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Effects of internal marketing on job satisfaction in the banking sector

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Abstract

Purpose – The purpose of this paper is to verify the relationship of job satisfaction in the banking sector with its antecedent constructs (financial rewards and psychological rewards) and the mediating role of internal marketing in this relationship and to verify the relationship between job satisfaction in the banking sector and its consequent constructs (work engagement and the intention to leave) and the moderating effect of internal marketing on this relationship.

Design/methodology/approach – The paper adopts a quantitative, descriptive, cross-sectional research methodology. Data are collected through an online questionnaire, which involves 355 bank employees. Partial least squares–structural equation modeling is used to verify the predicted relationships.

Findings – The results show that internal marketing tends to mediate the relationship between financial rewards and job satisfaction and the relationship between psychological rewards and job satisfaction. Internal marketing presents a moderating effect on the relationship between job satisfaction and work engagement, but internal marketing does not moderate the relationship between job satisfaction and the intention to leave the bank.

Originality/value – This study expands the understanding of the scope of internal marketing by exploring its mediating and moderating effects on the interactions among the behaviors of banking sector employees.

Keywords Internal marketing, Job satisfaction, Banking sector, Mediator effect, Moderator effect

Paper type Research paper

1. Introduction

In very competitive markets, producing value for the consumer, be it internal or external, can be as complex as it is essential for the longevity of organizations. In the banking sector, there is a demand to understand and manage the relationship and interaction with employees (Narteh, 2012; Du Preez and Bendixen, 2015; Bailey *et al.*, 2016) to provide a favorable environment for the development of behaviors that contribute to the delivery of high-quality services to the final client and to the objectives of the organization (Caruana and Calleya, 1998; Ahmed *et al.*, 2003; Awwad and Agti, 2011; Narteh and Odoom, 2015). In this context, internal marketing plays a relevant role in an organization's ability to manage its relationships with its employees (Naudé *et al.*, 2003) from a market orientation perspective (Narver and Slater, 1990; Awwad and Agti, 2011).

In the internal marketing view, an organization's employees are its first customers and have the ability to create, relate and even influence the perception of external customers (Berry, 1981; Caruana and Calleya, 1998; Bailey *et al.*, 2016). Thus, internal marketing allows researchers to look at two potential sources of competitive advantage, employees, who are one of the few resources that cannot be copied by competitors, especially in the banking sector, where financial services are almost homogeneous (Papasolomou and Vrontis, 2006;

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Narteh and Odoom, 2015), and market orientation, since the actions of internal marketing are oriented from the perspective of the end customer (Narver and Slater, 1990; Ahmed *et al.*, 2003), because external customer satisfaction is in part influenced by internal customer satisfaction (Narteh and Odoom, 2015). Therefore, for internal marketing, meeting external customer needs is concomitant with internal customer satisfaction (Rafiq and Ahmed, 2000).

On the other hand, job satisfaction, which has the capacity to affect the quality of services provided (Papasolomou, 2006; Farias, 2010; Cassundé *et al.*, 2014), is influenced by job rewards (financial rewards and psychological rewards; Hofmans *et al.*, 2013). In addition, satisfied employees may present other desirable behaviors to their organizations, such as work engagement (Saks, 2006; Shimazu *et al.*, 2015) and reduced turnover (Supeli and Creed, 2015).

From this perspective, internal marketing presents itself as a tool capable of directly and indirectly influencing behavioral relations in the work environment (Narteh, 2012; Du Preez and Bendixen, 2015; Bailey *et al.*, 2016). In addition, by permeating the whole organization through the creation, integration and communication of its values (Ballantyne, 2003; Ahmed *et al.*, 2003; Naudé *et al.*, 2003), internal marketing can mediate and/or moderate relations (Ahmed *et al.*, 2003) between certain behaviors of banking sector employees.

However, the literature reports few advances regarding the mediating role and moderating effect of internal marketing on the behaviors of employees in the banking sector. In addition, Bailey *et al.* (2016) suggest in their study that future research involving internal marketing could explore specific behaviors of committed and willing employees to undertake business ventures on behalf of the bank for which they work. Therefore, this study explores work engagement, characterized by work-related vigor, dedication and absorption (Schaufeli *et al.*, 2002). The literature presents a research gap in the sense of understanding the mediating role and the moderating effect of internal marketing on the relationship between job satisfaction, its antecedents, work engagement and the intention to leave the company.

In this sense, the objectives of this study are to verify the relationship of job satisfaction in the banking sector with its antecedent constructs (financial rewards and psychological rewards) and the mediating role of internal marketing in this relationship and to verify the relationship between job satisfaction in the banking sector and its consequent constructs (work engagement and intention to leave) and the moderating effect of internal marketing on this relationship.

This study contributes to the literature in several ways. First, it allows a better understanding of internal marketing by verifying its mediating role and its moderating effect on the relationships between antecedent and consequent job satisfaction behaviors (Alegre *et al.*, 2015) of employees in the banking sector. After all, the literature presents more evidence of the direct influence of internal marketing on organizational behaviors (Narteh, 2012; Du Preez and Bendixen, 2015; Bailey *et al.*, 2016), thus leaving gaps to be explored with regard to the mediating role and the moderating effect of internal marketing. Second, in studying work engagement, which is a specific organizational behavior, whereby employees take on a high level of involvement with work on behalf of the company (Kahn, 1990), it contributes by expanding Bailey *et al.*'s (2016) study.

In practical terms, this study advances in the direction of understanding internal marketing from the perspective of orientation toward the internal market (employees), which, at the same time, is related in the banking sector to the orientation toward the market (Ahmed *et al.*, 2003; Naudé *et al.*, 2003). This may provide the banking sector with subsidies for the creation of strategies that allow the development of a competitive advantage from the viewpoint of both the uniqueness of human resources (Papasolomou and Vrontis, 2006) and the market orientation (Narver and Slater, 1990).

2. Theoretical framework

According to data from the Federation of Brazilian Banks (Febraban, 2017), the Brazilian banking industry serves 153.9m customers. In 2016, the five largest banks operating in Brazil had average returns of 16.2 percent, accounting for 69 percent of the assets and 85 percent of the total deposits in the sector. A particular feature of the Brazilian banking sector is the strong presence of state banks, which have a market share of 54 percent of credit and 48 percent of total deposits. This sector employs approximately 361,500 people, who work in 21,062 agencies, serving 5,590 cities. Although concentrated, it shows a high level of competitiveness for clients, since the profitability in the sector is high. In this sense, understanding the effects of internal marketing on the performance of employees in the sector is relevant to the capture and retention of customers, because the employee tends to be a source of competitive advantage in the banking sector, since automation is common to all Brazilian banks. Thus, investing in the employee can be the main differentiation among Brazilian banks, and internal marketing can play a key role in the performance of banking sector employees.

