

Raeisi, Soheila; Lingjie, Meng; Ramli, Nur Suhaili Binti

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Article

A Hierarchical Model of Mediation Effect of Motivation (MO) between Internal Marketing (IM) and Service Innovation (SI)

Soheila Raeisi ^{1,*}, Meng Lingjie ^{1,*} and Nur Suhaili Binti Ramli ²

¹ Department of Economic and Management, Nanjing University of Science and Technology, Nanjing 210094, China

² Department of Management, Ca' Foscari University of Venice, 30123 Venice, Italy; nursuhaili.ramli@unive.it

* Correspondence: 914107020147@njust.edu.cn (S.R.); menglj@njust.edu.cn (M.L.); Tel.: +1-514-692-1983 (S.R.); +86-138-1397-8809 (M.L.)

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Abstract: This study investigates the mediation effect of motivation (MO) between internal marketing (IM) and service innovation (SI) using a hierarchical model. It adopts Bahman Group Corp of the automobile industry in Iran as a case study. This paper aims to examine the effect of internal marketing (IM) on service innovation (SI) by the mediation effect of motivation (MO). It develops a theoretical hierarchical multi-component model and analyses through a two-step approach of higher-order model by using PLS on 171 clean data. This research uses a survey method to collect data from the employees of Bahman Group Corp. The results indicate that motivation (MO) has a partial mediation effect between internal marketing (IM) and service innovation (SI). This study illustrates that internal communication (IC) and a New Organizational Delivery system (NOD) have the most substantial effect on internal marketing (IM) and service innovation (SI). Moreover, this research highlights to the service-based organisation to pay more attention to enhance internal marketing dimensions, especially in terms of service innovation to improve competitiveness. The results recommend further studies to examine the correlation between each indicator. The findings conclude with two main contributions and managerial implication to the research area that impactful to the subject of study.

Keywords: internal marketing; service innovation; hierarchical multi-component model; smartPLS; the mediation effect

1. Introduction

In the 21st century, information, knowledge, and innovation are essential factors for companies because they could help the companies to survive due to rapid growth in technology and globalization (Hamel and Breen 2011), which represents the importance of innovation. Also, companies engage their employees in an organisational service process and innovation to endure these socioeconomic changes and meet their customer expectations to achieve the company's missions. Therefore, the success of an organisation involves not only the external but also internal marketing. Consequently, the study of internal marketing and service innovation has attracted scholars in recent decades. According to Castellacci, most of the empirical literature in this field, and the underlying theoretical framework focus on innovative activities and performance in manufacturing industries. Gummesson (Gummesson 2002) illustrates that motivation and empowerment are vital indicators of relevance to relationship marketing. Most of the attention in this study has focused on good or service innovation within the respective industries (Homburg and Kuehnl 2014). However, none of these studies examines the link between internal marketing and service innovation. Therefore, it is crucial to understand the phenomenon. This paper intends to investigate these relationships and aims to justify the importance of these

relationships with empirical evidence that would be useful for practical implications. The empirical findings from this study contribute to the literature of knowledge in the area and add an example from an Iranian-based company.

The significance of studying internal marketing (IM) and service innovation (SI) in manufacturing companies is because it provides an essential institutional foundation for learning and developing process skills. These capabilities intertwine with core research and development (R&D) in the industry and economic development of the country (Pisano and Shih 2012). On the other hand, the idea of internal marketing in an organisation viewed employees as internal customers and their employment as interior products. Therefore, it is crucial to understand internal marketing within the manufacturing organisation because domestic products must attract, improve and motivate employees thereby satisfying the needs and wants of internal customers while reaching the overall objective of the organisation. Additionally, internal marketing will influence the establishment of service innovation with a mediator variable for the manufacturing company to achieve the general aim of the organisation. There are various mediator variables that link internal marketing and service innovation, but we do not know the most substantial effect in the service industry. This paper intends to investigate the limbo.

Internal marketing is a critical way of building a customer-oriented culture in an organisation with the purpose to increase awareness among the customers and employees and ensure a prosperous co-creation of value (Christopher et al. 1991). It enables the employees to understand their role in the marketing process, service orientation, and employees' involvement in training, motivation, and communication and retention efforts at all levels of marketing programs (Tansuhaj et al. 1991). Some researchers founded that the main objectives of internal marketing are to increase the employees' motivation and commitment, improve the quality of service, and increase job satisfaction (Tansuhaj et al. 1988; Ahmed et al. 2003; Ahmed and Rafiq 2003). In contrast, Gaertner (Gaertner 1999) has shown a negative correlation between employee satisfaction and organisational commitment. Most organisations pay more attention to external factors and customer's needs to achieve success. Lings (1999) illustrates that both internal and external factors are critical to the success of any organisation in today's market-oriented in a dynamic environment.

Service innovation is a crucial variable in this paper. It is viewed as primarily market-driven, which is a product introduced by a manufacturing company for its customers (Barrett et al. 2015). There has been an increasing focus on service innovation as distinctive from product innovation. Damanpour, Walker, and Avellaneda (Damanpour et al. 2009) argued on product innovation that follows a technological trajectory do not explain well innovations in service organisations. This stark contrast in service innovation is interesting to study.

Studies show that motivation (MO) is the outcome of internal marketing and the antecedents of service innovation. Prior studies on the investigation of these three subjects together are not available empirically. Therefore, it is difficult to generalize about the extent to which the implementation of internal marketing, along with motivation as a mediator, influences service innovation. This paper closes the gap by examining the supportive role of internal marketing to service innovation in the service-based manufacturing company and investigates the mediation role that links these two areas.

Organisational growth in traditional firms relied primarily on financial and material resources. Companies could have a competitive advantage with these elements as they can improve existing products and services more efficiently than other companies. Product development has an impact on both financial and non-financial performance. TH Aas and PE Pedersen prove that firms perform better financially if they concentrate on service innovation than firms that do not focus on service innovation (Aas and Pedersen 2011). They pointed out that, "Analysis of the financial performance of 3575 Norwegian firms in the manufacturing industries supports the proposition that firms focusing on service innovation have significantly higher growth of operating results than firms not focusing on service innovation". Consequently, financial performance is used as a criterion for selecting the best-case study company.

Development of the organisation in traditional firms mainly depended on financial and material resources. Organisations could find a competitive advantage with these elements since they can improve existing products and services more effectively than other organisations. De Jong and Den Hartog (2007) highlighted that human resources improve the performance of an organisation by using their skills to create new ideas to present better service, product, and process. Therefore, a study between dynamic knowledge-based and service-oriented organisation pay more attention to excellent customer service. In this regard, service innovation, co-creation, and service marketing have produced a better understanding of customer needs and value, which implement a successful co-creation of value. Also, there is a strong relationship between customers' satisfaction and employees' satisfaction (Schneider and Bowen 1993; Koys 2003). Studies have illustrated that this relationship pattern on employee satisfaction and motivation is the most robust evidence of internal marketing because it is the prerequisite of customer satisfaction in a service organisation.

Furthermore, there is a strong relationship between customers' satisfaction and employees' satisfaction (Koys 2003; Kleinschmidt et al. 2007). This relationship pattern in many studies envisaged that employee satisfaction, which includes motivation, is the most important consequence of internal marketing because it is the prerequisite of customer satisfaction in a service organisation. On the other hand, most studies focus on the theoretical and conceptual aspect of service innovation not in practical application.

Moreover, Previous studies mostly focused on service industries and investigated customer-contact employees (frontline employee) or top managers (Ordanini and Parasuraman 2011; Kleinschmidt et al. 2007). As cited in Du Preez et al. (2017) between 75% to 85% of research focuses among customer contact employees (frontline employees). However, the significance of this focus group relies on skillful frontline employees as a crucial internal source of idea generation for innovation (Engen and Magnusson 2015).

