

## **Investigating the Relationship between Internal Market Orientation and Employee Job Satisfaction in Malaysian Childcare Centre**

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### **Abstract**

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The objective of this research is to explore the effect of internal market orientation on employee job satisfaction among Malaysian childcare centre. The research is important for Malaysian early childhood education, especially, in achieving the objectives of a developed country, therefore, the need to increase the awareness of early childhood centres is important and is considered as fundamental in the development and nurturing of young children to turn into valuable citizens. To examine the model of the study, 692 questionnaires were distributed. Out of that 360 responses were received from a population comprising the Malaysian childcare center. Employing SPSS approach, the hypotheses of the study were tested. The findings imply the need for childcare centres in order to enhance its sustainability, competitiveness and innovation following market trends.

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**Keywords:** Internal market orientation, employee job satisfaction, childcare centre, childcare employee and Malaysia

### **1. Introduction**

Recently, the Malaysian childcare sector has grown tremendously due to the growing number of women who are joining the paid labour force (Omar, Abu, Sapuan, Aziz & Nazri, 2010). In addition, there is a large campaign from the Malaysian Government for early childhood education, which is based on the important role played by formal early childhood education (National Family and

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Population Board Report "Kementerian Pembangunan Wanita, Keluarga dan Masyarakat", 2008).

It has been reported that the number of registered and licensed childcare centres in 2012 is 853. This number does not account for the number of childcare centres that are unlicensed, which presently numbers 2,077 centres (Childcare Centre Statistical Report "Kementerian Pembangunan Wanita, Keluarga dan Masyarakat", 2012). All childcare centres in Malaysia are bound by regulations under the Childcare Centre Act (Act 308), which was introduced in 1984 (Department of Social Welfare, 2011). In general, childcare centres have been considered as merely a place to leave children while the parents are at work. However, due to increasing competition in the childcare industry, childcare centres have to innovatively change this concept of being places that simply provide a babysitting service for children. One major factor contributing to the success of childcare centres is the quality of the child carers or the employees (Hanushek & Rivkin, 2007). Employees are influential in contributing to the children's learning. Nowadays, childcare centres have to operate like other business organisations. They must be able to compete against their competitors and have sustainable competitive advantage in order to continue growing and surviving. Childcare centres can have the ability to survive if they are market-oriented internally (focus and treat employees as internal customers as shown by many studies, for example, Gounaris (2006 and 2008); Gounaris, Vassilikopoulou & Chatzipanagiotou (2010); Lings (2000 and 2004); and Lings & Greenley (2005 and 2010); and externally (focus on customers as shown in studies conducted by Kohli and Jaworski (1990); and Narver and Slater (1990). Sadly, studies that relate employee job satisfaction with internal market orientation in the childcare setting are still lacking. Therefore, the study aims to investigate the effect of internal market orientation on employee job satisfaction among childcare centres' employees in Malaysia.

## **2. Problem Statement**

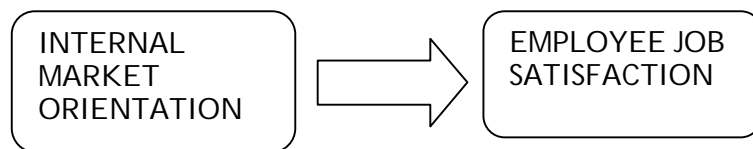
Lately, many Malaysian childcare centres have been plagued with problems of well-being of children under their care. There have been occasions of children's death that may have been caused by negligence of the childcare centres' employees. This has led to the Ministry of Women, Family and Community Development intervening in order to solve the problems as reported by Hashim (2012); Isa (2007); Zulkifli (2012). These incidents and negligences could be due to a lower job satisfaction level from the childcare centres' employees. This happens because the employers are not trying

harder to fulfill their employees' needs and wants regarding their daily tasks. Although there is a suggestion that there are job satisfaction issues in the childcare centres especially in Malaysia, studies on this aspect are still lacking.

