

# 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

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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.

**Keywords:** Tourism, internal marketing, employee satisfaction, cultural congruence

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### **Research 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

## **The moderating effect of cultural congruence on the internal marketing practice and employee satisfaction relationship**

### **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 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 8,400 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.

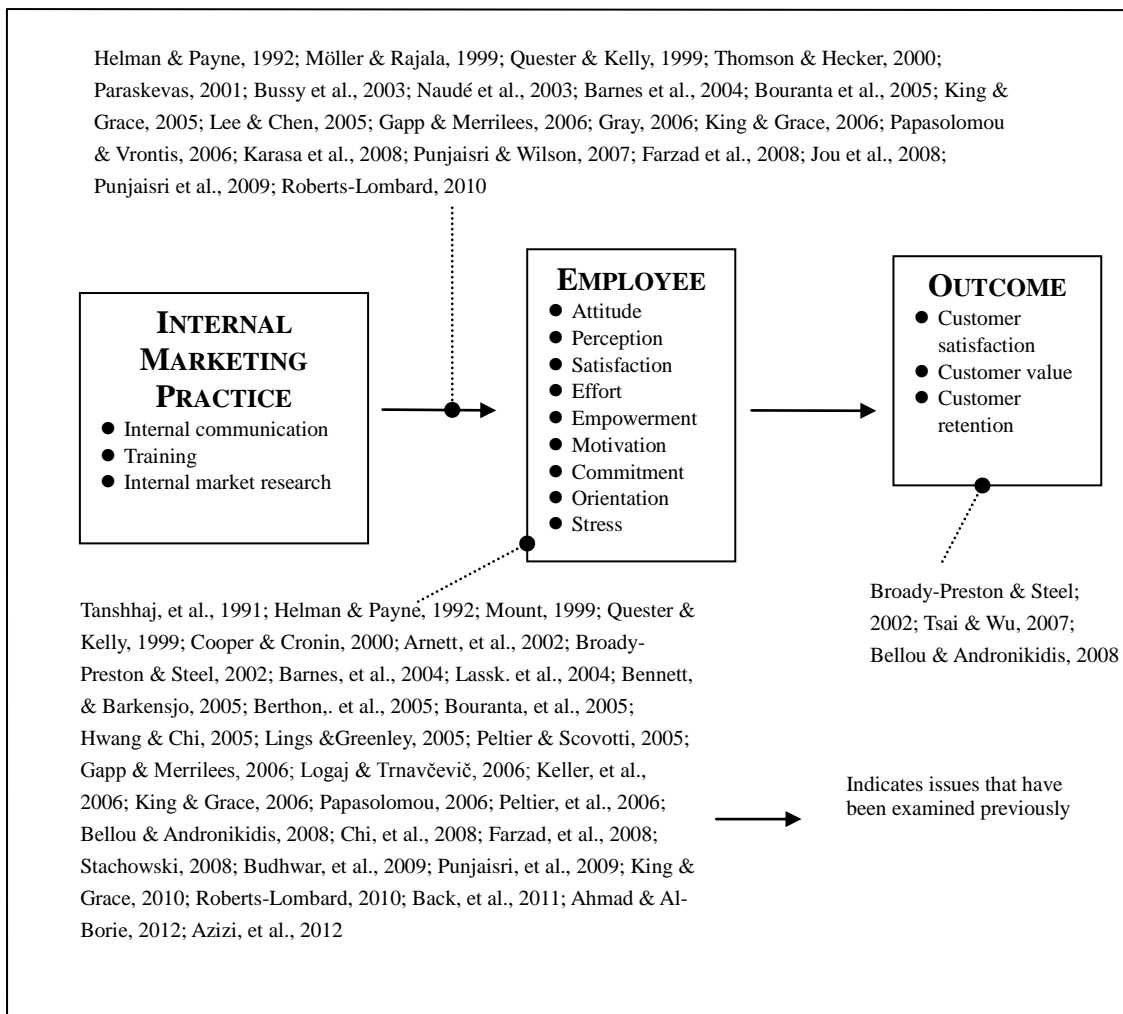
### **Literature review**

Since internal marketing was first defined as “employee as internal customer and job as product” by Berry et al. (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 et al. (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, et al., 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, et al., 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 Figure 1). The elements of internal marketing that are practiced include internal communication (e.g. Naudé, et al., 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 Figure 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, et al., 1991) this relationship was chosen as a basis for the current study.

**Figure 1: Framework of internal marketing practice**



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, et al., 2004; Broady-Preston &

Steel, 2002; Mosahab, et al., 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, internal marketing practice with three specific and significant dimensions, if carried out effectively, would be expected to positively influence employee attitudes and behaviours (Bowers & Martin, 2007; Bruhn & Georgi, 2000). Therefore, this research hypothesises that:

H1: *High internal marketing practice is associated with high employee satisfaction.*

### ***Culture in internal marketing***

What is lacking in the internal marketing literature as Joseph (1996) points out; is any empirical evidence of the influence of an employees' culture on internal marketing (see Table 1 for internal marketing studies that consider culture).