Therefore, this study addresses these gaps by providing empirical research at all levels of an organisation and explores the causal relationship between internal marketing, service innovation, and mediating variable of motivation that links them. This paper uses Bahman Group Corp as a service-based manufacturing company for a case study because it is considered a competitive company in Iran. The selection of the case study summarises as follows. First, it gathered all companies in the Iranian automotive industry. Second, it scrutinised the financial performance of the companies over the last five years. Third, it ranked the top three companies, and a critical consideration was made for Bahman Group Corp. The next section discusses the literature review and the critical questions that emerged from it, which this paper intends to answer.

2. Literature Review and Theoretical Framework

2.1. Internal Marketing

The concept of internal marketing was first discovered and derived from service marketing literature (Berry and Parasuraman 1992; Berry et al. 1976). Internal marketing focuses on employees as an internal customer and their jobs as products, which these dedicated products should satisfy the requirement of the internal customer to achieve organisational goals. We believe it is appropriate to use for an organisation as a way to solve the problems and provide high service quality. Internal marketing is also known as a service-marketing tool that helps the organisation to perform organisational strategy (Gounaris 2005). Also, internal marketing is well-known as a marketing technique that motivates employees towards organisational goals (Mohamed et al. 2002). In contrast, the managers of the organisation do not recognise the concept of internal marketing, although it has critical success in 25 years of development (McCarthy et al. 2013). George and Grönroos (George and Gronroos 1989) define internal marketing as "employees in the internal market, where marketing-like activities are used internally, are best motivated to be service-minded and customer-oriented through an active marketing-like approach" (p. 29).

Scholars in this field are interested and focused more on internal marketing as either a human resource function or marketing approach, and there is a lack of implementation of internal marketing in different parts of an organisation (Kotler 2003; Bennett and Barkensjo 2005; Mortimer and Laurie 2017). The reason could be subject to the lack of an exact definition of internal marketing. Defining internal marketing is a complex process because it relies on the context of study, integration, and definition with other areas, such as service innovation, mediators that connect between variables, and the purpose of the study. After an extensive literature review, this study defines internal marketing according to research goals as follow:

Internal marketing is a management approach that motivates all the members of an organisation to understand their role in the organisational process, customer awareness and service-oriented performance to enhance external marketplace performance through dedication towards the organizational goals.

The theoretical development consists of concepts, definitions, and relevant scholarly literature. Previous work proposed a framework with the emergence of potential variables in internal marketing concept (Ballantyne 2003) and other studies suggested theoretical frameworks to the intersection with other areas of study such as service innovation, human resources, manufacturing industry, tourism industry, and others (Feinstein et al. 2006; Castellacci 2008; Pisano and Shih 2012). According to Rafiq and Ahmed (Rafiq and Ahmed 2000), internal marketing is a multifunctional concept, and therefore, many studies that are referring to this concept had developed theories from different perspectives. It can be seen from the recent work as well, which employee's behaviours can be motivated by leader-member exchange through internal marketing (Chow et al. 2015). In the same vein, researchers mainly introduce different internal marketing elements and aspects based on different organisational strategy. For example, researchers use organisational competencies as the mediator to predict the relationship between the internal marketing element and business performance (Ahmed et al. 2003).

On the other hand, some scholars use a mix of internal marketing elements that aim to improve employees' motivation (Papasolomou and Vrontis 2006; Papasolomou 2006) and increase coordination amongst employees in the organisation (Cohen 1998) to attain the service-marketing objective.

2.2. Service Innovation

Service innovation was introduced between the late 1980s and early 1990s (Carlborg et al. 2014). Previously, innovation was defined as new technology to explain market needs and customers (Utterback and Abernathy 1975). At present, companies such as service-based organisation use synthesis approach of services. It integrates technology and services in manufacturing to create value for customers and provides a better understanding of their needs as a result of innovation (Coombs and Miles 2000). Recently, a study suggests that an organisation should ensure collaboration of their employees in the service innovation process, but additional studies could investigate how the manufacturing industry can establish the effectiveness of mindset and motivation (Mennens et al. 2018).

The importance of service innovation is paramount in the current business environment that is challenging, evolving, and often disrupted by technological breakthroughs. Manufacturing firms are often tasked to explore the aftermarket and move into services associated with their products. This is no easy feat, as it requires continuous innovation and re-generation of services that are sustainable and profitable (Karlsson et al. 2014). Service Innovation is considered as a value-creating an activity that gives a competitive advantage to firms, especially in the context of a knowledge-based economy (Huang and Chen 2016).

Carlborg et al. (2014) illustrated an empirical study of 128 articles published between 1986 and 2010 and found that the number of service innovation articles had sharply increased, with the common broadest topics being in the context of offering development, strategy, and management. However, in spite of the growing significance of service innovation, Barras (1986) found that there was no comprehensive review describing the evolution of service innovation research in relation to the field of marketing and innovation, at least until before 1986. Between 1986 and 2014, as mentioned

by (Carlborg et al. 2014), the existing studies showed that service innovation was primarily an internal activity, which was managed and controlled by the firm and was influenced by the firm's planned strategy.

Rapid technological changes and socio-economic advancement influence fast development and growth of service innovation and create competitive advantage in the economy. It helps the industry to make some new ways and approaches to enhance its customer services in delivering a high service quality (Lovelock and Wirtz 2004). Scholars and companies have been focusing on service innovation during the last two decades due to the rapid growth of services in an organisation and economy (Miles 1993; Den Hertog 2000). Schneider and Bowen (Schneider and Bowen 1985) pointed out that those qualified and satisfied employees are the main factors of internal marketing and valuable asset to the organisation. The frontline employees play a crucial role in delivering process (Congram and Friedman 1991), provide value-added service through successful interaction with customers (Edvardsson et al. 1997), and as receiver and provider of services (Schneider and Bowen 1985). The definition of service innovation remains unexplored compared to product innovation, which scholars recommended for further conceptual and empirical analysis (Ostrom et al. 2010). Therefore, this study aims to close the gap. In this paper, SI defines a central feature of employees organising the internal market in an organisation and has a significant role in providing service through improved systems and enhanced technology. Mennens et al. (2018) suggested further investigation on potential drivers in SI that lead to the positive performance of the organisation.

2.3. The Mediation Effect of Motivation (MO)

As states by Mitchel (Mitchell 1982) motivation represent "those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal oriented". It is also the desire to expend a high degree of effort towards organisational goals, determined by the potential of the effort to meet those individual needs (Ahmed et al. 2003; Akroush et al. 2013; Mitchell 1982; Robbins 1993; Hendriks 1999). Motivation plays a leading role in conceptualizing ideas in a working environment for employees. Yelon et al. (2004) conducted a study of motivating the employees by providing a fun work environment, and the results indicated increased levels of enthusiasm, satisfaction, creativity, communications among employees and enhanced feelings of group cohesiveness. Employee motivation is, therefore, one of the critical aspects of the concept of internal marketing that is essential in order to increase the attitude of employees towards their job and workplace which in turn effect on services provided by them to customer. As people may lack the motivation to follow formal structures and procedures with the time, the internal market becoming essential. Thus, the possibility of allowing employees to decide how to provide services better, empower and motivate them to think about the processes that they are responsible for, creates opportunities for service innovation (Kuusisto and Rieppula 2011; George and Bettenhausen 1990; George 1990; Ahmed and Rafiq 2003).