2.1 Internal marketing

The essence of internal marketing is based on the view of the employee as the organization's first customer (Berry, 1981). From this perspective, employment is a type of internal product that must be able to attract, develop, motivate and satisfy employees (Berry, 1981; Caruana and Calleya, 1998) to obtain, as a return of this satisfaction, high-quality services for external customers and, consequently, the loyalty and satisfaction of these clients (Ahmed *et al.*, 2003; Naudé *et al.*, 2003; Kaurav *et al.*, 2016). However, conceptualizing internal marketing still seems to be a challenge (Snell and White, 2009; Narteh, 2012; Narteh and Odoom, 2015; Kaurav *et al.*, 2016). This study shares the perspective of Narteh (2012), who presents internal marketing as a construct composed of four dimensions (empowerment, reward system, communication and training and development). The reasons for the authors' choice of Narteh's (2012) scale as the most adequate for the present study are the following: the scale was developed specifically for the banking sector; among the existing scales, Narteh's scale is the most recent found; and the scale has been developed, tested and validated in developing countries (e.g. Bailey *et al.*, 2016), since the adoption of built-in scales in developed countries can generate differences when used in developing countries.

According to Narteh (2012), empowerment is a process that is related to employees' sense of self-efficacy and confidence, in addition to increasing their power to make decisions that aim to achieve customer satisfaction. The reward system, in turn, is a component capable of influencing employees' decision to remain and contribute to organizational goals. Internal communication is one of the means through which a company presents its objectives and interacts with its employees, showing them the path to take to achieve the forecasted results. Finally, the training and development dimension is related to training and the development of employees' professional skills.

In this sense, these dimensions allow an understanding of the practice of internal marketing as a way for an organization to use marketing tools to motivate its employees, with the purpose of achieving a high-quality service for the end customer (Ahmed *et al.*, 2003; Snell and White, 2009). However, despite the substantial increase in the number of studies involving internal marketing in recent decades (e.g. Snell and White, 2009; Kaurav *et al.*, 2016; Bailey *et al.*, 2017), the academic challenge involved in refining the understanding of internal marketing seems to be accompanied by the difficulty of using it completely in the organizational environment (Papasolomou *et al.*, 2017).

However, internal marketing is directed at creating, developing and maintaining a favorable environment in which to offer superior value to external customers (Narver and Slater, 1990;

Gounaris, 2008). In this sense, Kaurav *et al.* (2016) argue that internal marketing is a strategic tool for the marketing, human resources and operations areas, which in management practice tends to result in motivated employees providing high-quality services and significantly influencing customer satisfaction and organizational performance (Papasolomou and Vrontis, 2006; Tsai and Wu, 2011; Narteh and Odoom, 2015; Kanyurhi and Bugandwa, 2016). Therefore, this market orientation can be a source of competitive advantage in the perception of the client (Ahmed *et al.*, 2003).

2.2 Job satisfaction and job rewards

From the 1930s, research on job satisfaction increased exponentially, and it is still one of the most studied subjects in organizational research (Locke, 1969; Hofmans *et al.*, 2013). Job satisfaction is a kind of emotional state of pleasure, which is the result of an evaluation that the individual has of his or her job or the perception that he or she has about the achievement of work-related values (Locke, 1969; Aziri, 2011).

Job satisfaction is the result of an individual's interaction with the environment around him or her (Locke, 1969). In turn, this interaction demonstrates several antecedent and consequent factors (Hofmans *et al.*, 2013; Alegre *et al.*, 2015; Jung and Yoon, 2015). Among the antecedent constructs to be found in the literature, job rewards (financial rewards and psychological rewards) that are work related are traditionally considered to be predictors of job satisfaction (De Gieter *et al.*, 2010; Hofmans *et al.*, 2013). There is evidence in the literature that supports the argument that rewards, whether they be financial or psychological, serve as a tool to reinforce and guide certain employee behaviors (Kube *et al.*, 2012; Bradler *et al.*, 2016). According to Hofmans *et al.* (2013), job rewards are considered to be the main antecedent of job satisfaction. Rewards are key components of the exchange ratio between employer and employee. Thus, they are used as a tool to guide behavior and performance in an attempt to attract and retain the most skilled employees and make them satisfied and motivated. Therefore, rewards are important antecedents of employee satisfaction and motivation (De Gieter *et al.*, 2010; Hofmans *et al.*, 2013).

Lum *et al.* (1998), through a study of nursing professionals in a hospital, find that the financial reward is one of the antecedents of job satisfaction. De Gieter *et al.* (2010) conduct a study to validate a scale of psychological rewards and at the same time apply Heneman and Schwab's (1985) scale with financial rewards to compare the results, the study being conducted in the nursing sector of several hospitals in Belgium. The results that the authors find suggest that financial rewards and psychological rewards influence a series of positive behaviors in the workplace, such as job satisfaction.

In a more recent work, Hofmans *et al.* (2013) conduct an investigation in an industrial sector dominated by the service industry (education, health, marketing and advertising). The study investigates three samples of employees from the most diverse sectors of the service industry. The authors find that psychological rewards have a positive impact on job satisfaction in three samples and financial rewards in two study samples. Thus, considering that the banking sector is fundamentally based on the provision of financial services, this study also suggests observing the relationships between financial rewards and psychological rewards in this industry. Thus, it constructs the following hypotheses:

- H1. Financial rewards positively influence the job satisfaction of employees in the banking sector.
- H2. Psychological rewards positively influence the job satisfaction of employees in the banking sector.

Naudé *et al.* (2003), investigating the determinants of internal market orientation, identify rewards as being generally positively related to internal marketing. This paper argues that

financial rewards and psychological rewards can strengthen the internal marketing policy in the banking sector. Thus, it can be assumed that:

H3. Financial rewards influence internal marketing in the banking sector.

H4. Psychological rewards positively influence internal marketing in the banking sector.

In addition, the literature provides evidence that internal marketing contributes to job satisfaction. According to Gounaris (2008), the non-application of internal marketing policies and practices hinders organizations from achieving the satisfaction of their employees. From this perspective, Kanyurhi and Bugandwa (2016) investigate the Congo microfinance industry to verify the relationship between internal marketing and job satisfaction. The research finds that internal marketing positively influences job satisfaction. Du Preez and Bendixen (2015) obtain a similar result in a study conducted in the banking sector of South Africa. Thus, this paper suggests that internal marketing directly and positively influences job satisfaction in the banking sector. Therefore, it creates the following hypothesis:

H5. Internal marketing positively influences employee satisfaction in the banking sector.

