

The Development of Causal Relationship in Internal Marketing Communication, Self-Efficacy toward Trust and Commitment in Hotel Business

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The successful business depends on effective communication. Most studies have focused on the influence of external communication such as advertising and publication, forgetting about strategic role that internal communication can play. It is expected that communication flowing between employees will enhance feelings of trust and commitment. This study examines internal marketing communication building employee's trust and commitment. The purposes of the study are; (1) To study the important elements of internal marketing communication system, the self-efficacy toward employees' trust and commitment. (2) To analyze the relationship of internal marketing communication and the confidence in self-efficacy which have effects on the employees' trust and commitment. (3) To set up a strategic format for internal marketing communication which have effects on the hotel and build employees' trust and commitment. Questionnaire is used to collected data from 1,001 sampling from hotels in Chiangmai, Thailand during October–November 2010. Confirmatory Factor Analysis (CFA) was utilized to investigate the fit of the proposed factor structure. Cronbach's alpha was determined to examine the internal consistency of dimensions and Structural Equation Modeling (SEM) was employed to study the relationships among all variables. The results of the study show that internal marketing communication of the hotel had direct and indirect relationship on hotel employees' trust, commitment in hotel branding through their self-efficacy.

Keywords: Internal marketing communication/ Self efficacy/ Trust/ Commitment/Hotel employee

1. Introduction

The ASEAN Economic Community (AEC) in 2015, the aim of regional economic integration. Tourism is one of the top economic negotiated agreements under AFAS framework. Since 2010, all ASEAN members such as Singapore, Malaysia and Vietnam have become interested in tourism and hospitality sector and expanded the proportion of investment up to 70 percent. This new allowance under AFAS framework has left Thai investors confronting the high competition which is expected to be keen in the next periods. Tourism sector is one of important service industries in Thailand. This sector generates large revenue to the country and also encourages the production and the utilization of resources. Hotel business is a foundation factor to support tourism growth and plays a role in developing northern economy of Thailand. This can be seen in the third quarter of 2011 when the northern hotel business grew dramatically.

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There was also an increase in the room rates during the high season to suit the growth of both Thai and International tourists. This can be seen from the 11.6% growth of the number of passengers at the northern airports in the same period last year. The most growth was at Chiang Mai International Airport and Phitsanuloke Airports at 11.9% and 79.5% respectively. (Bank of Thailand, 2011) In addition, the number of hotel growth in Chiang Mai in 2011 shows that there were 447 hotels in all and this was an increase from year 2010 of 37 hotels. This number also shows an increase from year 2001 of 231 hotels. (Office of National Statistics, 2011)

From 2007, more international chain hotel has expanded their business in Thailand including Chiang Mai. The majority of the Thai owners are only the investors and they let the international chain run the hotel. This is because they cannot operate the hotels by themselves due to the more intense competition in all aspects. The international chain hotel uses its strong network marketing to strengthen its hotel and lure more tourists to stay in the hotel. For the Thai hotel, it can be said that the network is not as strong as that of the international chain hotel. Majority of international tourists or overseas travel agencies do not know the standard of each Thai hotel. They mostly choose to stay at the international chain hotels. This has effect on Thai hotels for fear of the expansion of international chain hotels. Another concern is the oversupply of rooms in Chiang Mai. All these result Chiang Mai entrepreneurs to plan and improve their hotels to be more international. This is a way to counterpart the influx of international chain hotel. (Thai hotels change to counterpart international chain hotel, 2008)