**Table 1: Considerations of culture in the internal marketing literature**

<b>Author</b>	<b>Context</b>	<b>Method</b>	<b>Key findings</b>
Joseph (1996)	Healthcare	Conceptual	<ul style="list-style-type: none"> <li>- Culturally diverse employees may be linguistically as well as culturally challenged.</li> <li>- Cultural differences exist between host and foreign workers.</li> <li>- Training in culture is normally expected in the process of internal marketing.</li> </ul>
Maguire, et al., (2001)	Education	Interview	<ul style="list-style-type: none"> <li>- The understanding of cultural differences has increased, as the number of international students has increased.</li> </ul>
Kale (2007)	Casino	Conceptual	<ul style="list-style-type: none"> <li>- The increasing number of culturally diverse employees influences organisational management and strategy.</li> <li>- Western managers should be concerned with Eastern employees' needs, when working in Eastern cultures.</li> </ul>
Kelemen & Pappasolomou (2007)	Bank	Interview	<ul style="list-style-type: none"> <li>- There is a cultural gap between senior management and their employees (e.g. the gap of national cultures between host managers and foreign workers).</li> </ul>
Budhwar, et al., (2009)	Call Centre	Interview Survey	<ul style="list-style-type: none"> <li>- Internal marketing should be different in India which is culturally diverse.</li> </ul>

Most internal marketing studies that have considered an employee's cultural background were conceptual and qualitative (see Table 1). Given few studies have empirically quantitatively examined culture; an examination of the significance of culture in the current

study was warranted. Furthermore, Australia is a multi-cultural country in which many recent immigrants are employed in the service sector (Bennett & Carter, 2001). Cultural considerations may need to be considered given that each different cultural group brings his/her language and cultural background into an organisation. Similarly, different employees may have different culture-specific needs. Such an employee may not feel satisfied about their job perceiving a lack of support despite extensive internal marketing efforts. As previously stated this study aims to examine the influence of cultural congruence on the relationship between the internal marketing practice and the employee satisfaction relationship. Recent reviews in services underscore the emphasis of cultural congruence (CC) in a diverse range of disciplines, including (but not limited to) health care (Costantino, 1982) and education (Richardson, 2007).

### ***Cultural congruence***

Cultural congruence has been defined as the distance between the degree of cultural competence provided by the organisation and the employees' perceptions regarding how well their cultural needs are met (Costantino, et al., 2009). Several authors argue that organisations sometimes need to face dilemmas with foreign workers (Gamio & Sneed, 1992; Sommer, et al., 1996), and they should understand foreign workers' culture-specific needs. A focus on cultural competence is one means that organisations may be able to employ to understand foreign workers needs (Costantino, et al., 2009). For example, managers should have 1) the ability to work with culturally diverse employees; 2) the ability to use skills differentially as needed with culturally diverse employees; and 3) the ability to have cultural-specific expertise. More recently, Hwang (2006) introduced cultural congruent theory to assist organisations to realise whether they are culturally competent.

Cultural congruence, which refers to the distance between the offer cultural competence (OCC) and employees' cultural needs (ECN), may offer the potential to assist organisations who may be dealing with cultural differences. Cultural conflict could be minimised which may in turn assist to increase the level of employee satisfaction. Cultural congruence may assist to improve the internal marketing and employee satisfaction relationship. Managers can develop, utilising the health care philosophy (Costantino, et al., 2009), targeted training and communication for foreign workers, so that they could communicate confidently with all employees. Cultural congruence not only increases the similarities between exchange partners, but may also serve to reduce the communication barriers and misunderstandings

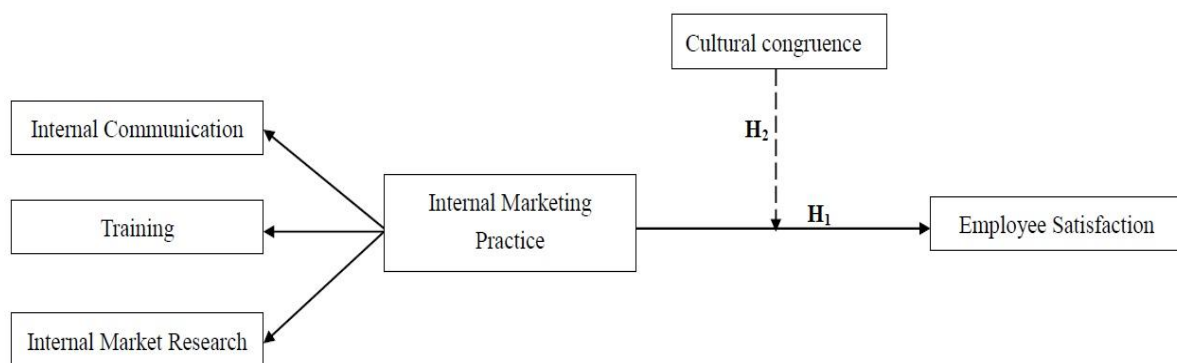


(Zeybeka, et al., 2003).

There seems to be a cultural distance between senior management and their foreign employees in the tourism and hospitality industry (Kelemen & Pappasolomou, 2007). However, no study has directly analysed the effect of cultural congruence on internal marketing in tourism markets. Moreover, few studies have considered both Australian and Taiwanese samples in a tourism setting. Therefore, the emphasis of this study is to use Australian and Taiwanese employees in the Australian tourism and hospitality industry. This research would expect that organisations meeting employees' cultural needs will do better. Hence, this study hypothesises that cultural congruence will influence the internal marketing practice and employee satisfaction relationship.

