

INTERNAL MARKETING INFLUENCE ON ORGANIZATIONAL CULTURE AND SERVICE QUALITY IN MACEDONIAN COMPANIES

Aleksandra KACARSKI

*University American College Skopje, School of Business Economics and Management, Boulevard III Makedonska Brigada 60, Skopje, North Macedonia
kacarskialeksandra@yahoo.com*

Dimitar KOVACHEVSKI

*University American College Skopje, School of Business Economics and Management, Boulevard III Makedonska Brigada 60, Skopje, North Macedonia
dimitar.kovachevski@uacs.edu.mk*

Abstract

The main function of internal marketing (IM) is to align company's internal operations to ensure that employees are as capable as possible of providing service quality to customers. In practice, HR managers know what drives and what makes company to be competitive internally, in order to recruit most competent people, to train and to motivate them to produce high-level output. Moreover, in the new context of management, IM is interrelated with the organizational culture and influences the delivery of high level customer service. Even though IM plays more extended role than HR in building internal customer's orientation and communication, still in the literature, there is an insufficiency of empirical researches regarding IM, organizational culture (OC) and service quality (SQ) through HR perspective. Therefore, this paper primarily focuses on exploring the perceptions of 46 HR managers in Macedonian companies towards the extent of IM in Macedonian organizations, and it examines as well as the correlation of IM in relation to the SQ and to the OC.

Findings showed that there is an excellent inter-item consistency of the whole validation scale. As well, a high internal consistency was found for all three components (OC, IM and SQ). In addition, measuring the correlation between the IM and other two variables, findings suggest that IM in Macedonian organizations is developed in a great extent as well as that there is a positive statistically significant relationship between the IM with OC and SQ.

Keywords: internal marketing, organizational culture, service quality, HR, Macedonian organizations

1. INTRODUCTION

In the contemporary work environment HR department establishes politics and procedures that enable building employee branding. Recent researches recognize the need of IM aiming to obtain external competitiveness. Even more, if employees are motivated then they are happy, satisfied, fulfilled and perform better. Therefore, the organization should attract, retain and motivate its employees to build their skills aiming to deliver excellent services (internally and externally).

Still, in the literature, there is a lack of empirical studies regarding the relationship between IM, OC and SQ through the HR viewpoint. Therefore, the purpose of this study is to explore the IM through the lens of HR in relation to both other variables in Macedonian organizations. In order to research the correlation between variables, a questionnaire of 46 questions organized in three parts (OC, IM and SQ) was developed. An online semi-structured questionnaire was distributed, by purposive sampling to 120 HR managers, members of the Macedonian Human Resources Association, who work in different Macedonian organizations. Only 46 HR managers fully responded to the questionnaire where the response rate was 38.3%.

The paper starts with the conceptualization of IM, then examines the IM dimensions as well as the literature concerning the relationship of IM with OC and SQ. For the purpose of this research IM is defined based on Kotler's (2016) dimensions: hiring (HIR), training (TD) and motivation (MOT) extended with the communication component (COM). For the purpose of measuring the internal consistency of the questionnaire Cronbach Alpha

score for all three parts is calculated, and then the correlation between the variables is examined. Finally, study limitations as well as organizational implications are considered.

2. LITERATURE REVIEW

2.1. Internal marketing conceptualization

The academic world in the past two decades is increasingly interested in researching (Snell and White, 2009) as well as exploring employees as the first market for the organizations (Sincic and Vokic, 2012). Employees are the most important internal customers (Collins and Payne, 1991; Rafiq and Ahmed, 2000; Berry, 2002; Vasconcelos, 2008; Kaur et al., 2011; Cioclov et al., 2016) and their needs and motivation should be the focus of IM. Therefore, organizations should be concentrated in establishing a corporate climate where employees' needs would be satisfied and motivated, aiming to retain the best ones (Vasconcelos, 2008). Namely, the internal environment is crucial for people's lives because employees tend to be fulfilled, happy and to enjoy on the workplace when they show their skills and implement potentials (Vasconcelos, 2008). As well, organization through various processes and practices like communication, leadership style, rewarding and decision policies could influence on internal customer's feelings, behavior and attitudes (Kaur et al., 2011).

There is no clear consensus about the definition of IM (Rafiq and Ahmed, 2000). Definition of Kotler and Keller (2016) suggests that IM is a component of the holistic marketing approach where practices of hiring, training and motivation empower employees to serve customers well. In this context, Berry (2002) has classified IM as a strategy of the relationship marketing where the service quality depends of the employees' competences producing those services. Thus, IM activities should be directed to attract, motivate and retain internal customers in order to achieve service quality.

In recent years, IM is recognized as a crucial function of HR management (Arndt, 1983; Collins and Payne, 1991). Three major components of IM are important that include HR activity: information function that requires open and transparent communication sharing information at all levels; HR activity that enables improvement in employees' competences and the final component refers to the system of rewarding and performance practice enabling employees' development and motivation (Arndt, 1983).