Several studies focus on motivations either a mediating variable or dependent variable. Many internal marketing studies support the view that initiatives to build employee satisfaction and motivation are crucial to increase levels of customer-oriented sales behaviour (George and Gronroos 1989). Motivated employees engage diligently and conscientiously to their assigned work behaviours (Liden and Graen 1980). Recently, a study shows that personal motivation, commitment, and coordination are essential to the success of any commercial activity (Álvarez-González et al. 2017). However, the study on motivation as a mediation effect between internal marketing and service innovation is minimal.

2.4. Research Framework and Hypotheses

Den Hertog (2000) introduced the 4D model of service innovation to show different innovation activities that summarise service innovation as a mix of dimensions between (1) new service concept, (2) new client interface, (3) new service delivery system, and (4) technological options. It illustrates that service is to provide some new experiences or solutions in one or many service innovation dimensions.

Following Hertog, this study believes that successful co-creation of value occurs through competition among all the actors (employee, provider, supplier, etc.), and it requires both the technology and non-technological activities. Therefore, this paper considers the synthesis approach and adapting Den Hertog's work, as illustrated in Figure 1.

In the proposed research model Figure 1, there are three key dimensions, namely (1) internal marketing, (2) service innovation, and (3) motivation. There is a lack of empirical research available on internal marketing and their effects on different aspects of services, especially on service innovation. Also, limited research to explore the relationship between internal marketing and service innovation with mediating variable like motivation limits the field's ability to support theoretical debates and to make progress in scientific discourse (Mennens et al. 2018). Most studies focused on developed countries rather than developing countries, which caused access to data and its availability. This paper contributes to balance and reduces bias debate in this field. The sub-objectives of this study is to examine common internal marketing factors (Ahmed et al. 2003) that influenced the employees in Bahman Group Corp. The significance of following the synthesis approach of service innovation with the dimension-based mode of typology (Den Hertog 2000) is to support the theory building for this study.

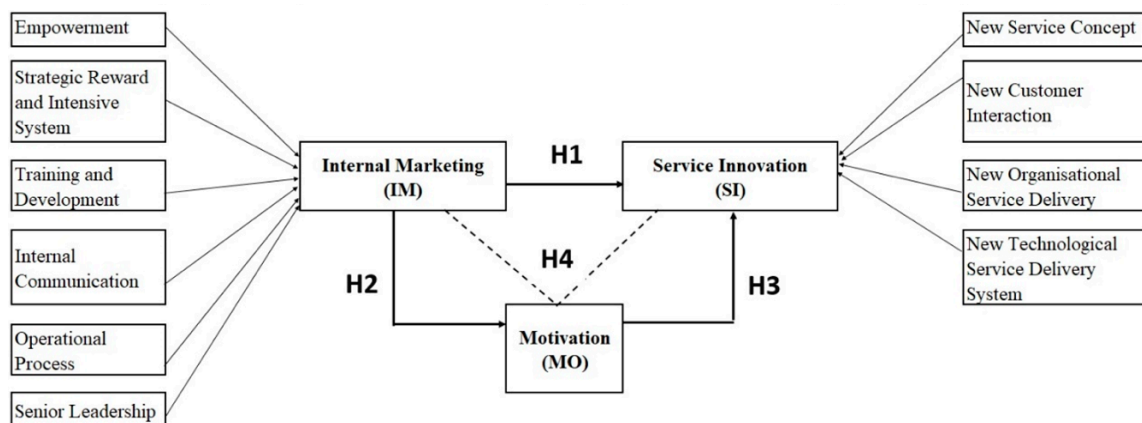


Figure 1. Proposed research framework.

The proposed research model (see Figure 1) presents a mediation research model to understand “what” and “how” internal marketing has an effect on service innovation through motivation. This study identified four hypotheses to test this proposed research framework. It predicts that motivated employees resulted from the appropriate internal marketing strategy to provide positive outcomes on service innovation.

Service innovation is a combination of frontline employees and knowledge of customers. It has a significant impact on the sales performance of the organization (Melton and Hartline 2010), and customer loyalty (Daft and Marcic 2016). This study argues that internal marketing is a comprehensive management process, and it creates customer-centric orientation among all the employees. It also develops and motivates the employees to deliver excellent customer services (Grönroos 2000). Internal marketing has a vital role in internal service quality (Keng et al. 2007; George and Gronroos 1989). It has a positive result in employee satisfaction (Sasser et al. 1997). The purpose of internal marketing is to motivate the employees, to enhance the performance of the employee, and satisfy the external customer (Papasolomou and Vrontis 2006).

This research uses the most common internal marketing elements (Ballantyne 2003). First, the internal communication act as a tool to promote information among employees to distribute service innovation (Gupta and Rogers 1991), and it delivers high service quality to the customers (Lovelock 1999). Internal communication as the main part of internal marketing (Bitner and Hubbert 1994) facilitates acceptance of organizational instruction and changes. In order to implement internal marketing successfully,

managers use different channel of communication to help employees better understand their job and role and its impact in implementation organization strategies and goals. Internal marketing provides many advantages for an organization by making messages and emotional appeals. Second, training advances employees' skills. Training and development as a state by (Papasolomou and Vrontis 2006) help employees to understand and be aware of internal marketing goals and their role in implementing effective internal marketing. The new capabilities obtained from it can enhance their service efficiency (Malhotra and Mukherjee 2003). It has a positive impact on service quality and operational process (Sasser et al. 1997). Operational process provides guidelines for employees to show how to proceed and how to coordinate organizational activities in order to achieve organizational objectives. In fact, the organizational structure makes a pattern of interaction between organization and employees through determining communicational channels and allocating job tasks and responsibilities as well as motivating employees through performance assessment system. Also, the organisations use internal marketing as a tool for a reward system to motivate the internal customer. Reward as an element of internal marketing designed to motivate employee's behaviour, action and implement which help to achieve an organizational objective. However, in internal marketing, it is necessary to let employees know why and how they are rewarded. Therefore, it gives them a sense of accomplishment in addition of given them reward which make better their self-actualization. Empowers system allowing the internal customer to participate in decision-making (Bowen and Schneider 1985). Bowen and Lawler (1994) believed that empowering employees to feel more responsible when they get the feeling of being part of the organization, hence, they become more enthusiastic to provide better service to the customer. In the same vein, leadership is an impressive form of leadership that inspires employee's behaviour (Burmam and Zeplin 2005). Leadership, as explained by Ahmed and Rafiq (2002), is "The moral intellectual ability of upper-echelon management to move the organization and its employees toward the right direction. Thus, leadership style is important in determining employees' attitude and behaviour.

In terms of service innovation, this research used 4-Dimensional model of service innovation Den Hertog (2000) to show the numerous activities and processes involved in services innovation. **Service Concept** is found in service more than in manufacturing. The service concept offers the value to the customer. **New Client Interface** is the design interface among service provider and its clients. Customers are often involved in service production concept and can be part of innovation, mostly this dimension focus on change in how clients are involved in the service production process. **New Organisational Service Delivery** is directly related to the service concept and to the competition among service providers, that can encourage a firm to invest in its technological, HR and organizational capabilities to improve itself. **New Technological Service Delivery System** has a significant role in service innovation, though service innovation may occur even without technology at times. However, there can be detected the close relationship between service innovation and technology, especially as technology often acts as a facilitator for technology-driven innovation.

Hence, this study develops the following hypotheses upon consideration the debates;

Hypothesis 1. *There is a significant and positive relationship between internal marketing (IM) and service innovation (SI).*

Hypothesis 2. *There is a significant and positive relationship between internal marketing (IM) and motivation (MO).*

Hypothesis 3. *There is a significant and positive relationship between motivation (MO) and service innovation (SI).*

Hypothesis 4. *Motivation (MO) has a mediation effect between internal marketing (IM) and service innovation (SI).*

Prior studies focus on behavioural outcomes of internal marketing within a single country market, often from a matured and industrialised market perspective. It offers little guidance about how serviced-based organisation's internal marketing practices operate in the automotive industry. This study provides a better understanding of *what* and *how* internal marketing variables

influence service innovation through motivation. The empirical results from this study strengthen the underpinning theory by adding a case and demonstrates the significant role of the variables proposed.