*H2: Cultural congruence positively moderates the internal marketing practice and employee satisfaction relationship.*

**Figure 2: Hypothesised relationship**



## **Methodology**

### ***Questionnaire development***

An online questionnaire including Likert, and forced-choice scales was developed for this study. A forward and backward translation process was used and pilot testing was undertaken to identify ambiguous questions, errors, and translation issues.<sup>1</sup> The questionnaire consisted of four parts and two versions were built, namely an English and Traditional Chinese version. Part 1 of the questionnaire dealt with measurement of internal marketing practice. Scale development for

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<sup>1</sup> A pilot study used a convenience sample on 6th September 2011. A total of 36 Chinese participants were involved in the pilot study. All items were presented in the form of 5-point Likert scales anchored by *strongly disagree* (1) to *strongly agree* (5). Some comments from Chinese speakers helped the Chinese version to be improved to ensure equivalent meaning in English.

internal marketing practice is outlined in Huang and Rundle-Thiele (2013) noting that a 16 item scale was supported in a tourism context (items reported in Table 3). Measures concerned with employee satisfaction (Part 2 of the survey) were sourced from Bearden and Netemeyer (1999) and King and Grace (2010). A six-item employee satisfaction measure was used in the survey with a final three-item scale used in data analysis in this study (items reported in Table 4). Part 1 and Part 2 items were 5 point Likert scales, *strongly disagree* (1) to *strongly agree* (5). Part 3 of the online survey captured cultural congruence. Employee perceptions about the culture competence offered by their organisations (OCC) were measured through 11 relevant items selected and adapted from Costantino et al.'s (2009) 13-item cultural competence index (items reported in Table 5). The CC Index has two sections, namely the Cultural Competencies Component and Cultural Importance Component, with Likert scales and forced-choice measures. Of these, 6 cultural competencies (OCC) questions in the component were rated by nominal scales (*yes/no*), following the procedure used in Constantino et al. (2009). The cultural competence component (ECN) includes language, ethnicity, gender, age and culture. These items were rated on a 5-point Likert scale with responses ranging from *not very important* (1) to *very important* (5). Finally, Part 4 of the online survey captured employee demographics (see Table 2 for key demographic variables).

### ***Sample design and collection***

Mailing lists were purchased from the Prospect Shop. A total of 2800 employees were emailed an invitation by an online panel provider to participate in the current study, and 121 surveys were returned undelivered. A filter question was asked prior to the survey to confirm whether survey respondents had tourism and hospitality working experience. A total of 388 completed questionnaires were returned of which 12 did not have tourism and hospitality work experience, and 7 did not fit the research target group of this study. Reminder emails were mailed one month after the first mailing. Several people sent emails to express having left the tourism and hospitality industry long ago and therefore they had no intention of answering the survey (refused to participate). Data was cleaned to ensure integrity with 11 respondents omitted from the study due to low quality data. The useable response rate was 13.8 % (369 out of 2,668). Following completion of the online surveys intercept surveys were undertaken to ensure a quota was met for this study. The intercept survey yielded a total of 89 responses at a 100 per cent response rate to reach more than 200 respondents per cultural group (Kline, 2004). The final sample consisted of 220 Australian and 238 Taiwanese respondents, a level that was deemed appropriate for data analysis. Based on the results of

independent samples t-test, there were no significant differences between online and face to face survey administrations.

### **Data Analysis**

Reliability analysis in SPSS and confirmatory factor analysis (CFA) in AMOS were first undertaken to assess the factor structure for study constructs followed by multi-group analysis. Reliability is a measure of how well measurement errors are minimised over time or how well a scale will accurately reflect the constructs intended over time; hence, it is the opposite of measurement error (Hair, et al., 2010). Error in the results shows the extent of measures or items that do not measure the same factor. For Likert scale measures the generally agreed upon lower limit for Cronbach's Alpha is 0.70 (Pallant, 2005). Moreover, an item-to-total correlation value less than 0.30 indicates that the corresponding item does not correlate very well with the scale overall and can be considered for deletion (Churchill, 1979). All items were assessed to ensure items with cross loadings above 0.40 were deleted (Sok & O'Cass, 2002). Reliability assessment for cultural congruence followed the procedure outlined in Malgady and Colon-Malgady (1991). When the reliabilities of the difference scores are marginally acceptable, correlation analysis can be considered. A pattern of convergent and divergent correlations with other indicators support the validity of the difference scores (Costantino, et al., 2009). As well, none of the correlations should be between other indicators and these two different scores.

In terms of this research, validity is the ability of the measure to measure the dimension of internal marketing practice (Hair, et al., 2010), and not measure something else, namely another alternate dimension of internal marketing practice. Construct validity refers to the ability of a measure to provide empirical evidence consistent with a theory base on the concepts of related hypotheses (Hinkin, 1995; Raubenheimer, 2004). It is established during statistical analysis of the data. If the measures are not correlated it is probable that they are not measuring the same construct and thus the ability of the results to be generalisable is in jeopardy (Nunnally & Bernstein, 1994). When analysing by CFA, standardised loading estimates should be 0.50 or higher, and ideally 0.70 or higher to indicate adequate convergence or internal consistency (Hair, et al., 2010). The Average Variance Extracted (AVE) is a suggested criterion of convergent validity (Fornell & Larcker, 1981). Higher AVE occurs when indicators are truly representative of the latent construct. The AVE value should exceed 0.50 for a valid construct (Fornell & Larcker, 1981).

The moderating effect of cultural congruence on the internal marketing and employee satisfaction relationship was assessed using the multi-group analysis within AMOS 19.0; cultural congruence was divided into two groups, namely the high and low group (Byrne, 2009). Baron and Kenny (1986) stated that the levels of the moderator are treated as different groups for the situational factors. High and low groups were formed based on a median split for the cultural congruence factor. For the moderating variable, in turn, the internal marketing and employee satisfaction model was tested for high and low groups. To see if moderating effects were present, the difference between chi-square statistics was computed to examine whether the structural model is invariant between the high and low groups. The appropriateness of the multiple group structural equation modelling analysis was determined using goodness-of-fit indices. The model fit was assessed using the Tucker-Lewis Index (TLI), Comparative Fit Index (CFI), and root-mean-square error of approximation (RMSEA) as recommended by Bollen and Long (1993). This analysis is designed to test the extent to which especially constructed confidence intervals surrounding the calculated correlations overlap (Hammersley & Gomm, 2004). The extent to which they overlap provides evidence about the magnitude of a potential moderator's influence. Such method behoved this study to explore if cultural congruence as a whole could exert a strong moderating effect and to what degree could differences between high and low cultural congruence interact with the path between internal marketing and employee satisfaction.