Therefore, the researcher was interested in studying the marketing units of Chiang Mai hotels, focused on the effects on internal marketing communication to strengthen the hotel through employees who play a role in bringing success or failure to the hotel. The researcher put an emphasis on employees' trust and commitment that can motivate them to work more effectively. The study of Zeffane, Tupu & Ryan (2011) states that most research focus on the relationship between two variables: communication and trust or trust and commitment and communication and commitment. There are a few studies studying the relationship among the three variables – communication, trust and commitment. Therefore, the researcher was interested to study and develop the relationship among these three variables. The self-efficacy is a theory developed by Bandura (1997) believed that the factors which have effects on work proficiency depend on the acknowledgement of one's ability in that situation and one's own confidence is the prediction of the work outcome rather than relying on the past outcome. This means that the belief in one's ability is related to the efficiency in providing services to customers. Therefore, the researcher was interested in studying the importance of having confidence on one's own abilities, the internal marketing communication, trust and commitment to find out the relationship among these variables whether they have direct or indirect effects also to develop marketing strategy for each type of hotels in Chiang Mai, Thailand to operate their hotels efficiently by relying on their internal strength.

This paper is organized as follows. Section 2 describes the literature review as part of empirical papers. Section 3 presents the conceptual framework and the methodology used throughout this paper. In Section 4, we discuss the relationship between all variables. Finally, we present our conclusions in Section 5.

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1.1 Objectives

- (1) To study the important elements of internal marketing communication system, the self-efficacy toward employees' trust, and commitment.
- (2) To analyze the relationship of internal marketing communication and the confidence in self-efficacy which have effects on the employees' trust and commitment.
- (3) To set up a strategic format for internal marketing communication which have effects on the hotel and build employees' trust and commitment.

1.2 Hypotheses

H1: Internal marketing communication has causal relationship with employee's trust. **H2:** Internal marketing communication has causal relationship with employee's commitment.

H3: Self-efficacy on service provision has causal relationship with employee's trust.

H4: Self-efficacy on service provision has causal relationship with employee's commitment.

H5: Internal marketing communication has causal relationship with employee's self-efficacy on service provision.

1.3 Limitations

The limitations of this research were to define the scope of the data collection. There were in the list of Hotel in Chiangmai, Thailand from the Chiangmai provincial office of tourism and sports in 2010. Questionnaire is used to collected data from 1,001 sampling during October – November 2012.

2. Literature Review

Internal marketing communication is the first thing that an organization must realize its importance to manage their internal branding permanently. (Zucker 2002) The present organization management gives the importance on both external customers and internal customers or employees, as well as the internal communication system to let the outsiders know the same information as what the employees understand. (Dolphin 2005)

Hotel business and service provision are inseparable. The hotel that serves customers to their satisfaction will have better impacts on their organization than that which does not respond to customers' needs. To provide good services, the hotel should consist of ready facilities, devices and technology as well as a communication system to mobilize strategy and all internal and external administrating activities to reach the goals. However, for the hotel to progress and advance quickly, there should be a foundation of effective internal communication system and have employees as important assets to operate the whole operation. For a hotel which is unable to administer the communication among employees in the same direction, the administrating pattern leading to customers will be different and will eventually have negative impacts on the hotel. (Proctor & Doukakis 2003)

Moreover, trust is the basis of all relationship (Baruch 1998) as it will have effects on commitment. When employees have trust on their brand or the logo of the hotel, they usually have commitment and this brand trust becomes part of their personality and how they live their life. This results in the promise from the hotel extended to its employees. For the commitment which the employees make to the hotel, it is a good indicator for the hotel proficiency as the hotel employees have high commitment to their hotel. They will continue to be with the hotel to fulfill the work they are responsible for as well as to improve the hotel

