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## **EFFECTS OF INTERNAL MARKETING ON ORGANIZATIONAL COMMITMENT AT SMES IN SERVICE INDUSTRY IN HANOI, VIETNAM**

**Le Thuy Huong**

*huong13p@gmail.com*

**Cao Thi Thanh**

*caothanhdhcn@gmail.com*

*Hanoi University of Industry Vietnam*

### **Abstract**

*This study examined the effects of four aspects of internal marketing (IM) including leadership, person-organization fit, pay satisfaction and working environment on employees' organizational commitment (OC) at SMEs in service industry in Hanoi, Vietnam. Based on survey data collected from 818 employees working for SMEs in service industry, the relationships were examined using multiple regression. The results indicate that all of the four factors affecting the organizational commitment. Impact level is different and identified in details in which all factors affected positively. This study makes a contribution to the literature by conceptually and empirically evaluating IM dimensions simultaneously in the service industry environment.*

**Keywords:** *internal marketing, leadership, organizational commitment, pay satisfaction, person-organization fit, SMEs, service industry, working environment.*

### **Introduction**

Internal marketing, which is derived from marketing management in the service industry, emphasizes that organizations should treat, value, and respect employees from an internal customer's perspective (Longbottom, Osseo-Asare, Chourides, & Murphy, 2006) to attract, develop, motivate, and retain qualified employees (Berry & Parasuraman, 1991). Internal marketing is important to organizations because it is related to employees' job satisfaction and organizational commitment (Sihombing & Gustam, 2007). Many researches showed that organizational commitment has great impact to the successful performance of the organization (Ranya Nehmeh, 2009). Studied states that the stronger staff has organizational commitment, the more competitive advantage the organization has (Bryant et al., 2007). If an individual has high level of commitment, s/he will identify with the goals and values of the organization, at the same time, s/he will have strong aspiration to be a member of the organization and ready to expose positive citizenship behaviors to the organization. S/he will be willing to do extra work, exert his/her best effort to the organization beyond his/her responsibilities and duties. In contrast, if an employee does not have any level of commitment, s/he will not only contribute to the organization but also s/he may think to quit the organization.

In the international globalization, competitions among enterprises have become more challenge. It is difficult to recruit but how to retain them is more difficult. During last years, staff turnover has become a big issue of many organizations, especially in SMEs where their resources must be prioritized on production or business development in



order to create more profit rather than resources spent to keep or retain their employees. Moreover, in SMEs of services industry in which it requires their employee's commitment than the other industries because the service's quality demonstrates on their employee's behavior. When the employee has less organizational commitment, it affects directly their service's quality, it means it affects their business reputation and turnover.

Therefore, how internal marketing affect organizational commitment, which factors leading employees more engage to the organization? These are big questions to business CEOs and leaders. They should know how to find our appropriate solutions to enhance their employee's commitment which enable their business more stable. From all the reasons mentioned as above, the author decided to research "Effects of internal marketing on organizational commitment at SMEs in service industry in Hanoi, Vietnam". The author hope to help the business leaders to have practical overview on their employee's commitment, as a result, they will have appropriate action plans to retain their employees so that it will help their business develop more stable.

## **Litteratural review**

### ***Internal Marketing***

Internal marketing is an application of marketing philosophy and method with the purpose of stimulating employees to complete the tasks (Greene, Walls, & Schrest, 1994). Palmer (2001) defined internal marketing as the application of the principles and practices of marketing to an organization's dealings with its employees. Internal marketing treats the employee as an internal customer, regards jobs as products, and intends to satisfy the employee's demands through products (Longbottom et al., 2006). Kotler and Armstrong (1991) viewed internal marketing as the building of customer orientation among employees by training and motivating both customer-contact and support staff to work as a team. Zeithaml and Bitner (2000) indicated that in the Golden Triangle model of service, external marketing aims to construct commitment, interactive marketing aims to fulfill commitment, and internal marketing aims to enhance an employee's ability to fulfill commitment. Although external and interactive marketing are important, internal marketing places greater value on internal employees' human resources management and applications.

