



# The moderating effect of cultural congruence on the internal marketing practice and employee satisfaction relationship: An empirical examination of Australian and Taiwanese born tourism employees



Yu-Ting Huang<sup>a,1</sup>, Sharyn Rundle-Thiele<sup>b,\*</sup>

<sup>a</sup> Department of Hotel and Club Management, School of Tourism Management, Sun Yat-Sen University, Zhuhai, Guangdong 519000, China

<sup>b</sup> Social Marketing @ Griffith, Griffith Business School, Griffith University, Nathan, Queensland 4111, Australia

## HIGHLIGHTS

- A person's own cultural background on internal marketing (IM) has received limited research focus.
- Internal marketing leads to Australian and Taiwanese tourism employee satisfaction (ES).
- Companies can improve the IM-ES relationship by catering to employees cultural needs.

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## ABSTRACT

The role of internal marketing on building employee satisfaction has been empirically established. More than 200 internal marketing studies are evident in the literature yet few consider the role of an employee's own cultural background with no quantitative exploration to date. In response to this gap in the literature, this research seeks to understand whether cultural congruence (the degree to which an organisation meets an employee's cultural needs) moderates the internal marketing practice and employee satisfaction relationship in a culturally diverse work setting. A sample of 458 valid responses was received from English and Traditional Chinese online and face to face surveys of tourism employees in Australia who were both Australian and Taiwanese born. The data were analysed using confirmatory factor analysis and multi-group analysis. The results confirmed the positive internal marketing and employee satisfaction relationship. Further, this research contributes both applied and theoretical outcomes with empirical evidence establishing that cultural congruence can further strengthen the internal marketing and employee satisfaction relationship. Limitations and future research directions are outlined.

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## 1. Introduction

Anyone who has travelled to a country where they have little or no understanding of the local language can understand how isolating the inability to communicate and understand cultural differences can be. Even travel to a country with the same language and cultural background involves learning subtle differences in vocabulary to communicate effectively. In brief, it may be difficult

to manage a multi-cultural workforce as each of the different cultural employee groups brings their own language and shared understandings. Foreign and migrant workers might try to adopt the host culture; however, it is difficult to discard one's own culture. Consequently, organisations may need to understand whether marketing programs are equally effective for all employees in a multi-cultural workforce. Extensive research on internal marketing suggests that internal marketing can improve many indicators with employee satisfaction being a frequently explored outcome (examples include Joseph, 1996; Paraskevas, 2001). However, the relationship between internal marketing and employee satisfaction has been developed within a singular (Western) cultural context (Ville, 2009; Wasmer & Brunner, 1991) and further empirical research is needed. Firstly, to understand whether the internal

\* Corresponding author. Tel.: +61 (0)7 3735 6446; fax: +61 (0)7 3735 7126.  
E-mail addresses: [huangyout@mail.sysu.edu.cn](mailto:huangyout@mail.sysu.edu.cn) (Y.-T. Huang), [s.rundle-thiele@griffith.edu.au](mailto:s.rundle-thiele@griffith.edu.au) (S. Rundle-Thiele).

<sup>1</sup> Tel.: +86 (0)756 3668277; fax: +86 (0)756 3668279.

marketing and employee satisfaction relationship extends to an Eastern, specifically Taiwanese culture and secondly, to understand the moderating effects of cultural congruence on the internal marketing and employee satisfaction relationship.

According to the statistics from the [World Tourism Organisation \(2012\)](#), there are a large proportion of foreign and migrant employees working in the tourism and hospitality industry worldwide. Recent statistics ([ABS, 2010a](#)) suggest the Australian population was an estimated 21.9 million in 2009. In the same year, 81,018 immigrants from more than 185 countries migrated to Australia ([ABS, 2010a](#)). Nearly 30,000 immigrants come from Asian countries including both North-East Asia and South-East Asia, who account for 23.4 per cent and 11.7 per cent respectively ([ABS, 2010a](#)). Furthermore, a language other than English was spoken at home in 16.2 per cent of Australian homes in 2006, including Italian (10 per cent), Cantonese (7.8 per cent) and Mandarin (7 per cent) to name but a few ([Department of Immigrant and Citizenship, 2010](#)).

Australia has long been a migrant country and the effect of immigration from Britain and Northern Europe to Southeast Asia and New Zealand significantly contributed almost 60 per cent of labour growth ([Bennett & Carter, 2001](#)). Asian immigrants consisting of the Indians, Chinese, and Vietnamese are one of the largest migrant populations in Australia ([ABS, 2010b](#)). International students also account for 40 per cent of the visa-holding population, and most of them work in services, including tourism and hospitality, customer service, and massage services ([ABS, 2012](#)). The Australian workforce is characterised as one with people from a variety of different cultural backgrounds. It is the experience of two different cultural members in one country, namely the Taiwanese in Australia and native born Australians who are the focus of this study. In the 1980s Australia targeted Taiwan as a source country for business migrants, consequently the Taiwan-born population rose from 2056 in 1986 to 12,528 in 1991. According to the 2006 Census, the estimated rate of Australian citizenship for Taiwan-born people in Australia was 4.1 per cent of the Australian population ([Museum Victoria, 2012](#)). Consequently, Taiwan has ranked second in Australian business and skilled migration during the last two decades ([Museum Victoria, 2012](#)). Moreover, Taiwan is one of the major source countries for tourism and education in Australia. In 2010 over 87,000 Taiwanese visited Australia and there were over 8400 Taiwanese enrolments in Australian educational institutions. Also, there were over 10,000 Taiwanese people in the Working Holiday Marker programme ([ACPET, 2010](#); [Department of Foreign Affairs and Trade, 2011](#)).

