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Influence of Internal Marketing toward Internal Service Quality and impact to Internal Customer Satisfaction: Case Study in Tourism Industry in Yogyakarta Special Territory of Indonesia

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Abstract:
Internal marketing and internal quality service are the important aspect at the organization that can be increase performance organization and customer satisfaction. Aim to this research an investigate influence of internal marketing toward internal service quality with impact to the internal customer satisfaction at Tourism Industry in Yogyakarta Special of Territory. The sample size was 420 respondent with propusive sampling use to determine the sample. The main instrument in this study is questionaire. The analysis used to examine the hypothesis of the study is Structural Equation Modeling using AMOS Version 20.0 Software. The result of the study show that: Internal marketing influence toward internal quality service. Internal marketing and internal quality service significanly influence toward internal costumer satisfation. Never theless, the internal quality service more significanly influence to the internal customer satisfaction than internal marketing. Therefore manager in tourism industry should be improve more the internal marketing than internal quality service.

Keywords: Internal Marketing, Internal Quality Service, Internal Costumer Satisfaction, external customer satisfaction

1. Introduction

To the better serve customers the service sector has shown that organizations not only need to focus on external markets and customers, but also need to consider an organization as a market and employees as internal customers (Barnes & Morris, 2000). Internal marketing, which is generally considered as a planned effort using a marketing like approach to internal customers in an organization to deliver customer satisfaction is proposed and considered more important than external marketing (Lings, 2004). Internal marketing empirical research in the service sector has proven that internal marketing has influenced on internal customer satisfactions (Ahmed, Rafiq, & Saad, 2003). According to Panigyrakis (2009) internal marketing ideas emerged in the 1970s, has been used as one way to problem solve that occurs due to a lack in the quality of service, so that companies must work hard to develop methods that improve service delivery.

Lombard (2010) suggests that the successful application of the principles of internal marketing is a prerequisite for effective external marketing. Such products services other services that require tourism targets, targets in the tourism activities are visitors or tourists, just like other products, tourism in reaching its target audience also requires marketing activities. The marketing activities always lead to an attempt to provide a level of satisfaction to its customers. Customers in any organization will always consist of internal customers and external customers should receive the attention and always get good service so satisfied. At the same consumer or customer awareness of the quality makes quality is paramount, on the condition of the organization are in demand to improve all quality aspects (Jumadi, 2012).

According to EL Saman and Alshurideh (2012) stated that Internal Marketing Concept (IM) is a relatively new approach that has been studied by researchers and adopted by the company in order to improve the quality of their products and services and to achieve good performance. Currently, the company has found it and is very necessary to see their operations internally and most importantly they find that it is an important thing to understand about the company's view of its human resources.

To assess the efficiency of the internal marketing to their employees, which allows them to know the views of their employees and how they view the treatment they received in their daily work. This will help the ability of managers to find areas that need improvement for analysis further if necessary to ensure high productivity from their employees. So in this study, will focus on the influence of internal marketing toward internal customer satisfaction in Yogyakarta tourism industry. Based on the formula above, the purpose of this research are.

- To indentify influence of internal marketing toward Internal Customer satisfaction.
- To indentify the most influence internal marketing dimension toward Internal Customer satisfaction.

2. Theoretical Study

2.1. Internal Marketing

Tansuhaj (1988) suggests concept internal marketing include employee recuitment, training, motivation, communication and retention efforts ."Internal Market is the best thoughts and employees motivated and performance-oriented approach to customers, actively marketing such as, in a variety of active and coordinated activities are done in the company's internal ('Gronroos,1994). Therefore, to be able to conduct marketing activities with both internal employees who have a good mentality and motivated is a requirement of success. Purpose of internal marketing activities are to improve the quality of relationships with external marketing (Ballantyne, 2004). Kumar (2010) suggests internal marketing is a very significant aspect of the marketing activities of services, service companies choose the right people to do the right job and build a customer-oriented employees. Internal marketing become assumption of a hinge that employee satisfaction and customer satisfaction will be interconnected and then make internal marketing as a prelude to the activities external marketing.