## Results

The sample characteristics are reported in Table 2 and key statistics are compared between the cultural groups, namely Australian and Taiwanese. A wide range of subjects representing a variety of backgrounds, demographics, education, and experience were surveyed. A majority of respondents were female and single. The dominant types of organisations were airlines (n = 217), hotels (n = 77), and food service, including restaurants and catering services (n = 57). Over half of all respondents (n = 307) worked in customer service roles and 38 respondents reported they were employed in general administration and management.

**Table 2: Respondent characteristics for the tourism and hospitality employee sample (n = 458)**

Items		Australian (n = 220)	Taiwanese (n = 238)	Chi-Square	
		%	%	df	p

<i>Gender</i>	Male	26.8	34.0	1	0.094
	Female	73.2	66.0		
<i>Marital status</i>	Married	40.0	31.5	1	0.058
	Not Married	60.0	68.5		
<i>Age</i>	20 & below	6.4	1.3	4	0.000*
	21-30	28.2	50.8		
	31-40	25.9	28.6		
	41-50	18.6	14.3		
	51 & over	20.9	5.0		
<i>Level of education</i>	Primary school	1.4	0.4	3	0.000*
	High school	59.1	2.5		
	Bachelor degree	27.7	89.5		
	Post-graduate degree	11.8	7.6		
<i>Nationality</i>	Australian	82.7	0	1	0.000*
	New Zealander	2.3	0		
	British	1.8	0		
	Taiwanese	0	99.6		
	Double nationalities	13.2	0.4		
<i>Organisation type</i>	Hotel	24.5	9.7	8	0.000*
	Restaurant/ Catering	21.8	3.8		
	Club	12.6	0		
	Pub/Bar	12.6	0		
	Airline	10.5	81.5		
	Casino	4.1	0.4		
	Travel agent	3.2	3.8		
	Other	10.7	0.8		
<i>Department type</i>	Customer service	57.3	76.1	8	0.000*
	Administration	12.3	4.6		
	Kitchen	11.8	1.7		
	Marketing	7.3	2.1		
	Sales	6.8	8.4		
	Others	4.8	7.1		

\*Sig at p= 0.05 level

Comparing the two groups it was noted that the Australian sample had more years of industry experience while the Taiwanese sample were younger and more highly educated. Female majorities were observed in both the Australian and Taiwanese samples.

### Reliability Analysis

As reported in Table 3, there is high reliability among the three dimensions of internal marketing with Cronbach's Alpha ranging from  $\alpha = 0.89$  to  $\alpha = 0.92$ . An analysis of the inter-item correlation matrix also demonstrates that the three dimensions of internal marketing and employee satisfaction items exceeded the thresholds of 0.30 for item-to-total correlation. Taken together, the internal marketing practice items are reliable (Nunnally & Bernstein, 1994). Hence, a clear three factor structure is supported for internal marketing comprised of internal communication (5 items), training (6 items) and internal market research (5 items).

**Table 3: Reliability results - internal marketing practice (n = 458)**

Items		Mean (SD)	Corrected Item-to-Total Correlation
<b><i>Internal Communication</i> (<math>\alpha = 0.89</math>)</b>			
1	My organisation communicates a clear brand image to me.	3.7 (1.1)	0.71
4	Employees at all levels understand the direction and key priorities of my organisation.	3.7 (1.1)	0.76
2	There is an internal communication program for all employees in my organisation.	3.5 (1.1)	0.74
3	All communication materials reflect a consistent style in my organisation.	3.5 (1.0)	0.76
5	Messages that I receive are aligned with business wide communication.	3.5 (1.0)	0.77
<b><i>Training</i> (<math>\alpha = 0.94</math>)</b>			
5	Skill and knowledge development happens as an ongoing process in my organisation.	3.5 (1.2)	0.82
4	My organisation teaches me why I should do things.	3.5 (1.1)	0.79
1	My organisation focuses efforts on training employees.	3.4 (1.3)	0.83
2	My organisation provided an orientation program for me.	3.4 (1.2)	0.81
3	The training in my organisation has enabled me to do my job well.	3.4 (1.2)	0.80
6	My organisation provides support to develop my communication skills in order to achieve organisational goals.	3.4 (1.1)	0.82
<b><i>Internal market research</i> (<math>\alpha = 0.92</math>)</b>			
2	My organisation regularly seeks employee suggestions.	3.0 (1.2)	0.83
5	My organisation talks with me to identify issues that I may have.	3.0 (1.1)	0.79
1	My organisation gathers employee feedback.	3.0 (1.1)	0.78
3	My organisation collects data on employee complaints.	2.9 (1.2)	0.86
4	My organisation does a lot of internal market research.	2.8 (1.2)	0.78

The items for employee satisfaction, as shown in Table 4, had an acceptable level of reliability ( $\alpha = 0.82$ ) (Nunnally and Bernstein, 1994). The item-to-total correlations were calculated for the employee satisfaction scale. Table 4 shows that the item-to-total correlation is within an acceptable range as item-to-total correlations greater than the threshold of 0.30. Hence, a clear three-item structure is supported for employee satisfaction.