Correspondingly, Collins and Payne, (1991) underlined that IM first involves understanding employees' needs, then developing processes and practices aiming to harmonize their needs with organizational goals and finally enabling them to gain value from that exchange relationship. Hence, internal market is a place where the customer and supplier are inside the company and the more satisfied customers the more benefits for the organization. In other words, IM might be seen as managerial ideology/strategy that influences organizational goals and strategies implementation. Therefore a cross-functional link among all internal resources is needed to attract, develop, motivate and retain internal customers in order to "sell" an attractive image (internally and externally) of the organization (Cioclov et al., 2016).

2.2. Internal marketing and HR practices

According to the above IM conceptualizations it is noticeable that HR managers plays the most relevant role in IM aiming to meet business strategy and organizational objectives (Collins and Payne, 1991). Others argue that the impact of HRM practices on the importance of the IM concept is ignored (Jackson, 1991).

Guest (1997) wrote that HRM practices encourage high skills and abilities (by effective selection and training), high motivation (employee engagement and performance- related awarding) and an appropriate role structure and role perception (job design and open communication with feedback).

Generally, "internal market research" uses satisfaction surveys as a marketing tool to measure the employees' satisfaction regarding the impact of HR practices with the purpose to create or improve HR practices as advantageous conditions in increasing employees' motivation towards organizational goals (Rafiq and Ahmed, 1993). Therefore, combined level of management or many stakeholders: the top management, HR, CEO, team-working and marketing department (Quester and Kelly, 1999) should support the process of managing activities in aligning employees with organization in a more systematic and strategic way (Iacovone, 2009).

Simultaneously, IM goes beyond the HR practices in providing transparent communication, employees' style of life, welfare, their happiness, even outside the work. This led to the conclusion that companies with strong IM build strong employer branding, hire most competent people, and have lower rate of absence, higher profit and satisfied employees (Figurska and Matuska, 2013).

The complementarity between the IM and HR practices exists and a borderline cannot be set as they are overlapping in some aspects (Ciclov et al., 2016). In this context, IM has more strategic role of creation the employees' motivation as well as feeling of belonging by effective communication. It is oriented more on encouraging participative management and opens possibilities for future development based on employees and customers feedback. On the other hand, HR practices are more focused on establishing HR practices and processes: the process of hiring, personnel management in order to satisfy employees' needs as well as to maintain their motivation and satisfaction.

In addition, the holistic approach of IM could be seen as a philosophy of management (Coric and Vokic, 2009) and imposes coaction among HR, IC (internal communication) and IM in accomplishing company's goals. This approach integrates strategic management, quality management, HRM, organizational communication and CRM (customer relationship marketing). Thus, an integrated IM program should be implemented by a strategic management of all departments enabling high quality services, performances as well as employees motivation (Rafiq and Ahmed, 1993). Hence, the IMO should navigate HRM activities towards building the harmonization between the employees persuasion what they invest in and what they gain from the job (Lings and Greenley, 2005).

2.3. Internal marketing dimensions

This paper aims to examine the three dimensions of Kotler's IM definition including hiring, training and motivation adding the communication as a fourth segment of IM. Ahmed et al. (2003) in their research have included 4 components of IM mix that are statistically significant: strategic rewards, internal communication, training and development and senior leadership. Other authors added career management as an IM component and employer's brand influencer (Wahba and Elmanadily, 2015). Others seen organizational culture/socialization, as a key determinant of IM and found out statistical significance in their relation (Naude et al., 2003). Authors researched that employees have a feeling of identification with the organization, share values with the organization and feel that they matter to the organization. Moreover, IM activities enable employees' congruence and coincide with organizational goals (Matanda and Ndubisi, 2013). In addition, some subcategories of organizational satisfaction: work and reward satisfaction as well as work-load and rewarded work are statistically significant as determinants of IM (Naude et al., 2003). Berthon et al. (2005) explored the hiring dimension from the perspective of an organization being "an employer of choice" and found statistical significance between building the employee internal brand and hiring strategy. The organization should provide "interest value" for the employees which implies an exciting work environment, creativity and innovative work practices. The existence of "social values" create fun and happy working environment, feeling of acceptance and belonging, good peer communication and team work. Economic value implies good reward system bonuses, job security and opportunities for career development. The "development value" offers employees the opportunity to establish good collaboration with the management and earn recognition, feel self-worth and confident, as well as career and developmental opportunities. And finally, the "application value" concerns employees' implementing knowledge on the work place, mentoring, humanitarian as well as customer oriented environment (Berthon et al., 2005). Many empirical studies are dedicated to exploring employees' outputs and benefits when they are motivated on the workplace. Kulkarni (2015) researched that intrinsic motivation occurs when there is a passion, inner fulfillment and pleasure about work tasks whereby employees feel proud and have a feeling of attainment and accomplishment. As well, intrinsic motivation positively correlates with improved performance (Menges et al., 2017; Cerasoli et al., 2014; Barbuto, 2005 and Ceharbonnea et al., 2001) and motivated employees achieve service excellence (Mishra, 2010). On the other hand, people feel dissatisfaction and fail to drive results when workplace and corporate values are just statements and are ignored in the practice (Kulkarni, 2015). Hence, IM influences employees' motivation where the IM positively impacts employee intrinsic motivation (Amangala and Wali, 2013). Lings and Greenley, (2005) found positive relation between the IM and information dissemination as well as statistical significance between the IM and

