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## Article

# The impact of internal marketing on employee satisfaction in the Vietnamese telecommunication industry

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# The Impact of Internal Marketing on Employee Satisfaction in the Vietnamese Telecommunication Industry

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## ABSTRACT

Internal marketing (IM) has become essential in service industries since employees are considered critical to excel in customer service due to fierce competition. Previous studies have examined and proved the role of IM in retaining happy and loyal customers in a variety of industries. However, little research on IM was conducted in the telecommunication industry in both developed and developing countries. Thus, this paper aims to test the impact of IM elements on employee satisfaction in the Vietnamese telecommunication industry, one of the fastest-growing industries in recent years. We developed a research model based on the social exchange theory and adopted seven IM elements from previous studies. Data was collected from a sample of 362 employees working in the Vietnamese telecommunication industry through an online questionnaire survey and analyzed in SmartPLS 3.0 using the PLS-SEM technique to test the hypotheses. Our analysis results showed that reward had the strongest impact on employee satisfaction, followed by internal communication and vision. The least influential factor on employee satisfaction was training and development. On the contrary, fairness was identified not to have statistical significance on employee satisfaction. Thus, practical implications for managers in the telecommunication industry were proposed to promote employee satisfaction and engagement with the company by using IM practices.

**KEY WORDS:** internal marketing, employee satisfaction, human resource management, telecommunication industry, Vietnam.

**JEL Classification:** M31, M50.

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## 1. Introduction

Remarkably, the fastest-growing industry is the service sector in today's world, which contributes more to global output and employs more people than any other industry (Deloitte, 2015). As a result, the service industry has become a critical component of a country's economic growth model. However, service firms are operating in a highly competitive and rapidly changing business environment due to globalization. Consequently, companies in the service sector must

transform and innovate their operations to survive in the competition and meet the increasing demands of customers. Among many initiatives to gain a competitive advantage, service companies have realized that improving customer service quality and customer responsiveness would be the distinctive factor. Service companies need to have customer-oriented employees to serve customers better. In such a context of increasingly fierce competition among service companies and higher demand of customers, the internal marketing (IM) concept emerged in the late 1970s. This new

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concept started from the notion that the success of any organization depends on the employees (Dülgeroğlu & Taşkın, 2015), and external customers are satisfied only when being served by satisfied employees (Kotler & Keller, 2000; Schultz, 2002). Thus, IM focuses on employees and treat them as important as customers (Ali, 2016; Grönroos, 1981; Kanyurhi & Akonkwa, 2016).

Moreover, IM also aims at promoting a positive relationship with the employees by paying attention to their emotions and formulating a long-term relationship based on their satisfaction and engagement (Roberts-Lombard, 2010). Consequently, engaged employees are willing to devote themselves to the company and lead to the satisfaction and loyalty of external customers. For the above result, IM is considered philosophy or a management method that becomes a critical success factor of the company's corporate strategies (Roberts-Lombard, 2010). Thus, IM is becoming more attractive and used by companies as a tool to influence employee satisfaction and job engagement (Allada & Rajyalakshmi, 2012; Iliopoulos & Priporas, 2011). Previous studies show that IM practices make employees satisfied, and then the customers are satisfied when being served by happy employees (Al-Makhadmah, 2015; Dülgeroğlu & Taşkın, 2015; Frye et al., 2020; Ismai & Sheriff, 2017; Kameswari & Rajyalakshmi, 2012; Kotler & Keller, 2000; Pitt et al., 1999; Schultz, 2002), and increase firm performance (Al-Makhadmah, 2015; Conduit & Mavondo, 2001; Rafiq & Ahmed, 2000; Sarker & Ashrafi, 2018). Most empirical studies use samples from multiple industries, including banking (Kameswari & Rajyalakshmi, 2012; Ismail & Sheriff, 2017; Kajuria, 2018; Park & Tran, 2018), hospitality (Brammah, 2016; Nart et al., 2019), gaming (Martin & To, 2013), healthcare (Sharifabadi & Bideh, 2016; Wu & Zhao, 2002), microfinance (Kanyurhi & Akonkwa, 2016), retailing (Sarker & Ashrafi, 2018), electronics product manufacturing (Wu et al., 2013).

