

THE MEDIATING EFFECT OF EMPLOYEE DELIGHT ON THE RELATIONSHIP BETWEEN INTERNAL MARKETING AND EMPLOYEE PERFORMANCE

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ABSTRACT

This study aims at analysing the relationship between internal marketing (IM) and employee performance (EP), mediated by employee delight (ED). Factor analysis was applied to data collected by questionnaire from 264 employees in the oil and gas industry, Malaysia. The assessments of the measurement and structural models were undertaken using SmartPLS 3.0. The results showed that organisational cultural beliefs, terms and conditions (TC), learning and development and business process (parts of IM constructs) had significant relationships with at least one of the EP constructs, namely in-role and extra-role. ED had a significant relationship with both EP constructs. However, only one IM construct, TC, had a significant relationship with EP when mediated by ED. Using ED as a mediator in the proposed model provides further theoretical contribution to IM. This paper provides the list of IM initiatives that have effects on EP. This helps management to focus their time and investments on the right kinds of efforts.

Keywords: Employee delight; Employee performance; Employee satisfaction; Internal marketing.

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1. INTRODUCTION

Undoubtedly, the objective of every business is to make profits. Organisational goals are achieved when companies perform by satisfying their customers with better effectiveness and efficiency than their competitors. The importance of human capital in organisational performance (OP) (Alencar de Farias, 2010) is undeniable because it is a unique asset that cannot be duplicated (Akhtar, Ding & Gglorial, 2008), thus creating competitive advantage (Papasolomou & Vrontis, 2006). Besides external market, internal market has to be managed well too because it may contribute to the organisational well-being (Lee, Patterson & Ngo, 2017). Employee focus is consistent with internal marketing (IM) theory which hypothesises that satisfied employees lead to satisfied customers, which manifests into higher profits.

IM has evolved through three stages. The first stage focused on fulfilling employees' needs first because satisfied employees lead to work quality. The second stage, IM influenced satisfied

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employees to promote service value and increase the effectiveness of external marketing. The third stage focused on using IM as a strategic tool to reduce resistance on organisational changes (Ahmed & Rafiq, 2003).

IM stipulates that satisfied employees lead to memorable exchanges between front-liners and customers, thus creating a memorable impression leading to potential sales. IM was often associated with organisational efficiency and customer orientation (CO) where focus was given more towards customer-facing employees. Referring to the third stage of IM, it is necessary to study IM focusing on organisational effectiveness and market orientation which is based on ways of understanding and fulfilling customers' interests and creation of value using competitor information and inter-functional resources (Kohli & Jaworski, 1990). Inter-functional resources refer to the coordinated use of resources to create superior value for customers (Kahn, 2001). The current study assumes that every unit/department is inter-connected and the outcomes of one's job are served to another employee to be transformed into another form of outcomes which are transferred to other employees and another until they reach the external customers at the end of the value chain. This 'internal service' (Dhurup, 2012) is represented as employee performance (EP) in this study.

Studies have shown a weak coefficient between IM and EP. In a study of high institutions in Portugal, the path coefficient between IM orientation and EP was 0.163 when mediated by job satisfaction (JS), organisational commitment (OC) and organisational citizenship behaviours (Carlos & Rodrigues, 2012). Hakim, Thoyib, Rohman and Solimun (2018) in their study of lecturers at University Hasanuddin, Indonesia showed a weak direct (0.144) and indirect (0.141) path coefficients between IM and EP mediated by OC. Organisations need to find the right influencers of EP because it is an important element in ensuring OP (Mishra & Sarkar, 2013). These results have prompted this study to examine IM-EP relationship mediated by employee delight (ED).

It is important to study the relationship between IM and ED as employee satisfaction (ES) alone is inadequate to explain a complex phenomenon like employee behaviours or performance (Wilson & Frimpong, 2004). Thus, studies using ES as a variable produced mixed results. Judge, Thoresen, Bono and Patton (2001) stated that other independent variables may determine the relationship between JS and job performance (JP) due to moderation effects or that it may be spurious (Bowling, 2007), which indicate that one or more common causes affect the relationship of JS-JP. This justifies the use of IM as an exogenous variable in the relationship of satisfaction-performance, and ED to be used as an alternative to ES in the current study.