staff attitudes regarding motivation (Lings and Greenley, 2009), extra effort on the work place, happiness on the work place, taking more responsibilities as well as positive atmosphere. As well, organizational satisfaction positively correlates with IM, where the relationship between the sub categories: stimulation from work, reward satisfaction and work load satisfaction and IM is statistically significant (Naude et. al., 2003). In this line remuneration system is highly correlated to IM, where financial rewards for extraordinary performance as well as getting annual bonuses according performances are moderately correlated to the organizational IM (Gounaris, 2008). Trainings as integral part of the IM concept have positive correlation with IM and they are related to individual needs, skills of newcomers, specific job-related skills as well as manager's trainings (Gounaris, 2008). Regarding the internal communication, Ahmed et al. (2003) found out that sub items like understanding among employees, building ownership among employees, providing information to all our employees, consistency with external customers advertising as well as consistency with external communication highly correlate with IM mix. As well, Tansuhaj et al. (1988) noted that besides recruitment, training, motivation and retention efforts as well as communication is a key area among organizational IM activities. In addition, Gounaris, (2008) in his empirical evidence found out statistical significance and strong correlation between the internal communication and IM, where employees are timely informed about work activities, new tasks, performances and improvement thereof. An interesting research (Vasconcelos, 2011) is conducted in relation to internal demarketing (ID) where author defined 7 potential negative effects of managerial activities: violation of contract, personal devaluation, lack of leadership skills, no vision, distrust, work-life balance as well as lack of communication that might influence on ID and then produce employee lack of commitment, dissatisfaction as well as lack of good performance.

2.4. Organizational culture and IM

IM and the empirical evidence of its effects still remains an area that has been slightly explored in the literature (Naude et.al, 2003; Lings and Greenley, 2005). Beliefs and values represent norms for behavior in the organization and help individuals to understand organizational culture and functioning (Deshpande and Webster, 1989). Hence, these internal behavioral significances represent the set of joint and shared mental assumptions that guide employees' actions and shape their appropriate behavior in various situations (Ravasi and Schultz, 2006).

When the perception of companies culture is simply that "people are the business", then it can be easily concluded that investment in people influences the changing nature of the OC and there is a statistical significance between the IM (through trainings) and corporate values (Hogg et al., 1998; Naude et.al., 2003). Micro level culture is focused on people and is woven through their beliefs, values and norms. As well, the culture in macro level might provoke cultural change which could be usually driven radically in order to change some fundamental postulates (Boddy and Buchanan, 1992). Therefore, through "internal market research" many information could be gathered regarding the practiced values, needs and satisfaction, through which managers are given directions to redesign the micro culture (Lings and Greenley, 2005).

Some authors examined the relationship between four types of OC (hierarchical, adhocratic, clan culture, and market culture) and IM development. Gounaris, (2008) found out that the hierarchy-type culture has a negative effect on the development of IM while there is a statistical significance between the clan-type and the market-type culture with IMO development. In addition, the clan-type culture endeavors to provide priority and respect to employees, human relations, mentorship approach, team cohesion as well as their improved morale. Market type oriented culture implies organization to focus on goals and through the assessment of their accomplishment to introduce corrective activities aiming to maintain employees' satisfaction. Through the managers' perspective Simberova (2009) found that adhocratic and market culture positively relate with IM where adhocratic culture requires family environment, employees' respectfulness, innovations and creativity support as well as employees empowerment to take individual initiatives. On the other side, market culture result oriented caring about customer needs, with high quality performances as well as cares for internal and external competitiveness.

For the purpose of this research the hypothesis is developed as follows: **H1: There is a significant positive relationship between the IM and OC.**

2.5. Quality performance

The harmonization of both employees' and organizational goals is the focus of the IM, whereby consequently this link adds value to organization's performances in the form of external and internal outputs (Amangala and Wali, 2013). Authors found out that employees' performances are positively related to the IM where employees by training (as an IM activity) could be skilled towards building the customer-consciousness as well as motivated to deliver high quality customers services that in a long run influences the organizational performance.

Lings and Greenley (2009) explained that the extraordinary service is influenced by the manager's behavior which as a part of IM belongs to the direct communication between the managers and employees (Mainardes and Cerqueira, 2016). On the other hand, some authors (Bellaouaied and Gam, 2011) have researched the positive relationship between IM and service quality mediated by customer orientation (customer empathy and support). As well, the quality of service could be seen throughout the prism of the customer satisfaction level (Aburoub et. al, 2011). Authors found that IM procedures have positive impact on the level of the customer's satisfaction mediated by employees' evaluation of those IM procedures. Hence, implementing the new model of IM produces potential benefits for both internal and external service quality (Lings and Brooks 1998). In addition, proactive decision making, clear communication about employees needs and wants, their knowledge and skills as well as the feedback information about their performances, are dominant indicators for the internal and external service quality (Lings and Brooks 1998).