Although many studies have examined the relationship between IM and employee engagement and satisfaction, the focus has been on developed countries rather than transition countries like Vietnam. In Vietnam, there has not been much research on IM. Some studies have addressed the IM issue in manufacturing, such as textile (Dao, 2021) and seafood (Nguyen & Nguyen, 2020). However, few studies have focused on the service industry like hospitality (Hang, 2019).

Notably, research on IM in the telecommunication industry has not been adequately addressed.

Meanwhile, with more than 95 million people, Vietnam is a low-middle-income country with a high potential for development, particularly for service industries. Among the potential service industries in Vietnam, the telecommunication industry is an important sector that supplies the necessary foundation for developing a modern economy. According to the Ministry of Information and Communications (2020), the telecommunication industry continued to be an important economic sector with total revenue of over USD 5.6 billion in 2019. Vietnamese telecommunication companies' rapid growth and success are attributed to some factors, including infrastructure investment, new service innovation, and excellent customer services (Ministry of Information & Communication, 2020). Besides, one critical success factor is the dynamic employees. In addition, the large market size of the telecommunication industry appears to be attractive for foreign investors. As a result, competition will become more and more fierce in the coming time. Thus, the quest for excellence in satisfying customer demand requires the Vietnamese telecommunication companies to consider employees as a core factor to improve operational efficiency and customer responsiveness. In such a dynamic and fast-growing service industry like telecommunication, companies need to change their perception of human resource management activities and treat employees as valuable resources in compliance with the IM concept. However, up to date, few empirical studies have investigated how the IM concept is being acquired and applied in Vietnamese telecommunication companies. In this regard, this study aims to fill in the existing research gap by examining the influence of IM elements on employee satisfaction in the telecommunication industry to propose suggestions for IM practices to be further executed.

The rest of this paper is as follows. Section 2 discusses the theoretical background of internal marketing and employee satisfaction. Section 3 proposes a research model and methods. Section 4 discusses the findings. Section 5 elaborates the implications, study limitations, and future research directions. Finally, Section 6 concludes the paper.

## 2. Theoretical Background and Hypothesis Development

### 2.1. Internal Marketing

Internal marketing (IM) is not only a concept but also a philosophy, a method to manage a company (George, 1990; Gronroos, 1985; Wilson & Fook, 1990). In the late 1970s, in studies of George (1977) and Berry et al. (1976), IM started with the notion of satisfying the employees and treating them as customers (Azzam, 2016; Berry, 1981; Sasser & Arbeit, 1976). From this basic premise, there have been many definitions of IM.

IM is a deliberate effort to overcome organizational resistance to change and align, motivate, and integrate employees toward the effective implementation of corporate and functional strategies (Rafiq & Ahmed, 2000). In recent decades, IM has been used as a tool to raise the quality of services (Mainardes & Cerqueira, 2015). According to the IM concept, employees form an internal market within an organization because they need to be trained, rewarded, and motivated to meet external customers' expectations (Varey & Lewis, 2000). Studies emphasize that IM should be a priority before external marketing (Kotler & Keller, 2000) because IM is a critical component of employee-oriented marketing strategy. IM begins with selecting the right people, putting them in the right position to become satisfied employees and ready to do their jobs and satisfy the customers. The essence of IM is to consider employees as necessary as external customers by treating them as internal customers (Ali, 2016; Kanyurhi & Akonkwa, 2016).

Up to date, IM has changed since its inception, focusing on three main development stages (Khajuria, 2018; Rafiq & Ahmed, 2000). In the early stage, IM started with the idea that satisfied employees bring customer satisfaction in the organization received significant attention, and the core of motivation activities to achieve employee satisfaction is the work (Rafiq & Ahmed, 2000). Therefore, IM sees the main business as internal products (Ewing & Caruana, 1999). These internal products must be attractive, advanced, and motivated to satisfy the employees' desires.

The next stage focuses on increasing customer-oriented behaviors. IM focuses on motivating employees and satisfying employees' needs to engage in appropriate customer behaviors and work better

(Grönroos, 1985). Accordingly, Grönroos (1985) proposed that every employee in the organization is a supplier and an internal customer and that internal suppliers must meet the needs of internal customers. In the third stage, IM is seen as an essential tool in operating the organization's strategy. In this regard, IM is the primary tool to promote the implementation of external marketing strategy (Piercy & Morgan, 1991).