**Table 4: Reliability results - employee satisfaction (n = 458)**

Items		Mean (SD)	Corrected Item-to-Total Correlation
<b><i>Employee satisfaction (α = 0.78)</i></b>			
3	I am satisfied with the opportunities my work provides to interact with others.	3.9 (1.1)	0.64
2	I am satisfied with the variety of activities my work offers.	3.7 (1.2)	0.69
1	I do not enjoy my job. <sup>a</sup>	3.5 (1.3)	0.67

<sup>a</sup> The question was reverse coded.

The offer cultural competence (OCC) component of the CC index evidenced an acceptable reliability ( $\alpha = 0.73$ ), with item-to-total correlations ranging from 0.21 to 0.71. Analysis of the original employee cultural needs (ECN) component reliability necessitated the deletion of item 5. The revised ECN component reliability had an acceptable reliability ( $\alpha = 0.73$ ), with item-of-total correlation ranging from 0.24 to 0.68. Based upon the known reliability of difference scores (Malgady & Colon-Malgady, 1991), the two components of the CC index were uncorrelated ( $\gamma = 0.052$ ,  $p = 0.263$ ). Hence, a clear CC index with two components, namely offer cultural competence component (OCC) and employee cultural needs (ECN) component was evident in the data.

**Table 5: Reliability results - cultural congruence (n = 458)**

Items		Corrected Item-to-Total Correlation
<b><i>Offer cultural competence (OCC) component (α = 0.73)</i></b>		
1	Does your employer hire culturally diverse staff?	0.34
2	Does your employer hire culturally diverse leaders?	0.21
3	Does your employer use different language signage for you?	0.33
4	Does your employer put different language reading materials in common areas for you?	0.46
5	Does your employer use culture-specific communication channels? a. Television    b. Video    c. Radio    d. Newspaper e. E-mails    f. Newsletter    g. Notice board    h. Other	0.71
6	Does your employer encourage attendance at training in cultural competencies?	0.59
<b><i>Employee cultural needs (ECN) component (α= 0.73)</i></b>		
	In your organisation, how important is it for your supervisor to ...	
1	Speak your native language?	0.33
2	Belong to the same racial group?	0.68
3	Be of the same gender as you?	0.54
4	Be of the same age as you?	0.49
5	Understand your culture?	0.24

### ***Confirmatory Factor Analysis***

The model of internal marketing practice was tested with three observed constructs and sixteen indicators. The resulting statistics were factor loadings higher than 0.5 that ranged from 0.76 to 0.90. The CFA model of internal marketing indicated an overall fit of  $\chi^2 = 387.58$ ,  $df = 101$ ,  $p = 0.000$ ,  $GFI = 0.90$ ,  $TLI = 0.94$ ,  $CFI = 0.95$ ,  $RMSEA = 0.08$ . The overall fit indices were satisfactory.

The initial congeneric model of employee satisfaction comprised of six indicators. The result exhibited some factor loadings lower than 0.5. Item 1 and item 5 had factor loadings below the 0.5 cut off (0.43 and 0.45, respectively). The model resulted in the following model fit indices of  $\chi^2 = 103.83$ ,  $df = 9$ ,  $p = 0.000$ ,  $GFI = 0.92$ ,  $TLI = 0.86$ ,  $CFI = 0.92$ ,  $RMSEA = 0.15$ . After the deletion of three items, the revised model was well within the recommended range of acceptability. For example, RMR from 0.08 to 0.04 and RMSEA from 0.26 to 0.04 suggesting an improved model fit for a 3 item employee satisfaction construct. The revised employee satisfaction model was evidenced by an acceptable reliability ( $\alpha = 0.78$ ).

### ***Validity and Reliability***

The reliability coefficient and squared multiple correlation statistic for the two models, including internal marketing and employee satisfaction, indicated that these two models are reliable measures of the underlying constructs.

**Table 6: The results of AVE and CR**

Measure	Average variance extracted estimate (AVE)	Construct reliability (CR)
Internal marketing (IM)	0.54	0.94
Employee satisfaction (ES)	0.62	0.83

Additionally, the CFA model parameters were estimated, and reliability was analysed (Table 6). The results of average variance extracted estimate (AVE) and composite reliability revealed adequacy of internal consistency and convergent validity. Average variance extracted of internal marketing (AVE = 0.54), and employee satisfaction (AVE = 0.62) were also found to be within the acceptable level in the literature ( $\geq 0.50$ ). These results provide evidence of discriminant validity. Construct reliability (CR) is a measure of the internal consistency of items in a scale. Construct reliability statistics were greater than the recommended threshold of 0.6 (Bearden & Netemeyer, 1999; Netemeyer, et al., 2003). The



CR for internal marketing is (0.94), and employee satisfaction is (0.83).

A structural model with sixteen-factor internal marketing practice measure and three-factor employee satisfaction measure was estimated using maximum likelihood (ML). The standardised loadings and fit statistics that resulted are provided in Table 7. Identical to the measurement model, the structural model yielded acceptable and modest fit with  $\chi^2 = 455.27$ ,  $df = 148$ ,  $p = 0.000$ ,  $GFI = 0.90$ ,  $TLI = 0.94$ ,  $CFI = 0.95$ ,  $RMSEA = 0.07$ . At the  $p < 0.05$  level, all structural parameters for the model were related and significant. All expected directions of the relationships among the constructs were confirmed, thus validating the proposed model.