Bailey *et al.* (2016) investigate the relationships between internal marketing and job satisfaction, organizational commitment and identification with the bank. For this study, the authors collect data from employees in the banking sector of Saudi Arabia. They evidence the indirect impact of internal marketing on the relationship between job satisfaction, identification with the bank and commitment to the bank. Awwad and Agti (2011), whilst studying the Jordanian banking sector, also find indirect effects involving internal marketing. Alegre *et al.* (2015), when exploring the antecedents of job satisfaction, conclude that this construct is complex and that a multiplicity of relationships can influence it.

Therefore, given the existence of indirect effects involving internal marketing found in the literature and considering that financial rewards and psychological rewards can influence job satisfaction, this paper argues that internal marketing can mediate the relationship between these constructs. Thus, it elaborates the following hypothesis:

H6. Internal marketing mediates the relations between financial rewards and job satisfaction (a) and psychological rewards and job satisfaction of employees in the banking sector (b).

2.3 *Work engagement and the intention to leave*

Work engagement is understood as a positive and satisfactory state of mind, characterized by a high level of energy and strong identification with work, whereby the engaged employee presents a strong level of vigor, dedication and absorption in the workplace (Schaufeli *et al.*, 2002). According to Bakker *et al.* (2008), a high level of energy and resilience characterizes vigor, which makes employees strive to achieve results even in difficult situations. The authors define dedication as a kind of enthusiasm, inspiration or pride, which makes employees realize meaning in their work. Absorption is characterized as a feeling of happiness that employees present when they are absorbed in their work to the point that they feel that time passes very quickly when they are working.

Yan *et al.* (2017) argue that work engagement relates to an employee's capacity for self-determination and motivation, suggesting that this may lead to a better use of resources to achieve organizational objectives. In addition, engaged employees have motivation that leads them to face stressful situations that threaten their well-being in the workplace, and this is due to their high level of involvement with their work (Kahn, 1990; Bakker *et al.*, 2008, 2011).

In recent years, work engagement has gained considerable ground in discussions in the popular press and among business consultancies (Saks, 2006; Yalabik *et al.*, 2013).

In academic circles, many studies are conducted to explore this organizational behavior characterized by enthusiasm, a high level of energy and involvement with work (Kahn, 1990; Maslach *et al.*, 2001; Karatepe and Aga, 2016). Schaufeli *et al.* (2002) argue that the engagement of an employee intrinsically relates to his or her work and activities. This condition leads many researchers to study work engagement and the behaviors that precede it, such as job satisfaction (Saks, 2006; Bakker *et al.*, 2011; Warr and Inceoglu, 2012; Yalabik *et al.*, 2013; Rayton and Yalabik, 2014).

Saks (2006), when studying the antecedent and consequent factors of work engagement together with postgraduate students in full employment, does not find significant relationships between rewards and recognition of work engagement. However, the same author reports a relationship between engagement and job satisfaction. Jung and Yoon (2015) investigate the impact of financial rewards and work engagement of employees of luxury hotels in South Korea. The authors find that financial rewards (except salary increases) are significantly related to work engagement.

Koyuncu *et al.* (2006) perform a study with a sample of female managers of a large bank in Turkey. The results demonstrate that benefits and rewards are predictors of engagement. In addition, the authors identify a positive relationship between work engagement and job satisfaction. In a survey carried out by Rayton and Yalabik (2014) in the banking sector of the UK, a significant and positive relationship is verified between job satisfaction and work engagement. According to the authors, there is a greater possibility of work engagement when employees are satisfied with their job.

In a meta-analysis performed by Bailey *et al.* (2017), the authors select 214 articles on engagement. Among these, eight articles report work engagement to be a result of job satisfaction. However, the authors also emphasize the existence of studies that consider job satisfaction as a result of work engagement, emphasizing that this is a subject that needs further investigation. However, this research considers work engagement as a consequence of job satisfaction (Koyuncu *et al.*, 2006; Rayton and Yalabik, 2014; Jung and Yoon, 2015). In this sense, the paper suggests that job satisfaction in the banking sector relates to work engagement presented by bank employees. Therefore, it constructs the following hypothesis:

H7. Work satisfaction positively influences the work engagement of employees in the banking sector.

Another factor resulting from job satisfaction for which the literature has expanded considerably in recent decades is the intention to leave (Saks, 2006; Hofmans *et al.*, 2013; Yalabik *et al.*, 2013; Jung and Yoon, 2015). Many of the studies on this behavior investigate its antecedents, in an attempt to understand the intention to leave a job, an organization or a particular industry sector (Lum *et al.*, 1998; Hofmans *et al.*, 2013; Supeli and Creed, 2015).

When an employee leaves an organization, in addition to the high financial cost involved (Singh and Loncar, 2010), there is the loss of all co-investment that the company has made to contribute to constructing the knowledge that the employee holds about his or her job, the organization and/or the market. Turnover is one of the biggest problems that companies face, either due to the high cost of recruitment or due to the business continuity effort of the organization. Thus, money and time are lost (Lum *et al.*, 1998; Singh and Loncar, 2010).

Lum *et al.* (1998) explain that job satisfaction negatively relates to the intention to leave. The authors reach this conclusion through a study carried out with nursing professionals. Job satisfaction also negatively affects the intention to leave in a study of employees of a hospital in Canada (Singh and Loncar, 2010).

Fabi *et al.* (2015) investigate 730 employees from 11 Canadian organizations (4 factories, 1 service company and 6 companies in the health and social care sector) and conclude that job satisfaction is negatively related to the intention to leave. In a study conducted in the

banking sector of South Africa, Du Preez and Bendixen (2015) verify that job satisfaction and the intention to stay at work are positively related. Thus, the paper suggests that, in the banking sector, job satisfaction negatively affects the intention of a bank employee to leave the financial institution. Therefore, it constructs the following hypothesis:

H8. Job satisfaction negatively influences the intention to leave of employees in the banking sector.

However, in relation to internal marketing, it is apparent that this construct has the ability to extend the effect of certain relationships (Ahmed *et al.*, 2003; Awwad and Agti, 2011). In an investigation carried out with university students in Hong Kong, it is evidenced that marketing moderates the relations between the affective quality and the perception of the quality of the service and satisfaction, amplifying the effect of the relations. According to the study's authors, these findings explain some inconsistent results reported in previous research (Jiang and Wang, 2006). On the other hand, studies that investigate internal marketing as a moderating variable are scarce.