The purpose of IM is to motivate internal customers from which external customers will be satisfied. Therefore, IM aims to align with the organization's efforts to provide better services to customers (Cooper & Cronin, 2000). Moreover, it makes employees realize the organization's mission and goals (Joseph, 1996) and be aware of the importance of customer satisfaction (Tsai & Tang, 2008). As a result, they will cooperate with the marketing department to provide excellent customer service. Therefore, IM is seen as an extended function of traditional marketing-mix towards the employees in the organization and treat them as customers to increase business efficiency based on improving relationships within the organization (Khajuria, 2018).

### 2.2. Employee Satisfaction

Employee satisfaction has been mentioned as one of the most complex issues managers today face (Al-Hawary et al., 2013). The concept of employee satisfaction is often referred to as job satisfaction with many different approaches.

According to Herzberg et al. (1966), employee satisfaction is the level of job enjoyment or job maintenance through their cognition (positive, negative, or both) of different aspects of the job that affect individuals. Employee satisfaction is also considered a pleasant or positive emotional state resulting from a job performance evaluation or experience (Locke, 1976).

It is emphasized that job satisfaction is an essential factor that leads to recognition, income, promotion, and other goals, which satisfy employees (Kaliski, 2007). Thus, job satisfaction is the perception of real value that an employee receives compared to their expectation from the job.

Employee satisfaction also leads to higher productivity, higher efficiency, and good organizational performance (Aziri, 2011). In addition, higher

employee satisfaction levels improve morale and reduce employee turnover (Dole & Schroeder, 2001). As a result, an organization should put employee satisfaction as the top priority and think of it as a vital factor in organizational success.

Rewards, recognition, career advancement, promotion opportunities, work environment, leadership support, relationship with peers, empowerment, delegation, internal communication, clear division of work, fairness, decentralized decision making, and human resource development are factors that affect employee satisfaction (Ahmad et al., 2012; Ali, 2016; Braimah, 2016).

### ***2.3. Social Exchange Theory: Linking Internal Marketing and Employee Satisfaction***

According to George and Gronroos (1989), IM integrates human resource management with marketing. The concept of exchange is at the heart of marketing science, and it is crucial in the relationship between employees and their employers. As a result, the purpose of IM is to meet the requirements of employees through fostering amicable interactions between employees and businesses. These exchanges are congruent with the goal of human resource management to retain satisfied and loyal employees. Therefore, social exchange theory (SET) is considered the foundation for studies on the link between IM and employee behaviors.

SET is one of the most often used conceptual paradigms in studying workplace behavior. SET focuses on the exchange relationship that develops when one party initiates a measure to benefit another party. The other party responds by paying back in the form of a measure valued in the eyes of the initiator of the process. SET dates back to the 1920s bridging disciplines such as anthropology, social psychology, and sociology (Emerson, 1976). Even though numerous perspectives on social exchange have arisen, theorists agree that social exchange entails a sequence of encounters that result in obligations (Emerson, 1976; Cropanzano & Mitchell, 2005).

From the SET perspective, employees who develop high-quality exchanges with their organizations reciprocate by displaying positive attitudes and behaviors targeted at the organization, including job satisfaction, commitment, organization-directed citizenship behaviors, and staying with the organization for a

more extended period. SET has been adopted in studies on IM to explain the influence of IM elements on employee behaviors. For example, Heskett et al. (1994) introduced an internal marketing model, reflecting a chain of reaction that began with high-quality internal support services and policies and gradually moved through the satisfaction and loyalty of staff to the high service quality resulting in customer satisfaction and loyalty. Studies showed that the ultimate goals to satisfy the customers and to improve the organizational performance could be achieved once employees are satisfied with the internal marketing program (Conduit & Mavondo, 2001; Ismail & Sherif, 2017; Pitt et al., 1999; Rafiq & Ahmed, 2000; Sarker & Ashrafi, 2018; Schultz, 2002).

Implementing IM practices will help to attract and retain talents, motivate employees, and foster the relationship among employees in the company (Nguyen & Nguyen, 2020, Tang et al., 2017). Among IM practices, human resource policies, particularly training and development, play a central role (Dao, 2021) and often help to reduce the turnover rate (López-Cabarcos et al., 2015).