The competition in the oil and gas (O&G) industry is becoming fiercer due to uncertainties of global crude oil price. O&G companies take drastic measures in controlling costs from within to improve their profits (Idris, 2018). Internal costs are mainly derived by employees, hence it is relevant to study IM in the context of O&G industry as it emphasises the importance of manpower in deriving OP through value added strategies (Racolta-Paina & Mone, 2010). Reuters (2017) reported that many O&G companies adopted the cost cutting regime and the obvious cut was manpower. However, this serves only as a short-term solution if they are still in the outdated, overly complex processes and counterproductive behaviours. The national O&G company of Malaysia was allegedly accused of employing group-wide "staff reduction" exercise, although the claim was

strongly denied thereafter (Murugiah, 2017). There were also little evidence from literature investigating all three variables in a similar setting.

Previously, IM focused more on external than internal customers. Evidently, high number of studies on IM that focused on front-liners (Ali, 2012; Shekary, Moghadam, Adaryany and Moghadam, 2012; Kukreja, 2017). This paper addresses this gap by proposing a research population of employees, regardless of their positions/tasks because a value chain is complete only with the contributions from all employees, not just the front-liners. Each business consists of a chain of dependent functional units, each receiving products/services from them and supplying to the next internal/external customers (Nagel & Cilliers, 1990).

In a study of hotel industry, EP was measured by task performance (only) in its relationship with IM mediated by JS and affective organisational commitment (Han, Liu & Dai, 2010). The current study however proposes that EP to be measured in two constructs: in-role (IR) (also known as task performance) and extra-role (ER) (Maxham, Netemeyer & Lichtenstein, 2008). Measuring EP in two constructs allows more meaningful discussions in this paper.

To conclude, this paper proposes the relationship of IM and EP to be tested, mediated by ED. ED is more relevant in explaining the relationship between IM and EP because ES is inadequate in ensuring organisational success based on the discouraging results in the past. Furthermore, two constructs of EP allows more detailed examinations to be done on the proposed model. This study focuses on O&G industry, which is rarely used as a study setting in social science research despite its importance in Malaysia's economy and the inclusion of industry-specific IM mix in the conceptual model.

2. LITERATURE REVIEW

2.1. *Internal Marketing (IM) and Employee Performance (EP)*

There were many studies done on the relationship of IM-EP (Doshi, 2018; Hakim et al., 2018; Zainal-Abidin, Mohd-Roslin & Kamaluddin, 2018). There were several gaps identified that this paper attempts to address. Whilst Han et al. (2010) used only task performance to measure EP, the current study proposes two constructs instead, IR which refers to when employees perform tasks as described in their job description (JD), and ER which refers to when employees perform above and beyond what is expected (Sheraz, Zaheer, Rehman & Nadeem, 2011).

The relationship of IM-EP can be supported by aligning the concepts of internal quality service, internal CO (ICO), total quality management, service profit chain and resource-based view. These theories have something in common - that interactions among employees is important in establishing the internal and external service quality standards (Evanschitzky, Ramaseshan, & Woisetschlager, 2012). The theories treat employees as both internal suppliers and internal users; and internal services as both internal products and internal supplies. This is in line with IM that refers to any form of marketing within an organisation which focuses staff attention on the internal activities that need to be changed to enhance external market performance (Bekkers & Van Hasstrecht, 1993).

IM is also related to operational efficiency aiming at maintaining CS through inter-functional resources and processes at the organisational level. In the past, IM was mostly linked to operational effectiveness through CO where the focus was on satisfying external customers' needs, thus leaving a gap for future research. The focus on inter-functional resources and processes gives rise to the concept of ICO where organisational units and their employees are seen as service providers and users of these services as internal customers and the activities as internal services. According to IM, these internal customers need to be satisfied first before external customers.

To ensure organisational success, employees could not be perceived and analysed as an individual, rather they have to be viewed as a complex and intricate web of interactions and relationships. Thus, this paper argues that internal relationships can be represented by treating the outcomes of EP as the 'internal product/supply', assuming that when employees do their job accordingly, the benefits will flow to the end customers through high quality products/services. This is supported by Chen and Hsieh (2008) who identified service production as a performance. Accordingly, this study argues that:

H1: There is a relationship between IM and EP

2.2. Internal Marketing (IM) Constructs

IM is defined as using the marketing approach to manage all interactive activities within the organisation in order to achieve a more efficient internal environment and to build up the employees' CO (Liao, Jou & Huang, 2004). There is no consensus on the number of IM dimensions (Kanyurhi & Akonkwa, 2016). In this study, IM is measured by five dimensions: organisational cultural beliefs (OCB), terms and conditions (TC), internal communication (IC), learning and development (LD) and business process (BP). These five dimensions are obtained from an exploratory study through an interview with a representative from the O&G industry.