A moderating variable is one that is able to influence the force and even the direction of the relationship between two variables or constructs (Ahmed *et al.*, 2003; Hair *et al.*, 2017). From this perspective, there are investigations about the role of marketing tools as moderators of the relationship between internal marketing and organizational skills (Ahmed *et al.*, 2003). Considering the results obtained by Jiang and Wang (2006), which identify the moderation of marketing in the relationship between quality of service and customer satisfaction, and Jha *et al.* (2017), which verify that consumer orientation is able to moderate the relation between work overload and quality in the interaction with the client, it can be conjectured that, similarly, internal marketing can moderate the relationship between employee behaviors in the banking sector. In this way, the following hypothesis is created:

H9. Internal marketing moderates the relations between job satisfaction and work engagement (a) and job satisfaction and the intention to leave (b).

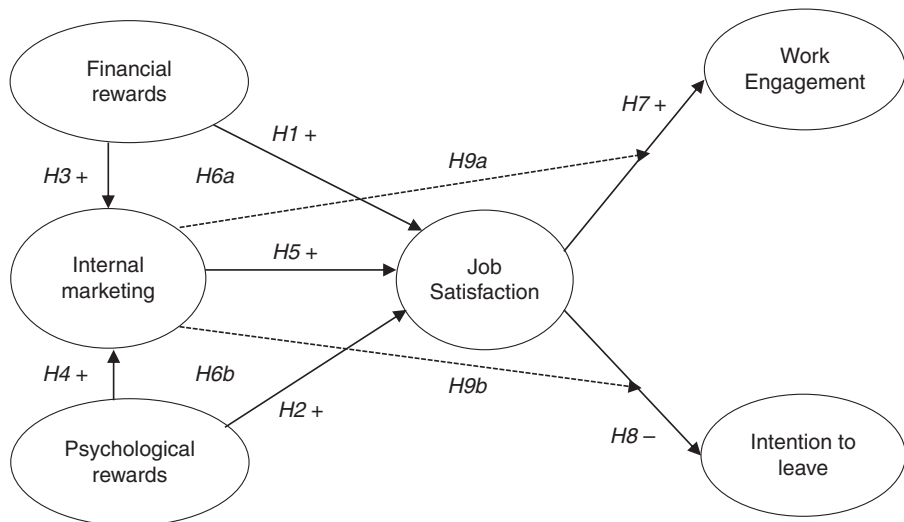
2.4 Proposed model

Considering the hypotheses developed, the model that the paper proposes for this research (Figure 1) is constructed to test the relationship between the constructs – financial rewards, psychological rewards, job satisfaction, work engagement and intention to leave the job – in addition to testing the mediating role and the moderating effect of internal marketing on these relations in the context of the banking industry.

Thus, based on the literature, this study establishes the relationships between the proposed behaviors that are antecedent to job satisfaction – financial rewards and psychological rewards (Hofmans *et al.*, 2013) and internal marketing (Narteh, 2012; Kanyurhi and Bugandwa, 2016) – and the consequent behaviors of job satisfaction – work engagement (Koyuncu *et al.*, 2006; Rayton and Yalabik, 2014; Jung and Yoon, 2015) and the intention to leave the company (Hofmans *et al.*, 2013). It further grounds the model on the argument that internal marketing can mediate and/or moderate certain relationships between employee behaviors in the banking industry (Ahmed *et al.*, 2003; Alegre *et al.*, 2015).

3. Methods

To verify the relationships between the constructs financial rewards, psychological rewards, job satisfaction, work engagement and the intention to leave the job, in addition to verifying the mediating role and the moderating effect of internal marketing in these relations, the paper conducts a quantitative, descriptive and cross-sectional study. Due to the relevance of internal marketing to the service industry, the target audience of this survey consists of the employees of banking institutions.



Notes: $H6a$ tests the mediation of internal marketing in the relationship between financial rewards and job satisfaction, and $H6b$ tests the mediation of internal marketing in the relationship between psychological rewards and job satisfaction

Source: Own elaboration

Figure 1.
Proposed model

The banking sector is an important sector of the economy, and instabilities in this industry can lead to serious problems in the economy of a country. In this context, satisfied and engaged employees can contribute to their banking organizations by presenting a high level of involvement with the work that they perform and with the bank in which they work. Mostly, despite the advancement toward a new model of customer service through digital means, much of the relationship of financial institutions with customers is still mediated by people (bank employees). On this line, Ahmed *et al.* (2003) argue that employees are essential in the implementation of business strategies aimed at reaching the end customer.

Thus, bank employees who work in banks operating in Brazil constitute the target population of this research. The sampling of this study is for accessibility, since it is very difficult to reach this entire public. Therefore, the authors choose to reach out to anyone possible. They opt for the collection of primary data through the application of a structured, self-administered questionnaire, made available by electronic means. To ensure that the respondent is part of the target audience of the study, they insert a population control question, in which the respondent self-declares to be a bank employee. Otherwise, the respondent could continue to answer the questionnaire; however, these responses are excluded in the data treatment.

The study introduces the questionnaire with the control question: "Are you a bank employee?" Thereafter, the statements are arranged for the six studied constructs. The first construct that the questionnaire addresses is internal marketing. The paper uses the scale containing 13 items elaborated by Narteh (2012). This author uses it to study internal marketing in Ghana's banking sector; it is also adopted by Bailey *et al.* (2016) in internal marketing research in the banking sector of Saudi Arabia.

The second construct is job satisfaction, which is measured using the questionnaire by Price and Mueller (1981), containing six items. The third construct, work engagement, is measured using the Utrecht Work Engagement Scale (Schaufeli and Bakker, 2003) with nine items that evaluate vigor, dedication and absorption. The fourth construct, intention to

leave, is measured by means of the scale by Lum *et al.* (1998), containing three items. The answers to the above construct statements range from 1 to 5, with 1 corresponding to “totally disagree” and 5 to “totally agree.”

The fifth construct, financial rewards, is measured using the scale by Heneman and Schwab (1985), containing four items. Finally, to measure the sixth construct, psychological rewards, the paper uses the questionnaire by De Gieter *et al.* (2010), with four items. A Likert scale with five points is used for the answers, with 1 corresponding to “not satisfied at all” and 5 to “very satisfied.” In addition, the questionnaire contains questions to characterize the respondents’ profile, such as gender, age group, schooling level and personal income.

The study elaborated the questionnaire in an online platform and pre-tested it with 12 respondents. With no difficulty reported in regard to understanding the statements or operational failures in the online questionnaire, the study proceeded by distributing the questionnaire through social media, union sites and electronic mail to the target audience of the survey between May and November 2017.

