

Internal Market Orientation as a Dynamic Capability: It's Influence on Employee Engagement and Organizational Competitiveness

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Abstract

The increasing difficulties in managing employment relationship which derives from incremental employees' diversity and their changing expectations in the workplace. The labors have urgent requirements for improving their quality of life and balancing work and personal life, which urge management to consider how to satisfy employee's expectations to achieve better organizational objectives and become responsible business owners. This study examines IMO's impact on employees' attitudes and behavior based on both conservation of resources theory and social exchange theory. By collecting data from Chinese manufacturing sectors, this will contribute to enhancing employees' loyalty and engagement via apply IMO as dynamic capability to enhance their quality of life and work-life balance.

Keywords: Internal Market Orientation; Work and Family Balance; Employee Engagement; loyalty; Quality of Life; Organizational Competitiveness

Introduction

Confucius value system has significantly impact not only Chinese culture but also managerial practices in China (Rarick, 2008). It regards family orientated collectivism as an essential dimension of societal culture in Chinese societies and regulates their behaviour, roles, and responsibilities (Li et al., 2000). For example, the family bond has been the dominant factor when making an important decision about future (Upton-Mclaughlin, 2013); and they work hard for raising family (Stinson, 2020). As an important concept to the Chinese society, family-oriented collectivism not only influences individuals but also has a profound impact on the behaviour and performance of Chinese firms (Li et al., 2000). In managerial aspect, under the past-oriented society, the management teams are more conservative in management, concerned with traditional values, and "slow to change things that are tied to the past" (Briley, 2009). It is common for the Chinese managers to tie their acknowledgement of employees' efforts and commitment to their hard work (Li and Madsen, 2009). However, with the changing labour forces, particularly, the post-90s has begun to dominate the work market, who have distinct value towards life and work attitude (Lien et al., 2021). Compared with other generations, they are more care about personal development, quality of life, work-life balance, and work flexibility (PSW, 2011; Gomez et al., 2018). They take individual needs, inspiration, and personal value into prior consideration. Although their social value has been changed a lot compared with the old generations, these changes do not carry across to filial piety (Hu and Scott, 2014). To support their family life is part of their prior responsibility, including elderly caring and children education (Cheng, 2014). Besides, under the one-child policy, they are the generation who boiled by their parents and has good quality of life with sufficient material life. Therefore, they are vulnerable to pressure. Particularly, new generations who get married have to take care of the parents from both families. So, they usually suffer a higher-level pressure on the economic and psychological perspectives (Kisselmann, 2016; Zhao, 2018). Therefore, this reports a strong requirement for effectively manage work and life balance (Sabattini, 2012).

With increasing workforces diversification including multiple generations, dual worker families, and increasing female workers. Especially, new generations have been the dominant labour forces in the workplace and captures 22.4 per cent of the Chinese population in 2020 and over 50 per cent of them have shifted their jobs four to five times (Zhao, 2018; Statista, 2022). The new generations diversification has been one of the significant reasons why the manufacturing industry faces serious labour and talents shortage in decades (China Labor

Bulletin, 2020). They would like to shoulder their responsibility on the premise of the principle of equivalent exchange and strive for individual benefits rather than devotion and sacrifice for their work (Cao and Hill, 2019). Today, their changing needs and wants for well-being, work-life balance, personal development, and working condition make the organisation face the dilemma how to retain the talents and manage today's diverse workforce (Cheng, 2014; Zhao, 2018). However, existing family friendly practices in China focus on the workers' basic needs without proper consideration into their long-term career aspirations and work-life balance (Zhao, 2018). Therefore, they need to rethink the HRM practices to fit with changing labour forces in the modern society.

To echoing the management challenges and sustain the manufacturing sectors' dynamic and competitiveness, employees as the internal customer have been being vital. Internal market orientation (IMO) is a marketing-like activity to collect, disseminate and respond to organisational understanding of intelligence such as employees needs and wants (Lings and Greenley, 2005; Gounaris, 2006). This study applies IMO as an organisational dynamic capability to create, integrate, and reconfigure the resources. Therefore, employees changing needs and wants can be effectively addressed while they could better respond to external market (Sarjana, 2015).