Gronroos (1994) asserted that without active and continuous internal marketing efforts, the interactive marketing impact on customers will deteriorate, service quality will suffer, and customers will start to defect with negative effects on profitability as a result. Gummesson (2000) suggested that internal marketing is a strategic operation that combines marketing and human resources management in order for first-line service personnel to provide the best service when interacting with customers. Joseph (1996) suggested that internal marketing motivates, mobilizes, recruits, and manages employees by using marketing and human resource management approaches to continuously improve services to employees, which was consistent with Kotler and Levy (1969), who defined internal marketing as follows: firms successfully hire, train, and motivate employees to provide better service to customers. In summary, internal marketing embraces the notion that a company should treat its internal employees as external customers in satisfying their needs. Thus, through management satisfying the needs of internal customers, employees become more motivated and committed to the company, which leads to external customers being well served (Barnes et al., 2004).



Many academic studies in the internal marketing literature identified key elements of internal marketing, including Conduit and Mavondo's (2001) market training and education, management support, internal communication, personnel management, and employee involvement in external communication; Ahmed, Rafiq, and Saad's (2003) top management support, business process support, and cross-functional coordination; Tsai and Tang's (2008) service training programs, performance incentives, and vision for service excellence. In this study, four factors represent internal marketing will be test. Those are: Leadership (LS), Person-Organizational Fits (POF), Pay Satisfaction (PS) and Working Environment (WO).

#### *Leadership*

Leadership is the way the leader gives the direction, plan and motivates the others in the enterprise. It is the leading way for their employee to achieve the company's objectives. The leader who is mirror of their employee, transform to the others by their action plans and directions in the future (Podsakoff, MacKenzie, Moorman & Fette's (1990).

#### *Person-Organizational Fits*

POF is the fit between an individual and organization (supplementary and complimentary fits). It is additional same characters (Muchinsky & Monahan, 1987, p.269). Supplementary occurs when an individual's characters add the whole or a part to what is that organization (Muchinsky & Monahan, 1987, p 271).

#### *Pay Satisfaction*

Pay Satisfaction is with salary, the way to pay, C&B policy or process and term of payment as well as other bonus or allowance (in-direct benefits) to the employee (Heneman, 1985).

#### *Working Environment*

According to Balzer et all (1997), Dabke et all (2008), WE is the place where the employee can expose their ideas, the place where they are equipped necessary working tools to work, where they can work in fresh air and independently. This is the working condition to facilitate the employee so that they can work more effectively and enhance there commitment to the organization.

### ***Organizational Commitment***

Organizational commitment has been the critical subject in recent years. It has been seen as a vital topic in the field of Organizational Behavior and Industrial/Organizational Psychology. There are different definitions and concepts on the organizational commitment. The most popular and thoroughly validated multidimensional model of organizational commitment is Meyer and Allen's (1991). Meyer and Allen (1991) developed a three-component conceptualization of organizational commitment in which it referred to affective, continuance, and normative commitment. They stated that although there are many different definitions of commitment, however, it reflected "at least three general themes: affective attachment to the organization, perceived costs associated with leaving the organization and obligation to remain with the organization". Affective commitment mentions to the employee's emotional attachment to the organization. Continuance commitment refers to an employee's perceived costs of leaving the organization and normative commitment refers to an employee's obligation to remain in an organization. "Employees can experience all three forms of commitment to varying degrees. One employee, for example, might feel both a strong



desire and a strong need to remain, but little obligation to do so; another might feel little desire, a moderate need and a strong obligation and so on” (Meyer and Allen, 1991). Two such authors defined that these three approaches is the view that commitment is a psychological state that characterizes the employee’s relationship with the organization, and has implication for the decision to continue or discontinue membership in the organization. Meyer & Allen (1991) affirmed organization commitment divided into three categories: affective commitment, continuance commitment and normative commitment.