The sample of this study comprises 355 respondents. Through the data collected and in relation to the demographic profile, the study finds that the respondents are mostly males (56.3 percent) and that the most predominant age groups in the sample are those between 31 and 40 years (51.3 percent) and between 41 and 50 years (26.2 percent). A high level of schooling appears in the studied sample, both at the postgraduate/MBA level (46.8 percent) and at the undergraduate level (40.0 percent). The income range from BRL2,501.00 to 5,500.00 (48.0 percent) is most frequent among the interviewees. Of the total respondents, 91.8 percent work in the five main Brazilian banks (28.7 percent in Banco do Brasil, 27.6 percent in Caixa Econômica Federal, 18.6 percent in Bradesco, 13 percent in Itaú and 3.9 percent in Santander). Other respondents work in other banks and credit cooperatives.

According to data from Febraban (2014), the majority of employees in the banking sector operate in the five main Brazilian banks (89 percent) and are male (51.7 percent), and the age groups from 25 to 34 years (38.8 percent) and from 35 to 44 years (24.6 percent) predominate among bank employees. As for schooling, bank employees generally have a college or university degree (79.6 percent). Thus, considering the data from the census conducted by Febraban (2014), the sample surveyed in this study preserves these characteristics, making it adequate for the verification of the objectives of this study.

To evaluate the measurement model, this study performs a confirmatory factor analysis (CFA), which shows the matrix of factor loadings, the average variance extracted (AVE) and the compound reliability (CR) of the studied constructs. These measures allow it to assess the convergent validity. To verify the discriminant validity, it uses the criterion by Fornell and Larcker (1981). This method compares the square root of the AVE of each construct with the correlations between the other constructs. Regarding the discriminant validity, the square root of the AVE must be greater than the value of the correlations. Still concerning the discriminant validity, the study makes use of the criterion by Chin (1998), which considers that high factor loadings in different constructs discriminate them, something that also indicates convergent validity (indicators converge for the construct; see Hair *et al.*, 2014). As a technique for data analysis, this study uses structural equation modeling (SEM) with estimation by partial least squares (PLS). This technique enables the analysis of series of dependency relations between variables simultaneously. It also allows the testing of theories that contain variables that can behave dependently and independently in the same model (Hair *et al.*, 2014). In addition, PLS-SEM presents high statistical power even when working with smaller sample sizes and using more complex models (Hair *et al.*, 2014). Therefore, the hypotheses developed in this study are tested using this technique (direct and moderating effects). In relation to the hypotheses that verify the mediating role of internal marketing, the study calculates the variance accounted for (VAF), as indicated by Hair *et al.* (2014).

Mediation is an effect that occurs when a third construct intervenes in the relationship between two constructs, facilitating it (Hair *et al.*, 2017). The analysis of a mediating effect may explain the relation between two constructs better, as one tries to understand the process and the cause of the relation and not only its description (Preacher and Hayes, 2004, 2008). For example, suppose a relation between A and B mediated by M, where A is a seller with high job satisfaction and B is the volume of life insurance sales. In this case, a salesperson may be satisfied with his or her work and present low sales; however, the level of relationship (M) of this salesperson with potential buyers can influence the sales volume. Thus, a higher level of relationship of the seller with the potential audience of life insurance buyers may result in a larger sales volume. Therefore, one or more constructs can intervene in, that is, mediate, the relationship between two constructs. This study proposes to verify the mediating role of internal marketing.

4. Data analysis and discussion of results

4.1 Validation of the measurement model

First, the study performs a CFA to determine how the measured variables represent their respective constructs (Hair *et al.*, 2014). Then, to evaluate the measurement model, it verifies the convergent and discriminant validity. For this, it uses the matrix of factor loadings resulting from the CFA, as well as the AVE and CR. It should be noted that the IL1 variable of the company's exit intention construct does not reach a value of 0.50 in its factor loading, as recommended by Hair *et al.* (2014), being removed from the measurement model to execute a new calculation.

Moreover, for a better fit of the model, the study removes the variables WE6, WE7, WE8 and WE9 of the work engagement construct, JS3 and JS4 of the job satisfaction construct and IM4 and IM11 of the internal marketing construct one by one, considering the criterion of less difference between the high factor loadings between two constructs. Next, the study performs a new calculation of the factor matrix (Table I) and the test by Fornell and Larcker (1981) to verify the discriminant validity, since, in the first test, the values of the correlations between the latent variables job satisfaction, work engagement and internal marketing are higher than the square roots of the AVEs of the respective constructs (Hair *et al.*, 2014).

After adjustment, the composite reliability of the model presents values higher than 0.70 (Table II) for all the constructs, which indicates good internal consistency of the measurements, in addition to indicating the convergent validity of the constructs (Hair *et al.*, 2014). The AVE of the constructs presents indicators equal to or greater than 0.50 (Table II); therefore, there is a sufficient degree of convergent validity, meaning that the latent variable explains more than half of the variance of its indicators. In addition, as observable in Table I, the factor loadings converge to the construct, since its factor loadings are larger in the construct itself, also being a criterion that evidences convergent validity (Chin, 1998; Hair *et al.*, 2014).

The study tests the discriminant validity, which shows how a construct is different, that is, unique in relation to the other constructs of the model (Hair *et al.*, 2014), using Chin's (1998) criterion, which considers that high factor loadings (Table I) in different constructs discriminate them. In addition, it uses the criterion by Fornell and Larcker (1981), which indicates that the square root of the AVE of each construct must be greater than the correlations of the construct with the other constructs for discriminant validity. It is observed that the square root of the AVE is greater than the value of the correlations of the other constructs (highlighted and in italic font in Table II). Thus, the study confirms the discriminant validity of the measurement model.

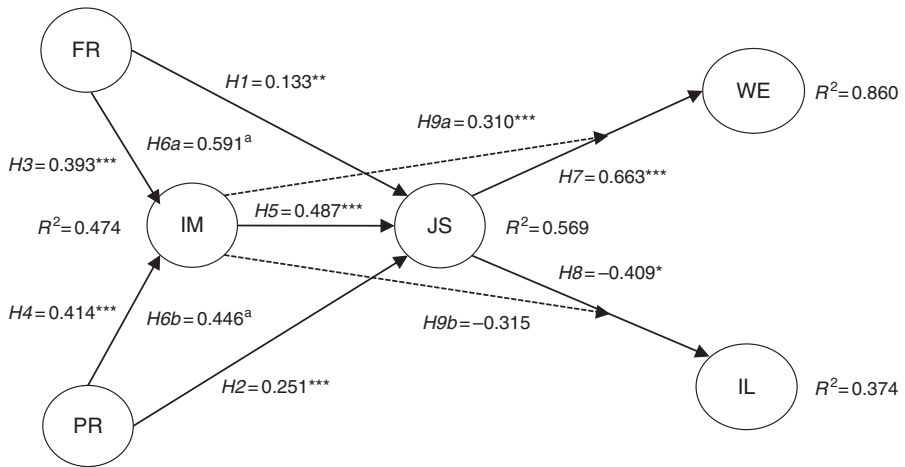
Thus, by verifying the convergent validity and the discriminant validity of the constructs, this study confirms that its measurement model is valid, indicating an adjustment between the studied theory and the research data (Hair *et al.*, 2014). Therefore, after completing this first stage of validation of the measurement model, the study continues with an examination of the structural model of the research.

