

Confirmatory Factor Analysis of Internal Marketing Communication on Employees' Trust and Commitment to Hotel Brand

การวิเคราะห์องค์ประกอบเชิงยืนยัน ของการสื่อสารการตลาดภายใน ต่อความไว้วางใจ และความผูกพันของพนักงานในตราของโรงแรม

Nuthathai Thaotrakool¹

Prin Laksitamas²

Abstract

The purposes of the study were to (1) investigate the important elements of internal marketing communication system toward employee's trust and commitment (2) examine the validity of the factor structure of internal marketing communication toward employee's trust and commitment. The subjects were 1,001 hotel employees in Chiang Mai which is a city with high expansion of hotel business as well as a city with the high growth rate of tourists. The period of study was from October 2012 to November 2012. Confirmatory factor analysis (CFA) was utilized to investigate the fit of the proposed factor structure and Cronbach's alpha was determined to examine the internal consistency of dimensions. The result shows that all variables were fitted. The data were collected well at factor loading over 0.30 and significant at 0.05 level. This means that the result of the study can be applied for future research of

¹ Doctoral Student, Doctor of Business Administration Program in Marketing, Siam University, Petkasem Road, Phasicharoen, Bangkok 10160, Thailand.

² Dean, Doctor of Business Administration Program in Marketing, Siam University, Petkasem Road, Phasicharoen, Bangkok 10160, Thailand.

structural equation modeling (SEM) on internal marketing communication model to increase employee's trust and commitment.

Keywords: *Internal marketing communication, Self efficacy, Trust, Commitment*

บทคัดย่อ

การศึกษาวิจัยครั้งนี้มีจุดประสงค์ (1) เพื่อศึกษาองค์ประกอบสำคัญของระบบการสื่อสารการตลาดภายในที่มีผลต่อการเสริมสร้างความไว้วางใจและความผูกพันของพนักงาน (2) เพื่อวิเคราะห์องค์ประกอบเชิงยืนยันของการสื่อสารการตลาดภายในที่มีผลต่อความไว้วางใจและความผูกพันของพนักงานกลุ่มตัวอย่างที่ใช้ศึกษา คือ พนักงานโรงแรมในจังหวัดเชียงใหม่ จำนวน 1,001 ตัวอย่าง ซึ่งเป็นจังหวัดที่มีอัตราการขยายตัวของธุรกิจโรงแรมค่อนข้างสูง และเป็นจังหวัดที่มีอัตราการขยายตัวของจำนวนนักท่องเที่ยวมากขึ้น การศึกษาครั้งนี้ทำการเก็บรวบรวมข้อมูลระหว่างเดือนตุลาคม – พฤศจิกายน 2555 สถิติที่ใช้ในการวิเคราะห์ข้อมูล คือ การวิเคราะห์องค์ประกอบเชิงยืนยันใช้เพื่อหาความสัมพันธ์ของตัวแปรต่างๆที่อยู่ในแต่ละปัจจัยของการศึกษาในครั้งนี้ และสัมประสิทธิ์ Cronbach's Alpha ใช้เพื่อหาความเที่ยงตรงของข้อมูล ผลการศึกษา พบว่า ตัวแปรที่ใช้ในการศึกษาครั้งนี้มีความสอดคล้องกับข้อมูลเชิงประจักษ์ เนื่องจากมีค่าน้ำหนักปัจจัย (Factor loading) มีค่าตั้งแต่ 0.30 ขึ้นไป ที่ระดับนัยสำคัญทางสถิติ 0.05 นั้นแสดงถึง ผลการศึกษามีความเหมาะสมสำหรับการศึกษาเพื่อพัฒนาโมเดลสมการโครงสร้าง (Structural Equation Model) ของการสื่อสารการตลาดภายในที่เสริมสร้างความไว้วางใจและความผูกพันของพนักงาน

คำสำคัญ: *การสื่อสารการตลาดภายใน, ความมั่นใจในความสามารถของตน, ความไว้วางใจ, ความผูกพัน*

Research Problem

The year 2015 is the time set for the ASEAN Economic Community to begin. The 10 ASEAN nations are joining for mutual benefit by setting up the free trade zone. Tourism is one of the economic sectors of the top priority for negotiation to reach the agreement under AFAS framework. Since 2010, all ASEAN countries have disregarded the former agreement and expanded the proportion of investment by other ASEAN countries investors such as Singapore, Malaysia, and Vietnam up to 70 percent. This new allowance has left the Thai investors confronting the high competition which is expected to be keen in the next periods.

Hotel business is an important foundation factor to support tourism growth and plays a role in developing northern economy. This can be seen in the third quarter of 2011 when the northern hotel business grew dramatically. 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).