Internal marketing is used to refer to the activities of the organization are carryout in order to attract and win the hearts and minds of employees in providing services that can differentiate with other services (Araoub & Hersh, 2011). Internal marketing is a holistic marketing elements that include tasks including recruitment, training and motivation of employees who are able to serve customers well. This ensures that everyone in the organization to implementing the principles of proper marketing especially senior managers. Marketing activities within the company can be just as important as the activities that are outside the company (Kotler & Keller, 2012). EL Samen and Alshurideh (2012) suggests internal marketing, dimensions which covers; Motivation and Reward System, Effective Communication, Effective Employee's Selection, Effective Recruitment, Development Effective, Effective Support System, Healthy Work Environment.

Under these conditions, in this study the mean by internal marketing is an effort to provide the best service to internal customers (employees) to get employees who are dedicated motivated and thus able to provide the best services to external customers. So that the variables of internal marketing EL Samen and Alshurideh (2012) was adopted in this study.

2.2. Internal Service Quality

Refers to Schneider and White (2004), to ensure that employees provide the quality of service, the service needs to be prepared with the tools needed by the resource. According to Jain and Gupta (2004) states that service quality has been recognized as a strategic tool to achieve operational efficiencies and improve business performance. Internal service quality has a direct impact on employee satisfaction. If the internal service quality is low, so is employee satisfaction will also be low. On the other hand, if the employee has a high satisfaction, this is due to the good quality of internal services (Jarvi; 2012).

According to EL Samen and Alshurideh (2012) internal customer is defined as "each member (employee) of the organization receiving the services and products of other members of the organization to carry out their work". Internal Services are services provided between different departments within the organization Jarvi (2012). According to Reynoso & Moores (1995) Asubonteng et al, (1996), Kang et al, (2002.) EL Samen and Alshurideh (2012) the internal service quality dimension include: tangible, reliability, responsiveness, assurance and empathy.

Based the above it is an internal service quality in this study is a service provided to internal customers covering act preparing of facilities, understanding attitude, speed, reliability and the guarantee of the work. Internal service quality dimensions developed by which refers to the opinion Reynoso & Moores (1995) Asubonteng et al, (1996), Kang et al, (2002.) EL Samen and Alshurideh (2012) was adopted in this study.

2.3. Internal Customer Satisfaction and its Measurement

Job satisfaction receives broad research attention, and some indexes for measuring this construct have been developed, such as Job Satisfaction Survey JSS, (Spector, 1985). There are similar ideas in internal customer satisfaction, such as "employee satisfaction" and "job satisfaction". A simple and direct definition for employee satisfaction is the gratification or prosperity that the employees get from their job Hellriegel, Jackson, & Slocum (1999). Although many definitions of satisfaction, the definition of the dominant and widely used definition is based on the disconfirmation paradigm Oliver, (1999). In the disconfirmation paradigm, formulated as evaluation of customer satisfaction, where the perception of the performance of selected services meet customer expectations. Every aspect that has to do with the influence that the job has on the employee, as well as the perception that the employee has of the job/organization, is included in this definition of employee satisfaction Eskildsen & Nussler (2000).

While Kotler (2000) defines satisfaction as the feelings of pleasure or disappointment suffered by a person after comparing the perceptions of performance or results of a product with its expectations. Also explained that satisfaction/dissatisfaction customers is an alternative of assessment selected after sales where in at least equal or exceed customer expectations. Understanding customer satisfaction can be interpreted as a good performance at least equal to what is expected. According to Oliver Barnes (2003) is the satisfaction of customer feedback on the requirement. According to Susana (2012) suggests that internal customers are as individual departments within the organization served by internal suppliers. An organization consists of a chain of individual units, which are connected together, furthermore, the existing units linked to satisfy external customers.
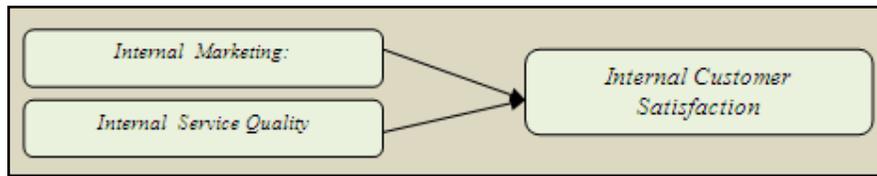
2.4. Research Paradigm