Latent constructs	AVE	CR	FR	PR	WE	IL	IM	JS
FR – financial rewards	0.87	0.96	0.93					
PR – psychological rewards	0.91	0.97	0.45	0.95				
WE – work engagement	0.87	0.97	0.52	0.55	0.94			
IL – intention to leave	0.88	0.93	-0.25	-0.36	-0.59	0.94		
IM – internal marketing	0.54	0.92	0.58	0.59	0.69	-0.42	0.74	
JS – job satisfaction	0.85	0.96	0.53	0.60	0.92	-0.60	0.71	0.93

Notes: AVE, average variance extracted; CR, compound reliability. The values in the main diagonal represent the square roots of the AVEs of each latent construct

Source: Research data

Table II. Constructs' validity



Notes: FR, financial rewards; PB, psychological rewards; IM, internal marketing; JS, job satisfaction; WE, work engagement; IL, intention to leave. R^2 , Pearson's coefficient of determination. ^aHypotheses of mediation tested using VAF, with $H6a = 0.591$ and $H6b = 0.446$. * p -value < 0.5%; ** p -value < 0.1%; *** p -value < 0.01%

Source: Own elaboration

Figure 2. Proposed structural model

predictive model that shows how much of the variance of an endogenous construct is explained by the exogenous constructs related to it (Hair *et al.*, 2014). The validation of the structural model is completed after the evaluation of the significance of the coefficients estimated for the paths that represent the hypotheses of this study.

Considering the objectives of this research, the study performs an evaluation of the significance of direct and indirect hypothesized relationships, with most of the hypotheses being significant, sustaining the proposed structural model. Therefore, the study compares the results with the findings of similar research related to internal marketing, job satisfaction and work engagement.

4.2.1 Antecedents of job satisfaction in the banking sector. $H1$, which relates financial rewards and job satisfaction, is supported ($\beta = 0.133$, p -value < 0.01). This result corroborates the findings of Lum *et al.* (1998) and De Gieter *et al.* (2010), which, in research carried out with nursing professionals working in hospitals and centers specialized in the provision of health services, indicate that financial rewards are an antecedent of job satisfaction.

Linz and Semykina (2012), in a study carried out in Europe with employees from various sectors of the economy, identify financial rewards as significantly influencing job satisfaction. Hofmans *et al.* (2013) demonstrate that the relationship between financial rewards and job satisfaction is positive and significant. Thus, the result of this study, in line with the aforementioned studies, indicates that financial rewards and psychological rewards are a predictor of job satisfaction, and this relationship is also observed in employees in the banking sector.

Similarly, *H2* of this study suggests that psychological rewards positively influence the job satisfaction of employees in the banking sector. This hypothesis is supported ($\beta = 0.251$, p -value < 0.001). Some studies verify that the relationship between psychological rewards and job satisfaction is positive and significant (De Gieter *et al.*, 2010; Hofmans *et al.*, 2013). The study by Linz and Semykina (2012) demonstrates that psychological rewards influence employees' job satisfaction. The result of this study reinforces the findings of the studies in question, evidencing the influence of psychological rewards on job satisfaction in the banking sector.

Overall, Yousef (2016) argues that both financial and psychological rewards influence job satisfaction in addition to other organizational behaviors. In turn, this state of job satisfaction increases the sense of belonging to the organization and of commitment to the company, and this results in more willing and less anxious employees when facing organizational changes (Alegre *et al.*, 2015; Yousef, 2016). In a more recent study with European employees, the researchers conclude that the rewards offered are related to the general satisfaction of employees and the way in which they perceive the support that the organization gives them (Torre-Ruiz *et al.*, 2017). Therefore, the results of *H1* and *H2* reinforce the potential of rewards, be they financial or psychological, in the development of the job satisfaction of employees in the banking sector.

The understanding of internal marketing as a strategic tool (Kaurav *et al.*, 2016) allows the study to conjecture the existence of feedback processes of this management tool. However, its improvement to create, develop and maintain the necessary conditions to offer services of a higher value (Narver and Slater, 1990; Gounaris, 2008) involves a virtuous cycle of transformations. In this sense, one of the dimensions focused on by internal marketing is rewards (Narteh, 2012; Kaurav *et al.*, 2016). Therefore, financial rewards and psychological rewards can strengthen the organization's internal marketing policy. In this sense, *H3* relates the financial rewards and the internal marketing in the banking sector. The hypothesis is supported ($\beta = 0.393$, p -value < 0.001). Thus, financial rewards positively influence internal marketing, and this result reinforces the study by Naudé *et al.* (2003), which tests this relationship in a similar way.

In the same direction, *H4* suggests the relationship between psychological rewards and internal marketing in the banking sector. The hypothesis is supported ($\beta = 0.414$, p -value < 0.001). These results, for both *H3* and *H4*, corroborate the findings by Naudé *et al.* (2003). These authors report that work-related rewards have a significant influence on internal marketing. Thus, this study suggests that measuring employees' perception of financial and/or psychological rewards can serve as a form of "thermometer" for verifying the effectiveness and adjustment of internal marketing management.

Internal marketing positively influences employee satisfaction in the banking sector. Therefore, *H5* is supported ($\beta = 0.487$, p -value < 0.001). A study of employees in Australia's tourism industry shows that domestic marketing affects job satisfaction positively. In addition, its several variables can contribute to the improvement of job satisfaction (Huang and Rundle-Thiele, 2014). Similar research carried out in the banking sector in other countries provides relevant evidence of the influence that internal marketing exerts on job satisfaction (Du Preez and Bendixen, 2015; Bailey *et al.*, 2016; Kanyurhi and Bugandwa, 2016). This result

is still consistent with the statement by Narteh and Odoom (2015) that internal marketing, in addition to affecting job satisfaction positively, is the key to attracting, selecting and retaining the best employees.