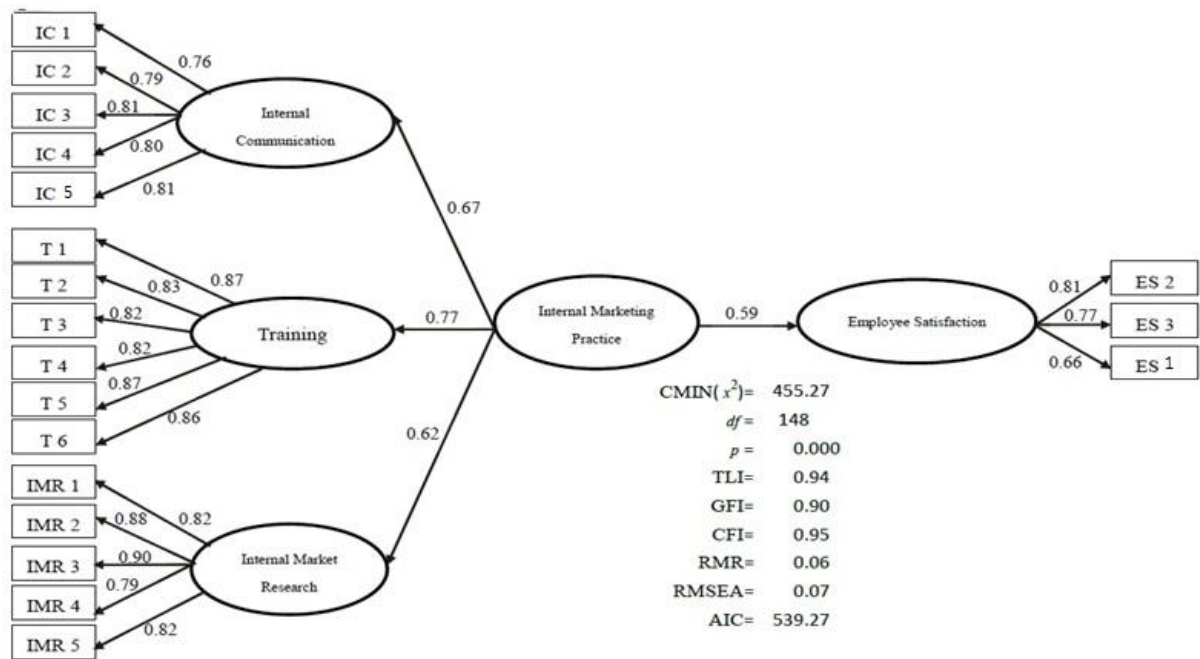
**Table 7: Confirmatory factor analysis results including standardised loading estimates**

		IC	T	IMR	ES
IC1	My organisation communicates a clear brand image to me.	0.76			
IC2	There is an internal communication program for all employees in my organisation.	0.79			
IC3	All communication materials reflect a consistent style in my organisation.	0.81			
IC4	Employees at all levels understand the direction and key priorities of my organisation.	0.80			
IC5	Messages that I receive are aligned with business wide communication.	0.81			
T1	My organisation focuses efforts on training employees.		0.87		
T2	My organisation provided an orientation program for me.		0.83		
T3	The training in my organisation has enabled me to do my job well.		0.82		
T4	My organisation teaches me why I should do things.		0.87		
T5	Skill and knowledge development happens as an ongoing process in my organisation.		0.87		
T6	My organisation provides support to develop my communication skills in order to achieve organisational goals.		0.86		
IMR1	My organisation gathers employee feedback.			0.82	
IMR2	My organisation regularly seeks employee suggestions.			0.88	
IMR3	My organisation collects data on employee complaints.			0.90	
IMR4	My organisation does a lot of internal market research.			0.79	
IMR5	My organisation talks with me to identify issues that I may have.			0.82	
ES1	I do not enjoy my job. <sup>a</sup>				0.66
ES3	I am satisfied with the variety of activities my work offers				0.81
ES3	I am satisfied with the opportunities my work provides to interact with others.				0.77
Reliability		0.89	0.94	0.92	0.78
$\chi^2 = 455.77$ df = 148 (p = 0.000) TLI = 0.94 GFI = 0.90 CFI = 0.95 RMR = 0.06 RMSEA = 0.07 AIC = 539.27					

<sup>a</sup>The question was reverse coded.

The proposed structural model in Figure 3 shows internal marketing practice consists of three dimensions, and posits that internal marketing practice directly influences employee satisfaction. Furthermore, Figure 3 illustrates path coefficients to examine Hypothesis 1. As expected, the results indicated strong support for the effects of internal marketing on employees' level of satisfaction ( $\gamma = 0.59$ ,  $t = 9.45$ ,  $p < 0.01$ ). Hence, Hypothesis 1 is supported.

**Figure 3: Structural equation model for the internal marketing employee satisfaction relationship**



### Multi-Group Analysis

Cultural congruence was postulated as a moderator variable that interacts with the internal marketing and employee satisfaction relationship (see Figure 2). The combined dataset was split into two groups for the cultural congruence construct: one group possessed high (n = 228) and the other group possessed low (n = 230) levels of cultural congruence. The results of goodness-of-fit statistics for the competing models are displayed in Table 8.