Internal Market Orientation

Internal marketing (IM) promotes employees value through applying marketing philosophy to regard the firm as internal market and employees as internal customers (Berry et al., 1976; Berry, 1981). To effectively implement IM, IMO is developed as a set of marketing activities which was paralleled from market orientation (Lings and Greenley, 2005; Gounaris, 2006). IMO integrates marketing management and HRM to promote a value that employees will reciprocate the organisation via more positive employees' work attitudes and behaviour (e.g., job satisfaction, commitment, motivation) and increased customer-oriented consciousness and customers' satisfaction when firm treat them well. As the most frequently adopted IMO scales, Ling and Greenley (2005) composite IMO as a second order construct consisting of information collection, information dissemination and information responsiveness.

According to social exchange theory, individuals are more likely to perform reciprocated behaviours if they believe they can obtain more valuable goods, profit, and utility

than they currently possess (Cook et al., 2013). To better respond to the call for a culture valuing employee, IMO contributes to managing the employee-employer exchange to balance what employee pays effort in jobs and what they can obtain. Increasingly organizations have noticed employees' importance and effectively satisfied their workers' expectations in both work and life domains through applying IMO. For example, existing IMO studies have proved its positive effect on employees' work attitudes and behaviour (e.g., job satisfaction, commitment, productivity, motivation) (e.g., Tortosa-Edo et al., 2009; Robledo and Aran, 2014; Hu and Yu, 2020). Therefore, organisations that want to develop organisational dynamics and sustainability could be beneficial from the application of IMO as dynamic capabilities which develops organisations' ability to create, integrate, and reconfigure the resources (Sarjana, 2015). The conservation of resources (COR) theory depicts that human behavior is based on the evolutionary need to gain and conserve resources for survival (Hobfoll, 2018). To protect the self and social bonds that support themselves, the employee builds, protects, and fosters their resource, and prevents resource loss for engaging in appropriate behaviors (Buchwald and Schwarzer, 2010). IMO as an organisational dynamic capability, it contributes to effectively creating and integrating organisational resources through generating internal intelligence through information collection and reconfiguring internal and external competences through information dissemination and encouraging a rapid responsiveness to both internal and external market through effective responsiveness to internal intelligence.

Existing IMO research focuses on the IMO's outcomes and neglects the importance of prerequisite and determinants of IMO's adoption. Also, the majority of the IMO implementation emphasizes on the work domain without updating workers' changing needs and wants in life perspective. This study attempts to modify the existing measurement scales and consider both work and life aspects. Although extant research in the human resource management domain has been credited its functionality of increasing e.g., employees' satisfaction, commitment, and performance. Whereas its criticalness to understand diversified employees' needs regarding e.g., ages, life stages, marital status, gender (Lewis and Beauregard, 2018), its proficiency of employees' perception of that they are valued by management (Bose and Phillai, 2019) and inequality in the reciprocal behaviour have been repeatedly underscored (Basnyat and Clarence Lao, 2019). Instead of trying to come up with a universal practice, we argue that internal market orientation (IMO) which has been underestimated by existing marketing and human resource management research may provide a well fit to echo the challenges. The practitioners and policymakers can use the research further

reflect on how to work together with the organisation to build a sustainable society. Hence, building a tool to help the management in China to recognise, understand, and response to work and family life needs is vital. The understanding of the unique work values and behaviours of the new generations of workers is essential for the businesses and society.

Conceptual Framework

With the application of IMO in an organization, the firm has the capability to reconfigure internal competences that includes loyal and engaged employees through effectively understanding and responding to their needs and wants such as work-life balance, quality of life. Therefore, the organization is able to create and sustain its competitiveness in the changing environment. Thus, we propose IMO has positive influence on employees' work-life balance (P1) and quality of life (P2), ultimately influence organizational competitiveness (P5) through a higher level of employees' loyalty and engagement (P5a, P5b). Employees perceive balance work and life and better quality of life, which positively impact their loyalty (P3) and engagement (P4) (See figure 1).