Ahmed et al (2003) found that the relationship between the IM and business performance is statistically significant moderated by employees' competences like market-oriented behavior, employee satisfaction as well as specific individual competences.

For the purpose of this research the hypothesis is developed as follows: **H2:** *There is a significant positive relationship between IM and the SQ.*

3. RESEARCH METHODOLOGY AND RESULTS

In order to examine the IM and its relationship with OC and SQ, a semi-structured questionnaire of 46 questions was developed and organized in three segments. The first (1) segment is composed of 11 questions and is related to the OC. The second segment is IM, constructed of four dimensions and 27 questions: COM (7 questions, of which one question is numerically scored in reverse); HIR (5 questions); TD (7 questions) and MOT (8 questions). The last segment is SQ organized in 8 questions.

The last part of the questionnaire refers to the demographic data: age, type of organization, company's ownership, activity, number of employees, HR manager's position. For the purpose of this research, the quantitative method has been used to collect data by a purposive sampling. Therefore, an on-line semi-structured questionnaire was distributed to 120 HR managers, members of the Macedonian HR Association from different organizations. Responses were ranked on a 5-point Likert scale ranging from 1-Not at all to 5- to a very great extent and data was processed by the SPSS statistical program. The response rate was 38.1% and 46 employees completely answered the questionnaire.

In this research, Cronbach Alpha test is used to assess the strength of the inter-items internal consistency for the whole questionnaire, OC, SQ as well as for IM. The Cronbach alpha (*Table 1*) of the questionnaire related to the construct of OC (from 1 to 11 questions) is $\alpha=.871$ which implies good reliability. Also, good level of reliability ($\alpha=.801$) indicates the part that measures SQ (31-38 question).

In addition, the segment that measures four dimensions of IM (COM, HIR, TD and MOT) has excellent internal consistency whereby the Cronbach alpha score in total is $\alpha=.949$ (*Table 1*). Separately, Cronbach alpha score for COM (12- 18 question) is $\alpha=.719$, which is acceptable level of internal consistency. Good level of internal reliability implies the HIR dimension (19 - 23 question) as well as TD (from 24 to 30 question) with Cronbach alpha scores of $\alpha=.836$ and $\alpha=.853$ respectively. Dimension of MOT (39-46 question) has excellent internal consistency of the scale where $\alpha=.914$.

And finally, the Cronbach alpha score on the whole questionnaire (1-46 question) shows that overall assessment of a measure's reliability is very high ($\alpha = .964$), which implies that internal consistency of all categories is excellent and acceptable for our further research (Table 1).

TABLE 1 - RELIABILITY STATISTICS

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
OC	.873	.871	11
COM	.719	.722	7
HIR	.836	.837	5
TD	.853	.855	7
MOT	.914	.914	8
SQ	.801	.806	8
IM	.949	.949	27
ALLQ	.964	.964	46

Descriptive statistics showed that the dominant age category was 46-55 years of age (39%), as the second one to follow was from 36 to 45 years of age (34%). Regarding HR position it is noticeable that the majority (46%) were HR strategic managers, one third were managers on a tactical level (advisers) and 22% were operational HR managers.

With respect to the type of organization, 67% of the respondents worked in a private organization, 26% in a public organization and 6.5% in an NGO. In addition, regarding the company's type of organization 52% of the respondents worked in companies with foreign investment and 48% worked in companies with domestic capital. Data referring to company's activity shows that 24% of respondents worked in finance, and 27% worked in administration as well as in services (trainings, education, HR etc.). In addition, 13% of respondents belonged to the wholesale and retail, 9% worked in manufacturing, 6.5% in IT and TC, and 2% in construction and other activities. As well, according the leadership orientation 13% of HR people worked in companies with autocratic leadership orientation, 15% in companies with participative leadership style and the majority (54%) worked in companies with mixed approach.

With the purpose to research the correlation between the IM and OC as well as SQ, three composite variables were made: IM, OC and SQ. Measuring the association between the IM and OC, results showed that the correlation between both variables is statistically significant at the level of significance $p < 0.01$. The Pearson correlation coefficient ($r = .948$) indicates very strong degree of positive correlation between the IM and OC (Appendix-B). Thus, the hypothesis **H1**: *There is a significant positive relationship between the OC and IM* is supported.

In addition, results concerning the calculation of the correlation between the IM and SQ showed that there is a statistically significant and strong positive relationship between the IM and SQ ($r = .810$) at the level of significance $p < 0.01$ (Table 2) and the hypothesis **H2**: *There is a significant positive relationship between the IM and the SQ* is supported.