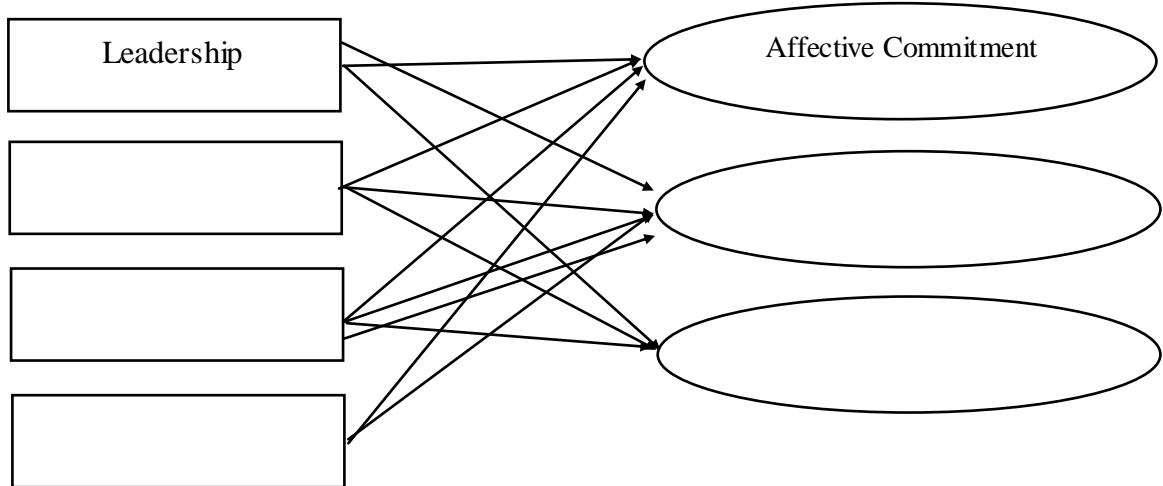
There are many earlier definitions on affective commitment (AC). As Mowday (1979) stated, when the employee identifies with a particular organization and its goals in order to maintain membership to facilitate the goal, it is affective commitment. Like Mowday, Buchanan (1974) also described commitment as the attachment to the goals and values, and to the organization for its own sake. Whilst, Meyer et al (1993) defined that affective commitment is considered as the emotional attachment to, identification with, and involvement in the organization. The employees who have affective commitment because they “want” to do. Meanwhile, other author like Kanter (1968) defined that affective commitment is the attachment of an individual’s fund of affectivity and emotion to the group.

As stated before, Meyer & Allen (1991) said continuance commitment (CC) refers to an awareness of the costs associated with leaving the organization. When the employees have continuance commitment, it shows that they “need” to do so. Other authors view commitment as the continuation of action sourcing from the costs related to its termination. An employee who has continuance commitment to the organization when there is something important to an individual like pension and seniority. Similarly, Kanter (1968) defined the “cognitive-continuance commitment” as “profit associated with continued participation and a “cost” associated with leaving”. In Becker’s side-bet theory of commitment, if an individual does not recognize about the costs associated with the discontinuing an activity, he will not have commitment with the organization. Without the recognition, there is no commitment. Becker emphasized that “the element of recognition of the interest created by one’s prior action is a necessary component of commitment because, even though one has such an interest, he will not act to implement it...unless he realizes it is necessary”. In contrast, other authors found that continuance commitment have no significant relationship with organizational citizenship behaviors while other studies have reported a negative relationship (Pham, 2012). Continuance commitment also includes factors such as years of employment or benefits that the employee may receive that are unique to the organization (Reichers, 1985). Meyer and Allen (1997) explained that an individual who have continuance commitment will be feel difficult to leave the organization.

Also, followed by Meyer & Allen (1991), normative commitment (NC) is considered as an obligation to remain with the organization. Normative commitment reflects a feeling of obligation to continue employment and an individual who has high level of normative commitment; they will feel that they “ought” to remain with the organization. Marsh and Mannari (1997), described the employee will have normative commitment; they will commit their whole lifetime with the organization. They stated that “the employee with lifetime commitment as one who considers it morally right to stay in the company, regards of how much status enhancement or satisfaction the firm gives him over the years”. These authors developed a four-item measure of lifetime commitment in which

two items measure intention (of self and others) to stay with the organization until retirement. Weiner (1982) thought that normative commitment as being a “generalized value of loyalty and duty” as the same with the opinion of Meyer & Allen (1991) when considering the normative commitment as a “feeling of obligation”. Weiner also explained that the normative commitment such as marriage, family, religion, etc., therefore, an individual who has normative commitment, they will feel like they have moral obligation to the organization.