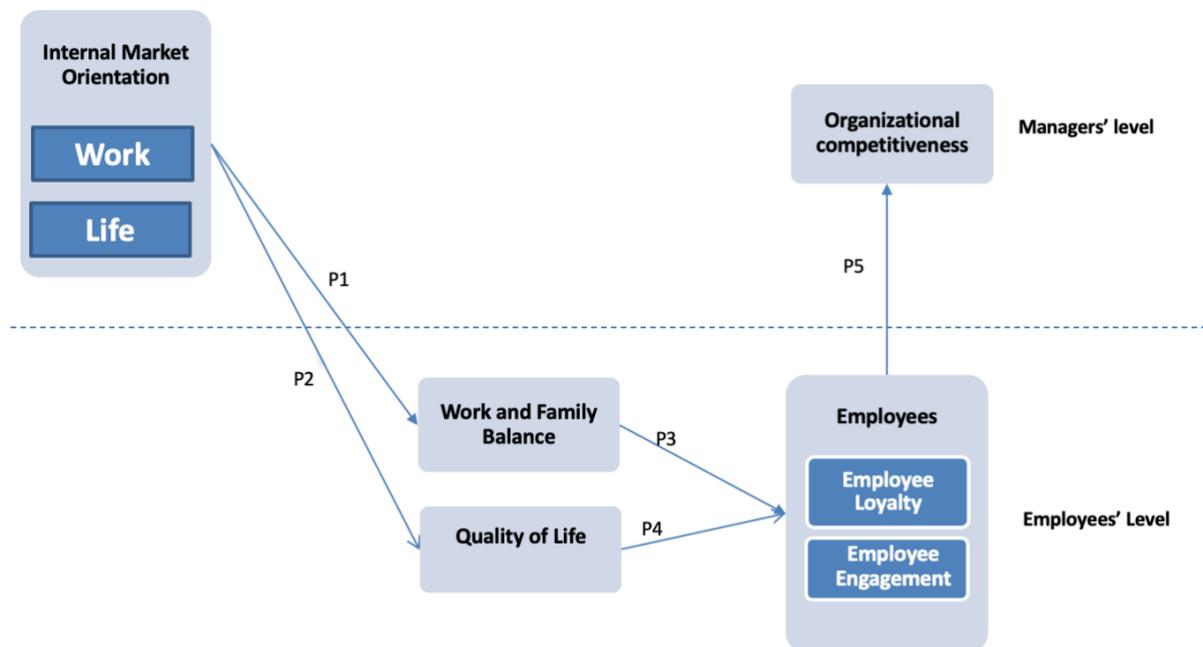


Figure 1. Conceptual framework

Methodology

This study applies both qualitative and quantitative study to explore the application of IMO in China and how IMO influences employees' quality of life and work-life balance, ultimately, its

impact on employees' engagement, loyalty and organizational competitiveness. Through in-depth interviews with 10 employees who are post-90s, it purposes to explore employees' specific needs and wants for work and family expectations in the workplace today. This conduces to updating the measurement scales of IMO's application into manufacturing industry. Existing studies of IMO only takes the work needs into consideration, in order to better implement the IMO practices, an updated measurement items are imperative. Subsequently, a quantitative study through survey will further investigate IMO's influence on employees' level of outcomes (e.g. work-life balance, quality of life, engagement, loyalty) and organizational outcomes (e.g. organizational competitiveness) (See figure 1. Conceptual framework). For the purpose of having a holistic understanding of IMO's impact and avoid self-report bias, this study will collect the survey from both employees and management levels.

Contributions and Conclusions

Owing to the incrementally clashed work and life commitment, this leads to poorer quality of life, decreased life satisfaction, and rising stress and anxiety, ultimately, cause a lower level of employee well-being and social stability (Rego and e Cunha, 2008). It is time for enterprises to shoulder the corporate social responsibility for sustainable and stable development, the organisation is suggested to adopt IMO which is coped with the difficulties on understanding and responding to diverse workforce's needs (e.g., work-life balance, occupational health, and safety, psychological well-being, quality of life, training) (Sania et al., 2015; Espasandín-Bustelo et al., 2021). This study considers updating the measurement items and life perspective needs and wants and expects to contribute to both work-life research and internal marketing field via applying marketing theories inside the firms for a more effective responsiveness to employees changing needs and wants. Secondly, using China as the context will shadow the emerging countries where face the similar challenges towards employment management. Last, this contributes to enterprises that seek for higher level of organizational competitiveness via the application of IMO.

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