Some studies examine the direct relationship between IM practices and employee job satisfaction (Gounaris, 2008; Kameswari & Rajyalakshmi, 2012; Pelit et al., 2011). Several IM activities that affect employee satisfaction may include skill training and development, job enrichment, leadership support, and peer recognition (Al-Makhadmah, 2015). Furthermore, employee job satisfaction is also influenced by many other IM factors such as salary, autonomy, communication, and organizational commitment.

In the study of the impact of IM factors on job motivation and job satisfaction in retail stores, findings show that working conditions and hours, work environment, superiors' support, and peers' attitudes have a high positive impact on employee satisfaction and work motivation (Kameswari & Rajyalakshmi, 2012). Similarly, a positive relationship between IM activities, including training, recognition, autonomy, communication, and employee satisfaction, has been confirmed in commercial banks in India (Allada & Rajyalakshmi, 2012) and Jordan (Al-Hawary et al., 2013).

Besides, many other studies emphasize that the following IM elements, including equity, service quality, organization's mission, leadership, internal communi-

cation influencing employee satisfaction (Gounaris, 2008), are the key factors to retain talents (Gronroos, 1990).

It is also believed that top management commitment affects the deployment of internal marketing practices. For instance, To et al. (2015) argued that formal internal marketing and informal internal marketing positively related to employees' satisfaction and attitudes. Similarly, Sharifabadi and Bideh (2016) examined the effect of management commitment to internal marketing on employees' satisfaction in the healthcare industry. The results showed no significant relationship between internal marketing and employees' satisfaction.

Recently, Frye et al. (2020) examined the elements of IM, including empowerment, work environment, manager and staff relationship, and payment, on the job satisfaction, commitment, and intention to continue working of the generation Y in the hospitality industry. Their research results showed that IM positively influenced the job satisfaction of generation Y employees in hotels. Particularly, empowerment has the largest impact. A similar study in the hospitality industry of Vietnam by Hang (2019) also confirmed the positive effect of reward on employee satisfaction. Furthermore, Hang (2019) insisted that training activity is essential to satisfy the employees and should be

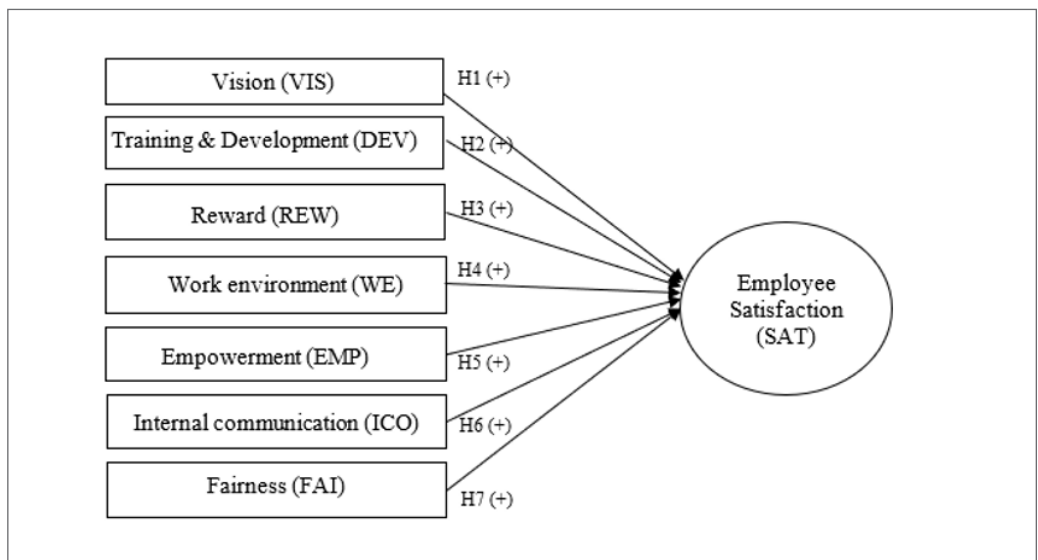
designed for both freshmen and experienced employees of the company.

Fairness in compensation and clear communication of incentive policies also influence the employees' job satisfaction. Based on the survey data of 403 employees working in seafood processing companies in Vietnam, Nguyen and Nguyen (2020) revealed that the compensation system, internal communication, training and development, leadership style, and organizational culture positively affect employees' organizational commitment. Nguyen and Nguyen (2020) suggested that IM tools be regularly innovated to take advantage of IM in retaining competent employees.