Correlation table in Table 2 also shows that there is a positive and strong or very strong degree of correlation among all variables, except the medium degree of correlation between the HIR and SQ ($r = 0.481$). In addition, according to the results of the 46 questions it could be noted that the mean of all included dimensions in the questionnaire exceeds $\bar{x} = 4.0$ except for COM where $\bar{x} = 3.8$ (Table 2). This implies that for these Macedonian organizations HR managers reported that OC, IM and SQ, in average, are developed to a great extent. Moreover, the highest percent of responses belongs to the part of OC, whereof 98% of respondents answered that to a great/very great extent "Company cares about people's work-life balance", while 93% answered that "Organization cares about the customers needs". In addition, over 80% of respondents answered that to a great/very great extent company encourages and empowers people to produce more ideas and take more

initiative (87%), people are well informed about corporate vision and mission (85%), 83% answered that in the organization all people are equal and have equal opportunities for career growth (80%).

TABEL 2 - CORRELATION COEFFICIENTS

		IM	OC	COM	HIR	TD	SQ	MOT	Mean	Std.Dev
IM	Pearson Correlation Sig. (2-tailed)	1	.948** .000	.896** .000	.812** .000	.915** .000	.810** .000	.901** .000	4.0586	.43473
OC	Pearson Correlation Sig. (2-tailed)	.948** .000	1	.859** .000	.748** .000	.851** .000	.754** .000	.790** .000	4.1107	.42593
COM	Pearson Correlation Sig. (2-tailed)	.896** .000	.859** .000	1	.716** .000	.830** .000	.658** .000	.719** .000	3.7853	.45236
HIR	Pearson Correlation Sig. (2-tailed)	.812** .000	.748** .000	.716** .000	1	.709** .000	.481** .001	.712** .000	4.0783	.56957
TD	Pearson Correlation Sig. (2-tailed)	.915** .000	.851** .000	.830** .000	.709** .000	1	.646** .000	.806** .000	4.0932	.53640
SQ	Pearson Correlation Sig. (2-tailed)	.810** .000	.754** .000	.658** .000	.481** .001	.646** .000	1	.698** .000	4.1495	.47333
MOT	Pearson Correlation Sig. (2-tailed)	.901** .000	.790** .000	.719** .000	.712** .000	.806** .000	.698** .000	1	4.1467	.54665

** . Correlation is significant at the 0.01 level (2-tailed).

Regarding the COM, 83% of HR managers agree that to a great/ very great extent "People are timely informed when new changes happen" in their organizations. Over 76% of respondents reported that people share information openly and are timely informed about new changes, and in the organization there is open communication. To some extent, 41% of HR managers reported that "People can share ideas directly with members of the top-management" and over one third (37%) reported that to some extent there is a vertical communication as well as that managers feedback is assertive.

Regarding HIR results, the highest % of HR people responded that to a great/very great extent the most competent people (83%) are recruited and selected. As well, to a great/very great extent people from within the organization are given priority to apply, and managers may apply in other OE. Also, to a high extent HR is involved in the recruitment process and the recruitment criteria reflects corporate values.

TD dimension showed that in Macedonian organizations to a high extent (87% of respondents) mentorship is applied, employees are trained for professional (hard) skills (84%) and talents are recognized and new ideas developed. In addition, over one third (37%) of respondents answered that to some extent employees are trained for soft skills and managers for managerial skills and that to some extent career development is open to each employee (30%).

Results of the fourth dimension MOT recorded that in organizations people are highly motivated, where 89% of HR people answered that they like their job although sometimes they face with pressure on the workplace, 87% recorded that their work is meaningful, 85% that individual and company's values are in alignment, 83% feel that they belong to the company and are proud of their organization (80%). Furthermore, 78% respectively feel excitement and enjoyment during the workday and are motivated to make an extra effort on the workplace.

The review of SQ results showed that 89% of respondents estimated that performance quality in Macedonian organizations depends on the employees' competences. In addition, 84% reported that SQ depends on the length of the professional experience, that employees are trained for a strong customer orientation and estimated that overall service quality is on a high level. Moreover, 80% answered that employees SQ is assessed by supervisors using customer feedback. On the other hand, 46% of respondents reported that to some extent excellent service (performance) is rewarded and over one third (35%) that SQ is determined by educational qualification.

4. DISCUSSION OF RESULTS

In this study IM category covers the most used Kotler's and Keller's (2016) dimensions: hiring (Tansuhaj et al., 1988; Berthon et al., 2005; Wahba and Elmanadily, 2015), training (Arndt, 1983; Tansuhaj et al., 1988; Berry, 2002; Ahmed et al., 2003; Lings and Greenley, 2005; Gounaris, 2008; Wahba and Elmanadily, 2015) and motivation (Rafiq and Ahmed, 1993, 2000; Naude et al., 2003; Mishra, 2010, Figurska and Matuska, 2013; Amangala and Wali, 2013; Ciclov et al., 2016). In addition, considering that communication is crucial for IM activities we added communication (Tansuhaj et al., 1988; Arndt, 1983, Ahmed et al., 2003; Naude et al., 2003; Gounaris, 2007; Coric and Vokic, 2009; Vasconcelos, 2011; Matanda and Ndubisi, 2013) as a fourth dimension of IM. Hence, it could be said that IM influences the corporate picture as an attractive internal market (Cioclov et al., 2016).