**Table 8: Goodness-of-fit statistics for the combined sample of Australian and Taiwanese**

Statistic	Acceptable Level	Unconstrained model	Constrained model
CMIN ( $\chi^2$ )	p > 0.05 (at the $\alpha = 0.05$ level)	693.42 p = 0.000	760.60 p = 0.000
Degrees of freedom (df)		296	337
Chi-square difference		67.18 (41)	
TLI	0.90	0.93	0.93
CFI	0.90	0.94	0.93
RMSEA	0.08	0.05	0.05

The test results of no constraints revealed a chi-square value of 693.42 with 296 degrees of freedom. The model fit seemed to meet the statistical requirements with TLI = 0.93, CFI = 0.94, and RMSEA = 0.05. All parameters in the model were statistically significant at p = 0.000. The goodness-of-fit statistics of the structural model with equality constraints imposed was also acceptable ( $\chi^2 = 760.60$ , df = 337, TLI = 0.93, CFI = 0.93, RMSEA = 0.05, p =

0.000). The difference of chi-square values indicated that the path coefficients across the two groups varied significantly ( $\Delta\chi^2 = 67.18$ ,  $df = 41$ ,  $p = 0.006$ ) (see Table 8). The results of the multi-group analysis indicate the degree of the relationship between internal marketing and employee satisfaction was greater for high groups than for low groups ( $\gamma_{low} = 0.65$ ,  $\gamma_{high} = 0.73$ ).

The purpose of this study was to examine whether cultural congruence affects the relationship between internal marketing and employee satisfaction. The conceptual model hypothesised that the degree of relationship between internal marketing and employee satisfaction would be impacted by cultural difference; operationalised as cultural congruence in this study (see Figure 2). The result of the multi-group analysis indicated that the degree of the relationship between internal marketing practice and employee satisfaction was greater for low groups than for high groups. Thus, when there is perceived low cultural congruence, the relationship between internal marketing and employee satisfaction is weaker. Alternatively, when there is a perceived high cultural congruence, the relationship between internal marketing and employee satisfaction is much stronger. Thus, Hypothesis 2 is supported.

## **Discussion**

The purpose of this research was to test a model to understand whether culture moderated the internal marketing practice and employee satisfaction relationship. The results supported Hypothesis 1 and this is consistent with previous studies. Recent calls have been made within the internal marketing literature for research that utilises the functions of internal marketing to better improve employee satisfaction (e.g. Bell, et al., 2004; Broady-Preston & Steel, 2002). Several authors (see examples Ahmed & Rafiq, 2003; Joseph, 1996) provide a theoretical foundation and conceptual framework, based on internal marketing variables, explaining how goals related to employee satisfaction can be achieved. Furthermore, numerous prior studies have confirmed different internal marketing variables which can assist to improve employee satisfaction, such as internal communication (e.g. Naudé, et al., 2003; Varey & Lewis, 1999), training (e.g. Gray, 2006; Zampetakis & Moustakis, 2007), and internal market research (e.g. Quester & Kelly, 1999). This research provides further empirical evidence identifying that high internal marketing practice is associated with high employee satisfaction, and ultimately improved organisational performance.

This study is considered as the first attempt to investigate the moderating effect of cultural congruence on the internal marketing practice and employee satisfaction relationship. Both applied and theoretical outcomes arise from this study. The moderating effect of cultural congruence was supported (see Figure 2). On the premise that cultural congruence has moderated the relationship between internal marketing practice and employee satisfaction for tourism and hospitality employees, this study puts forward an implication that internal marketing research and practice would benefit from considering cultural congruence. It is expected that in tourism and hospitality where multi-cultural workplaces are well-documented, cultural congruence can aid organisations to better meet employees' culture-specific needs leading to better outcomes via employee satisfaction. More importantly, by understanding cultural congruence and giving consideration to how cultural congruence may impact internal marketing practice, researchers and managers may be able to further increase employee satisfaction.

The results of this study shed some new light on how organisations may be better able to meet culturally diverse employee's needs in the tourism and hospitality sector. It has been noted for many years that the tourism and hospitality industry employs large numbers of culturally diverse employees (World Tourism Organisation, 2012), suggesting that for internal marketing practice to work, organisations need to be culturally competent in order to reduce the cultural gaps between organisations and their employees. The results of this study suggest that internal marketing practice that meets employees' diverse cultural needs can improve employee satisfaction.

### **Management implications**

The results of the current study have implications for tourism and hospitality management in terms of internal marketing practice, employee satisfaction and cultural congruence. For example, the results of this study suggest that tourism and hospitality management may benefit from understanding their culturally diverse employees' needs and the process of internal marketing practice should be employed in order to further improve levels of employee satisfaction and hence organisation performance.

The functions and approach of internal marketing practice seem to reflect the vision of enabling staff to understand their role with the ultimate view of achieving quality service. To what extent the Australian tourism and hospitality industry, which is a culturally diverse workplace, has succeeded in doing so remains questionable. However, this study uncovers cultural congruence as a moderator on the internal marketing practice and employee satisfaction relationship. Where cultural congruence was of a low value, organisations should strengthen cultural congruence which should then strengthen internal marketing practice to improve levels of employee satisfaction. There could be a case, for example, where the internal marketing department in a hotel may reach a higher level of customer satisfaction, if internal market research was conducted regularly, so that internal marketers can establish an appropriate internal marketing programme based on the demands and expectations of employees who will deliver good, quality service to complete the hotel's purpose. As a starting point firms should undertake a baseline measure of cultural congruence (the degree to which the firm meets the cultural needs of its employees) and internal marketing practice. The baseline measurement would be used to assess which employee cultural needs are (and are not) being met and also employee's perceptions about the extent of internal marketing practice currently being undertaken to identify room for improvement.