2.5. Research Objectives and Research Questions

The objective of this study is to explore the relationship between internal marketing and service innovation through motivation in the service-based organisation of the automotive company. Also, it investigates the roles of these links between variables. This study uses the following research questions to close the research gaps:

- (1) How does internal marketing relate to service innovation and its antecedents in the service-based organisation of the automotive company?
- (2) To what extent does internal marketing impact service innovation in the service-based organisation of the automotive company?
- (3) How does motivation mediate the relationship between internal marketing and service innovation in the service-based organisation of the automotive company?

This paper advances in theoretical discussion and provides empirical evidence to understand the phenomenon and hypotheses made. It highlights the review of literature on service innovation that focuses on motivation as a mediator to internal marketing. Also, it discusses the significance of empirical results in an automotive industry context. In doing so, this study contributes to the debate on innovation in the service-based organisation. It argues the significant factor in motivation that vital in both internal marketing and service innovation (Coombs and Miles 2000). This paper consists of evidence on crucial variables in the service-based organisation of the automotive company that has been neglected in the research area. The reason is often neglected due to the industry characteristic (Balassa 1986).

3. Research Methodology

This section discusses the research methodology in this study. It uses a holistic single-case study design to investigate the phenomenon. The significance of this research design is that it provides a deeper understanding of the case and raises the question to the prior theoretical discussion in the area (Yin 2011). Hence, this study focuses on Bahman Group Corp in Iran. The selection of a case study relies on three steps. First, it collects the list of automotive companies in Iran. Second, it scrutinises the companies' performance, mainly on financial status, reputation, and ranking, within the last five years using the Iranian automotive industry report. Third, it ranks the top three high-performance companies that met the research criteria. Finally, it selects Bahman Group Corp as a case study since it appeared the highest ranking within the research setting and criteria required in this study. Bahman Group Corp is located in Tehran, Iran and consists of three service-based organisations such as Mazda Yadak, Siba Motor, and Bahman Motor.

This study uses non-probability sampling because it aligns with the research objective and research questions. The respondents in this study are the employees of Bahman Group Corp. The sampling consists of all levels of employees working in the organisation, which make this study different from existing studies. A target population identifies a total number of 20 managers and 180 employees who had a minimum of 6 months working experience at the Bahman Group Corp and familiar with the organisation's services to participate in this study. These steps are crucial to get appropriate information and credible data.

A closed-ended questionnaire is used in this study because it requires a straightforward data collection from the respondents to answer the research questions. It has four parts of questions. First, it consists of the demographic information of the respondents. Second, it involves a 15-item scale about the working experience within the organisation. However, after a pilot study, it deleted three items that highlighted (see Table 1). Third, it asks respondents about the 5-item scale of motivation. Fourth,

it comprises of 9-item scale that measures four dimensions of service innovation. Table 1 illustrates the details of the items used in the survey to measure and test hypotheses in this study.

The procedure for writing questionnaires in this study is straightforward. First, it prepares in English and later translates in the Persian language. Second, it revises the questionnaires distributed during the pilot study to get clean questionnaires for the main study. Third, it distributes the questionnaires to 200 employees of Bahman Group Corp that eligible for this study. It allocates the questionnaires through face-to-face, and email distribution with the assistance of the human resource department. Also, there are three reminders through phone calls and field visits at the premises to remind the respondents for the task. The period of data collection is approximately three months. Upon completion of data collection, only 190 sets of responses are available. However, merely 171 clean sets of responses that appropriate for the analysis.

This study adopts the seven-point Likert scale with “1” represented strongly disagree, and “7” represented to strongly agree. We conducted a pilot test among 15 employees in the different organisational level of the company to clarify the reliability of our prepared closed-ended questionnaires and consulted with different managers in the organisation to confirm the appropriateness of the questionnaires.

The procedure for writing questionnaires in this study is straightforward. First, it is prepared in English and later translated to Persian. Second, it revises the questionnaires distributed during the pilot study to get clean questionnaires for the main study. Third, it distributes the questionnaires to 200 employees of Bahman Group Corp. that eligible for this study. It allocates the questionnaires through face-to-face, and email distribution with the assistance of the human resource department. Also, there are three reminders through phone calls and field visits to the premises to remind the respondents to complete the task. The period of data collection is approximately three months. Upon completion of data collection, only 190 sets of responses are available. However, merely 171 clean sets of responses that are appropriate for the analysis.

Table 2 summarises the demographic information of respondents in this study, such as gender percentage, company, age, education background, and department of the respondents. It illustrates about 69.6% of respondents are male, and 30.4% are female. We are aware of this gender gap that affects this study, and we recommend this issue for future research. However, we present the data collected and discuss the phenomenon in the organisations under Bahman Group Corp, which is the aim of this study (Yin 2011). Mazda Yadak has a high percentage with 64.9%, followed by Bahman Motor (22.3%), Brahmand Dizel (9.4%), and Siba Motor (2.9%). The largest group of respondents, 46.2%, is between 25 and 35 years of age. It follows the age range between 35- and 45-years-old with 36.3%, and another 17.5% belonging to those above 45 years old. Over half of the respondents have at least a bachelor degree level of education, and only less than 6% has less than diploma level. The highest percentage of respondents work in the sales and marketing departments with 52.6%. It shows that this study is necessary and vital to the case study selected.

The case selection followed a strict procedure. It started from research criteria, research setting, method and construct measurement, and a pilot study. Upon completion of the procedure, this study revised the method, particularly the questionnaires, to gather a high rate of response. The next section elaborates in detail about the empirical results.

Table 1. Construct measurement items.

Elements	Code	Questions	Adopted from
Internal Marketing			
Empowerment	E1	1. My supervisor allows me to use my judgment in solving problems	(Gounaris 2008a, 2008b)
	E2	2. I am encouraged to take well-thought- out risk without fear of reprisal	
Strategic Reward and Incentive system	SRI1	3. In our company, those employees who provide excellent service are rewarded for their efforts	(Hartline and Ferrell 1996; Ellinger et al. 2007; Hon 2012)
	SRI2	4. Our company measures and rewards employee performance that contributes to achieving the organisational vision	
Training and Development	TD1	5. If one is moved from one department to another, the new supervisor will personally train him/her for a pre-specified period	(Gounaris 2008a, 2008b; Hon 2012)
	TD2	6. Before the implementation of a major change in service rules we always get significant training regarding its impact on our daily activities and job description	
	TD3	7. In our company, the employees are properly trained to perform their services roles	(Foreman and Money 1995)
Internal Communication	IC1	8. Our company has sufficient channels of vertical communication	(Foreman and Money 1995) (Kanovska and Tomaskova 2012)
	IC2	9. Every worker knows the main our company’s targets and knows how to contribute to them.	
	IC3	10. We pay attention to the exchange of information among individual departments of our company	
Operational Process	OP1	11. The hiring, payment, and process at our company be done conveniently.	(Zeithaml et al. 1996)
	OP2	12. Our company offers high-class quality services in comparison with a competetitor organisations.	
	OP3	13. Our company provide services at the appointed time	(Katz and Kahn 1978)
Senior Leadership	SL1	14. Our supervisor regularly discusses with us about our future career plans	(Rafiq and Ahmed 1993)
	SL2	15. Our supervisor shows his concern when we encounter problems	
Motivation			
Motivation	MO1	16. I feel happy when I am working Intensively	(Moorman and Blakely 1995; Van Dyne et al. 1994)
	MO2	17. I am enthusiastic about my job	(Hartline and Ferrell 1996; Bettencourt et al. 2002) (Spector 1997)
	MO3	18. I find the work that I do full of meaning and purpose	
	MO4	19. I feel a sense of personal satisfaction when I do my job well	
	MO5	20. I try to think if ways of doing my job Effectively	(Hartline and Ferrell 1996)

Table 1. Cont.