**2.4. Research Model and Hypotheses**

From the existing literature review, we adopted and adapted seven elements of IM in our study which are (a) vision; (b) training and development; (c) reward; (d) work environment; (e) empowerment; (f) internal communication; (g) fairness. The research model in this study was presented in Figure 1. As demonstrated in Figure 1, we aimed to examine the impact of IM elements on employee satisfaction. Thus, our hypotheses were formulated and elaborated as follows.

**Figure 1**  
*Research Model*



#### 2.4.1. Vision

Vision is the long-term goal resulting from the strategic formulation process, then is shared with the employees and integrated into the organization's training activities (Foreman & Money, 1995). Therefore, it is considered one of three IM factors (Foreman & Money, 1995).

Some studies have argued that employees are more satisfied when they understand the company's vision and are motivated toward achieving that vision. For example, Ismail & Sherif (2016) confirmed the positive influence of vision on employee satisfaction. Thus, we also hypothesized the positive impact of vision on employee satisfaction in this study as follows:

H1: Vision has a positive impact on employee satisfaction.

#### 2.4.2. Training and Development

Training and development is a term used to describe a company's systematic efforts to help staff develop their technical and behavioral abilities, foster a good attitude, and adapt to various challenging conditions to accomplish their job responsibilities (Huang & Chen, 2013).

The training program is described as a way to release the anxiety of the employees when they lack the necessary skills and knowledge for the job (Sahinidis & Bouris, 2008). Training and development enhance knowledge and skills to ensure the high performance of employees (Ali, 2016; Sahinidis & Bouris, 2008).

Employee training and development can be considered a long-term strategic investment of an enterprise (Foreman & Money, 1995). It can also be part of the IM program that has positively influenced employees' performance and satisfaction (Ismail & Sherif, 2017; Poor et al., 2013) and led to customer satisfaction (Martey, 2014; Long & OweKowang, 2015). Moreover, training and development are also a part of activities that stimulates the improvement of IM and organization's service quality. Nart et al. (2019) confirmed that training as an element of IM was positively related to employees' customer-oriented behaviors as they had genuine emotions when being treated well.

Therefore, we proposed the second hypothesis:

H2: Training and development have a positive impact on employee satisfaction.

#### 2.4.3. Reward

A reward is the benefits, including financial and non-financial ones that employees receive from their job (Govindarajulu & Daily, 2004). The high reward will motivate employees to do a better job and be more committed to the organization (ELSamen & Alshurideh, 2012).

Moreover, if the reward is based on the employee's performance, it will satisfy them and create their commitment and belief in the managers as well as a positive work environment (Huseman & Hatfield, 1990; McMullan & Gilmore, 2008) in a study of internal marketing, also confirmed the positive of reward on job satisfaction. Thus, the third hypothesis is raised in this study:

H3: Reward has a positive impact on employee satisfaction.

#### 2.4.4. Work Environment

In research on the impact of IM on employee turnover, Budhwar et al. (2009) showed that a monotonous job, stressful work environment, unfavorable working conditions, and lack of career development opportunities are associated with the increase of employee turnover rate. On the contrary, good working conditions were positively inter-correlated with job satisfaction in the construction industry (Sang et al., 2009) or banking (Kameswari & Rajyalakshmi, 2012). Moreover, in the healthcare industry, it is discussed that the workplace environment provided nurses with greater access to information, support, and opportunities to learn and grow over time and the experience of higher levels of job satisfaction (Chang & Chang, 2007; Laschinger et al., 2004). Thus, the following hypothesis was proposed:

H4: Work environment has a positive impact on employee satisfaction.

#### 2.4.5. Empowerment

Empowerment is one of the IM factors affecting employee satisfaction (Ahmed & Rafiq, 2003; Ahmed et al., 2003; Ali, 2016). Empowerment is defined as improving self-efficacy and enabling employees to make decisions in daily work situations



(Ali, 2016; Bowen & Lawler III, 2006). Some studies examined the impact of factors on employee satisfaction concluded that empowerment, as well as training, culture, and reward, are positively related to employee satisfaction (Baird & Wang, 2010; Ali, 2016, Kanyurhi & Akonkwa, 2016). The same positive result was also found in an empirical study of Pelit et al. (2011) in Turkish five-star hotels.