Currently, most Taiwanese speak a language other than English at home; 88.9 per cent speak Mandarin and 2.5 per cent speak Hokkien ([Department of Immigration and Citizenship, 2012](#)). Moreover, the findings from [Tsai's \(2010\)](#) study indicated that Taiwanese people maintain a Taiwanese culture at home, and tend to absorb Chinese news and information rather than Australian news and information. Further, the [Tsai \(2010\)](#) study suggests that Taiwan immigrants continue to celebrate Chinese festivals and holidays, although they will adopt Australian culture outside the home. In response to the growing number of Taiwanese people living in Australia temporarily and permanently, the Taiwanese population was selected as a focal point for this study. Taiwanese were expected to have low cultural congruence with tourism and hospitality employers in Australia not necessarily meeting their cultural needs.

This research aims to consider cultural congruence from data collected in Australia that targets both Taiwanese and Australians who are from an English speaking background. The aim of this study is to examine the influence of cultural congruence on the internal marketing and employee satisfaction relationship. The

Australian group was expected to provide a group with high cultural congruence when compared to a group who had recently migrated to Australia. In this study, the migrant group selected were the Taiwanese. The unique contribution that is expected to arise from this study is that to date no study has empirically sought to understand how cultural congruence impacts the internal marketing-employee satisfaction relationship. An understanding of different cultural backgrounds and subsequent experiences in the workplace may assist to build an understanding of how internal marketing practices could be enhanced to further increase employee satisfaction.

## 2. Literature review

Since internal marketing was first defined as “employee as internal customer and job as product” by [Berry, Hensel, and Burke \(1976\)](#), there has been a great deal of debate about the construct. Forty-two definitions spanning more than three decades from [Berry et al.'s \(1976\)](#) original definition to that recently put forth by [Abzari, Ghorbani, and Madani \(2011\)](#) are evident in the literature. The generally accepted definition of internal marketing is that internal marketing is a cultural framework and an instrument to achieve strategic alignment between front-line employees and marketing ([Ahmed & Rafiq, 2003](#)). More specifically, internal marketing is a collection of human resource (HR) policies and procedures that treat employees as members of an internal market who need to be informed, educated, developed, and motivated in order to serve clients more effectively ([Arnett, German, & Hunt, 2003](#)). In the beginning internal marketing was a simple concept which has become more complex over time. Furthermore, most studies have not sought employees' views ([Barnes, Fox, & Morris, 2004](#); [Foreman & Money, 1995](#)). This represents a serious omission given that an employee's perceptions are critical to understanding how well internal marketing is practised. A review of the literature indicates three significant ways that internal marketing is practiced (see [Fig. 1](#)). The elements of internal marketing that are practiced include internal communication (e.g. [Naudé, Desai, & Murphy, 2003](#); [Varey & Lewis, 1999](#)), training (e.g. [Gray, 2006](#); [Zampetakis & Moustakis, 2007](#)) and internal market research (e.g. [Paraskevas, 2001](#); [Quester & Kelly, 1999](#)). Based on the extant body of literature the current study views internal marketing practice as a three dimensional construct comprised of internal communication, training, and internal market research.

The ultimate responsibility of key elements of internal marketing rests on senior management. An internal marketing programme requires continuous management support to be effective. For that reason, the internal marketing programme with key functions can then affect employees, leading to better outcomes (see [Fig. 1](#)), especially in the tourism and hospitality industry (e.g. [Helman & Payne, 1992](#); [King & Grace, 2005](#); [Punjaisri & Wilson, 2007](#)). As the majority of studies have previously focussed on the relationship between internal marketing and employee satisfaction (for example [Helman & Payne, 1992](#); [Joseph, 1996](#); [King & Grace, 2010](#); [Tanshhaj, Randall, & McCullough, 1991](#)) this relationship was chosen as a basis for the current study.

Employee satisfaction has been widely examined because of its significant impact on organisational performance owing to its ability to form a base for competitive advantage, through improved service quality and decreased costs ([Bell, Mengüç, & Stefani, 2004](#); [Broady-Preston & Steel, 2002](#); [Mosahab, Mahamad, & Ramayah, 2011](#)). Taken together, the literature suggests that organisations that provide and practice internal marketing are more likely to satisfy their employees. In turn, satisfied employees are more likely to deliver to a customer's satisfaction and be more productive ([Asif & Sargeant, 2000](#); [Rafiq & Ahmad, 2000](#)). Based on previous studies,

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