Elements	Code	Questions	Adopted from
Service Innovation			
New service concept	NSC1	21. We are innovative in coming up with ideas for new service concepts	(Chen et al. 2009)
	NSC2	22. We delivered a new way of creating value for ourselves and our customers	
New Customer Interaction	NCI1	23. We systematically observe and evaluate the needs of customers	
	NCI2	24. Our organisation developed new channels for communication with its customers	
New Organisational Service Delivery System	NOD1	25. Our company paying attention to provide new service channels in order to offer after-sales service to customers	
	NOD2	26. I am encouraged to come up with better ways of delivering service	
	NOD3	27. Our organisation develop new skill of employees to deliver new services	
New Technological Service Delivery System	NTD1	28. Our company employees understand how to use information technology to improve customer service	
	NTD2	29. Our company invested in an IT system designed to improve its knowledge of customer across all business unites (CRM, call center, etc.)	

Sources: Multiple literature reviews developed by authors.

Table 2. Demographic information of respondents.

G	%	Company	%	Age	%	EDU	%	OD	%
M	69.6	Mazda Yadak	64.9	25–35	46.2	Under diploma	5.8	HR	18.1
F	30.4	Siba Motor	2.9	35–45	36.3	Diploma	11.7	SCM	10.5
		Bahman Motor	22.8	45–55	17.5	Associate Degree	1.8	S&M	52.6
		Bahman Dizel	9.4			Bachelor	59.1	IT	17.5
						Master Degree	19.9	Other	1.2
						PhD and more	1.8		

Indicators: G—Gender, EDU—Education, OD—Organisation Department.

4. Results

This section explains the empirical results of the data analysis. First, it discusses the analysis technique used in the procedure and its significance. Second, it presents the empirical data with descriptive analysis and further support with detailed analysis. Finally, it summarises the main findings to draw generalisation from this study (Yin 2011).

4.1. Data Analysis Measurement

This study uses the structural equation modelling (SEM) approach. There are three main reasons for using this approach. First, it is appropriate to analyse a related theory to sample size in this study (Frazier et al. 2004). Second, it is helpful to identify the predictive causal relationship (Baron and Kenny 1986). Third, is it beneficial to analyse the higher-order component model while evaluating the mediation effect (Mitchell 1982). Also, it uses partial least squares (PLS) with confirmatory factor analysis (CFA) to test the hypotheses. The significance of using this approach is it offers more accuracy than other approaches in higher-order component analysis when the small sample size is used (Henseler et al. 2009; Chin 1998; Jöreskog and Wold 1982) and when data are non-normal (Chin 1998). This study uses Software SmartPLS 3.2 to analyse the data. It performs two steps to analyse data using multiple hierarchical component research model (Henseler et al. 2009). First, it evaluates the outer model (measurement model) by using the PLS algorithm. Second, it analyses the inner model (structural model) through a bootstrap resampling technique. Figure 2 represents the analysis of research model through SmartPLS.

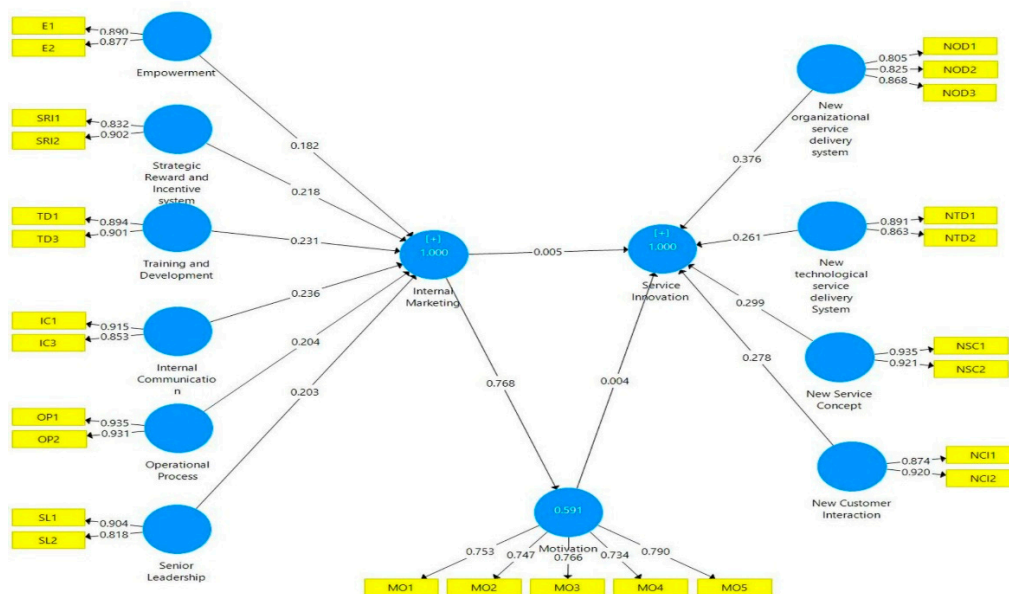


Figure 2. A higher-order multicomponent research model. Source: Adapted from (Henseler et al. 2009).

4.2. Assessment of Measurement Model/Outer Loading

This subsection explains the measurement/outer loading of the model. It is part of the SEM model, which describes the relationships among the latent variables and their indicators (Becker et al. 2012). It is crucial to understand the path coefficients that represent the inner model parameter estimates (Becker et al. 2012; Hair et al. 2011). On the other hand, the outer model parameter estimates consist of the weights and loadings (Ringle et al. 2012). Further discussions are as follows;

4.2.1. Reliability and Validity

This study performs internal consistency composite reliability (CR) to ensure the accuracy of the designed first-order reflective constructs and factor loading to evaluate the reliability of each item (Nunnally 1994; Churchill and Peter 1984). It also executes the average variance extended (AVE) to evaluate the construct's validity. As illustrated in Table 3, factor-loading values for all informative indicators were above 0.7. It achieves the desired value, which findings supported by several studies (Churchill and Peter 1984; Nunnally 1994; Hair et al. 2011; Hair et al. 2017). The results of constructs achieved desired composite reliability (CR) > 0.7 and have gotten accepted AVE value > 0.5 as presented in Table 3. It used to construct measurement items in Table 3 to acquire the results (Nunnally 1994; Hair et al. 2017; Hair et al. 2011).

Table 3. Assessment of the first-order reflective measurement model.

Constructs	Items	Factor Loading	CR	AVE
Empowerment	E1	0.89	0.877	0.781
	E2	0.877		
Internal Communication	IC1	0.915	0.878	0.782
	IC3	0.853		
Strategic Reward and Incentive system	SRI1	0.832	0.859	0.753
	SRI2	0.902		
Training and Development	TD1	0.894	0.892	0.805
	TD3	0.901		
Operational Process	OP1	0.935	0.931	0.87
	OP2	0.931		
Senior Leadership	SL1	0.904	0.852	0.743
	SL2	0.818		
Motivation	MO1	0.753	0.871	0.575
	MO2	0.747		
	MO3	0.766		
	MO4	0.734		
	MO5	0.79		
New Customer Interaction	NCI1	0.874	0.892	0.806
	NCI2	0.92		
New Service Concept	NSC1	0.935	0.925	0.861
	NSC2	0.921		
New Organisational Service Delivery System	NOD1	0.805	0.872	0.694
	NOD2	0.825		
	NOD3	0.868		
New Technological Service Delivery System	NTD1	0.891	0.87	0.769
	NTD2	0.863		

Indicators: CR: Composite Reliability values; AVE: Average Variance Extracted.