There are two types of big and small hotel management in Chiang Mai. They are independent hotel and hotel chain. For the independent hotel, the owner runs the hotel by himself or herself. For the hotel chain, there are Thai hotel chain and international hotel chain. The latter is to administer all hotels together under similar or the same system. From 2007, more international chain hotel has expanded 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 independent hotel or the Thai chain hotel, it can be said that the network is not as strong as that of the international hotel chain. 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 both Thai chain hotels and independent 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 adapt their hotels to be more international. This is a way to counterpart the influx of international chain hotel (Tabachnick and Fidell, 2008).

Therefore, the researcher was interested in studying the marketing units of Chiang Mai hotels which were run both by Thai chain hotel and independent hotels. The researcher focused on the effects on internal marketing communication on internal branding 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 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 in each variable as to develop for future research of structural equation modeling (SEM) on Internal marketing communication model to increase employee's trust and commitment to the hotel.

Objectives

1. To investigate the important elements of internal marketing communication system toward employee's trust and commitment.
2. To examine the validity of the factor structure of internal marketing communication toward employee's trust and commitment.

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 external and internal customers, 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 and 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 will result 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 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, and Dubin, 1974).

In addition, the results of Judge and Bono's study in 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 or 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 or her own ability, he or she will best show what he or she can do with attempts and never gives up until the task is accomplished.

Methodology

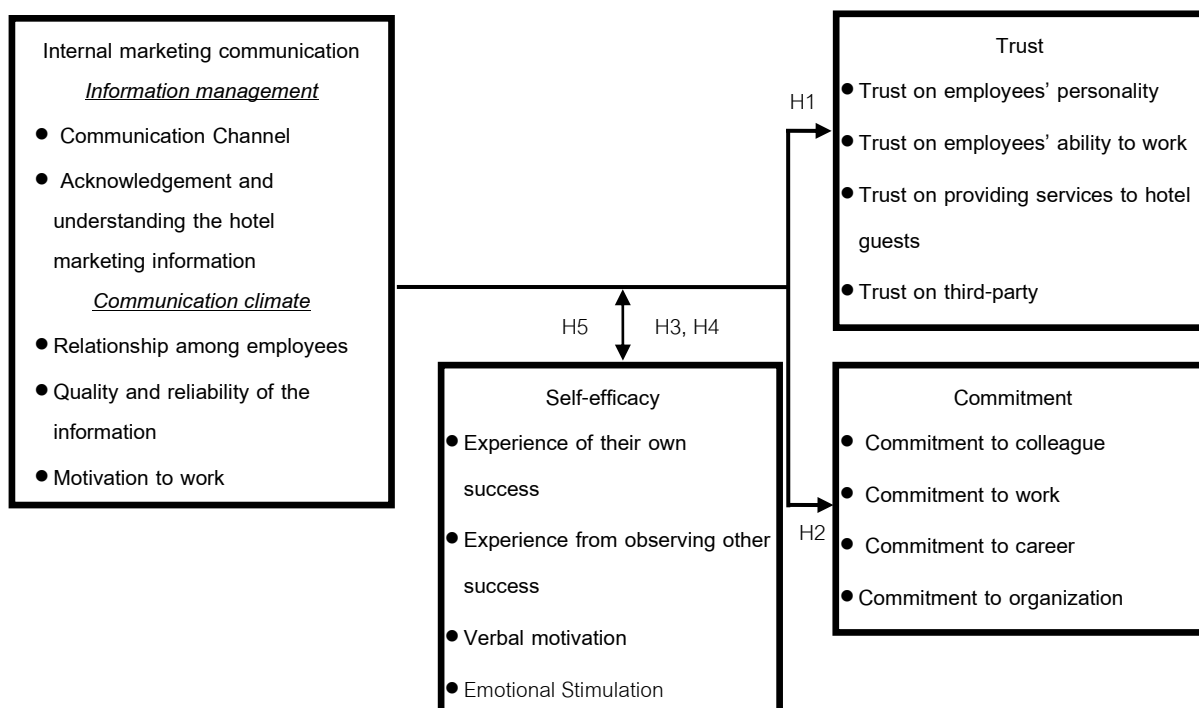


Figure 1 Model of internal marketing communication towards trust and commitment

Research Methods

The population and samples for this study were employees working in the Thai hotel chain and independent hotels in Chiang Mai. The researcher divided the subjects into two groups. The first group which the researcher had in-depth interviews were 6 executives working in both kinds of hotels. The second group was given questionnaires and there were 1,001 employees in each division working in both Thai hotel chain and independent hotels in Chiang Mai. This sample was appropriate for using in this research as it was in accordance with Tabachnick and Fidell (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 to 200. When a researcher would like to have more confidence in the study, the sample size should be around 300. Hair and others (2006) used the ratio of the population and sample size of at least 10-20 times of the variables. For this research, the researcher sets 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.