OCB is about understanding people's perceptions of the organisation in which they work and how it affects their work. The importance of OCB in delivering success and high performance has been highlighted by many organisational theorists in the past (Jacobs, Ashcroft & Hassell, 2011). TC can be defined as the monetary gains employees obtain for their services rendered to the organisation. When one of IM activities includes performance rewards scheme, it usually produces a positive impact on IR performance as employees perceive it as the support they receive from the organisation (Whitener, 2001). IC is one of the most common IM constructs used in past research, and further emphasised as a new employer-employee contract between managers and employees with the basic task to satisfy the information needs of all people in the organisation (Varey & Lewis, 1999). LD refers to providing employees with training and development programs, organisational vision and performance-based rewards would increase ES level (Joung, Goh, Huffman, Yuan & Surles, 2015), which is consistent with the fundamentals of IM theory. The last construct is business process (BP). IM is expected to result in smooth work flows among employees which in turn leads to improved CS level and organisational profits (Shamma, 2012).

Accordingly, Hypothesis 1 can be further broken down to the following sub-hypotheses:

- H1a: There is a significant positive relationship between OCB and IR
- H1b: There is a significant positive relationship between OCB and ER
- H1c: There is a significant positive relationship between TC and IR
- H1d: There is a significant positive relationship between TC and ER

- H1e: There is a significant positive relationship between IC and IR
 H1f: There is a significant positive relationship between IC and ER
 H1g: There is a significant positive relationship between LD and IR
 H1h: There is a significant positive relationship between LD and ER
 H1i: There is a significant positive relationship between BP and IR
 H1j: There is a significant positive relationship between BP and ER

2.3. *Internal Marketing (IM) and Employee Delight (ED)*

In order to understand the relationship of IM-ED, one must first understand the concept of CS and its evolution to customer delight (CD) because ED is almost to a certain degree mirrors CD from IM perspective. CS is the overall evaluation of goods/services based on transactions and experiences that customers have had over time while interacting with a company (Paek & Lee, 2018). CD is defined as “a profoundly positive emotional state generally resulting from having one’s expectations exceeded to a surprising degree” (Oliver et al., 1997; cited in Barnes, Collier, Howe & Douglas-Hoffman, 2018, pg. 277). There were many studies conducted on IM and ES (Shabbir & Salaria, 2014; Shabir, 2016; Isfahani, Yarali & Kazemi, 2012). ES is defined as an individual’s overall stated satisfaction with the organisation (Suriyankietkaew & Avery, 2014), whereas ED is “a feeling of genuine euphoric pleasure, a sense of great enjoyment. It is a moment of truth in which employee performance brings immense pleasure or enjoyment to employee and ultimately to the organisation” (Gupta & Jain, 2012, p. 4). There is a need to test whether the relationship between IM and EP will improve with ED as the mediator.

IM treats employees as internal customers and appeals to them through ‘marketing-like’ approach (Ahmed, Rafiq & Saad, 2003). Since CS concept in the traditional marketing has evolved to CD, it is necessary to update IM theory with ED to reflect the latest research development. CD and ED are similar in substance as pointed by Vijayalakshmi and Balanagagurunaathan (2012, p. 8) who define delighted customers and delighted employees by inter-changing a few words in the definition: “Delighted customers/employees are those where you anticipate their needs, provide solutions/supports to them before they ask and where it is being observed to see if new or additional expectations are about to be required”.

This paper argues that the relationship of IM-ED needs to be tested because ED does not get the same amount of attention like CD does, leaving a gap to be explored further. Accordingly, this study argues that:

- H2: There is a relationship between IM constructs and ED
 H2a: There is a significant positive relationship between OCB and ED
 H2b: There is a significant positive relationship between TC and ED
 H2c: There is a significant positive relationship between IC and ED
 H2d: There is a significant positive relationship between LD and ED
 H2e: There is a significant positive relationship between BP and ED

2.4. *Employee Delight (ED) and Employee Performance (EP)*

Consequently, as ED is an extension of ES, it is expected that all benefits resulted from ES such as increased firm competitive advantage (Bridges & Harrison, 2003), increased operational efficiency

(Organ, 1988), attract talents and engage employees (Sablinski & Erez, 2001), increased productivity and OC, lower absenteeism and turnover and increased organisational effectiveness (Ellickson & Logsdon, 2001), will also be the results of ED at the very least. As Siengthai and Pila-Ngarm (2016) found a positive and significant effect between JS and EP, this paper argues that ED is expected to have a relationship with both IR and ER because delighted employees are expected to perform beyond their JD.