### **Limitations and future research directions**

The absence of a database of tourism employees in Australia made it difficult to verify the sample and distribute the survey. This sample was obtained from a panel list provider, namely the Prospect Shop. While assurances were made that the panel to be emailed was employed in tourism and hospitality not all respondents reported being currently employed in tourism and hospitality as planned. Therefore results must be viewed in light of this limitation. The effective response rate for the online survey was low, and as such, the findings of this study cannot be generalised beyond the sample. Additionally, this study is smaller than sample size guidelines suggested by some researchers, resulting in a lack of power for investigating moderator effects. Iacobucci (2010) states that a sample of approximately 1000, achieves sufficient accuracy to extend and generalise the findings beyond the context studied.

There are a large number of cross-cultural studies focusing on the similarities and differences of cultures (examples include Gamio, & Sneed, 1992; Testa, 2007). It is easy to identify people's culture of origin, but the identification of cultural similarities and differences as occurs in Hofstede's (1980) cultural theory may be of limited interest for organisations. An understanding of "individualism versus collectivism" does not give any guidance to a manager who seeks to implement organisational strategies in a multi-cultural workplace. The empirical results showed that the cultural congruence index can investigate and examine an employee's perception of organisation actions and how organisation actions are meeting their cultural needs. Cultural congruence can directly assist managers to better meet culturally diverse employees' needs. Hence, in future practitioners and researchers should consider employing the cultural congruence index as a useful alternative to investigate the effect of culture in the tourism workplace. Specifically a field experiment would assist researchers to understand the impact of an internal marketing program change that seeks to reduce cultural issues for employees born outside of the country on the level of employee satisfaction.

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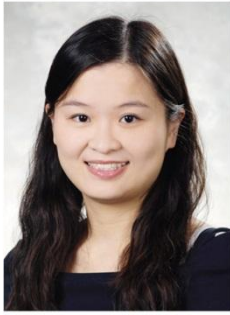
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## Biographies



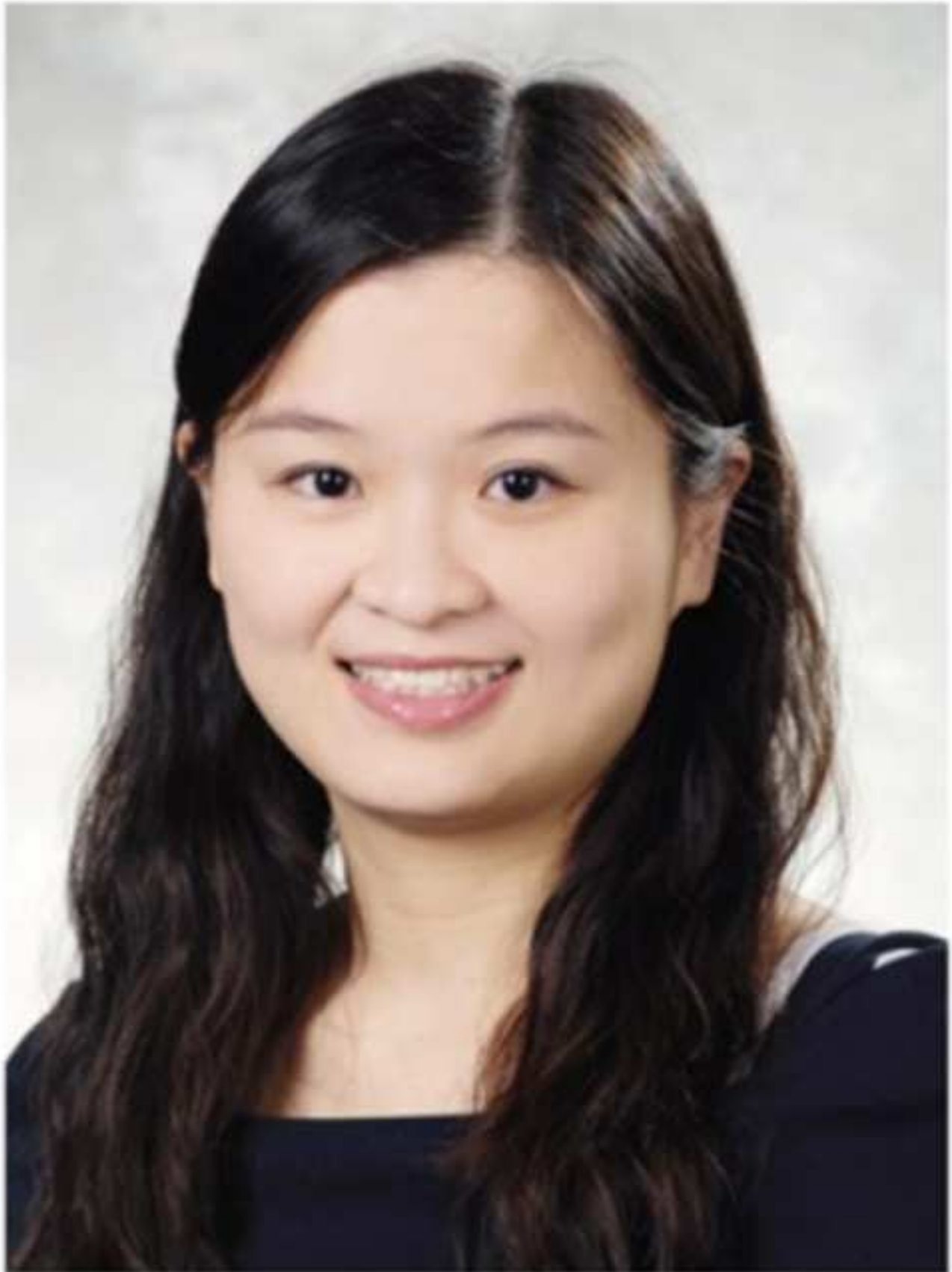
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