All variables and relationships between variables are shown in the following model:



**Research model**

**Research hypotheses:**

- (H1) states Leadership impacts positively to Affective Commitment.
- (H2) states Working Environment impacts positively to Affective Commitment.
- (H3) states Pay Satisfaction impacts positively to Affective Commitment.
- (H4) states Person-Organization Fit impacts positively to Affective Commitment.
- (H5) states Leadership impacts positively to Continuance Commitment
- (H6) states Working Environment impacts positively to Continuance Commitment.
- (H7) states Pay Satisfaction impacts positively to Continuance Commitment.
- (H8) states Person-Organization Fit impacts positively to Continuance Commitment.
- (H9) states Leadership impacts positively to Normative Commitment.
- (H10) states Working Environment impacts positively to Normative Commitment.
- (H11) states Pay Satisfaction impacts positively to Normative Commitment.
- (H12) states Person-Organization Fit impacts positively to Normative Commitment.

**Measure**

Organization Commitment scale was adopted from Meyer and Allen (1993).  
Leadership scale was adopted from Podsakoff, MacKenzie, Moorman, and Fette’s (1990).  
Working Environment scale was adopted from Nazi m Ali (2010).  
Pay Satisfaction scale was adopted from Weiss, Dawis, England and Lofquist (1967).  
Person-Organization Fit scale was adopted from Cable and Judge (1996).

**Method**

The study was conducted by quantitative method through a survey. Data collection was used to evaluate the scales, factor analysis, and model testing and hypotheses by means of multiple regression with the support of SPSS software version 20.



To achieve the objective of the research, within limited capabilities and resources, the authors selected sampling probability (non-stratified random selection). According to a delimitation of the Ministry of Planning and Investment on the small and medium enterprises operating in services sector includes various fields such as the health sector, education, information technology, transportation, management consulting ... Based on this classification, the authors randomly selected small and medium enterprises in the fields as stated above to ensure the extensiveness of enterprises in different sectors in the service industry.

To ensure the representativeness of the sample, the authors have tried to select the sampling units in the small and medium enterprises in the service sector in different geographical areas of Hanoi, not just focused on districts at the center of Hanoi.

The data collection took place at locations predetermined list, the author delivered the questionnaire to employees in such enterprises above. Total questionnaires was 1,000; 915 were collected, and valid ones were 818.

## **Results**

### ***Testing value and reliability of measuring scales***

Results show that KMO = 0.711 which meets the condition of  $KMO > 0.5$  (Kaiser, 1974). So, we could conclude that the factor is appropriate with available data. By the same way, test result Barlett shows that  $p = 0.000 < 5\%$ , which means variables have relationship with each other and meet conditions to analysis factors by EFA examination.

Results showed that from 38 items of can extract 4 independent variables. The total variance which is explainable as extracting factor group is 75.175% ( $> 50\%$ ).

EFA shows that LS is loaded in one factor. All of load coefficients meet defined standards ( $> 0.6$ ) and shows that observing variables have significant relationships with each factor. All items of POF is loaded in one factor, the lowest is 0.821, highest 0.842, it means it has significant relationship with POF. PS with 14 items are loaded in one factor, all is 0,662 above, as a result, observing variables have significant relationship with PS. All items of WE are loaded in one factor and it has significant relationship.

The result shows that Cronbach Alpha value and total variable correlation coefficient meets standards ( $> 0.7$ ). Therefore, these are good measuring scale with close correlation with each other's in order to measure independent and dependent variables. These scales guarantee reliability and may be used for following analysis.

### ***Hypothesis test and regression analysis***

#### ***Results of regression analysis to AC***

The result illustrates that the adjusted coefficient  $R^2$  of the model is 0.574. Thus, the independent variables were able to explain 57.4% of the variation of AC.

