |               |              |                                   |               |              |
| 16        | .489                | 2.036         | 89.030       |                                     |               |              |                                   |               |              |
| 17        | .465                | 1.938         | 90.968       |                                     |               |              |                                   |               |              |
| 18        | .395                | 1.647         | 92.615       |                                     |               |              |                                   |               |              |
| 19        | .362                | 1.509         | 94.124       |                                     |               |              |                                   |               |              |
| 20        | .343                | 1.429         | 95.552       |                                     |               |              |                                   |               |              |
| 21        | .299                | 1.247         | 96.799       |                                     |               |              |                                   |               |              |
| 22        | .279                | 1.162         | 97.961       |                                     |               |              |                                   |               |              |
| 23        | .261                | 1.089         | 99.050       |                                     |               |              |                                   |               |              |
| 24        | .228                | .950          | 100.000      |                                     |               |              |                                   |               |              |

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup>**

|       | Component |      |      |
|-------|-----------|------|------|
|       | 1         | 2    | 3    |
| EOC11 | .766      |      |      |
| EOC12 | .719      |      |      |
| EOC10 | .682      |      |      |
| EOC14 | .618      |      |      |
| EOC9  | .615      |      |      |
| EOC16 | .565      |      |      |
| EOC19 |           | .729 |      |
| EOC22 |           | .685 |      |
| EOC23 |           | .610 |      |
| EOC24 |           | .585 |      |
| EOC20 |           | .580 |      |
| EOC21 |           | .545 |      |
| EOC18 |           | .506 |      |
| EOC7  |           |      | .762 |
| EOC8  |           |      | .754 |
| EOC5  |           |      | .644 |
| EOC3  |           |      | .615 |
| EOC1  |           |      | .550 |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

## Appendix 8

### Factor Analysis of Employees' Retention (RET)

#### KMO and Bartlett's Test

|  |          |
|--|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .734     |
| Approx. Chi-Square                               | 1293.362 |
| Bartlett's Test of Sphericity                    |          |
| df   | 55       |
| Sig.   | .000     |

#### Total Variance Explained

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1         | 3.138               | 28.525        | 28.525       | 3.138                               | 28.525        | 28.525       |
| 2         | 2.449               | 22.260        | 50.785       |                                     |               |              |
| 3         | 1.096               | 9.961         | 60.746       |                                     |               |              |
| 4         | .941                | 8.552         | 69.298       |                                     |               |              |
| 5         | .684                | 6.221         | 75.519       |                                     |               |              |
| 6         | .653                | 5.933         | 81.452       |                                     |               |              |
| 7         | .541                | 4.918         | 86.370       |                                     |               |              |
| 8         | .477                | 4.336         | 90.706       |                                     |               |              |
| 9         | .403                | 3.664         | 94.370       |                                     |               |              |
| 10        | .322                | 2.927         | 97.297       |                                     |               |              |
| 11        | .297                | 2.703         | 100.000      |                                     |               |              |

Extraction Method: Principal Component Analysis.

#### Component Matrix<sup>a</sup>

|       | Component |
|-------|-----------|
|       | 1         |
| RET9  | .693      |
| RET6  | .622      |
| RET5  | .593      |
| RET10 | .580      |
| RET8  | .557      |
| RET2  | .554      |
| RET3  | .530      |
| RET4  | .501      |

## Appendix 9

### Reliability of Coefficient of Constructs

#### i. Internal Market Intelligence Generation (IMIG)

##### Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .820             | .820   | 13         |

##### Item-Total Statistics

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| IMO43 | 41.28                      | 47.036                         | .673                             | .503                         | .790                             |
| IMO31 | 41.62                      | 45.842                         | .630                             | .447                         | .792                             |
| IMO42 | 41.34                      | 46.742                         | .688                             | .543                         | .789                             |
| IMO3  | 41.66                      | 47.607                         | .559                             | .396                         | .799                             |
| IMO12 | 42.36                      | 66.988                         | -.588                            | .425                         | .880                             |
| IMO40 | 41.17                      | 47.767                         | .648                             | .516                         | .793                             |
| IMO14 | 41.70                      | 49.743                         | .529                             | .419                         | .803                             |
| IMO39 | 41.57                      | 49.627                         | .531                             | .333                         | .802                             |
| IMO33 | 41.18                      | 48.821                         | .550                             | .427                         | .801                             |
| IMO15 | 41.69                      | 50.929                         | .452                             | .378                         | .808                             |
| IMO23 | 41.38                      | 48.063                         | .590                             | .398                         | .797                             |
| IMO11 | 41.62                      | 50.916                         | .458                             | .348                         | .808                             |
| IMO4  | 41.55                      | 51.041                         | .439                             | .279                         | .809                             |