This research used the combination of quantitative and qualitative research by starting on literature review of relevant studies as well as interviews on hotel executives 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 (Wanichbancha, 2006). Then, 40 questionnaires were used as pre-test before they were used to collect data from October to November, 2012. The data would be analyzed using the statistical computer packages. The statistics were frequency, percentage, mean, and standard deviation as well as confirmatory factor analysis (CFA).

Results

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 ($\bar{X} = 3.88$) on the overall image of information management. For hotel channels, the satisfaction was at high level ($\bar{X} = 3.76$). For the acknowledgement and understanding the hotel marketing information, the satisfaction was at high level ($\bar{X} = 3.96$). For the communication climate about the relationship among employees, the level was high ($\bar{X} = 4.01$). The quality and the reliability of the information was at high level ($\bar{X} = 4.06$). For the motivation to work, the satisfaction was at high level ($\bar{X} = 3.93$).

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 ($\bar{X} = 4.09$) on the overall image of self-efficacy. For the experiences of their own success, the level was high ($\bar{X} = 4.15$). For experience from observing other success, the level was high ($\bar{X} = 4.15$). For verbal motivation, the level was high ($\bar{X} = 4.06$). For emotional stimulation, the level was high ($\bar{X} = 4.09$).

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 opinions on overall of trust at high level ($\bar{X} = 4.03$). Regarding its components, the employees had opinions on employees'

personality at high level ($\bar{X} = 4.15$), employees' ability to work at high level ($\bar{X} = 4.09$), providing services to hotel guests at high level ($\bar{X} = 4.10$) and third-party at high level ($\bar{X} = 4.05$).

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 opinions on overall of trust at high level ($\bar{X} = 3.92$). For commitment to colleagues, the level was at high ($\bar{X} = 3.86$). For commitment to work, the level was at high ($\bar{X} = 3.95$). For commitment to organization, the level was high ($\bar{X} = 3.92$). For commitment to career, the level was high ($\bar{X} = 3.96$).

When the multicollinearity was tested for the relationship among the independent variables like internal marketing communication, self-efficacy, trust, and commitment on hotel branding in this study, 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 on employees' trust and commitment to hotel brand

The confirmatory factor analysis (CFA) of the internal marketing communication factors derived the Chi-square of $P = 0.760$, GFI = 0.999, AGFI = 0.997, NFI = 0.987, IFI = 0.942, CFI = 0.991, RMR = 0.043, RMSEA = 0.049, and CMIN/DF = 0.551 leading to the conclusion that internal marketing communication model was confirmed by the empirical data. Regarding to the validity of internal marketing communication model, it was found that the acknowledgement and understanding the hotel marketing information, the motivation to work, the relationship among employees, the quality and the reliability of the information, hotel channels, the factor loading were higher than 0.30 (Rangsunngoen, 2010) at 0.887, 0.552, 0.521, 0.361 and 0.354, respectively.

For the test on self-efficacy factors derived the Chi-square of $P = 0.499$, GFI = 1.000, AGFI = 0.998, NFI = 0.992, IFI = 1.010, CFI = 1.000, RMR = 0.017, RMSEA = 0.031 CMIN/DF= 0.456 leading to the conclusion that the self-efficacy model was confirmed by the empirical data. Regarding to the validity of self-efficacy model, it was found that the experiences from observing other successes, the verbal motivation, the experiences of their own successes and emotional stimulation, the factor loading were higher than 0.30 (Rangsunngoen, 2010) at 0.634, 0.581, 0.528, and 0.513 respectively.

For the test on employees' trust factors derived the Chi-square of $P = 0.421$, $GFI = 1.000$, $AGFI = 0.997$, $NFI = 0.990$, $IFI = 1.010$, $CFI = 1.006$, $RMR = 0.019$, $RMSEA = 0.021$, and $CMIN/DF = 0.646$ leading to the conclusion that the employees' trust model was confirmed by the empirical data. Regarding to the validity of the employees trust model, it was found that the trust on 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 higher than 0.30 (Rangsunognoen, 2010) at 0.652, 0.501, 0.471, and 0.373 respectively.

For the test on employees' commitment factors derived the Chi-square of $P = 0.373$, $GFI = 1.000$, $AGFI = 0.996$, $NFI = 0.932$, $IFI = 1.019$, $CFI = 1.000$, $RMR = 0.017$, $RMSEA = 0.042$, and $CMIN/DF = 0.793$ leading to the conclusion that the employees' commitment was confirmed by the empirical data. Regarding to the validity of employees' commitment model, it was found that the commitment to work, the commitment to career, the commitment to organization, and commitment to colleagues, the factor loading were higher than 0.30 (Rangsunognoen, 2010) at 0.652, 0.573, 0.564, and 0.491 respectively.