With EP being measured in two constructs, it adds to the uniqueness of this paper as it allows the relationships to be analysed further. Accordingly, this study argues that:

H3: There is a relationship between ED and EP

H3a: There is a significant positive relationship between ED and IR

H3b: There is a significant positive relationship between ED and ER

There seems to be a missing link between IM and EP and this study intended to use ED as a mediator in their relationship. Al-Hawary, Al-Qudah, Abutayeh & Al-Zyadat (2013) established the relationship between IM and ES. Subsequently, ES had a relationship with (high) EP (Mafini & Poee, 2013, and EP had a relationship with OP (Mishra & Sarkar, 2013). However, Kanyurhi and Akonkwa (2016) found that IM had a relationship with ES, but ES did not have a relationship with OP. They suggested that psychological behaviours like EP or OC to be used as a mediator in the relationship between IM, ES and OP.

Accordingly, this study argues that:

H4: ED mediates the relationship between IM constructs and EP

H4a: ED mediates the relationship between OCB and IR

H4b: ED mediates the relationship between OCB and ER

H4c: ED mediates the relationship between TC and IR

H4d: ED mediates the relationship between TC and ER

H4e: ED mediates the relationship between IC and IR

H4f: ED mediates the relationship between IC and ER

H4g: ED mediates the relationship between LD and IR

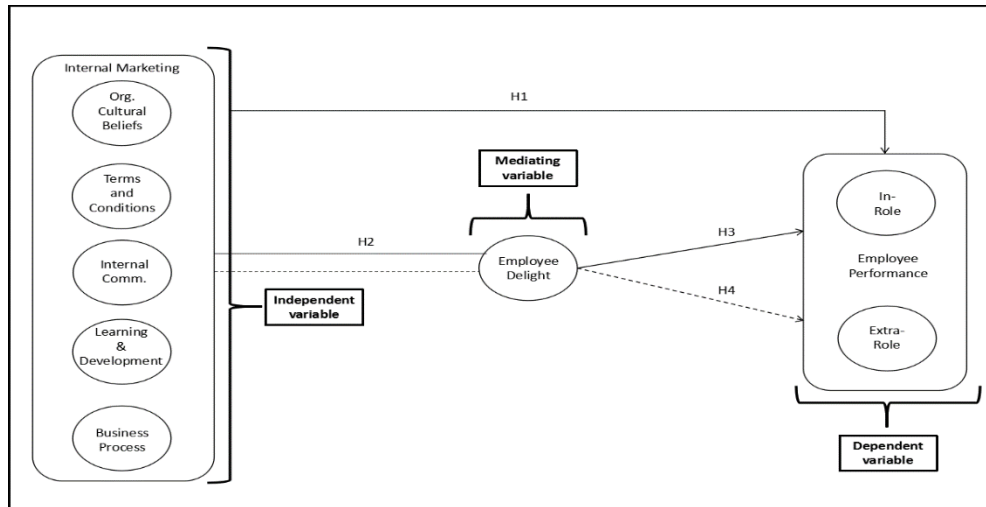
H4h: ED mediates the relationship between LD and ER

H4i: ED mediates the relationship between BP and IR

H4j: ED mediates the relationship between BP and ER

2.5. Conceptual Model

Figure 1: Conceptual Model



Notes:

- > = Direct effect
- > = Indirect effect

3. METHODOLOGY

3.1. Measures

Figure 1 exhibits the relationships of IM-ED-EP. The research instrument was developed from modified scales of past research which were reliable and valid. IM constructs were guided by scales from Effiong (2016), Liao (2009), Jou, Chou and Fu (2008) and Martinez, Stinson and Jubenville (2011); ED scale was from Liao (2009) and Zafar, Ishaq, Shoukat and Rizwan (2014); and EP was from Hashim and Mahmood (2011), Javed and Balouch (2014) and Yiing and Ahmad (2008).

Subsequently, the combined scales were validated by experts and pre- and pilot tests. The suggestions/recommendations were amended in the final survey. Pilot test revealed satisfactory alpha values ensuring the reliability of the scales. The final survey used a 7-point Likert scale ranging from 1 (strongly disagree) and 7 (strongly agree).