#### ii. Internal Market Intelligence Dissemination (IMID)

##### Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .869             | .869   | 9          |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| IMO21 | 28.36                      | 29.122                         | .645                             | .564                         | .851                             |
| IMO22 | 28.36                      | 29.084                         | .626                             | .527                         | .853                             |
| IMO20 | 28.42                      | 28.480                         | .677                             | .511                         | .848                             |
| IMO19 | 28.29                      | 28.345                         | .697                             | .566                         | .846                             |
| IMO18 | 28.28                      | 29.187                         | .583                             | .413                         | .857                             |
| IMO29 | 28.10                      | 29.647                         | .601                             | .406                         | .855                             |
| IMO27 | 28.26                      | 29.871                         | .559                             | .395                         | .859                             |
| IMO30 | 28.37                      | 30.397                         | .506                             | .316                         | .864                             |
| IMO2  | 28.34                      | 30.735                         | .527                             | .303                         | .861                             |

**iii. Responsiveness to Intelligence (RTI)**

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .724             | .713   | 7          |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| IMO37 | 17.96                      | 17.743                         | .579                             | .465                         | .660                             |
| IMO41 | 18.26                      | 17.011                         | .530                             | .370                         | .666                             |
| IMO32 | 18.11                      | 16.597                         | .539                             | .373                         | .663                             |
| IMO36 | 18.28                      | 17.942                         | .486                             | .434                         | .679                             |
| IMO34 | 18.26                      | 17.299                         | .480                             | .310                         | .680                             |
| IMO17 | 17.95                      | 18.814                         | .409                             | .202                         | .698                             |
| IMO15 | 17.79                      | 22.772                         | .018                             | .023                         | .770                             |

**iv. Affective Commitment (AFC)**

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .778             | .779   | 5          |

**Item-Total Statistics**

|      | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| EOC7 | 13.73                      | 7.576                          | .594                             | .454                         | .723                             |
| EOC8 | 13.77                      | 7.447                          | .579                             | .463                         | .727                             |
| EOC5 | 13.56                      | 7.587                          | .579                             | .352                         | .727                             |
| EOC3 | 13.57                      | 7.750                          | .492                             | .255                         | .757                             |
| EOC1 | 13.49                      | 7.632                          | .516                             | .313                         | .749                             |

**v. Continuance Commitment (CC)**

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .832             | .830   | 6          |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| EOC11 | 17.40                      | 14.338                         | .686                             | .508                         | .786                             |
| EOC12 | 17.31                      | 14.655                         | .670                             | .495                         | .790                             |
| EOC10 | 17.32                      | 15.026                         | .652                             | .451                         | .794                             |
| EOC14 | 17.36                      | 16.267                         | .559                             | .350                         | .813                             |
| EOC9  | 17.26                      | 15.978                         | .541                             | .341                         | .817                             |
| EOC16 | 17.29                      | 16.610                         | .512                             | .308                         | .822                             |

**vi. Normative Commitment (NC)**

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .797             | .801   | 7          |



**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| EOC19 | 19.94                      | 16.172                         | .514                             | .304                         | .773                             |
| EOC22 | 19.78                      | 16.016                         | .533                             | .324                         | .769                             |
| EOC23 | 19.63                      | 16.571                         | .554                             | .369                         | .766                             |
| EOC24 | 20.01                      | 16.596                         | .409                             | .222                         | .795                             |
| EOC20 | 19.67                      | 15.988                         | .626                             | .460                         | .753                             |
| EOC21 | 19.66                      | 16.615                         | .533                             | .391                         | .770                             |
| EOC18 | 19.63                      | 16.531                         | .547                             | .377                         | .767                             |

**vii. Employees' Retention (ER)**

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .739             | .747   | 8          |