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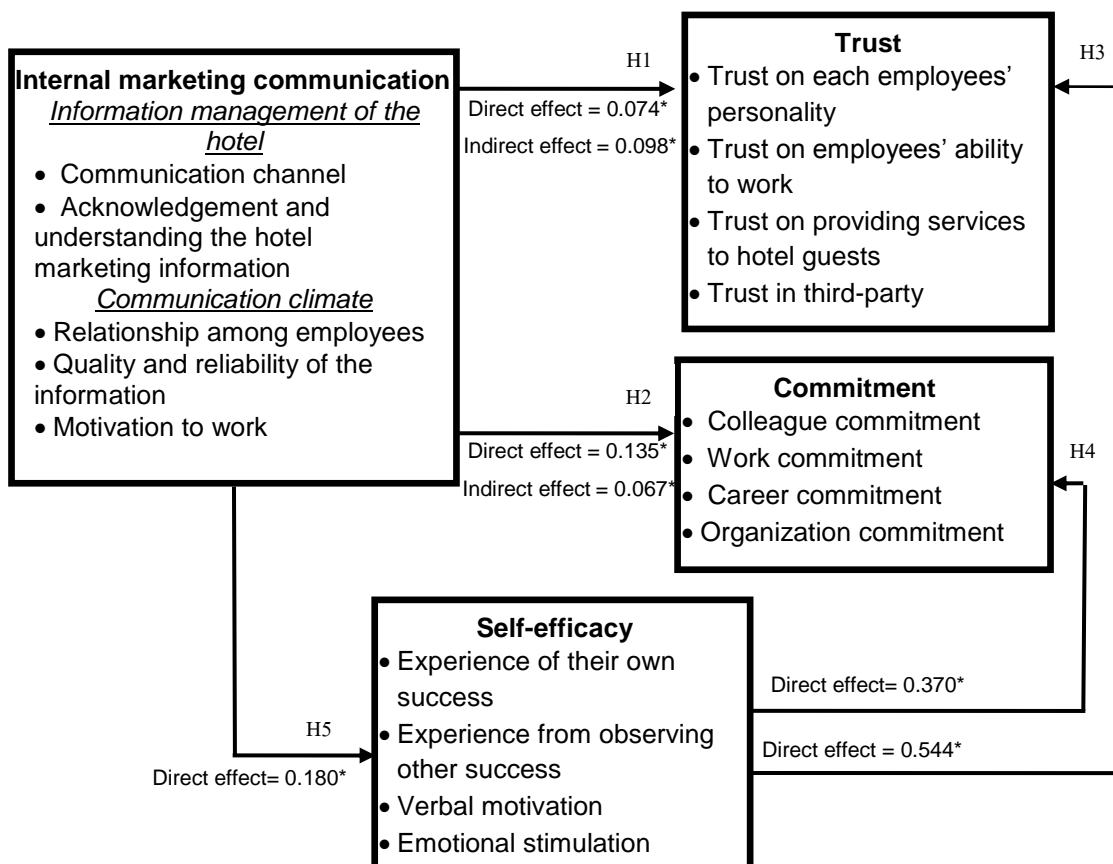
to be better. On the contrary, when the employees feel that they are not looked after or they do not have positive feeling towards their organization, they will be bored with their work and lack enthusiasm to work which eventually lead to resignation. This includes the employees who do not have commitment towards their workplace but continue to stay which will have both short term and long term effects on their organization. (Mowday, Porte & Dubin 1974).

In addition, the results of Judge & Bono's study (2001) indicate the importance of having self- efficacy, internal locus of control and self-esteem. These factors play important roles on work results. Bandura (1988) believes that having one's own self-efficacy is essential and will have effects on his/her work. Two workers may have the same ability but may have different ways of showing their abilities and in different quality levels. The important part is that each employee may work to show his/her own abilities differently in different situations. This shows that one's own ability is flexible and can be adapted according to the circumstances. Therefore, what can be an indicator for each efficient work and how employees perform the work mean the understanding of employees own abilities upon each situation. For example, if an employee understands one work and has confidence in his/her own ability, he/she will best show what he/she can do with attempts and never gives up until the task is accomplished.

