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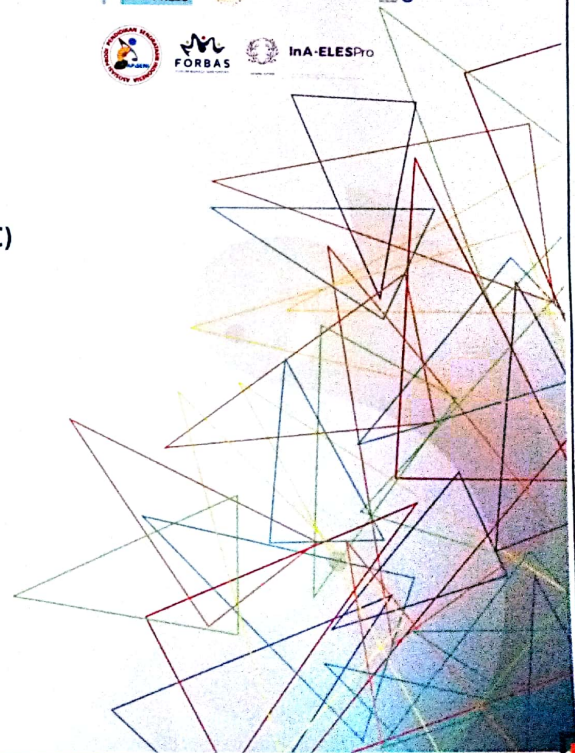
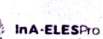


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**The 2<sup>nd</sup> SoSHEC**



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Advances in  
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# **Proceedings of the 2nd Social Sciences, Humanities and Education Conference: Establishing Identities through Language, Culture, and Education (SOSHEC 2018)**

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# Uncovering Job Satisfaction: The Role of Internal Marketing

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**Abstract**—In service-oriented companies, the function of internal marketing are to attract, retain, and motivate the quality of their employees by continuing to improve their ability to deliver services quality. Internal marketing focuses on effective internal organizational achievements and exchanges between organizations and employees as a prerequisite for successful external exchange. The internal marketing relevance to service operations lies in improving service quality in customer-oriented companies. This study seeks to examine the direct influence of internal marketing and corporate entrepreneurship on job satisfaction with organizational support as a moderator variable in the scope of Small and Medium Enterprises (SME's). The results of data analysis using Moderated Regression Analysis (MRA) on the owners and employees of SME's found that internal marketing and corporate entrepreneurship directly affect job satisfaction and moderated by organizational support

**Keywords**—internal marketing; corporate entrepreneurship; organizational support, job satisfaction

## I. INTRODUCTION

The physical contact between the customer-seller in the service environment has continually grown and contributes significantly to the consumer's perception of service quality. However, there are few elements in service organizations that influence consumer perceptions of the interactions between members of the organization and its consumers [1]. Therefore, the exploration of the elements within the organization and its contribution in supporting the interaction of the employees (salespeople) and consumers continue to be done, for example about job design [2], organizational structure [3], interpersonal relationships, rewards, and resource allocation [4]. Activities in building internal relationships within the organization are often the main topics in the internal marketing and marketing literature.

Internal marketing becomes a critical issue in relationship marketing when the organization will carry out its marketing tasks [5]. Furthermore in its development, Berry [6] states that internal marketing is one of the relationship marketing strategies to consider in developing a long-term relationship plan with consumers and relevant to almost all organizations.

For a service company, for example, the quality of services sold will be determined by the skills and work attitude of the employees who produce the service.

Internal marketing is the best approach to build a service-oriented organization. The internal marketing concept was first introduced by Berry [7] and Gronroos [8] as an approach that enabled and motivated all members of the organization to carry out responsibility and service-oriented. Internal marketing emphasizes that all members of the organization are consumers so that the organization strives to maintain and improve its relationships with its internal customers - that is, employees - through quality internal services [9]. Nevertheless, there is a difference of perspective between the two and these differences have dominated the thinking in subsequent internal marketing.

Along with the development of subsequent researchers then also develop the elements of internal marketing. Some researchers mention internal marketing elements consisting of internal communication ([11]; [12]), training ([13]; [14]) and internal market research ([15]; [16]). These three elements were adopted in Huang [17] and Back et. al. [18] studies although substituted internal marketing research elements with perceived benefits. In contrast to previous studies, Back et. al. [18] argued that to be able to make employees able to deliver.

## II. LITERATURE REVIEW

Some researchers have developed different internal marketing definitions and their contribution to various outcomes. Key ideas evolved such as the impact of internal marketing on employees [19]; [7]; [10]; [12], internal marketing impacts on organizations [21]; [19], internal marketing impact on satisfaction [20], and the impact of internal marketing on the development of cross-functional units within the organization [19][20].