Therefore, it is crucial to explore the effect of internal market orientation on job satisfaction among Malaysian childcare centre employees.

### 3. Research Framework

The research framework for this study is shown in Figure 1 below.



**Figure 1: Research Framework**

### 4. Literature Review

#### 4.1 Internal Market Orientation

The origin of internal market orientation can be traced to market orientation and also internal marketing concepts (McGrath, 2009). One of the basic concepts of internal market orientation is the notion of internal exchange between employees and the organisation. Generally, internal market orientation seeks to provide stability between employees' views of what they have given to their works and the views of what they will get from their works (Lings & Greenley, 2005). The nature of service industries, which cannot separate the service provider from the service delivery, significantly requires the implementation of internal market orientation. In the service industries, motivated, satisfied and committed front-line employees are very important factors that contribute to a good service delivery and in return, satisfaction of the customers (Lings, 2004). Internal market orientation is mainly focus on internal customers (employees) which is, contrastly to the market orientation, which concentrates on the external customers (Gounaris, 2006; Lings, 2004; Lings & Greenley, 2005). In addition, Lings and Greenley (2005) argued that internal market orientation is an inside perspective comparable to market orientation in the outside perspective. Internal market orientation contains the internal generation of

intelligence, the dissemination of intelligence and the completion of correct reactions to encounter the requirements of employees.

McGrath (2009) argued that the employee's attachment in the internal market orientation (internal market intelligence generation, internal communication and response to intelligence) is crucial in order to increase the satisfaction and commitment of employees, which, in turn, will lead to the improved business performance of the organisation.

#### 4.2 Employee Job Satisfaction

Employee job satisfaction has been a crucial point of study among the academicians and practitioners over the last two decades. Saif, Nawaz, Jan and Khan (2012) pointed out that employee job satisfaction is a persistent attitude and that it needs constant management. In fact, employee job satisfaction is regarded as a significant success factor for organisations. Hence, the idea of employee job satisfaction is a multi-dimensional and inter disciplinary term, which has drew the consideration of many researchers from around the world and from a variety of disciplines, namely, Total Quality Management, Human Resource Management, psychology, organisational and so on (Zaim & Zaim, 2008). Spector introduced a Job Satisfaction Survey in 1985, which is an extra job satisfaction instrument, in order to meet the need for human services because most of the existing instruments were built for other modes of organisation. Therefore, some items might not be suitable for human services. The Job Satisfaction Survey contains nine dimensions, such as communication, contingent rewards, co-workers, fringe' benefits, nature of work, operating procedures, pay, promotion and supervision (Spector, 1985, 1994, 1997).

#### 4.3 Internal Market Orientation and Employee Job Satisfaction

Kaur, Sharma and Seli (2009) conducted an empirical research among 611 employees within private sector banks in India. The results show that internal market orientation (IMO) has a positive and significant relationship with employee job satisfaction (EJS). Furthermore, employees are likely to regard the customers in the similar way that they themselves are regarded by their organisation. In other words, the more satisfied the employees are with their job in the organisation, the better the probability that they will provide outstanding service to the customers. Lings (2004)

and Gounaris (2008) pointed out that IMO has a direct influence and positive relationship with EJS. They argued that employees are the valued assets that deliver excellent services to the customer.

Guilbaut (2010) also found out that IMO has a significant relationship with EJS. Zhou, Sen, Chao and Huang (2011) disclosed that IMO has a positive and significant relationship with EJS among employees of charity organisations in China. Prior to the above studies, Jaworski and Kohli (1993); Jones *et al.* (2003); Piercy *et al.* (2002); Ruekert (1992); and Siguaw, Brown and Widing (1994) did stress that IMO has positive outcome for EJS. They argued that IMO attaches the employees to the organisation, which is believed to direct to a higher level EJS. IMO is proven to have a positive and significant relationship with EJS since its notion is to encourage job satisfaction among employees. In other words, if employers provided the IMO in order to fulfill the wants and needs of their employees, therefore, it would lead to a higher level of EJS. Therefore, to investigate the relationship between IMO and EJS, one hypothesis was developed:

H1. There is a positive relationship between IMO and EJS

## **5. Research Methodology**

### **5.1 Sample and Data Collection**

The data for this study were collected from the full time front-line employees within registered and licensed childcare centre in 12 states in Peninsular of Malaysia, namely, Kedah, Perlis, Penang, Perak, Selangor, Kuala Lumpur, Negeri Sembilan, Johore, Malacca, Kelantan, Terengganu and Pahang. In this study, the researcher collected the primary data through the survey method using questionnaires. The researcher conducted the survey through personally administered questionnaires to obtain a quick response from the respondents, especially in terms of the questions that they did not understand, and, at the same time, the researcher could motivate the respondents to take part in the survey and encourage them to give their honest opinions regarding the topic matter (Sekaran, 2003). The researcher distributed the questionnaires to the respondents based on the systematic sampling technique which select the every fifth employees for example, 5, 10, 15, 20 and so on until all desired sample size were selected. Initially, the original version of the questionnaire was in English language. However, since the potential respondents of the study were front-

line employees (nannies) within childcare centre in Malaysia, therefore, the questionnaire was translated into Bahasa Malaysia. This was done accordingly to the suggestion of Brislin (1986). He stated that the questionnaire should be back to back translated in order to compute the reliability and validity of the questionnaire.

Moreover, it was expected that it would be easier for the respondent to understand if the questionnaire was set in Bahasa Malaysia and this would encourage them to react to the survey. At first, the questionnaire was translated into Bahasa Malaysia by secondary school teacher whom teach English language at Sekolah Menengah Kebangsaan Keroh, Kelantan and posed a TESL degree. She is a native Malaysian who is fluent in both languages (English language and Bahasa Malaysia) without telling her the objective of the study. Then, the Bahasa Malaysia questionnaire version was translated back into English language again without having retrieved to the original version by another English language teacher at the same school with the same qualification. Later, the researcher compared and scrutinized the translation version with the original version in order to check the insignificant changes and the amendments were made consequently. According to Sekaran (2000) it was important to make sure that the translation of the questionnaire was developed consequently in order to get the better feedback from the respondents. For the purpose of the study, self-administered survey questionnaire will be distribute to the 692 employees in mentioned states.

## 5.2 Measurements of Variables

All of the items in the constructs of IMO in this study were measured by using a five points Likert Scale according to Gounaris (2008); Gounaris, Vassilikopoulou and Chatzipanagiotou (2010), which was ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The researcher adapted the work of Spector (1987) to measure the EJS in the current study. All of the items were measured by using a five points Likert Scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. According to Goldberg and Velicer (2006), using a rating scale of five points increased a probability because the respondents would precisely assess the ranking scales and would be minus likely to hustle through the items.

## 6. Finding and Discussion

To test the hypotheses of the study, the Multiple Regression Analysis was employed. The adequacy of the model was confirmed by checking the regression assumptions such as linearity, normality, homoscedasticity and error independence. The data showed that no issue of the multicollinearity observed in this study.

As shown in Table 1, IMO was positive and significantly contribute to the prediction of EJS at the 0.001 significant level ( $\beta=0.447$ ,  $t=10.179$ ,  $p<0.001$ ). In other words, Hypothesis 1 is supported.