Consequently, we also assumed the positive impact of empowerment on employee satisfaction as follows:

H5: Empowerment has a positive impact on employee satisfaction.

#### 2.4.6. Empowerment

Internal communication is defined as a form of communication between members of an organization, including the relationship between managers and managers, managers and employees, employees, and employees (Lovelock & Wright, 2001). Internal communication refers to sharing ideas to contribute to the growth of an organization (Gilmore & Carson, 1995). Internal communication is considered an essential element in creating harmony between employee attitudes and organizational goals (Grönroos, 1990). Internal communication also refers to a company's systematic efforts to share information with employees about the organization's key priorities and communicate all the relevant materials to employees (Huang et al., 2019).

In an organization, if people cannot communicate, there will be no coordination between functions and jobs (Al-Hawary et al., 2013). Therefore, IM is the core means of internal communication. Good internal communication will lead to a high level of employee satisfaction that creates trust, respect, and loyalty of employees, helping the organization to achieve its goals (Lovelock & Wright, 2001). Internal communication is also an essential part of IM that nurtures mutual understanding among organization's members as well as a critical condition to the harmony between the attitude, behaviour, and goals of the organization (Ahmed & Rafiq, 2003; Ahmed et al., 2003), and eventually would lead to employee satisfaction and engagement (Nart et al., 2019).

Thus, the following hypothesis is developed:

H-6: Internal communication has a positive im-

pact on employee satisfaction.

#### 2.4.7. Fairness

Yang and Coates (2010), in their research on internal marketing, have shown that fairness is one of the important factors in building the role of managers. Fairness is shown in the way managers treat employees to perceive equal treatment (Yang & Coates, 2010). Managers need to meet and discuss regularly with employees to listen to their needs, requests, complaints, and recommendations to address their needs equitably (Braimah, 2016; Roberts-Lombard, 2010).

Creating fairness among employees through equal reward with positive interaction and sharing the vision will create employee satisfaction (Awad & Agti, 2011). Consequently, fairness will positively influence employee satisfaction (Braimah, 2016).

Inequity may create poor work results and indifference of employees (Roberts-Lombard, 2010). Therefore, fairness is considered a tool of internal marketing, which will reduce doubts among employees and create a pleasant work environment.

In this study, we propose the seventh hypothesis as follows:

H7: Fairness has a positive impact on employee satisfaction.

## 3. Methodology

### 3.1. Measurement

This study used a questionnaire to collect data from the respondents. The questionnaire had two parts. Part 1 included 40 items of seven IM elements and the measurement scales of employee satisfaction. Part 2 collected respondents' demographic information.

The measurement of this study includes seven factors of internal marketing that are adopted and adapted from previous studies. Two measurements which are vision (5 items) and reward (5 items) were adopted from Ismail and Sheriff (2016), Foreman and Money (1995).

Training and development (5 items), work environment (5 items), empowerment (5 items), internal communication (5 items) were adopted from Ismail and Sheriff (2017), Huang and Chen (2019), Braimah (2016), Kameswari and Rajyalakshmi (2012) and Frye et al. (2020). Fairness with five items is adopted from



Braimah (2016). Last but not least, employee satisfaction (5 items) was developed by Kameswari and Rajyalakshmi (2012), Sang et al. (2009) and Frye et al. (2020), and adapted in this study. Details of the measurements with sample items were presented in the Appendix. The measurement was evaluated using a Likert-five-point scale from 1 = “totally disagree” to 5 = “totally agree”.

In this study, we adopted the measurement scales from previous studies in a various industries which are hospitality, banking, healthcare and retailing. We translated the measurement items into Vietnamese to conduct the survey in telecommunication industry. A slight change was made in terms of language expressions with help of two linguistics experts to make it easier for potential respondents to comprehend. As we adopted the measurements, the initial questionnaire was tested with a small pilot sample of 20 employees in one branch of a telecommunication company in Hanoi. The pilot test showed that the questionnaire was easy to read and understand. Thus, the initial questionnaire remained unchanged. Then the official survey followed.