Regression analysis results also show that:

- Sig of LS  $< 0,05$  so we could accept hypothesis H1. It confirms that LS impacts positively to AC.
- Sig of WE  $> 0,05$ , so we could not accept hypothesis H2, reject hypothesis H2. There is no basis to affirm that WE impacts positively to AC.
- Sig of PS  $< 0,05$ , so we could accept hypothesis H3. It confirms that PS impacts positively to AC.



- Sig of POF < 0,05 so we could accept hypothesis H4. It confirms that PS impacts positively to AC.

The relationship between dependent and independent variables is shown in the following linear regression equation:

$$AC = 0,458LS + 0,141PS + 0,065POF$$

AC: Affective Commitment; LS: Leadership Style; PS: Pay Satisfactio; POF: Person-Organization Fit.

#### *Results of regression analysis to CC*

The result illutrates that the adjusted coefficient R2 of the model is 0.429. Thus, the independent variables were able to explain 42.9% of the variation of CC.

Regression analysis results also show that:

- Sig of LS < 0,05 so we could accept hypothesis H5. It confirms that LS impacts positively to CC.
- Sig of WE < 0,05, so we could accept hypothesis H6. It confirms that that WE impacts positively to CC.
- Sig of PS < 0,05, so we could accept hypothesis H7. It confirms that PS impacts positively to CC.
- Sig of POF < 0,05 so we could accept hypothesis H8. It confirms that PS impacts positively to CC.

The relationship between dependent and independent variables is shown in the following linear regression equation:

$$CC = 0,132LS + 0,112WE + 0,141PS + 0,239POF$$

CC: Continuance Commitment; LS: Leadership Style; WE: Working Environment; PS: Pay Satisfactio; POF: Person-Organization Fit.

#### *Results of regression analysis to NC*

The result illutrates that the adjusted coefficient R2 of the model is 0.257. Thus, the independent variables were able to explain 25.7% of the variation of NC.

Regression analysis results also show that:

- Sig of LS < 0,05 so we could accept hypothesis H9. It confirms that LS impacts positively to NC.
- Sig of WE < 0,05, so we could accept hypothesis H10, It confirms that that WE impacts positively to NC.
- Sig of PS < 0,05, so we could accept hypothesis H11. It confirms that PS impacts positively to NCC.
- Sig of POF < 0,05 so we could accept hypothesis H12. It confirms that PS impacts positively to NC.

The relationship between dependent and independent variables is shown in the following linear regression equation:

$$NC = 0,255LS + 0,097WE + 0,396PS + 0,125POF$$

NC: Normative Commitment; LS: Leadership Styles; WE: Working; PS: Pay Satisfaction; POF: Person-Organization Fit.

## **Discussion**

H1 stating Leadership impacts positively to Affective Commitment is accepted. When a leader respects a employee's personal feelings, s/he listens to the employee's wishes, which makes the employee feel respected. When employees are respected, they will have positive behavior and attitudes to try to devote and commit more the organization.



H2 stating Working Environment impacts positively to Affective Commitment is rejected. This is explained as if the employee actually want to contribute to the organization, no matter how bad the working environment or the condition of the facility s/he still will commit to the organization. H3 stating Pay Satisfaction impacts positively to Affective Commitment is accepted. This result demonstrates that when employees receive the right pay and reward, they will feel that it is deserved and they feel they are recognized, appreciated and valued. Remuneration here is not purely salary but it is a way of organizing, recording and evaluating the level of dedication and contribution of employees.

H4 stating Person-Organization Fit impacts positively to Affective Commitment is accepted. When employees find Person-Organization Fit, they find that their personal characteristics match the characteristics of the organization, the value and culture of the organization in line with the things they value in life. They will have feelings associated with that organization. Individual and organizational fit is also expressed when employees are doing what they like, what they are passionate about pursuing, their personal goals aligned with the organization's overall goals. They are not going to look for a replacement job opportunity.

H5 stating Leadership impacts positively to Continuance Commitment is accepted. When the leader gives the employee an exciting picture of the future, the employee will know what the route they are going to, what the destination is, from which the employee will make commitments to the organization. . If an employee is inspired by their plan in the future, the employee will feel secure knowing the purpose of the organization, employees will feel if they stay with this organization they will have career opportunities.