**Item-Total Statistics**

|       | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| RET2  | 23.80                      | 19.316                         | .433                             | .394                         | .712                             |
| RET3  | 23.78                      | 19.477                         | .450                             | .366                         | .709                             |
| RET4  | 23.83                      | 19.704                         | .437                             | .437                         | .712                             |
| RET5  | 24.08                      | 18.889                         | .405                             | .453                         | .719                             |
| RET6  | 23.94                      | 18.347                         | .426                             | .495                         | .715                             |
| RET8  | 23.74                      | 20.156                         | .299                             | .276                         | .739                             |
| RET9  | 23.63                      | 19.002                         | .560                             | .416                         | .691                             |
| RET10 | 23.48                      | 19.166                         | .497                             | .368                         | .701                             |

## Appendix 10

### Descriptive Analysis of Constructs

Descriptive Statistics

|                    | N   | Minimum | Maximum | Mean   | Std. Deviation |
|--------------------|-----|---------|---------|--------|----------------|
| IMIG               | 392 | 1.31    | 4.62    | 3.4623 | .58539         |
| IMID               | 392 | 1.33    | 5.00    | 3.5385 | .67263         |
| RTI                | 392 | 1.57    | 4.86    | 3.0146 | .69731         |
| AFC                | 392 | 1.00    | 5.00    | 3.4061 | .67074         |
| CC                 | 392 | 1.00    | 5.00    | 3.4647 | .77395         |
| NC                 | 392 | 1.00    | 5.00    | 3.2930 | .66289         |
| RET                | 392 | 1.00    | 5.00    | 3.3980 | .61552         |
| Valid N (listwise) | 392 |         |         |        |                |

## Appendix 11

### Pearson Correlation Analysis

|      |                     | Correlations |        |        |        |        |        |        |
|------|---------------------|--------------|--------|--------|--------|--------|--------|--------|
|      |                     | IMIG         | IMID   | RTI    | AFC    | CC     | NC     | RET    |
| IMIG | Pearson Correlation | 1            | .578** | .099   | .395** | .468** | .254** | .329** |
|      | Sig. (1-tailed)     |              | .000   | .025   | .000   | .000   | .000   | .000   |
|      | N                   | 392          | 392    | 392    | 392    | 392    | 392    | 392    |
| IMID | Pearson Correlation | .578**       | 1      | .321** | .554** | .387** | .458** | .450** |
|      | Sig. (1-tailed)     | .000         |        | .000   | .000   | .000   | .000   | .000   |
|      | N                   | 392          | 392    | 392    | 392    | 392    | 392    | 392    |
| RRTI | Pearson Correlation | .099         | .321** | 1      | .313** | .112   | .388** | .272** |
|      | Sig. (1-tailed)     | .025         | .000   |        | .000   | .014   | .000   | .000   |
|      | N                   | 392          | 392    | 392    | 392    | 392    | 392    | 392    |
| AFC  | Pearson Correlation | .395**       | .554** | .313** | 1      | .498** | .460** | .411** |
|      | Sig. (1-tailed)     | .000         | .000   | .000   |        | .000   | .000   | .000   |
|      | N                   | 392          | 392    | 392    | 392    | 392    | 392    | 392    |
| CC   | Pearson Correlation | .468**       | .387** | .112   | .498** | 1      | .502** | .297** |
|      | Sig. (1-tailed)     | .000         | .000   | .014   | .000   |        | .000   | .000   |
|      | N                   | 392          | 392    | 392    | 392    | 392    | 392    | 392    |
| NC   | Pearson Correlation | .254**       | .458** | .388** | .460** | .502** | 1      | .304** |
|      | Sig. (1-tailed)     | .000         | .000   | .000   | .000   | .000   |        | .000   |
|      | N                   | 392          | 392    | 392    | 392    | 392    | 392    | 392    |
| RET  | Pearson Correlation | .329**       | .450** | .272** | .411** | .297** | .304** | 1      |
|      | Sig. (1-tailed)     | .000         | .000   | .000   | .000   | .000   | .000   |        |
|      | N                   | 392          | 392    | 392    | 392    | 392    | 392    | 392    |

\*\* . Correlation is significant at the 0.01 level (1-tailed).

\* . Correlation is significant at the 0.05 level (1-tailed).