Figure 1: Research Paradigm

3. Research Method

The data needed in this study is primary that obtained from the first source. This study were obtained directly by distributing the closed questionnaires to the respondents. The sample size was 420 respondent with propusive sampling use to determine the sample. Variable in the study consisted of two variables is the dependent variable related internal customer satisfaction and independent variabel is internal marketing and internal service quality onYogyakarta tourism industry. The analysis used to examine the hypothesis of the study is Structural Equation Modelling using AMOS Version 20.0 Software.

4. Result and Discussion

4.1. Descriptiv Analysis

From the result of data analysis show the table 1 suggest that internal marketing as independent variable: motivation and reward system, effective communication, effective employee's selection, effective recruitment, effective development, effective support system and healthy work environment. That Internal quality service include: tangible, emphaty, responsiveness, reliability dan assurance and internal customer satisfaction as the dependent variable as following:

Variable	Dimension	Indeks	Category
Internal Marketing	1. Motivation and Reward System	30,77	Medium
	2. Effective Communication	33,33	Medium
	3. Effective Employee's Selection	30,77	Medium
	4. Effective Recruitment	29,38	Medium
	5. Effective Development	31,39	Medium
	6. Effective Support System	33,60	Medium
	7. Healthy Work Environment	34,20	High
	Average	31,92	Medium
Internal quality Service	1. Tangible	33,65	Medium
	2. Reliability	31,10	Medium
	3. Responsiveness	36,00	High
	4. Assurance	36,20	High
	5. Emphaty	35,97	High
	Average	34,58	High
Internal Customer Satisfaction	Internal Customer stisfaction	31,69	Medium

Tablel 1: Internal marketing and Internal Quality Service Performance

Based on this table 1 show that the overall assessment of each variable and the dimensions are as follows:

- Internal marketing dimensions include: motivation and reward system (motivation and reward system), effective communication (communication effectiveness), effective employee's selection (selection effectiveness), effective recruitment (recruitment effectiveness), effective development (empowerment effectiveness), effective support system (support the effectiveness of the system) and healthy work environment (healthy working environment). Based on the assessment results obtained internal marketing information that the index has an average of 31.92 with assessment criteria are, this means that internal marketing is done has not been good because it is still under the criteria of good.
- Internal Service Quality dimensions include: tangible, empathy, responsiveness, reliability and the assurance obtained by the index of 34.58 with the high criteria. This means that the company fasility services provided to employees is considered good.
- Internal customer satisfaction index rating of 31.69 is also included in the valuation range is, this means that the internal customers satisfied with the internal marketing.
- Assessment to the satisfaction of the internal service quality index of 34.69 which includes the high valuation. This means that the services provided by the company can provide the level of employee satisfaction.

4.2. Structural Equation Model Analysis

Based on an evaluation of SEM assumptions, further analysis is an analysis of the suitability of the proposed model in this study with various criteria of goodness-of -fit. The results of the evaluation of the suitability of the model produces reasonably good, as shown in Table 2 below.

Reference Criteria	Reference	Result	Meaning
Kai Kuadrat	Diharapkan Kecil	399,277	-
P Value	>0,05	0,000	-
RMSEA	$\leq$ 0,1	0,1	Good
CMIN/df	2 -5	5	Good
TLI	$\geq$ 0,9	0,837	Good
CFI	$\geq$ 0,9	0,867	Good
NFI	$\geq$ 0,9	0,843	Good

Table 2: Goodness-of –fit

Based on Table 2 shows that the evaluation results of the full model of structural Equation Modelling has been demonstrated that the criteria for each measure of goodness of fit value of the CFI, NFI, TLI has met the criteria, whereas, C min / DF and RMSEA is approaching the expected criteria. Based on this it can be concluded that the overall structural model has been able to produce a degree of estimation truth. Thus, to perform hypothesis testing of the research can be done.