Reliability analysis showed that there is a very high reliability of all items included in the questionnaire ($\alpha=0.964$). Separately, high reliability record all dimensions except the dimension COM where the coefficient is $\alpha=0.719$ showed acceptable internal consistency. Therefore, the high reliability reflected strong internal consistency of the instrument which is in relation to our research study aims.

Correlation analysis showed that there is a strong positive and statistically significant correlation between IM and OC ($r=0.948$) at the level of significance $p<0.01$. This correlation is supported by Hogg et al. (1998), where OC could be influenced by IM activities to more transparent and people oriented culture, even though sometimes fundamental postulates might be changed (Boddy and Buchanan, 1992) as a consequence of which internal behaviors guide employees' actions and shape their behaviors (Ravasi and Schultz, 2006). In addition, the positive correlation between OC and IM in our research is supported by Naude et al. (2003) where employees' values (Simberova, 2009) as well as organizational values (Naude et al., 2003) are respected.

Communication is important to OC where sharing transparent information at all levels encourages and empowers employees to produce more ideas, to be creative as well as to take more initiative (Simberova, 2009). In addition, this research showed that managers' behavior and trust is important for the practiced values and when managers have transparent communication and gives assertive feedback then they practice organizational values and there is a trust among employees. This is supported by the research of Lings and Greenley (2005) where manager's direct communication plays a crucial role in shaping micro organizational culture. Research showed that there is awareness of the respectfulness and valuing of the organizational culture that nurtures social values like fun and humor on the workplace. This is supported with the research of Berthon et al. (2005) where the organization should provide 'social values' like fun and happy working environment and where good peer communication prevails. Moreover, results showed that the item "Vertical communication" is negatively correlated with OC. In this regard, vertical communication generates a hierarchy type of culture, as supported by the findings of Gounaris, (2008) who found that hierarchy-type culture has a negative effect on the development of IMO.

Process of hiring determines employees' perceptions about organization as employer of choice (internally as well as externally) (Berthon et al., 2005). In our research the process of recruitment provides equal treatment, trust among all employees as well as equal opportunities for career development. This supports the research of Berthon et al., 2005 in which the organization is internally attractive when it provides feeling of self-worth and confidence.

Regarding trainings, organizations to a great extent provides trainings for hard and soft skills, mentorship (Hogg et al., 1998) as well as trainings for newcomers Gounaris (2008), and to a great/very great extent organizations provide manager's trainings (Gounaris, 2008). Therefore, for the organizations of great importance is the employees' encouragement and empowerment to produce more ideas and the recognition of talents to develop new ideas. This leads to conclusion that investing in people might influences the nature of the OC (Hogg et al., 1998). Moreover, results recorded that work-life balance is very important for employee's development. This is supported with the research of Vasconcelos, (2011) where lack of work-life balance might influence internal demarketing. As well, organization should provide cross-functional link among all internal processes aiming to provide employees development in order to maintain its attractive image internally and externally (Cioclov et al., 2016).

Regarding motivation, correlation analysis showed that there is a strong positive correlation between the MOT and OC. According to the results, when the organizational culture in Macedonian organizations provides respectfulness, trust, transparent manager's behavior, fairness as well as creativity and initiatives then people feel excitement, enjoyment, feel proud and that they belong and are motivated to make an extra effort on the workplace. This is supported by the research of Hogg et al., (1998) where more transparent and people oriented culture provide employees desire for contribution, development and more satisfaction on the workplace.

In summary, IM and OC are correlated positively, and are statistically significant, which is supported by the research of Hogg et al. (1998), Naude et al. (2003), Lings and Greenley (2005), Gounaris (2008) and Simberova (2009).

Regarding researched relationship between IM and SQ, results showed that there is a statistical significance and strong positive association between variables ($r=0.810$) (Ahmed et al., 2003; Bellaouaied and Gam, 2011; Amangala and Wali, 2013). Research showed that mostly, SQ depends on the motivation (Aburoub et al., 2011) and people feel excitement and enjoyment about their work and make an extra effort on the workplace when in organizations excellent SQ is rewarded (Gounaris, 2008; Aburoub et al., 2011; Kulkarni, 2015). Also, motivation occurs when in organization SQ depends on the employee's competences, and leadership is oriented to the service quality (Barbuto, 2005). People also feel that their work is meaningful when employees are trained for customer orientation and when the quality of service is on a high level. Trainings concerning technical skills are important for employee's competences and for the high SQ (Lings and Brooks 1998) as well as mentorship approach is important for supporting employees towards customer orientation. Hiring the most competent people, as well as manager's style of leadership is important for providing SQ. Furthermore, communication is important for the SQ where new changes are implemented in the organization and employees are trained to deliver quality service (performance). Open communication is also relevant for the service quality (Matanda and Ndubisi, 2013) in regard to the leadership style, for the rewarding as well as for supervisor's giving feedback for the SQ assessment (Lings and Brooks 1998). When vertical communication exists in these organizations, then excellent results are not rewarded. Instead, excellent performance is recognized (Lings and Greenley, 2009) and rewarded when people share ideas with the top management. In addition, leadership style is very important for the service especially when manager's feedback is assertive (Barbuto, 2005; Mainardes and Cerqueira, 2016).