4.2.2 The mediating role of internal marketing. *H6a* seeks to verify whether internal marketing mediates the relation between financial rewards and job satisfaction of employees in the banking sector. To test the hypotheses involving mediation, the study uses the VAF, in accordance with Hair *et al.* (2014). Thus, it verifies that the hypothesis is supported (VAF = 0.59), with the mediation being partial. This shows that 59 percent of the effect of financial rewards on job satisfaction can be explained through the internal marketing mediator. That is, higher levels of satisfaction with financial rewards tend to increase job satisfaction directly, as *H1* indicates. However, they also increase the perception of the effectiveness of internal marketing, which in turn leads to job satisfaction. Thus, some effects of financial rewards on job satisfaction are explained by internal marketing.

Furthermore, regarding the mediating role of internal marketing, *H6b* suggests that internal marketing can mediate the relationship between psychological rewards and the job satisfaction of employees in the banking sector. The results of the hypothesis test indicate that it is supported (VAF = 0.46), in that the mediating effect of internal marketing in this relation is partial. Analogously to *H6a*, 46 percent of the effect of psychological rewards on job satisfaction can be explained through internal marketing mediation.

Bailey *et al.* (2016) identify indirect relationships between internal marketing and job satisfaction while investigating the banking sector in Saudi Arabia. Similarly, Awwad and Agti (2011) report indirect relationships in the discussion of the results of the research that they carry out in the banking sector of Jordan. For Preacher and Hayes (2004, 2008), in their research on social behaviors, the discovery of two variables that are related is only the initial step toward an understanding of the production process of a given effect. Thus, one of the ways to explore the indirect effects between constructs is through mediation. Therefore, as *H6b* suggests, there is evidence that internal marketing intervenes in the relationship between psychological rewards and the job satisfaction of the bank employees facilitating it.

In sum, regarding the mediating role of internal marketing, these results suggest that the perception of the effectiveness of internal marketing policies by employees in the banking sector tends to bring greater meaning, formerly underlying, to the financial and psychological rewards offered by banks to their employees. This, consequently, can result in increased job satisfaction.

4.2.3 The consequences of job satisfaction in the banking sector. Regarding the behaviors considered in this study as a consequence of job satisfaction, *H7* suggests a relation between job satisfaction and work engagement of employees in the banking sector. The tests demonstrates that the hypothesis is supported ($\beta = 0.663$, p -value < 0.001). This result is consistent with several studies that investigate the relationship between these constructs (Koyuncu *et al.*, 2006; Rayton and Yalabik, 2014; Jung and Yoon, 2015). Aligned with the research by Yalabik *et al.* (2013) undertaken in the banking sector of the UK, the results of this study demonstrate the significant relationship between the constructs job satisfaction and work engagement.

In addition, the findings show the difference between the constructs, indicating that they are different ideas and are not simply being renamed. This suggests that, in the academic sphere, the same construct is not being investigated under a new nomenclature; rather, different constructs are being investigated. Moreover, in a practical context, the understanding of these behaviors with their specificities may indicate the need for different strategies to manage their development and maintenance. Therefore, this result suggests that actions that aim to raise work engagement consider the perceptions and the

attitudes of the employees in relation to their work, because job satisfaction seems to exert a considerable influence on the engagement of employees.

In addition, the study determines through *H8* whether job satisfaction exerts an influence on the intention to leave employment in the banking sector. The hypothesis is supported, being significant and negative ($\beta = -0.409$, p -value < 0.05). This result corroborates the findings of studies carried out in various sectors of the economy, such as Singh and Loncar (2010), Hofmans *et al.* (2013), Jung and Yoon (2015) and Supeli and Creed (2015). More specifically, in the banking sector, similar findings are obtained, for example, in studies conducted in the UK (Yalabik *et al.*, 2013) and South Africa (Du Preez and Bendixen, 2015).

Therefore, the results for the relationship between job satisfaction and intention to leave the job are aligned with similar research. This evidence seems to be relevant both to academia and to managers, since it allows the suggestion that, when employees are satisfied with their job, the effective turnover rate in the company tends to be lower, and this can have considerable effects on organizational performance, especially when it comes to service delivery and customer relations.

4.2.4 The moderating effect of internal marketing. This study also proposes to verify the moderating effect of internal marketing in relation to the behaviors consequent to job satisfaction in the banking sector. As argued by Hair *et al.* (2017), a variable or a moderator construct has the ability to change the force or direction of a relationship between two other variables or constructs. In this sense, *9a* suggests that internal marketing has a moderating effect on the relationship between job satisfaction and engagement, with the hypothesis being supported ($\beta = 0.310$, p -value < 0.001).

Yalabik *et al.* (2013), in a study carried out in the banking sector of the UK, identify job satisfaction as having a positive and significant influence on work engagement. Regarding internal marketing and its relationship with other constructs, the literature reports several indirect effects (Awwad and Agti, 2011; Bailey *et al.*, 2016). Jiang and Wang (2006), when studying the effects of marketing on the relationship between affective quality and customer satisfaction, report that the inconsistent results in the literature are better explained when investigating the moderating effect of marketing on said relationship. Jha *et al.* (2017) demonstrate that consumer orientation is able to moderate the relationship between work overload and quality in customer interaction.

Therefore, the result of *H9a* suggests that internal marketing, within the banking sector, can moderate the relationship between job satisfaction and work engagement, increasing the strength of this relationship. For management practice, this result points out that, even though employees who are satisfied with their job may present work engagement, internal marketing can extend such engagement.

Finally, *H9b*, which suggests the moderation of internal marketing in the relationship between job satisfaction and the intention to leave (*H9b*), is rejected ($\beta = -0.315$, p -value > 0.05). Thus, the results of this study indicate that the intention to leave the company can be influenced by job satisfaction, as *H8* demonstrates. However, the result of *H9b* shows that internal marketing does not moderate this relationship. Thus, internal marketing is demonstrated not to increase the strength of the relationship, which allows the study to suggest that, if bank employees are dissatisfied with their job, they probably intend to leave, and vice versa, and internal marketing policies do not contribute to changing this situation.

In general, the structural model proposed for this research allows the study to find significant relationships in the context of internal marketing in the banking sector. First, it tests the antecedent relationships with job satisfaction in the banking sector. The results show that the exogenous variables – financial rewards, internal marketing and psychological rewards – exert an influence on the endogenous variable job satisfaction.

Furthermore, the coefficient of determination (R^2) indicates that 56.9 percent of job satisfaction relates to the three exogenous constructs. Moreover, the study finds that, with predictive strength of 47.4 percent, financial rewards and psychological rewards influence internal marketing. In addition, internal marketing is a mediating construct, being able to intervene in the relationship between financial rewards and job satisfaction and in the relationship between psychological rewards and job satisfaction.