Table 4 indicates the discriminant validity in this study. The empirical results show that the square roots of AVE are more than the correlation of the latent variables; therefore, all indicators are valid (Katz and Kahn 1978). These results support all requirements of first-order reliability and convergent validity. Therefore, it confirms that all indicators are appropriate for their relative constructs.

Table 4. Reflective first-order constructs reliability and discriminant validity.

	E	IC	IM	MO	NCI	NSC	NOD	NTD	OP	SL	SI	SRI	TD
E	0.884												
IC	0.549	0.885											
IM	0.684	0.877	0.693										
MO	0.411	0.675	0.768	0.758									
NCI	0.368	0.545	0.624	0.599	0.898								
NSC	0.471	0.47	0.555	0.517	0.703	0.928							
NOD	0.378	0.519	0.63	0.661	0.536	0.509	0.833						
NTD	0.428	0.552	0.589	0.598	0.402	0.543	0.641	0.877					
OP	0.259	0.467	0.67	0.6	0.465	0.43	0.449	0.312	0.933				
SL	0.554	0.718	0.814	0.504	0.448	0.359	0.5	0.454	0.349	0.862			
SI	0.5	0.639	0.737	0.733	0.799	0.831	0.85	0.781	0.514	0.544	0.719		
SRI	0.433	0.693	0.798	0.827	0.579	0.436	0.509	0.53	0.551	0.503	0.628	0.868	
TD	0.493	0.65	0.837	0.564	0.502	0.443	0.582	0.477	0.512	0.695	0.621	0.539	0.897

Note: The square roots of AVE present in bold.

4.2.2. Assessment of Second-Order Formative Measurement/Inner Loading

In contrast, the internal consistency and convergent validity are irrelevant in formative constructs (Bollen 1989; Bagozzi 2007) as indicators are not definitely correlated and reflections of the underlying latent variable. According to Roldán and Sánchez-Franco (2012), formative indicators in the measurement model are not essential to be correlated to the latent variables as considered that these variables scores are true-free.

This research follows suggestions from two studies (Becker et al. 2012; Hair et al. 2017). It aims to examine the second-order construct. It consists of three steps such as (1) assessing indicators validity, (2) assessing multicollinearity among formative constructs through examining the variance inflation factor (VIF), and (3) assessing the significance and relevance of the second-order indicators. Also, this study uses the bootstrapping resampling processing (whereby 1000 subsamples) because it is appropriate to examine the stability of the indicator (Ringle et al. 2012) and evaluate the significance of the paths (Henseler et al. 2009; Hair et al. 2012). The three steps of this analysis are discussed as follows;

The first approach aims to assess the outer weights. It represents the path coefficient to examine the correlation between the formative construct (Hair et al. 2012). Also, it observes the reflective indicators to evaluate the convergent validity of the second-order formative constructs (Hair et al. 2012; Andreev et al. 2009). Then, it performs the bootstrapping procedure to evaluate the validity of indicators. Table 5 demonstrates the internal communication (IC) with the strongest weight (0.236), while strategic reward (SR) and empowerment (E) have the weakest impact (0.182) in determining latent variables of the internal marketing construct. Service innovation (SI) and new organisational service delivery system (NOD) have the strongest influence (0.376), and new technology service delivery system (NTD) has the weakest (0.261) significance in determining service innovation (SI). Table 5 illustrates that all path coefficients are significant $p > 0.05$ with t -value > 1.96 . Therefore, it achieves the convergent validity of the second-order formative constructs.

In contrast, the formative measures are not the same as reflective because the high correlation between indicators is not expected. Collinearity involves the high correlation between two formative constructs that may influence on the path coefficient (weights) (F. Hair et al. 2014). It examines by measuring the variance inflation factor (VIF). Besides, when the VIF value > 5 , it has a collinearity problem (Hair et al. 2013, 2011, 2017; Ringle et al. 2015).

Table 5 clarifies that the VIF value for all second-order formative constructs are ranging between 1 and 3.145 and presents less than the threshold VIF value of 5. It indicates that there is no multicollinearity issue between second-order constructs. Also, it uses bootstrapping processing with 1000 subsamples to assess the significance of the weight of the second-order indicators (Henseler and Chin 2010). Table 5 demonstrates that all t-statistic value is above the accepted value (1.96) with a significant level $p < 0.05$ in the two-tailed test. It achieves the reliability and validity of the second-order formative measurement model satisfactory. The next step discusses the structural assessment model and the result of hypotheses testing.

Table 5. Results of second-order indicators validity and first-order multicollinearity.

Second-Order Construct	Indicators	Weight	T Statistics	p-Values	VIF
Internal Marketing	E	0.182	10.029	0.000	1.582
	IC	0.236	19.817	0.000	3.145
	OP	0.204	14.167	0.000	1.613
	SL	0.203	21.972	0.000	2.697
	SRI	0.218	15.502	0.000	2.229
	TD	0.231	18.792	0.000	2.435
	IM → MO	0.768	18.905	0.000	1
	IM → SI	0.005	2.124	0.034	2.933
Motivation	MO → SI	0.004	2.424	0.015	2.969
Service Innovation	NCI	0.298	16.217	0.000	2.584
	NSC	0.299	16.217	0.000	2.36
	NOD	0.376	16.942	0.000	2.27
	NTD	0.261	16.87	0.000	2.163

4.3. Assessment of Structural Model/Inner Loading

This subsection explains about the assessment of structural model/inner loading. Also, it completes the SEM model, which describes the correlations among the latent variables that make up the SEM model. Upon completion of the assessment of measurement model/outer loading, it evaluates the structural model by examining the following four assessment criteria (Henseler et al. 2009; Henseler and Chin 2010).

4.3.1. Path Coefficient Estimates and Hypothesis Testing

This study uses the non-parametric bootstrapping procedure to test the hypotheses and evaluate the significance between constructs (Henseler et al. 2015; Peng and Lai 2012). Table 6 elucidates that all constructs in the model are significant with a critical value of 1.96 for the two-tailed test at significant level $p < 0.05$. Therefore, it supports the following hypotheses:

Hypothesis 1. ($\beta = 0.005$, $t\text{-value} = 2.124 > 1.96$ at $p < 0.05$).

Hypothesis 2. ($\beta = 0.768$, $t\text{-value} = 18.905$ at $p < 0.05$).

Hypothesis 3. ($\beta = 0.004$, $t\text{-value} = 2.424 > 1.96$ at $p < 0.05$).

Table 6 summarises the assessment of the relationship between the constructs (endogenous and exogenous). Results recapitulate that all dimensions of internal marketing (IM) and service innovation (SI) have positive influences.

Table 6 confirms that the dimension of internal marketing and service innovation have positive influence to their constructs. In contrast, results show that internal communication (IC) ($\beta = 0.236$) has a higher influence on internal marketing (IM), while empowerment (E) ($\beta = 0.182$) has the weakest

influence on internal marketing (IM). Also, other results indicate that service innovation (SI) and new organisational service delivery system (NOD) ($\beta = 0.376$) has the strongest effect, while new technological service (NTD) ($\beta = 0.261$) has the weakest impact.

Table 6. The significance of path coefficients for structural model evaluation.