Internal marketing is a strategy that aims to create high-performing individual values with respect to its indicators of reward systems, internal communications, training and development as well as senior leader support, to encourage larger performance employees and ultimately affect business performance [22]. The symbiotic relationship between an organization and an internal customer aimed at creating individual values that result in increased profitability, customer

retention, market share, and organizational performance [23]. When organizations can meet their needs and wants and provide support to employees, they are more responsible and more focused on achieving their performance ([24]; [25]; [26]).

Most of studies found that internal marketing has a positive and significant effect on business performance ([22]; [26]). While the studies of [28][29] found the internal marketing had no significant effect on performance. The inconsistency of these findings indicates that internal marketing relations and organizational performance are still possible for further research. In addition to organizational performance, internal marketing is also predicted to play a role in improving employee work satisfaction in the organization [27]. It is well known that the primary purpose of internal marketing is to ensure that its employees feel that the leaders they work with care about them and their needs. Effective internal marketing implementation will positively affect employee attitudes including job satisfaction.

**Hypothesis 1:** Internal marketing has a significant effect on job satisfaction

Corporate entrepreneurship is a concept that deals with the entrepreneurial orientation within the organization's internal environment. Enterprise entrepreneurship is more than just developing new products, but also includes innovations in service, networking, and beyond. Enterprise entrepreneurship is crucial to organizational sustainability, development, profitability, and organizational renewal, especially in some large companies [34] as well as to stimulate innovation within organizations through exploring new opportunities, resources, and developing new products or services. The results of [35]; [36], [38] [30] conclude that corporate entrepreneurship / intrapreneurial behavior such as innovation, proactiveness, risk-taking are positively related to organizational performance. However, some studies argue that there is no significant influence between them [33] [39]. [46] and [47] propose four dimensions in corporate entrepreneurship, namely: innovation, risk taking, pro-activeness, and self-renewal. In addition, based on several research results, suggests that there is influence between corporate entrepreneurship (corporate entrepreneurship) on employee job satisfaction. Research conducted by [48] [31] [32] revealed that the entrepreneurship of the company produces work that can increase job satisfaction and strengthening entrepreneurial practices.

**Hypothesis 2:** The corporate entrepreneurship has a significant effect on job satisfaction

In this study, organizational support is measured by using several dimensions: (1) availability of resources, (2) support of organizational structure, and (3) rewards. Availability of resources (including time availability) is the availability of organizational resources to support the implementation of corporate entrepreneurship. Thus, employees should take advantage of the availability of resources for innovative activities [49][50][51]. New and innovative ideas can be developed if employees have available the time required. Organizations need to consider a rational distribution of work that enables employees to work with others in solving long-term problems. In the perspective of environmental entrepreneurship, employees are allowed to perform creatively

and experiment as far as their working time [39] [52]. The availability of resources is intended to evaluate the workload, ensuring that employees have the time necessary to pursue and innovate and that their work is structured to support the achievement of short-term and long-term organizational goals [40]. According to Jong and Wennekers [41], the availability of resources is one of the important factors that can encourage corporate entrepreneurship.

A supportive organizational structure is an organizational structure designed to support the realization of entrepreneurial activity within the enterprise ([42]; [43]; [35], [44]). The results of [45] [53] show that there is a positive relationship between organizational structure that supports and innovation, and there is no relationship between supportive and proactive organizational structure.

Meanwhile, rewards and reinforcement are to motivate people to engage in innovative behavior ([44] and [46]). Companies provide rewards that are part of performance, challenge, improve responsibility and make people more innovative. According to Jong and Wennekers [41], the availability of rewards is an important factor that can drive the implementation of entrepreneurship / intrapreneurship because financial resources are needed to facilitate individuals in organizations to engage in innovation activities.

**Hypothesis 3:** Organizational support is able to moderate the influence of internal marketing on job satisfaction

**Hypothesis 4:** Organizational support is able to moderate the influence of corporate entrepreneurship on job satisfaction

### III. RESEARCH METHOD

#### A. Sample

This research was conducted by using survey research design and questionnaire as its instrument. Questionnaires were distributed purposively sampling to employees who worked in several SME's in East Java in Indonesia. The method of collecting data by survey method is by distributing questionnaires to a number of respondents directly.

#### B. Measurement of variables

**Internal marketing** is measured by adopting instruments developed by several researchers, namely [47], [48], [49], [28], [50] consisting of dimensions, internal communication and training. Internal communication indicators: (a) two-way communication opportunities, (2) holding regular meetings for service quality, and (3) supervisors facilitating innovative ideas. While the training indicators: (a) provide training opportunities and (b) training to improve the quality of service and (c) the provision of information in the meeting forum.

**Corporate Entrepreneurship** is measured using the following dimensions: (1) Innovativeness (4 items), (2) Risk-taking (4 items), (3) Pro-activeness (4 items) adopted from [46] and (4) Self-renewal (3 items) were adopted from [47].

**Organizational support** is measured using instruments from [39] consisting of six items.