Conclusion

For the results of the study, it can be concluded that the confirmatory factor analysis (CFA) of the internal marketing communication, self-efficacy, trust, and commitment of the hotel employees had validity with the factor loading over 0.30 and at 0.05 statistical significance (Rangsunognoen, 2010) so these have confirmed that all components of the variables was effective and suitable for the future study of structure equal modeling (SEM) which will find out the causal relationship among the variables and will be developed as a marketing strategy for hotel entrepreneurs relying on their internal strength from employees' trust and commitment to the hotel brand. The aforementioned results are in accordance with Punjaisri and Wilson's study in 2007 which states that the internal communication is more important and has more effects on employees' attitudes and behaviors than training the employees to improve their work. In addition, the employees' better work performances are the results of their positive attitudes on hotel branding from the brand identification, brand loyalty and brand commitment through the process of building effective internal

communication. And also in accordance with Hurter's study in 2008 which states that having self-efficacy is related to and can predict motivation and task performance as well as has effects on personal goal setting. Recommendation of future research on the sample group, there should be a comparison on international chain hotel that plays more roles and have big impacts on independent hotel as well as Thai hotel chain businesses. In addition, the factors on population like level of education, level of income per month and the size of different hotel types such as small hotel, medium size hotel, and big hotel should be used for analyzing and comparing among all different hotels.

References

- Bandura, A. (1988). Self-Efficacy Conception of Anxiety. *Anxiety Research*, 1, 77-98.
- Bandura, A. (1997). *Self-Efficacy: The Exercise of Control*. New York: W.H. Freeman & Company.
- Bank of Thailand, Northern Region Office. (2011). *Report of Northern Region Business Trend for First Trimester, 2011*. Project on Economic and Business Information Exchange Between Bank of Thailand and Businessmen. Bangkok: Bank of Thailand. (in Thai).
- Baruch, Y. (1998). The Rise and Fall of Organizational Commitment. *Human System Management*, 17(2), 135-143.
- Dolphin, R.R. (2005). Internal Communications: Today's Strategic Imperative. *Journal of Marketing Communications*, 11(3), 171-190.
- Hair, J.F., Anderson, R.E., Tatham, R.L., and Black, W.C. (2006). *Multivariate Data Analysis* (6th ed). New Jersey: Prentice Hall.
- Hurter, N. (2008). *The Role of Self Efficacy in Employee Commitment*. Pretoria: Department of Industrial and Organizational Psychology, University of South Africa.
- Judge, T.A. and Bono, J.E. (2001). Relationship of Core Self-Evaluation Traits-Self-Esteem, Generalized Self-efficacy, Locus of Control, and Emotional Stability With Job Satisfaction and Job performance: A Meta-Analysis. *Journal of Applied Psychology*, 86, 80-92.

- Mowday, R.T., Porter, L.W., and Dubin, R. (1974). Unit Performance, Situational Factors, and Employee Attitudes in Spatially Separated Work Units. *Organizational Behavior and Human Performance*, 12, 231-248.
- Office of National Statistics. (2011). *The 2003 Hotels and Guest House Survey*. Retrieved January 6, 2012, from <http://www.ryt9.com/s/nso/1148642>. (in Thai).
- Proctor, T. and Doukakis, I. (2003). Change Management: The Role of Internal Communication and Employee Development. *Corporate Communications: An International Journal*, 8(4), 268-277.
- Punjaisri, K. and Wilson, A. (2007). The Role of Internal Branding in the Delivery of Employee Brand Promise. *Journal of Brand Management*, 15, 57-70.
- Rangsungnoen, G. (2010). *Factor Analysis With SPSS and AMOS for Research*. Bangkok : Se- Education. (In Thai).
- Tabachnick, B.G. and Fidell, L.S. (1996). *Using Multivariate Statistics*. (3rd ed.). New York: Harper Collins.
- _____. (2008). *Thai Hotel Improved for the Influx of International Hotel Chain*. Retrieved August 5, 2012, from <http://www.gotomanager.com/news/printnews.aspx?id=66145>. (in Thai).
- Wanichbancha, K. (2006). *Statistics for Research*. Bangkok : Statistics Department, Faculty of Commerce and Accountancy, Chulalongkorn University. (in Thai).
- Zucker, R. (2002). More Than a Name Change-Internal Branding at Pearl. *Journal of Supply Chain Management*, 6(4), 24-27.