Hypothesis	Exogenous Constructs	Endogenous Constructs	Std Beta	Std Error	t-Value	p-Values	Result
	E		0.182	0.018	10.029	0.000	
	IC		0.236	0.012	19.817	0.000	
	OP	IM	0.204	0.014	14.167	0.000	
	SL		0.203	0.009	21.972	0.000	
	SRI		0.218	0.014	15.502	0.000	
	TD		0.231	0.012	18.792	0.000	
H1	IM	SI	0.005	0.002	2.124	0.034	Accepted
H2	IM	MO	0.768	0.041	18.905	0.000	Accepted
H3	MO	SI	0.004	0.002	2.424	0.015	Accepted
	NCI		0.298	0.02	16.217	0.000	
	NSC	SI	0.299	0.018	16.217	0.000	
	NOD		0.376	0.022	16.942	0.000	
	NTD		0.261	0.015	16.87	0.000	

Indicators: β : path coefficient, t-value > 1.96 are significant at $p < 0.05$ (two-tailed).

4.3.2. Co-Efficient of Determination (R^2)

The coefficient of determination (R^2) illustrates the amount of variance in the endogenous constructs. It indicates that the threshold value of 0.25 (as weak), 0.5 (as moderate) and 0.7 (as substantial respectively) (Hair et al. 2017). However, it is acceptable when the R^2 value is less than 0.19 (Chin 1998). Table 7 shows that the R^2 value is 1 in this study for internal marketing (IM) and service innovation (SI). It illustrates that the first-order constructs describe the 100% of the variance in internal marketing (IM) and service innovation (SI). Meanwhile, the R^2 value for motivation (MO) is 0.591. Therefore, it explains the 59% of the variation in motivation (MO) of the model.

4.3.3. Evaluate the Effect size of f^2

Effect size as a statistical concept to determine the strength of the relationship between two variables and explain a defined endogenous variable in terms of R^2 . The larger the effect size means the stronger effect. The guidelines indicates three effect size of the evaluation: 0.02 (small), 0.15 (medium), and 0.35 (large) impact on endogenous constructs (Cohen 1998). Tables 6 and 7 present the empirical results that internal marketing (IM) has a positive and significant impact on service innovation (SI) with a medium effect size $f^2 = 0.110$. However, there is a positive and significant relationship between internal marketing (IM) and motivation (MO) with a large effect size (1.442). In contrast, there is a positive and significant relationship with a small effect size $f^2 = 0.058$ for hypothesis 3 (H3). Table 7 below presents the assessment of co-efficient of determination R^2 and effect size f^2 .

Table 7. Assessment of Co-efficient of Determination R^2 and Effect size f^2 .

Hypothesis Relationship	f^2	R^2
H1: IM \rightarrow SI	0.110	1
H2: IM \rightarrow MO	1.442	0.591
H3: MO \rightarrow SI	0.058	1

Indicators: Critical t-value > 1.96, p-value < 0.05; 2: 0.25 (Weak), 0.5 (Moderate) and 0.7 (Strong) [90]; f^2 : 0.02 (small), 0.15 (medium), and 0.35 (large) (Cohen 1998).

4.3.4. Evaluate the Predictive Relevance (Q2)

The last step in assessing structural model is to measure predictive relevance by performing Stone-Geissor test through blindfolding procedure (Hair et al. 2011; Henseler et al. 2009; Peng and Lai 2012; Tenenhaus et al. 2005). It calculates the Q2 value to evaluate endogenous variables like internal marketing (IM), motivation (MO), and service innovation (SI). For example, when $Q2 > 0$ is accepted, it means there is predictive relevance in the structure model (Hair et al. 2013). As a reminder, the guideline for Q2 are as follows: 0.02 (small), 0.15 (medium), and 0.35 (large) (Henseler et al. 2009). Table 8 illustrates that all constructs Q2 are above the threshold value of zero. The Q2 values summarise as follow: internal marketing (IM) with (0.444) and service innovation (SI) with (0.477) that has large relevance, while motivation (MO) with (0.311) has medium relevance for the endogenous constructs. As a result, it suggests that there is predictive relevance for all these constructs in the model.

Table 8. Relevance Q2.

	SSO	SSE	Q ²
Internal Marketing	2052.00	1140.38	0.444
Motivation	855	588.792	0.311
Service Innovation	1539.00	805.386	0.477

4.4. Testing the Mediation Effects

Upon completion of the test for constructs in the model, it is appropriate to test the mediation effects. The bootstrapping method is the most powerful and appropriate nonparametric technique to test the mediation effect in PLS-SEM (Preacher and Hayes 2008). As a reminder, this study hypothesises the mediation effect of motivation (MO) between internal marketing (IM) and service innovation (SI) in Figure 3. It expects to be significant indirect path (c) (IM > SI), path (a) (IM > MO), and path (b) (MO > SI) to test mediation (Baron and Kenny 1986; Preacher and Hayes 2008; Zhao et al. 2010). It uses bootstrapping analysis without mediation to test the direct effect for the path (c). The path coefficient (c) is positive and significant with $\beta = 0.005$. Then, it adopts bootstrapping with mediation to evaluate the indirect effect and test significantly.

Table 9 validates that the indirect effect is significant ($p = 0.003 < 0.05$, t-value = 2.691 > 1.96). There is no zero between LLCI and ULCL. Therefore, there is a mediation effect in the model. Also, when direct effect and indirect effect are significant, there is a partial mediation, and if the direct effect is the significant but indirect effect is not significant, there is a full mediation (Hair et al. 2016). Table 9 shows a partial mediation of motivation (MO) between internal marketing (IM) and service innovation (SI). The mediation effect of motivation (MO) for H3 is (0.001) (which is between LLC and UPCI) decreases the direct effect of internal marketing (IM) to service innovation (SI).

Table 9. The Indirect relationship between mediation effect and hypothesis testing.

Path	Path	B	Indirect Effect	SE	p-Value	T-Value	95% LLCI	95% ULCI	Result
Direct effect									
IM > SI	(c)	0.005		0.002	0.014	2.453	0.002	0.009	Significant
IM > MO	A	0.783		0.034	0.000	23.054	0.705	0.842	
MO > SI	B	0.004		0.002	0.021	2.308	0.001	0.007	
IM > SI	c'	0.005		0.002	0.031	2.154	0.001	0.011	
H4: IM > MO > SI	0.768	0.004	0.003	0.001	0.008	2.691	0.001	0.005	Supported

Indicators: LLC: lower limit confidence interval, ULCI: upper limit confidence interval, SE: Standard error.

Size of Mediating Effect

The size of the mediating effect is vital to observe the total effect of dependent on the independent variables. This analysis follows upon completion of several tests on indirect effect and size of mediating effects variance accounted for (VAF). It measures to calculate “how much of the total effect of dependent on the independent variable is conveyed through the mediator” (Heinemann 2008). Figure 3 shows the proposed mediation model.

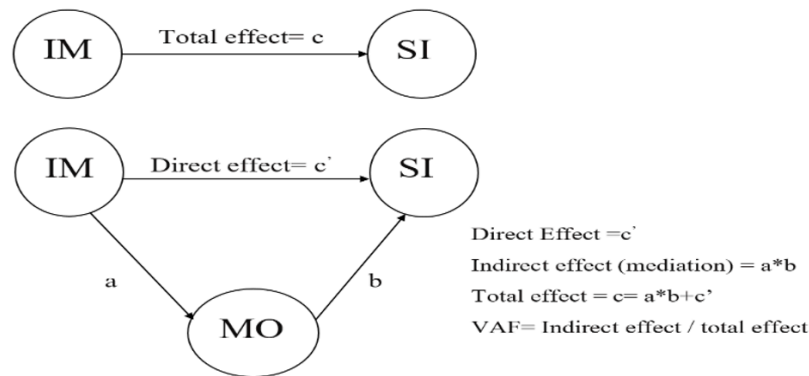


Figure 3. Mediation effect of Motivation (MO).