## Appendix 12

### Multicollinearity Test

| Model |            | Coefficients <sup>a</sup>   |            |                           |       |      |                         |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.261                       | .204       |                           | 6.175 | .000 |                         |       |
|       | IMIG       | .082                        | .061       | .078                      | 1.356 | .176 | .577                    | 1.732 |
|       | DIIMID     | .219                        | .058       | .240                      | 3.814 | .000 | .486                    | 2.058 |
|       | RTI        | .105                        | .044       | .119                      | 2.406 | .017 | .785                    | 1.274 |
|       | AFC        | .158                        | .053       | .172                      | 2.971 | .003 | .571                    | 1.751 |
|       | CC         | .046                        | .046       | .058                      | 1.002 | .317 | .566                    | 1.768 |
|       | NC         | .018                        | .053       | .019                      | .338  | .735 | .582                    | 1.719 |

a. Dependent Variable: RETENTION

## Appendix 13

### Normality Testing – Skewness and Kurtosis

| Descriptive Statistics |           |           |           |           |           |                |           |            |           |            |
|------------------------|-----------|-----------|-----------|-----------|-----------|----------------|-----------|------------|-----------|------------|
|                        | N         | Range     | Minimum   | Maximum   | Mean      | Std. Deviation | Skewness  |            | Kurtosis  |            |
|                        | Statistic | Statistic | Statistic | Statistic | Statistic | Statistic      | Statistic | Std. Error | Statistic | Std. Error |
| RETENTION              | 392       | 4.00      | 1.00      | 5.00      | 3.3980    | .61552         | -.320     | .123       | 1.106     | .246       |
| Valid N (listwise)     | 392       |           |           |           |           |                |           |            |           |            |

## Appendix 14

### Normality Test using M-Estimator

#### Descriptives

|           |                                  | Statistic   | Std. Error |  |
|-----------|----------------------------------|-------------|------------|--|
| RETENTION | Mean                             | 3.3980      | .03109     |  |
|           | 95% Confidence Interval for Mean | Lower Bound | 3.3368     |  |
|           |                                  | Upper Bound | 3.4591     |  |
|           | 5% Trimmed Mean                  | 3.4065      |            |  |
|           | Median                           | 3.3750      |            |  |
|           | Variance                         | .379        |            |  |
|           | Std. Deviation                   | .61552      |            |  |
|           | Minimum                          | 1.00        |            |  |
|           | Maximum                          | 5.00        |            |  |
|           | Range                            | 4.00        |            |  |
|           | Interquartile Range              | .75         |            |  |
|           | Skewness                         | -.320       | .123       |  |
|           | Kurtosis                         | 1.106       | .246       |  |

#### M-Estimators

|           | Huber's M-Estimator <sup>a</sup> | Tukey's Biweight <sup>b</sup> | Hampel's M-Estimator <sup>c</sup> | Andrews' Wave <sup>d</sup> |
|-----------|----------------------------------|-------------------------------|-----------------------------------|----------------------------|
| RETENTION | 3.4048                           | 3.4069                        | 3.4106                            | 3.4064                     |

## Appendix 15

### Regression Result of Internal Market Orientation Components on Employees' Retention

**Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |
| 1     | .480 <sup>a</sup> | .231     | .225              | .54195                     | .231              | 38.787   | 3   | 388 | .000          |

a. Predictors: (Constant), RTI, IMIG, IMID

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 34.176         | 3   | 11.392      | 38.787 | .000 <sup>b</sup> |
|       | Residual   | 113.961        | 388 | .294        |        |                   |
|       | Total      | 148.137        | 391 |             |        |                   |

a. Dependent Variable: RET

b. Predictors: (Constant), RTI, IMIG, IMID

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.473                       | .196       |                           | 7.503 | .000 |                         |       |
|       | IMIG       | .130                        | .058       | .123                      | 2.244 | .025 | .658                    | 1.519 |
|       | IMID       | .302                        | .053       | .330                      | 5.718 | .000 | .596                    | 1.677 |
|       | RTI        | .136                        | .042       | .154                      | 3.249 | .001 | .886                    | 1.129 |

a. Dependent Variable: RET

## Appendix 16

### Regression Result of Internal Market Orientation Components on Employees' Organizational Commitment – Affective Commitment

**Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |
| 1     | .582 <sup>a</sup> | .339     | .334              | .54755                     | .339              | 66.242   | 3   | 388 | .000          |

a. Predictors: (Constant), RTI, IMIG, IMID

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 59.579         | 3   | 19.860      | 66.242 | .000 <sup>b</sup> |
|       | Residual   | 116.326        | 388 | .300        |        |                   |
|       | Total      | 175.905        | 391 |             |        |                   |

a. Dependent Variable: AFC

b. Predictors: (Constant), RTI, IMIG, IMID

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | .906                        | .198       |                           | 4.567 | .000 |                         |       |
|       | IMIG       | .153                        | .058       | .134                      | 2.626 | .009 | .658                    | 1.519 |
|       | IMID       | .423                        | .053       | .424                      | 7.935 | .000 | .596                    | 1.677 |
|       | RTI        | .157                        | .042       | .163                      | 3.721 | .000 | .886                    | 1.129 |

a. Dependent Variable: AFC



## Appendix 17

### Regression Result of Internal Market Orientation Components on Employees' Organizational Commitment – Continuance Commitment

**Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |
| 1     | .489 <sup>a</sup> | .239     | .234              | .67755                     | .239              | 40.722   | 3   | 388 | .000          |

a. Predictors: (Constant), RTI, IMIG, IMID

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 56.084         | 3   | 18.695      | 40.722 | .000 <sup>b</sup> |
|       | Residual   | 178.122        | 388 | .459        |        |                   |
|       | Total      | 234.206        | 391 |             |        |                   |

a. Dependent Variable: CC

b. Predictors: (Constant), RTI, IMIG, IMID

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.024                       | .245       |                           | 4.174 | .000 |                         |       |
|       | IMIG       | .488                        | .072       | .369                      | 6.767 | .000 | .658                    | 1.519 |
|       | IMID       | .192                        | .066       | .167                      | 2.905 | .004 | .596                    | 1.677 |
|       | RTI        | .024                        | .052       | .021                      | .456  | .648 | .886                    | 1.129 |

a. Dependent Variable: CC

## Appendix 18

### Regression Result of Internal Market Orientation Components on Employees' Organizational Commitment – Normative Commitment

**Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |
| 1     | .524 <sup>a</sup> | .275     | .269              | .56670                     | .275              | 49.002   | 3   | 388 | .000          |

a. Predictors: (Constant), RTI, IMIG, IMID

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 47.210         | 3   | 15.737      | 49.002 | .000 <sup>b</sup> |
|       | Residual   | 124.605        | 388 | .321        |        |                   |
|       | Total      | 171.816        | 391 |             |        |                   |

a. Dependent Variable: NC

b. Predictors: (Constant), RTI, IMIG, IMID

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.186                       | .205       |                           | 5.781 | .000 |                         |       |
|       | IMIG       | .022                        | .060       | .019                      | .361  | .718 | .658                    | 1.519 |
|       | IMID       | .355                        | .055       | .361                      | 6.441 | .000 | .596                    | 1.677 |
|       | RTI        | .257                        | .044       | .270                      | 5.876 | .000 | .886                    | 1.129 |

a. Dependent Variable: NC

## Appendix 19

### Regression Result of Employees' Organizational Commitment on Employees' Retention.

**Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |
| 1     | .436 <sup>a</sup> | .190     | .184              | .55610                     | .190              | 30.344   | 3   | 388 | .000          |

a. Predictors: (Constant), NC, AFC, CC

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 28.151         | 3   | 9.384       | 30.344 | .000 <sup>b</sup> |
|       | Residual   | 119.986        | 388 | .309        |        |                   |
|       | Total      | 148.137        | 391 |             |        |                   |

a. Dependent Variable: RET

b. Predictors: (Constant), NC, AFC, CC

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.826                       | .172       |                           | 10.641 | .000 |                         |       |
|       | AFC        | .291                        | .050       | .318                      | 5.787  | .000 | .693                    | 1.442 |
|       | CC         | .063                        | .045       | .079                      | 1.405  | .161 | .658                    | 1.520 |
|       | NC         | .110                        | .051       | .118                      | 2.150  | .032 | .690                    | 1.450 |

a. Dependent Variable: RET

## Appendix 20

### Mediation Effect of Affective Commitment on IMIG and RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.201                       | .177       |                           | 12.465 | .000 |                         |       |
|       | IMIG       | .346                        | .050       | .329                      | 6.877  | .000 | 1.000                   | 1.000 |