4.3. Hypothesis Testing

Based on data analysis results show the value of CR is identical to the t value on treatment outcome compared with critical value is + 1.96 at significant level of 0.05 (5%) as shown in Table 3 below.

Dependent Variable	Independent Variabel	Estimate	S.E.	C.R.	P Value
Internal Quality Service	Internal Marketing	,724	,069	9,230	***
Internal Customer Satisfaction	Internal Quality Service	,695	,119	9,950	***
Internal Customer Satisfaction	Internal Marketing	,347	,095	5,418	***

Tabel 3. Estimation Based SEM Model
Sumber: Primary data

Based on estimates the Structural Equation Modelling (SEM) with Amos the result of internal marketing is positive and significanly influence toward internal service quality that indicated by the value of Estimate 0.724 Standart error of 0,069, Critical Ratio 9,230 and P value 0,000. Service quality is positive and singinifcanly influence toward customer satisfaction that indicated by the value of estimate 0.695, standart error 0,119, critical ratio 9,950 and P Value 0,000. Internal service quality is the company's activities are focused on the provision of facilities and infrastructure and the creation of relationships between employees to provide security and comfort for employees that includes of: tangible, empathy, responsiveness, reliability and assurance. Internal marketing positive and significantly influence toward internal customer satisfaction indicated by the value of estimate 0.347, standart error 0,095, critical ratio 5,418 and P value 0,000. Internal marketing is a activity of marketing that focuses employees as internal customers. Internal marketing activities and internal customer satisfaction is the key to external customer satisfaction. Organizations must good serve the employees (internal customers), if the internal customers will be good served content that will better work and becoming effects the better of the organization performance.

Based on the Value of Squared Multiple Correlations of internal marketing on internal service quality is amounted to 0.424 that indicating the internal service quality is influenced by internal marketing 42.4 percent and by 57.6 percent while the remaining amount is influenced by other factors beyond the variables this study. This means that internal marketing is not quite able to create internal service quality. Valueof Squared Multiple Correlations internal marketing and service quality on internal customer satisfaction is at 0.952 this indicates that the external customer satisfaction influenced of 95.2 percent by internal marketing and internal service quality and the remaining 4.8 percent are influenced by other factors beyond the variables this study. This suggests that internal marketing and internal service quality are able to create an internal customer satisfaction.

Based on these results support the findings of this study is the research conducted by Hallowell et.al; (1996); Hersh (2010) EL Samen and Alshurideh (2012) Wang and Lee (2012) on internal marketing. Internal marketing is a marketing activity that focuses employees as internal customers, which makes internal marketing activities and internal customer satisfaction as the key to an external customer satisfaction. Organizations must good serve the employees (internal customers) if the internal customers are served with both the internal customers satisfied so it good works, and the impact for the better performance of the organization.

5. Conclusion

Based on the descriptive analysis of the results showed that the internal marketing activities and internal service quality in the tourism industry in Yogyakarta Special territory in the category of being this means that in the Yogyakarta Special territory has yet to implement an internal marketing program is well shown by the index value of 31.92 in the limit valuation is well below the criteria. Internal customer satisfaction is influenced by internal marketing and internal service quality. Quality of service provide a more powerful influence than internal marketing, therefore able to provide the level of service quality on internal customer satisfaction. Thus this study supports research conducted by Hallowell et.al; (1996); Hersh (2010) EL Samen and Alshurideh (2012) Wang and Lee (2012). Internal customer satisfaction is influenced of 95.2 percent by internal marketing and internal service quality while the remaining 4.8 percent are influenced by factors other than the variables in this study.

6. Suggestion

Based on the findings of this study are: First, the business in tourism industry at Yogyakarta Special territory can be design and decisions based on the relationship of variables that have a strategic substance that internal marketing activities and internal service quality as a major foothold in delivering internal customer satisfaction. Secondly, The Improving of effectiveness internal marketing activities and internal service quality with an emphasis on improving the effectiveness of internal marketing activities to improving the internal customer satisfaction.

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