3. The Methodology and Model

3.1 Research Framework

Figure 1: Internal marketing communication towards trust and commitment



3.2 Population and Samples

The population and samples for this study were 1,001 employees working in the Thai hotel in Chiang Mai. This sample was appropriate for using in this research as it was in accordance with Tabachnick's and Fidell's philosophy (1996). They state that to set the appropriate sample size to be used with the confirmatory factor analysis (CFA) and structural equation modeling (SEM), the number should be from 100-200. When a researcher would like to have more confidence in the study, the sample size should be around 300. This is in accordance with Hair et al. (2006) who used the ratio of the population and sample size of at least 10-20 times of the variables. For this research, the researcher set the population and sample size at 15 times and there were 57 items on the questionnaires. Therefore, the number of the population and sample size was at least $(15 \times 57) = 855$ samples.

3.3 Research Methods

This research starting on literature review of relevant studies to gather data before using it for writing questionnaires items. After that, the outline of the questionnaires was tested for their validity, and IOC (Index of item objective congruence) which their values should be higher than 0.5. Another test was to test its reliability which should be higher than 0.7. (Kanlaya Wanichbancha 2006). Then, 40 questionnaires were used as pre-test before they were used to collect data from October – November, 2012. The data analysis for this research was SPSS for window and AMOS program. The statistics were frequency, percentage, mean, standard deviation. The utilized analysis was Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM).

4. The Findings

For the internal marketing communication analysis: The data was assessed of its reliability and came up with Cronbach's Alpha (α) at 0.85. It found that the employees had high level of satisfaction on the overall image of the hotel internal marketing communication ($\bar{X} = 3.88$, S.D = 0.48). In regard to the information management, the level of satisfaction on the overall image of the hotel communication channel was at high level ($\bar{X} = 3.76$, S.D = 0.58), the acknowledgement and understanding the hotel marketing information was at high level ($\bar{X} = 3.96$, S.D = 0.58). Concerning the communication climate about the relationship among employees, the satisfaction was at high level ($\bar{X} = 4.01$, S.D = 0.66), the quality and reliability of the information was at high level ($\bar{X} = 4.06$, S.D = 0.61) and motivation to work was at high level ($\bar{X} = 3.93$, S.D = 0.63).

For self-efficacy analysis: The data was assessed of its reliability and came up with Cronbach's Alpha (α) at 0.81. It found that the employees had high level of satisfaction on the overall image of the self-efficacy in providing service ($\bar{X} = 4.09$, S.D= 0.50). Regarding its components, the experiences of their own success was at high level ($\bar{X} = 4.15$, S.D = 0.70), the experience from observing other success was at high level ($\bar{X} = 4.08$, S.D = 0.61), the verbal motivation was at high level ($\bar{X} = 4.06$, S.D = 0.56) and the emotional stimulation was at high level ($\bar{X} = 4.09$, S.D = 0.51).

For trust analysis: The data was assessed of its reliability and came up with Cronbach's Alpha (α) at 0.71. It found that the employees had high level of satisfaction on the overall image of trust ($\bar{X} = 4.03$, S.D = 0.40). Regarding its components, trust on each employees' personality was at high level ($\bar{X} = 4.15$, S.D = 0.63), trust on employees' ability to work was

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at high level ($\bar{X} = 4.09$, S.D = 0.55), trust on providing services to hotel guests was at high level ($\bar{X} = 4.10$, S.D = 0.50), and trust on third-party was at high level ($\bar{X} = 4.05$, S.D = 0.42).

For commitment analysis: The data was assessed of its reliability and came up with Cronbach's Alpha (α) at 0.70. It found that the employees had high level of satisfaction on the overall image of commitment ($\bar{X} = 3.92$, S.D = 0.38). When its components are concerned, the level of satisfaction on the overall image of the commitment of colleagues was at high level ($\bar{X} = 3.86$, S.D = 0.62), commitment to work was at high level ($\bar{X} = 3.95$, S.D = 0.44), commitment of the organization was at high level ($\bar{X} = 3.92$, S.D = 0.36), and commitment from the career was at high level ($\bar{X} = 3.96$, S.D = 0.38).