H6 stating Working Environment impacts positively to Continuance Commitment is accepted. A favorable working environment will make the employee committed because the employee believes that leaving the organization to another place will not have better conditions of employment here. For example, if they stay in this organization, they will be equipped with tools and tools that are suitable and conducive to their work, if they work elsewhere it is unlikely they will have good conditions. Or working here, they will be flexible in terms of time being unpressurized as elsewhere. This helps them to increase their engagement with the organization.

H7 stating Pay Satisfaction impacts positively to Continuance Commitment is accepted. Employees will have calculations that because they have made too much effort for this organization they will stay. They also calculate and consider that if they leave the organization, they will lose things or values that are certainly not available in another organization (eg, real wages, payment policy, Consistency in wage policy & other regimes in the organization ... With these calculations, they will find that they should stay in this organization rather than leave to go elsewhere and they will make commitments. with the organization because of this.

H8 stating Person-Organization Fit impacts positively to Continuance Commitment is accepted. When employees find POF, they will calculate that if they decide to leave the organization, their lives will be more turbulent, they will lose the things they have invested in the organization as their relationship with the partners, the contributions they have built. So they will stay and engage with the organization.

H9 stating Leadership impacts positively to Normative Commitment is accepted. Employees stay with the organization because they find their value coincides





with the value of the organization through the style of the leader. If a leader has a vision, the values that are respected by the employee, the employee will find his or her identity at the organization, they will stay with the organization for the sake of their leader. What the leader has set up, invested and provided the employees with the values they need (both spiritual and material), the employees will feel they are obliged to stay with the organization to contribute to the organization as a repayment of what they receive.

H10 stating Working Environment impacts positively to Normative Commitment is accepted. Working in a good and independent environment, employees will feel the organization deserves their loyalty. When business creates the most favorable working environment for employees. Employees will be satisfied with the work environment. They feel that ethical standards need to be associated with the business because the business has provided them with the best conditions for the job.

H11 stating Pay Satisfaction impacts positively to Normative Commitment is accepted. When a company has good Payment for employees, employees are satisfied with the salary and bonus, they will find it necessary to associate with the business because of ethical standards. Employees pledge to feel that they owe their organization for the value the organization has given them, and they always feel they have a "great deal of work" here. This leads to a Normative commitment.

H12 stating Person-Organization Fit impacts positively to Normative Commitment is accepted. When workers feel organized to create working conditions appropriate to their abilities and desires, they will feel the need to devote the best conditions to the business by engaging in long-term business. Because it is the basic ethical standards of the workers.

### **Implications**

(i) In order to enhance Affective Commitment, the leaders need to pay their attention to 3 factors such as Leadership Styles; Pay Satisfaction; and Person-Organization Fit.

- Have appropriate remuneration policies to encourage and motivate employees; give employees peace of mind about C&B package so that they may concentrate on their work and contribute to the company. Salary always has been regarded as one of the important issues in order to attract and retain key talent. Salary can also be a measure of the value of employees in the market. However, it is not fully right when using salary as attractive incentives to retain or attract employees; when the employee feel satisfied with a transparent payment structure, the payment method and payment on time... they will be satisfied with such organization. In fact, the salary itself is not the key factor and is essential prerequisite point to retain good employees.

- The enterprise needs to pay more attentions on other values such as work-life balanced. It is beyond factor from salary. The spirit intensives play more important roles which helps to satisfy with the organization. Employees tend to stay with the organization when they feel their abilities, efforts and their contribution is recognized and appreciated. Staff will stay if they are rewarded and recognized promptly and properly. Reward here is not necessarily a physical sense, by the size and condition of SMEs, it is difficult for enterprises to build a reward budget like other large enterprises that have more stable funding sources. Reward here is mental factors. Staff should be rewarded in time as long as they have certain initiatives or implement good / excellent



an assigned task. Timely reward is important, but more importantly, how to reward is more vital. Enterprises need timely communication and effective way to highlight the staff mirrors excelled. In addition to the effect of encouraging, motivating employees, this solution is also increasing the rate of return provided by the investment for human capital of the organization. Failure to do so will lead to the performance of employees decline or key employees will leave the organization. Bonus if done well will help the management of talent. And this is the way to strengthen based on the emotional commitment of employees to the organization.