a. Dependent Variable: RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.840                       | .187       |                           | 9.829 | .000 |                         |       |
|       | IMIG       | .452                        | .053       | .395                      | 8.486 | .000 | 1.000                   | 1.000 |

a. Dependent Variable: AFC

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.638                       | .187       |                           | 8.768 | .000 |                         |       |
|       | IMIG       | .207                        | .052       | .197                      | 4.000 | .000 | .844                    | 1.185 |
|       | AFC        | .306                        | .045       | .333                      | 6.764 | .000 | .844                    | 1.185 |

a. Dependent Variable: RET

## Appendix 21

### Mediation Effect of Affective Commitment on IMID and RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.940                       | .149       |                           | 13.019 | .000 |                         |       |
|       | IMID       | .412                        | .041       | .450                      | 9.956  | .000 | 1.000                   | 1.000 |

a. Dependent Variable: RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.452                       | .151       |                           | 9.589  | .000 |                         |       |
|       | IMID       | .552                        | .042       | .554                      | 13.134 | .000 | 1.000                   | 1.000 |

a. Dependent Variable: AFC

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.629                       | .162       |                           | 10.061 | .000 |                         |       |
|       | IMID       | .294                        | .049       | .321                      | 6.045  | .000 | .693                    | 1.442 |
|       | AFC        | .214                        | .049       | .234                      | 4.403  | .000 | .693                    | 1.442 |

a. Dependent Variable: RET

## Appendix 22

### Mediation Effect of Affective Commitment on RTI and RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.675                       | .133       |                           | 20.098 | .000 |                         |       |
|       | RTI        | .240                        | .043       | .272                      | 5.576  | .000 | 1.000                   | 1.000 |

a. Dependent Variable: RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.500                       | .143       |                           | 17.463 | .000 |                         |       |
|       | RTI        | .301                        | .046       | .313                      | 6.499  | .000 | 1.000                   | 1.000 |

a. Dependent Variable: AFC

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.845                       | .166       |                           | 11.104 | .000 |                         |       |
|       | RTI        | .140                        | .042       | .159                      | 3.306  | .001 | .902                    | 1.108 |
|       | AFC        | .332                        | .044       | .362                      | 7.538  | .000 | .902                    | 1.108 |

a. Dependent Variable: RET

## Appendix 23

### Mediation Effect of Normative Commitment on IMID and RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardize<br>d<br>Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|----------------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                             |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.940                       | .149       |                                  | 13.019 | .000 |                         |       |
|       | IMID       | .412                        | .041       | .450                             | 9.956  | .000 | 1.000                   | 1.000 |

a. Dependent Variable: RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardize<br>d<br>Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|----------------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                             |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.695                       | .160       |                                  | 10.608 | .000 |                         |       |
|       | IMID       | .452                        | .044       | .458                             | 10.184 | .000 | 1.000                   | 1.000 |

a. Dependent Variable: NC

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardize<br>d<br>Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|----------------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                             |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 1.746                       | .168       |                                  | 10.386 | .000 |                         |       |
|       | IMID       | .360                        | .046       | .394                             | 7.785  | .000 | .790                    | 1.266 |
|       | NC         | .115                        | .047       | .124                             | 2.444  | .015 | .790                    | 1.266 |

a. Dependent Variable: RET

## Appendix 24

### Mediation Effect of Normative Commitment on RTI and RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.675                       | .133       |                           | 20.098 | .000 |                         |       |
|       | RTI        | .240                        | .043       | .272                      | 5.576  | .000 | 1.000                   | 1.000 |

a. Dependent Variable: RET

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.182                       | .137       |                           | 15.896 | .000 |                         |       |
|       | RTI        | .368                        | .044       | .388                      | 8.302  | .000 | 1.000                   | 1.000 |

a. Dependent Variable: NC

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.201                       | .167       |                           | 13.203 | .000 |                         |       |
|       | RTI        | .160                        | .046       | .181                      | 3.512  | .000 | .850                    | 1.177 |
|       | NC         | .217                        | .048       | .234                      | 4.531  | .000 | .850                    | 1.177 |

a. Dependent Variable: RET