3.2. Sample

The population of this study was employees of O&G companies in Malaysia. According to Malaysian Investment Development Authority, there are approximately 3,500 O&G companies, thus sampling frame could not be formed. This study used judgement sampling method which has been accepted as one of the non-probability sampling techniques (Sundarshan-Reddy & Kannamani, 2016).

The sampling process began by choosing three groups of companies within the industry. One subsidiary was chosen from each group of companies, followed by a department from each of the subsidiaries. The respondents will then be drawn from these selected departments. The group of companies were chosen based on its business nature. One represented the national O&G company, another for its relatively small size and the third was a multinational O&G company. The subsidiaries were chosen based on its location. One is situated in Sarawak and the other two are located in Klang Valley areas. The departments were chosen based on its function. One represented primary activity, another was from secondary activity and the third was enablers. These departments were able to represent a typical value-added chain in an organisation, thus fulfilling one of the current study's objectives, that is to collect data from all employees, not just the front-liners.

The researcher asked for management's approval for questionnaire distribution and a focal person from each department was appointed. The questionnaire was distributed randomly to the staff of the chosen departments. The number of samples was determined using GPower software (minimum of 98 respondents). The survey was distributed by hand and online based on management's preference.

3.3. *Data Preparation and Screening*

Data collected were checked to ensure completeness. Mahalanobis test showed acceptable results and Mardia's coefficient showed a non-normal data distribution, but bootstrapping could correct the errors. No common method variance and response bias issues detected either (Ramayah, Cheah, Chuah, Ting & Memon, 2018).

3.4. *Profiles of Sample Respondents*

A total of 310 questionnaires were distributed and 285 (92%) responses were collected with 21 incomplete responses, leaving a final total of 264 cases.

Of the respondents, 68% (179) were men and 32% (85) were women. This was not unusual in the O&G industry as the ratio of employees working in the O&G plants was generally more men than women. The number of respondents by departments were: Asset Risk and Integrity Management, 5 (2%); Engineering, 96 (36%); Operation, 83 (32%) and Finance, 80 (30%). Respondents' education levels were ranged at: SPM, 21 (8%); STPM/Diploma, 102 (39%); Bachelor, 87 (33%); Master, 14 (5%); Professional, 31 (12%) and Others, 9 (3%). The nature of respondents' tasks was: serving internal customers, 159 (60%); serving external customers, 5 (2%); serving both internal and external customers, 83 (31%) and not sure, 17 (6%). It was concluded that the data set had a good coverage of front- and back-end employees.

4. RESULTS AND DISCUSSION

4.1. *Measurement Model Assessments*

The final number of factors for each variable based on parallel analysis and literature were, IM: 5, ED: 1 and EP: 2 factors respectively. The final number of items resulted from principal component analysis and oblique oblimin rotation technique were, OCB: 7, TC: 6, IC: 4, LD: 4 BP: 2, ED: 7, IR: 10 and ER: 5 questions respectively. The one-factor measurement model was tested for its reliability and validity with satisfactory results. All composite reliability > 0.7 indicated internal consistency reliability. All AVE > 0.5 indicated convergent validity. All HTMT < 0.85 indicated divergent validity (Ramayah et al., 2018).

4.2. *Structural Model Assessments*

All VIF < 5.00 indicated no collinearity issue (Ramayah et al., 2018). Data was categorised into two groups: Group 1 represented delighted employees (223 cases) and Group 2 represented satisfied employees (41 cases) using multi-group analysis function in SmartPLS 3.0. The state of 'delight' is achieved when experience goes beyond expectations (Patterson, 1997). 'Expectations' in the scope of the current study is the average total scores of 4. Therefore, delighted employees were respondents with an average score of greater than 4.0 in the ED scale. Grouping the data allowed further analysis on the differences between ED and ES in relation to IM as proposed by the hypotheses of this study. The data was invariant in term of measurement in relation to the two groups of respondents (Vandenberg and Lance, 2000).

4.3. *Hypothesis Testing*

SEM was used to test the direct and indirect effects in this study. The hypotheses were tested by examining the significance of the path coefficients between studied variables. Results of hypotheses testing are presented in Table 1 and Table 2. The following discussions on ED will refer to ES past studies and findings because of lack of literature on ED.