Table 8 shows the total effect is $0.005 + 0.003 = 0.008$, so $VAF = 0.003/0.008 = 0.375$. Therefore, it explains that 38% of internal marketing (IM) effects on service innovation (SI) with motivation (MO) as mediator. As a result, it has a particular mediation because VAF value is between 20% and 80% of the threshold value. Therefore, H4 is accepted.

5. Discussion

The overall focus of this study is to investigate the critical role of internal marketing (IM) and service innovation (SI) by a mediation role of motivation (MO). This research proposed a hierarchical multicomponent research model to answer three research questions. This paper meets the research objective to explore the relationship between internal marketing (IM) and service innovation (SI) through motivation (MO) in the service-based organisation of the automotive company. It discussed the appropriate research strategy and significant reasons for the case selection in methodology.

The empirical results provided a deep understanding of the mediation effect of motivation between internal marketing (IM) and service innovation (SI). It evaluated the effect of each dependent variable into independent variables through several empirical tests of measurement techniques with a strict procedure. Multiple tests included factor loading, convergent validity, discriminant validity, composite reliability, AVE in first-order reflective constructs and evaluate the collinearity, VIF constructs and nomological validity in the form of second-order formative constructs, and measured the mediation effect and the size of mediation effect of motivation through bootstrapping and VIF value. There are both indirect and direct effects when motivation was used as a mediator for internal marketing and service innovation.

The results demonstrated that motivation (MO) has a partial mediation effect in this study. While internal communication (IC) appeared the strongest effect overall, it contradicted to strategic reward (SR) and empowerment (E) where both acquired the weakest influence to determine the latent variable of internal marketing (IM). The analysis explained that new organisational service delivery system (NOD) performed the strongest effect, while a new technological service delivery system (NTD) confirmed the weakest effect in determining service innovation (SI). These results added to the current debate in the research areas, which scholars often neglected. Scholars are continuously debating that there are many potential variables in internal marketing (IM) and service innovation (SI), but not many studies are available in the automotive industry. Some studies founded that internal communication

(IC) has the strongest effect in internal marketing (IM) while, empowerment (E) and strategic rewards (SR) have less influence (Gounaris 2008a, 2008b; Hon 2012; Kanovska and Tomaskova 2012).

This result suggests that the nature of managerial resources may need to change or improve especially on employees' motivation. It envisaged that motivation is an essential element in the productivity of the organisation. This finding supports the current study on motivation and productivity correlation in the commercial bank industry (Faisal Ahammad et al. 2015). It illustrates that the performance of employees at the commercial bank has an excellent reputation in productivity at work when their motivation is boosted. However, our study adds on the significance of the previous research by providing evidence from the automotive industry in Iran, which demonstrates the relevance of the research element and framework we proposed.

Interestingly, we found a significant and positive correlation between internal marketing and motivation in this study. This correlation is also supported by a study that an employee's level of job motivation is likely to influence his or her commitment to customer service (Bell et al. 2004). In fact, internal marketing help to improve emotional intelligent through training, evaluating job, and motivation, which in turn committed toward the organizational objective and involving in service innovation.

Although motivation has a partial mediation between internal marketing and service innovation, it strongly linked a relationship between the organisation and the employees' motivation. It is because, while focusing on other stronger mediation factors than motivation, it could act as a supporting variable to complete the effort of an organisation to achieve its objective. It is supported by a study that an employee's level of job motivation is likely to influence his or her commitment to customer service (Bell et al. 2004).

In summary, motivation has a mediation effect between internal marketing and service innovation. Although the effect is partial or minimal within the case study, the role is crucial for further debates.

6. Contribution to Knowledge, Limitation, Recommendations and Implication

This paper extends some existing studies that organisation use internal marketing as a tool to control the complication of new services (Brodie et al. 2002; Gupta and Rogers 1991) by presenting evidence from Iran. In doing so, it contributes to the development of theory.

This research contributes to the theoretical discussion when it revealed that motivation in internal marketing of an organisation has a positive outcome, particularly in SI-based industries, which contradicted to the early resource-based view (RBV) that emphasised an organisation's success was wholly determined by its external environment (Wernerfelt 1995). Also, this study supports the later improved theory on the resource-based view in strategic management perspective (Barney 2001) by providing empirical evidence from this case. The contradiction between our findings and some previous studies explain that the elements of variables like motivation in IM of an organisation have opened a bright room to debate in the future. Javed (2018) agreed with our findings and concluded that motivation could partially mediate the impact of employee's performance, and does not reconcile the correlations, depending on the variables such as equity structure, strategic decision making, and return on assets.

This study has two main contributions. First, it contributes knowledge to the literature on the research areas such as internal marketing, service innovation, and motivation. The knowledge generated from this study engages with the current discussion. It brings evidence from two strands: in the Iranian context, and the automotive industry. Despite supportive arguments of prior studies, it also contradicted the empirical results. Therefore, it opens room for discussion among scholars in the area of research.

Second, it contributes to the research methodology area in the field. Prior studies conducted different approaches to study the motivation effect on the organisation and employees. As mentioned in the literature review section, there are vast studies on qualitative method and research from the quantitative approach are often relied on a single-based case. However, a study from the Iranian

context, particularly in the automotive industry is not available. Therefore, this paper closes the gap by providing empirical evidence.

There are some limitations and future recommendations from this study. First, this research focused only on one particular industry, that is the automobile service-based industry, and the results may have a lack of generalisation for other industries. Therefore, it is highly recommended to use a similar research setting to test for other industries such as those in marketing industries, capital industries, and technology industries. The significance of considering other than service-based industries relies on different industry characteristics (Rafiq and Ahmed 2000). In doing so, the results will be stronger, and the generalisation of hypotheses made from this study will be stronger.

Second, this research does not examine the correlation between each indicator separately. Therefore, this paper recommends observing for separate evidence and logical reasoning. In doing so, it prompts for evidence in the first place that predicts the study, but it is by no means proof in its own right. For example, in descriptive analysis on demographic illustrated an imbalanced data on gender from the respondents. Therefore, this paper suggests considering gender equality issue on data collection would be interesting, and empirical results that derive from such a study could provide a comprehensive explanation of this phenomenon.

Third, we recommend for future researchers to identify for a second mediation mechanism that is negative in a sign other than motivation, in the same study like this. It is interesting to compare between mediation mechanism that is negative and positive. It contributes and covers issues and unpredictable results that are not available from this study. Also, the unexpected negative direct effect can provoke theoretical progress and debates to search in future work (Ostrom et al. 2010).

Practically: in addition to a theoretically significant contribution, this research presents various managerial practical implications. Management can gain insight from the integrated proposed model which help them to design or change their program based on the findings resulted from the model. It suggests to the managers that motivation is one of the partial factors to increase productivity in the organisation. In this study, we identified motivation on salary, career progression, environment, as well as satisfaction (Bell et al. 2004). This paper suggests that motivation consists of overall areas in internal marketing. Managers are encouraged to observe their employees' motivation related to monetary, recognition or satisfaction. In conclusion, there is a positive aspect to consider motivation (at work) in the service-based organisation. It is because the results of that direct effect of motivation have heuristic value for theory building and have potential room for future research in the area of internal marketing and service innovation.

This research also shows that all internal marketing and service innovation dimensions were significant. Therefore, it is suggested that if managers want to implement this dimension, they should pay attention to their factor loading.

Furthermore, this research quantitatively and empirically validated the research model from service-based manufacturing in Iran. It should be noticed that the results and findings of this research are not limited to manufacturing-service companies in Iran, but they are related to all studies that attempt to increase their competitive advantages through internal marketing and service innovation.

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