5. RESEARCH LIMITATIONS

This study has several limitations to the generalization of our findings. Firstly, the major limitation refers to a sample of HR managers. Future research is needed in order to increase the size of the sample of HR managers as well as the scope of organizations that work across the entire territory of North Macedonia, not only in the area of Skopje.

Secondly, although the IM scale showed excellent validation and reliability, it is recommended to further test the scale using different research samples i.e. employees as well as managers at all levels. In addition, for the purpose of measuring the SQ, external customers might be incorporated in the sample.

Finally, from the side of the descriptive statistics more diversified information regarding the HR position for the future research is needed. We found strong correlation between variables and having in mind that the majority of the HR managers were on a strategic level, the direct attention at future research should be focused on more diversity regarding HR positions.

6. CONCLUSIONS

The primary purpose of this study was to examine the extent to which IM is developed in Macedonian organizations, through the HR perspective as well as to explore the correlation between the IM and the two variables: organizational culture (OC) and service quality (SQ). Therefore, we constructed semi-structural questionnaire composed of three segments: OC, IM and SQ. Surprisingly we found strong internal consistency and reliability of all three variables scales. These scores would be useful for drawing inferences in other future researches in the literature.

Theoretical research in the literature review indicates that regarding the IM conceptualization there is no exact IM composite regarding to IM activities. Our research was focused on the Kotler's IM definition including communication as important part of IM (Naude et.al., 2003; Greenley, 2005; Simberova, 2009; Kaur et al., 2011). In addition, we found that HR is the one of the most important stakeholders among all involved parties in IM (Arndt, 1983; Collins and Payne, 1991; Quester and Kelly, 1999; Coric and Vokic, 2009).

Regarding to the correlation analysis, findings suggest that in Macedonian organizations there is a strong positive and statistically significant relation between the IM and the OC and the SQ. These positive relationships are consistent with previous researches in empirical studies in the literature.

The implication of this research is that organizations that want to achieve the position of "attractive employer", to retain and to motivate employees and to deliver qualitative internal and external outputs need to implement IM and to build corporate culture that supports IM activities. In addition, organizations should recognize the importance of HR role not only in terms of establishing the HR practices, but also in term of cooperating with other organizational units and activating the management in promoting such practices in a way that would build competitive advantage both internally and externally.

REFERENCES

- Aburoub, A. S., Hersh, A. M. and Aladwan, K. (2011) Relationship between Internal Marketing and Service Quality with Customers' Satisfaction. *International Journal of Marketing Studies*, 3(2), pp. 107-118.
- Ahmed, K. P., Rafiq, M. and Saad, M. N. (2003) Internal Marketing and the Mediating Role of Organizational Competencies. *European Journal of Marketing*, 37(9), pp. 1221-1241.
- Amangala, E. and Wali, F. A. (2013) Internal Market Orientation, Employee Motivation and Bank Performance. *International Journal of Management Sciences*, 1(2), pp. 51-57.
- Arndt, J. (1983), The Political Economy Paradigm: Foundation for Theory Building in Marketing. *Journal of Marketing*, 47(4), pp. 44-54.
- Bellaouaied, M. and Gam, A. (2011) Internal Marketing as a New Alternative for the Service Employees' Performance: an Empirical Study. *Revue de Communication et de Marketing*, pp.139-159.
- Berry, L. L. (2002) Relationship Marketing of Services- Perspectives from 1983 and 2000. *Journal of Relationship Marketing*, 1(1), pp. 59-77.
- Berthon, P., Ewing, M. and Hah, L. L. (2005) Captivating Company: Dimensions of Attractiveness in Employer Branding. *International Journal of Advertising*, 24(2), pp. 151-172.
- Ciclov, R., Naghi I. R. and Boldea, M. (2016) Complementarity between the Functions and Instruments of Internal Marketing and Human Resource Management. *Management and Marketing*, 14(1), pp. 57-78
- Collins, B. and Payne, A. (1991) Internal Marketing: A new perspective for HRM. *European Management Journal* 9(3), pp. 261-270.
- Coric, S. D. and Vokic, P. N. (2009) The Roles of Internal Communications, Human Resource Management and Marketing Concepts in Determining Holistic Internal Marketing Philosophy. *Zagreb International Review of Economics and Business*, 12(2), pp. 87-105.
- Deshpande R. and Webster, E. F. (1989), Organizational Culture and Marketing: Defining the Research Agenda. *Journal of Marketing*, 53(1) pp: 3-15.
- Figurska, I. and Matuska, E. (2013) Employer Branding as a Human Resources Management Strategy. *Human Resources Management and Ergonomics*, 7(2), pp. 35-51.
- Gounaris, S. (2008) Antecedents of Internal Marketing practice: Some Preliminary Empirical Evidence. *International Journal of Service Industry Management*, 19(3), pp. 400-434.