The results indicate that work engagement is influenced by job satisfaction. The coefficient of determination (R^2) indicates that 86 percent of work engagement is related to job satisfaction. As for the intention to leave the company, job satisfaction seems to exert an influence on this behavior, since the predictive force found in the research is 37.4 percent. Finally, internal marketing appears to moderate the relationship between job satisfaction and work engagement in the banking sector.

In short, in the light of several studies (e.g. Awwad and Agti, 2011; Narteh, 2012; Du Preez and Bendixen, 2015; Bailey *et al.*, 2016), including the present study, internal marketing emerges as a potential strategic management tool in the areas of people management, marketing and operations (Kaurav *et al.*, 2016). In addition, this research is one of the first attempts to investigate the mediating role and the moderating effect of internal marketing in relation to job satisfaction, work engagement and the intention to leave employment in the banking sector. The results still suggest that internal marketing can exert a direct influence on certain behaviors of employees in the banking sector, in addition to mediating and moderating the relations between these behaviors.

5. Conclusions

The objectives of this study are to verify the relationship of job satisfaction in the banking sector with its antecedent constructs (financial rewards and psychological rewards) and the mediating role of internal marketing in these relations and to verify the relationship between job satisfaction in the banking sector and its consequent constructs (engagement and the intention to leave) and the moderating effect of internal marketing on these relationships. The results suggest that job satisfaction is influenced by its antecedent constructs and, in turn, exerts an impact on its consequent constructs. In addition, internal marketing is demonstrated to influence directly certain behaviors of employees in the banking sector and to be able to mediate and moderate the relationship between these behaviors.

Therefore, the study provides evidence that internal marketing can directly influence job satisfaction, in addition to mediating the relations between financial and psychological rewards and job satisfaction. Therefore, it is able to conjecture that internal marketing tends to contribute to the development of job satisfaction. In addition, the effectiveness of internal marketing can provide banks with the perception of superior value in relation to the financial and psychological rewards that they offer (Papasolomou *et al.*, 2017), which generates satisfaction with the reward system and, consequently, influences job satisfaction.

In turn, job satisfaction has a significant impact on work engagement. Thus, the study is able to deduce that the feeling of job satisfaction drives bank employees to develop work engagement. In addition, internal marketing moderates the relationship between job satisfaction and work engagement. That is, internal marketing policies and processes, as well as influencing job satisfaction, tend to increase the likelihood of bank employees developing work engagement. This may be related to employees' ability to present resilience and motivation and to face extreme situations in search of beneficial results for the bank for which they work (Bakker *et al.*, 2008; Yalabik *et al.*, 2013). In such dynamic and changeable scenarios, employees who are engaged in their work will most likely act as agents of change, contributing to the implementation of corporate strategies (Ahmed *et al.*, 2003) and the achievement of organizational goals (Yan *et al.*, 2017).

Theoretically, the study demonstrates that internal marketing is multifaceted (Narteh, 2012) and can influence the behaviors presented by employees in the banking sector (Du Preez and Bendixen, 2015; Narteh and Odoom, 2015), for example job satisfaction. However, unlike other research related to internal marketing (e.g. Awwad and Agti, 2011; Bailey *et al.*, 2016; Kanyurhi and Bugandwa, 2016) this study verifies that, besides the direct effects, internal marketing can mediate the relation between two constructs, facilitating the relationship between them. It is one of the first efforts to demonstrate the ability of internal marketing to moderate the relationship between two constructs by increasing the strength of this relationship.

The investigation of the effects of mediation and moderation may help to explain more clearly what a simple cause and effect relationship sometimes does not impart (Preacher and Hayes, 2004, 2008; Jiang and Wang, 2006; Alegre *et al.*, 2015). Thus, a main contribution of this study is to expand the scope of understanding of the impact of internal marketing in the banking sector by studying its mediator and moderator effects, which produces more possibilities for explaining the diverse behavioral relations observed in a financial institution.

Thus, the theoretical contribution of this study is accompanied by the demonstration that indirect effects (moderator and mediator) can explain the relationships between various constructs in banking marketing. The study demonstrates such effects by relating traditionally studied elements, such as job satisfaction, job rewards, internal marketing, work engagement and intention to leave. We realize that the literature on banking marketing still contains little exploration of these indirect effects (moderator and mediator), indicating the potential to explain and enhance varied relationships.

So, one of the novelties of this study is the demonstration that internal marketing can complement the effect of job rewards on job satisfaction, something that is not observed in the previous literature. That is, job rewards and internal marketing result in more job satisfaction, which produces better employee performance, favoring the banking industry. Another novelty is the verification that internal marketing can multiply the effect of job satisfaction on employee work engagement. Work engagement is stronger if job satisfaction is accompanied by internal marketing, something that is not yet evident in the literature. However, this study does not find the same effect on the relationship between job satisfaction and intention to leave. That is, if an employee thinks about leaving because he or she is dissatisfied, it will not be the internal marketing that will help that the employee changes his or her mind. This difference in the results is also a contribution to the literature on banking marketing. That being the case, this study expands the knowledge of banking marketing.

As a practical contribution, the authors hope that this study will provide insights for banking managers to improve their internal marketing policies in their organization, in this industry with almost homogeneous products and services (Papasolomou and Vrontis, 2006). In this scenario, the relationship with employees can be a competitive advantage, provided that they perceive superior value in their relations with the company (Narteh, 2012; Narteh and Odoom, 2015). Consequently, this tends to generate a supply of high-quality services from the clients' perspective (Narver and Slater, 1990; Ahmed *et al.*, 2003). In addition, bank management can use internal marketing to promote job satisfaction and develop work engagement (Bailey *et al.*, 2016).

The non-probabilistic sampling by accessibility represents a limitation of this study, which does not allow the generalization of the results. However, the evidence of the relationship between observed behaviors in the banking sector can be confirmed in later studies. Another limitation is the application context of the survey, which relied only on the participation of bank employees and did not consider other sectors of the service industry. Finally, the transversality of the sample section is a further limitation, which does not allow the verification of the influence of internal marketing on the studied behaviors over time.

Recommendations for future studies include the replication of this study in other service industries, which can broaden the understanding of the effects of internal marketing in the service industry in general. This could be useful, especially with the exponential increase of this industry in a global context. The authors also suggest the use of longitudinal data, which could contribute to the understanding of both internal marketing and job satisfaction and work engagement over time. Future studies might also verify the influence of internal marketing policies on an organization's culture (Papasolomou *et al.*, 2017). Finally, this study broadens the understanding of the scope of internal marketing by exploring its mediating and moderating effects on certain employee behaviors. Future research related to internal marketing can make significant contributions to the formulation of strategies involving marketing, people and operations, which can trigger the development of sustainable competitive advantages.

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