- Enterprises need deliver their development strategy to employees in a transparent manner and at the appropriate time so that the employees understand the development direction of the company and built up themselves career development in the organization. When an employee's career development objectives are met with the organizational development objectives, they will more closely aligned with the organization and have more commitment to the organization. It is also what makes the fit between individuals and organizations. The compatibility between individuals and institutions are willing to cooperate and commitment of an individual in an organization. The compatibility should be considered right from the first assessment during recruitment and selection process. Enterprises need to consider the compatibility between an individual with the job, their qualifications and knowledge, skills or abilities with the job requirements and position's competencies.

- Enterprises need to focus on the appropriate training programs to enhance the management skills for middle managers and above. The managers and leaders need to be aware of their roles, consciously become transformational persons to their subordinates, and inspire them to contribute their best efforts to achieve the overall goals of the organization. The manager needs to trust employees, empower employees so that the employees may be proactive at work and perform their work most effectively. When employees are empowered, they will always feel this organization's problems are their problems, they will act more responsibly and it is affective commitment. In addition, the leader should have influence to employees and especially to ensure the consistency throughout their decision making. When the leader transform active influence to their employees, it will affect the organization, in particular it reduce turnover intention, increase organizational behavior and it leads to their organizational commitment more closely. Therefore, it showed that the leadership styles affect positively to staff's organizational commitment. This is the way how to increase affective commitment.

(ii) In order to increase continuance and normative commitment, the leaders must pay their attention to 4 factors such as Leadership Styles; Working environment; Pay Satisfaction; and Person-Organization Fit.

- In Vietnam, the working environment is one of the important and positive factors that impact to staff' organizational commitment. The enterprise should pay more attention to intangible factors such as working environment. This is not costly as to invest in other factor like salary increase... Enterprises need to create a working environment where employees are feel respected and most comfortable to contributing their capabilities; where employees can actively work by their judgment of their within their power. A healthy and friendly working environment in which every employee is treated with respect, they always feel that s/he is a member of the company; they will be responsible for contributing to the development of such enterprises. That is the way



to strengthen continuance and normative commitment. Employees stay with the organization because they are engaged, are pursuing what they are passionate about, be challenged by the work; these are the factor that they have more commitment with the organization.

- Besides, a healthy and professional working environment is a place where the employees are recognized fairly and transparently. If so, the employee will have more engagement to the organization and no intention to leave because they already found out the comfortability in such organization and they thought that all thing they contributed to the organization were worthy. This is continuance commitment.

- As indicated as above, an enterprise that they have leaders who have clear vision and they know how to inspire the others by their plans for the future and lead others by their action rather words, employees will get confidence in the organization. Meanwhile, although they would like to leave this organization, but they'll feel really difficult. They find themselves required to maintain their obligations to work with existing organizations. They themselves feel that this business deserves their loyalty. This is based on continuance commitments and normative commitment of employees to organization. Therefore, enterprises should promote such leadership style.

- When businesses get reasonable compensation & benefit policies, the employees see their interests in it, this is the solution strengthens their continuance commitment and also strengthen the normative commitment because employees feel they are owed something to the organization, they will find it hard to leave this organization.

In summary, with scope of SMEs in Vietnam, especially in service industry, labor force plays an important role with the success of the organization. Therefore, the enterprise should find out appropriate solutions to attract and retain their employees. There are many ways to attract them in which Leadership style is the most vital factor. Besides, how to create the match between an individual and the organization is also important. The enterprise should let their employee know about the development strategy, let their employee understand about the vision of the company and the employee's career development is aligned with the organization's development direction, the employee will have more commitment to the organization. It is more important and appropriate for SMEs to attract talented employees. By this way it is cheaper and more appropriate than having attractive C&B package. Besides, how to create attractive & healthy working environment is the way to enhance the organizational commitment.



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