- Guest, D. E. (1997) Human Resource Management and Performance: a Review and Research Agenda. *The International Journal of Human Resource Management*, 8(3), pp. 263-276.
- Hogg, G., Carter, S. and Dunne, A. (1998) Investing in People: Internal Marketing Corporate Culture. *Journal of Marketing Management* 14(8), pp. 879-895
- Iacovone, R. L. (2009) Excellences in Internal Marketing Approach: Human Resources Management as Source of Competitive Advantages (Intervento presentato al 12. convegno International QMOD and Toulon - Verona Conference on quality and service sciences tenutosi a Verona nel 2009.
- Jackson-Monhr, I. (1991) Broadening the Market Orientation: An Added Focus on Internal Customers. *Human Resource Management*, 30(4), pp. 455-467.
- Kaur, G. and Sharma, R.D. and N. Seli (2011) An Assessment of Internal Marketing Orientation in Jammu and Kashmir Bank through Internal Suppliers' Perspective. *Journal of Services Research*, 10(2), pp. 117-141.
- Kotler, P. and Keller, K. L. (2016) *Marketing Management*, Pearson Education Limited, London, England
- Lings, N.I. and Brooks, F. R. (1998) Implementing and Measuring the Effectiveness of Internal Marketing. *Journal of Marketing Management*, 14(4/5), pp. 325-351.
- Lings, I. and Greenley, G. (2005) Measuring Internal Market Orientation. *Journal of Service Research*, 7(3), pp. 290-305.
- Lings, N. I. and Greenley E. G. (2009) The impact of internal and external market orientations on firm Performance. *Journal of Strategic Marketing*, 17(1), pp. 41-53.
- Mainardes, E.W. and dos Cerqueira, A.S. (2016) Measuring the Internal-Market Orientation in the Public Sector. *Public Organization Review*, 16 (2), pp. 179-197.
- Mishra, S. (2010) Internal Marketing - A Tool to Harness Employees' Power in Service Organizations in India. *International Journal of Business and Management*, 5(1) pp. 185-193
- Matanda, J. M. and Ndubisi, O. N. (2013) Internal Marketing, Internal Branding, and Organizational Outcomes: The Moderating Role of Perceived Goal Congruence. *Journal of Marketing Management*, 29, (9-10), pp. 1030-1055.
- Naude, P., Desai, J. and Murphy, J. (2003) Identifying the Determinants of Internal Marketing Orientation. *European Journal of Marketing*, 37(9), pp. 1205-1220.
- Quester, G. P. and Kelly, A. (1999) Internal Marketing Practices in the Australian Financial Sector: an exploratory study. *Journal of Applied Management Studies*, 8(2), pp. 217-229
- Rafiq, M. and Ahmed, K. P (1993) The Scope of Internal Marketing: Defining the Boundary Between Marketing and Human Resource Management. *Journal of Marketing Management*, 9(3), pp. 219-232.
- Rafiq, M. and Ahmed, P. (2000) Advances in the IM concept: definition, synthesis and extension. *Journal of Services Marketing*, 14(6), pp. 449-462.
- Ravasi, D. and Schultz, M. (2006) Responding to Organizational Identity Threats: Exploring the Role OG Organizational Culture. *Academy of Management Journal*, 49(3), pp. 433-458.
- Simberova I. (2009) Corporate Culture – As a Barrier of Market Orientation Implementation. *Economics and Management*, 14, pp. 513-521.
- Sincic, D. and Vokic, P. N. (2007) Integrating Internal Communications, Human Resource Management and Marketing Concepts into the New Internal Marketing Philosophy. *Faculty of Economics and Business – Working Paper № 07-12*, pp. 1-13.
- Snell, L. and White, L. (2009) An Exploratory Study of the Application of IM in Professional Service Organizations. *Services Marketing Quarterly*, 30, pp.195-211.

- Tansuhaj, T., Randall, D. and McCulloch, J. (1988) A Services Marketing Management Model: Integrating Internal and External Marketing Functions, *Journal of Services Marketing*, 2 (1), pp. 31-38.
- Vasconcelos, F. A. (2008) Broadening even more the IM concept. *European Journal of Marketing*, 42 (11/12), pp. 1246-1264.
- Vasconcelos, F. A. (2011) Internal Demarketing: Construct, Research Propositions and Managerial Implications. *Management and Marketing Challenges for the Knowledge Society*, 6(1), pp. 35-58.
- Wahba, M. and Elmanadily, D. (2015) Human Resources Management Practices and Employer Branding Comparative Study between Service and Product Sector. *International E-Journal of Advances in Social Sciences*, 1(2) pp. 255-262.