When the Multicollinearity was tested for the relationship among the independent variables like internal marketing communication, self-efficacy, trust, and commitment, it was found that all these independent variables did not show high relationship ($r < 0.80$) which did not cause Multicollinearity. This made all the variables used in this study appropriate for analyzing the methods of internal marketing communication to build employees' trust and commitment.

For Confirmatory Factor Analysis (CFA) analysis, there was a validity due to factor loading value was higher than 0.30 (Grid Rangsungnoen 2010). The results show that for the factors to test internal marketing communication, the acknowledgment and understanding of information on hotel marketing, the motivation to work, the relationship among employees, the quality and the reliability of the information, the factor loading were at 0.887, 0.552, 0.521, 0.361, and 0.354 respectively. For the test on self-efficacy, the experiences from observing other successes, the verbal motivation, the experiences of their own successes and emotional stimulation, the factor loading were at 0.634, 0.581, 0.528, and 0.513 respectively. For the test on employees' trust, the trust on each employees' personality, the trust on employees' abilities to work, the trust on providing services to hotel guests, and trust in third-party, the factor loading were at 0.652, 0.501, 0.471, and 0.371 respectively. For the test on employees' commitment, it was found that the work commitment, the career commitment, the organization commitment, and the colleague commitment, the factor loading were at 0.652, 0.573, 0.564, and 0.491 respectively.

For Structural Equation Modelling (SEM) analysis, the overall concordance of the model shows that the chi-square test had no statistics significance at 0.05 ($P = 0.102$; ≥ 0.05), which was within the set criteria at more or equal to 0.90. This shows that all indexes like GFI = 0.986, AGFI = 0.979, NFI = 0.901, IFI = 0.969 and CFI = 0.968 were within the criteria. For the indexes which were set lower than 0.05, it was found that the RMR = 0.010 and RMSEA = 0.013 which also were within the criteria. In addition, the index of CMIN/df had the value of 1.180 which was lower than 2.

In this study, hypotheses were set to study the casual relationship between internal marketing communication, self-efficacy, trust and commitment. The results revealed that all hypotheses were accepted. The developed model had an ability to predict at a high level and is accepted due to the value of squared multiple correlation is equal to 0.791 and 0.681 or 79% and 68% respectively and this is higher than 40% (Saris & Strenkhost 1984) and can be written in the Structural Equation Modeling from the following:

Self efficacy = 0.180*Internal marketing communication; $R^2 = 0.733$, Trust = 0.074* Internal marketing communication + 0.544* Self efficacy ; $R^2 = 0.791$, Commitment = 0.135* Internal marketing communication + 0.370 * Self efficacy; $R^2 = 0.681$

5. Summary and Conclusions

The results of the study, it can be concluded that internal marketing communication of the hotel had direct and indirect positive relationship on hotel employees' trust and commitment through their self-efficacy. Moreover, employees' self-efficacy has direct relationship on trust and commitment. The results are in accordance with Buchner's study (2008) the results show that the employees received information and had effective communication as well as supports on ideas which will help employees have trust. Zeffane, Tipu and Ryan's study (2011) which the results show that the acknowledgement of the efficiency among employees and the management model, trust and the commitment to the organization are related. However, trust and communication are most related while commitment and communication are less related. This means that trust and commitment can help improve and maintain their role within the organization only when there is efficiency on the internal communication of the organization. Akhtar, Ghayas and Adil's study (2012) which state that having self-efficacy is an essential factor for employees to have commitment to the organization. When employees have self-efficacy, the work performance will be better than those who lack self-efficacy. The results of the study can be adapted to improve the hotel and to increase the hotel efficiency in marketing management by the entrepreneurs who first have to enhance trust and commitment among hotel employees via using the strategy on internal marketing communication as well as enhance employees' confidence on their self-efficacy. Concerning to the future study, the researcher recommended that there should be a comparison study on personal factors and the hotel size as well as the type of the hotel such as international chain hotel that have big impacts to Thai hotel business.

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