The results revealed that only LD had a small and positive relationship with both IR and ER (H1). The importance of training and development programs in IM strategy is consistent with previous studies (Shamma, 2012). Furthermore, Boselie (2010) stated that employees are willing to go the extra mile when opportunity to develop their skills were provided by the organisation, hence supporting the findings of this study. The respondents reacted favourably towards training and development could be due to the respondents' profile with 39% of them hold at least diploma degree. Evidently, most of them put emphasise in education and understand the value and importance of education in their career development.

Whereas, OCB, TC and BP each only had a small and positive relationship with ER (H1). OCB can be categorised as an intrinsic motivator (Maseko, 2017) which was expected to have a significant relationship with OP (Ryan & Deci, 2000). Previous studies that stated BP contributes to OP through efficiency and effectiveness that eventually lead to cost reduction and improved product and service quality (Johansson, McHugh, Pendlebury & Wheeler, 1993), hence creating a competitive edge against rivalry (Hauser & Eisele, 1995).

The results also revealed that using TC as part of IM strategy led to employees being delighted (H2), and as predicted, delighted employees performed above and beyond their JD (H3). Linz and Semykina (2013) indicated that for women, JS was positively related to both intrinsic and extrinsic rewards, but for men, JS is positively related to only extrinsic rewards. This could explain why among five IM constructs, ED only had a mediating effect on TC in its relationship with EP (H4). The current study had 68% male respondents and 32% women respondents. Furthermore, the O&G industry is known to reward its employees handsomely, and based on the results, it confirmed the fact that the salary package and other benefits offered were highly regarded by the employees.

Additionally, this study offers analysis of satisfied employees. Comparing the results of H2, H3 and H4, it showed that satisfied employees responded well only to IC as an IM initiative. This further emphasised the importance of ‘delight’ concept because the results indicated that satisfied employees felt contained in remaining at the status quo. This is supported by Watson (1994) who states that ES is no longer adequate in the current market, rather the new goal must be to motivate and at the same time satisfy employees.

Table 1: Significance Testing Results of the Structural Model Direct Effects

Hypotheses	Relationship	Path Coefficient	Std Beta	Std Error	t-value	p-value	Decision	97.5% BCI LL	97.5% BCI UL
H1a	OCB -> IR	0.027	0.023	0.099	0.273	0.392	R	-0.141	0.249
H1b	OCB -> ER	0.282	0.267	0.100	2.820	0.002	A	0.096	0.474
H1c	TC -> IR	-0.129	-0.125	0.083	1.564	0.059	R	-0.292	0.028
H1d	TC -> ER	-0.118	-0.118	0.076	1.552	0.060	A	-0.267	0.029
H1e	IC -> IR	0.023	0.033	0.087	0.266	0.395	R	-0.144	0.195
H1f	IC -> ER	-0.075	-0.068	0.083	0.896	0.185	R	-0.240	0.087
H1g	LD -> IR	0.259	0.258	0.107	2.412	0.008	A	0.037	0.454
H1h	LD -> ER	0.312	0.321	0.086	3.619	0.000	A	0.131	0.470
H1i	BP -> IR	0.248	0.255	0.090	2.765	0.003	R	0.080	0.431
H1j	BP -> ER	0.255	0.257	0.070	3.646	0.000	A	0.120	0.388
H2a	OCB -> ED	0.122	0.126	0.101	1.213	0.113	R	-0.053	0.328
H2b	TC -> ED	0.528	0.519	0.060	8.815	0.000	A	0.417	0.650
H2c	IC -> ED	0.098	0.104	0.075	1.302	0.097	R	-0.051	0.246
H2d	LD -> ED	0.087	0.083	0.078	1.115	0.132	R	-0.055	0.250
H2e	BP -> ED	-0.032	-0.025	0.080	0.403	0.344	R	-0.186	0.119
H3a	ED -> IR	0.428	0.405	0.090	4.766	0.000	A	0.268	0.604
H3b	ED -> ER	0.304	0.305	0.087	3.482	0.000	A	0.135	0.476

Note: BCI LL=Biased corrected interval lower limit; BCI UL=Biased corrected upper limit