**Table 1 Regression results of the IMO on EJS**

<b>Hypothesis</b>	<b>IV</b>	<b>DV</b>	<b>P-value</b>
<b>H1</b>	IMO	EJS	***

\*\*\*:  $p<0.001$ ; \*\*:  $p<0.01$ ; \*:  $p<0.05$

The result shows that in the childcare setting, if the supervisors/managers/owners of the childcare centres have a good awareness of employment, current labour market conditions, another jobs offered in other business, competition within childcare industries and human resources policy, they will try to fulfill their employees' wants and needs in order to make sure the employees will satisfied and remain in that childcare centre. In other words, the childcare employees have a high level of job satisfaction towards their childcare centre since the supervisors/managers/owners of the childcare centres are aware about the important aspects related to the employees' needs and wants. The results of this study also reveal that internal communication had a positive effect on employee job satisfaction. This finding can be explained by the fact that the managers should tried their best in providing a meeting with the employees in order to hear what they want and need in their work, and as a result, the communication system become effective because the employees have a chance in telling the truth about their feelings regarding their work. Therefore, the employees are satisfied enough with their job. In other words, the employees are encouraged to satisfy with the childcare centre if they have a good communication system with their supervisors/managers/owners of the childcare centres. This is because the employees could translate what they want and need in their jobs. The supervisors/managers/owners of the childcare centres in turn, understand what the needs and wants of their employees are, and then, try to fulfill them in order to make sure the employees remain satisfied to the childcare centre.

This finding reliables with the finding of the previous studies in related the fields. For example, the research conducted by Lin and Lin (2011) found that internal communication (co-workers' relationships) has a positive and significant relationship with employee job satisfaction among the front-line employees at 60 international hotels.

In addition, Pepe (2010) found that internal communication (co-workers and superior relationships) has a positive and significant relationship with employee job satisfaction among the employees at the corporate headquarters of a supermarket chain. The result also indicated that supervisors/managers/owners of the childcare centres who respond to intelligence (which in the current study refers to providing good and adequate training and other wants and needs of employees) will make the employees remain satisfied with the childcare centre.

The supervisors/managers/owners of the childcare centres should response to what employees want and need in their work, and try to fulfill those requirements by providing adequate in-service training for their employees. This shows that in the childcare setting, if the managers of childcare centres respond to information by fulfilling the employees' needs and wants regarding the benefits, good salary system, developing individual reward systems, performance reviews, changing hours of work, providing training and flexible physical setting, in return, it will lead to the higher level of job satisfaction among their employees. For example, the Department of Social Welfare has mandated that any childcare provider or childcare employee needs to go through the Basic Childcare Course, which is a 103-hours course with 31 modules that should be completed within 17-19 days. This result is constant with the earlier research on the relationship between response to intelligence and employee job satisfaction, as proven by Chuang, Yin and Jenkins (2009) who found that response to intelligence (company policy) has a direct influence and positive relationship with employee job satisfaction among the employees of 25 major casino hotels in Las Vegas. Limpanitgul and Jirotmontree (2011) pointed out that response to intelligence (training and authority) has a direct influence and positive relationship with employee job satisfaction among airline cabin crew of a major flag carrier in Thailand.

## **7. Conclusion**

The study aims to examine the relationship between IMO and EJS. The resultss of the study validated the significant effects of IMO on EJS. Therefore, it



could be concluded that the managers or owners of the childcare centers should provide a workplace that contribute to IMO in order to make sure that their employees satisfied and have a strong connection with the childcare and as a result, they will continue remain in that childcare.

The findings of the study could increase the understanding among the managers or owners of the childcare centres concerning the significance of implementing internal market orientation in their childcare centres in order to minimise the turnover rate among the full-time front-line employees. Therefore, the managers or owners of the childcare centres should pursue effective plans to develop the internal market orientation, especially in improving the internal communication with employees and also internal communication between supervisors or managers, and increasing the response to intelligence by providing internal segmentation, benefits, incentives, promotions, training, rewards and job description, because it is greatly needed for the employees, as shown in the results of the current study.

Furthermore, the results of this study suggest that the childcare supervisors or managers or owners should take the necessary action to build a supportive employee job satisfaction environment prior to implementing any strategy, in order to improve the level of employee job satisfaction among their employees. For example, the managers or owners of the childcare centres should encourage good internal communication with the employees by providing regular meetings in order to make sure they know what the employees need and want in their work, and then try to fulfill them. In addition, the managers or owners of the childcare centres should provide good and continuous response to intelligence (for instance, by providing benefits, incentives, promotions, training, rewards and job descriptions) for their employees in order to enhance the level of employee job satisfaction among their employees.

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