Table 2: Significance Testing Results of the Structural Model Indirect Effects

Hypotheses	Relationship	Path Coefficient	Std Beta	Std Error	t-value	p-value	Decision	97.5% BCI LL	97.5% BCI UL
H4a	OCB -> ED -> IR	0.052	0.050	0.041	1.282	0.200	R	-0.014	0.146
H4b	OCB -> ED -> ER	0.037	0.041	0.036	1.019	0.308	R	-0.011	0.131
H4c	TC -> ED -> IR	0.226	0.210	0.054	4.215	0.000	A	0.141	0.354
H4d	TC -> ED -> ER	0.160	0.158	0.048	3.348	0.001	A	0.079	0.268
H4e	IC -> ED -> IR	0.042	0.042	0.033	1.289	0.198	R	-0.011	0.118
H4f	IC -> ED -> ER	0.030	0.031	0.024	1.231	0.219	R	-0.010	0.088
H4g	LD -> ED -> IR	0.037	0.034	0.033	1.119	0.263	R	-0.017	0.119
H4h	LD -> ED -> ER	0.027	0.025	0.025	1.053	0.292	R	-0.013	0.089
H4i	BP -> ED -> IR	-0.014	-0.011	0.033	0.419	0.675	R	-0.086	0.044
H4j	BP -> ED -> ER	-0.010	-0.008	0.025	0.387	0.699	R	-0.067	0.034

4.4. Theoretical Contributions

Previous IM research suggested that IM had an influence on CO which focused on fulfilling CS. However, this only covers one part of OP definition i.e. effectiveness. The other half, namely efficiency was somewhat lacking. Thus, this paper proposed a study on the relationship between IM and EP where EP was used to establish the internal relationships within the organisation, thus representing organisational efficiency.

Additionally, this paper also proposed a study of IM and ED. IM was often associated with ES/CS. However, when ED/CD became a new norm, it left a research gap to be explored further. In order for organisations to have competitive advantage, they need to perform better, and better performance can only be achieved when employees are delighted.

The proposed model emphasised that each employee matters, thus shifting IM's perspective to recognise not just front-liners' contributions, but also the back-end staff because each of their performance will contribute in the value-added chain until it reaches the customer. Therefore, the model could be used and tested in various industries, hence adding to the importance of this study.

The statistical results revealed that there was a relationship between ED and EP (H3a and H3b). Further extension of the model could be applied to the relationships between IM, ED, EP and OP, where EP can become the mediator in the relationship between ED and OP. This is in response to research done by Kanyurhi and Akonkwa (2016) where direct relationship between ES and OP could not be established.

4.5. Practical Implications

The findings from this study have important implications in the O&G industry. Optimising IM strategy could help them focus only on the initiatives that matter, thus keeping the manpower costs optimal while maximising the results in term of positive organisational behaviours which would lead to OP.

The results in this study revealed that employees responded positively towards OCB, LD, BP and especially TC (with significant relationships with both ER and IR). It hinted the needs to do proper and timely benchmarking exercises against other industry players to ensure the TC offered is at par reflecting the current market and economic conditions.

IM has the ability to bring different organisational units/functions together towards a common goal. Results from IM research make better strategy through cooperation with the HRM division. TC is one of the initiative employees responded to, thus management must be aware of the current market trend in salary package offered by other organisations as well as keeping abreast with the current cost of living. It is also encouraged for management to analyse further of which compensation elements that employees sought for which means that frequent assessments of salary and other benefits offered is necessary seeing that the market of O&G changes so rapidly due to its dependency on global crude oil price.

4.6. Limitations and Future Research

Several limitations associated with this study are acknowledged. The findings of this study were based on data elicited from a limited sample size of 264 respondents from O&G companies operating in Malaysia. Caution should be exercised when generalising these findings to other contexts/environments. The use of judgement sampling technique also increased the susceptibility of sampling bias.

This study is not without implications for future research. Firstly, a better sampling technique could be used in future research for the generalisation of the findings. Secondly, the results of the current study showed several insignificant relationships between IM constructs and EP. Future study might want to add moderator(s) in the proposed model for better results. Thirdly, future study can be conducted using different IM mix that better suits the study setting and industry.

5. CONCLUSION

The findings highlighted the need to acknowledge the significant role of IM in influencing EP. The main mission of any organisation is to make profit. In order to succeed, organisations must fit their IM strategy to suit their own unique culture, values and characteristics. It was found that the employees in the O&G industry in Malaysia preferred certain initiatives: refined process flows, clear culture and identity as well as good training programs. The findings also found that the monetary compensation was above employees' expectations, hence was influential to the quality of their performance. The overall findings supported the postulation that ED is becoming a new norm, as ES is inadequate in contributing to OP.

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