To avoid the common method bias problem in data collection process, we strictly treated each response with complete confidentiality. Moreover, we use the reverse question items in the questionnaire and mix the measurement items to avoid the careless answers of respondents. The reverse questions will be recoded before the data are put into the SPSS software.

### 3.2. Sampling and Data Collection

The official questionnaire was designed on Google Form and sent to the survey participants working in Vietnamese telecommunication companies. Viettel, VinaPhone and MobiFone are the three largest companies with approximately 79,000 employees in the telecommunication industry. We chose these three companies to study for two reasons. Firstly, these companies are large enough to represent the Vietnamese telecommunication industry as they hold 97% of the total market share (Ministry of Information and Communications, 2020). Secondly, they have branches nationwide and have the impetus for investment in IM to strengthen their competitive advantages.

The top managers of these telecommunication companies approved our research team to conduct the questionnaire survey. Before the survey, the companies' human resource department checked the contents of the ques-

tionnaire and provided the email list of potential participants upon their agreement to take part in the survey. As a result, email address of 3,100 potential respondents was collected from these telecommunication companies. We sent an email to the potential respondents, then received 362 valid responses after three months, reaching the response rate of 11.7%. The respondents are working in branches of selected companies in Hanoi, Da Nang city, and Ho Chi Minh city, which are the three most crowded cities in Vietnam and where most customers are targeted.

In the sample, 56% is male, and 44% is female. The age distribution in the sample is 40% for the group from 30 to 40 years old, 31% for the group from 23 to 30 years old, and 29% for the over 40-year-old group.

### 3.3. Data Analysis Strategy

The reliability and validity of the measurements were examined in SmartPLS 3.0 software. Cronbach's alpha was the criterion for the reliability test. The validity of the measures were evaluated based on the Variance Composite reliability (CR), Variance inflation factor (VIF), and Average variance extracted (AVE). The influence of IM elements on employee satisfaction was assessed using the partial least squares structural equation path modeling (PLS-SEM) technique.

We chose PLS-SEM for analysis for several reasons. Firstly, PLS-SEM enables researchers to estimate complex models with many constructs, indicator variables, and structural paths without imposing distributional assumptions on the data. Secondly, PLS-SEM is a causalpredictive approach to SEM that emphasizes prediction in estimating statistical models, whose structure is designed to provide causal explanations. Third, PLS-SEM is suitable for small sample size. In our study, our sample is very small as the population of employees in the Vietnamese telecommunication industry is over 79,000 while our sample include 362 employees. Thus, PLS-SEM is most suitable for our study.

## 4. Results and discussion

### 4.1. Common Method Bias, Reliability, and Validity Test Results

The reliability test was run, and seven items could not meet the cut-off value, then they were removed from the measurement scales, which are EMP3, FAI2,

SAT3, SAT5, DEV3, WE3, REW1. These items have outer loadings values smaller than 0.4. Thus, 33 items of the measurement instruments were used for further analysis.

Regarding the reliability of the measurements, all

factors have Cronbach's alpha value higher than 0.6, among which the highest factor is internal communication (0.822). This result confirmed the convergence of all factors in the research model. Table 1 showed the details.

**Table 1**  
*Reliability and Validity Analysis Result*

Constructs	Items	VIF	Mean	SD	Cronbach's alpha	CR	AVE
Vision (VIS)	VIS1	1.478	2.887	0.710	0.754	0.836	0.504
	VIS2	1.346					
	VIS3	1.359					
	VIS4	1.390					
	VIS5	1.366					
Training and Development (DEV)	DEV1	1.410	2.887	0.710	0.754	0.836	0.504
	DEV2	1.282					
	DEV4	1.351					
	DEV5	1.349					
Reward (REW)	REW2	1.433	2.993	0.715	0.689	0.811	0.518
	REW3	1.270					
	REW4	1.256					
	REW5	1.348					
Work Environment (WE)	WE1	1.408	3.029	0.690	0.695	0.814	0.523
	WE2	1.190					
	WE4	1.308					
	WE5	1.390					
Empowerment (EMP)	EMP1	1.264	3.219	0.760	0.711	0.821	0.535
	EMP2	1.416					
	EMP4	1.377					
	EMP5	1.300					
Internal Communication (ICO)	ICO1	1.647	3.203	0.824	0.822	0.876	0.585
	ICO2	1.625					
	ICO3	1.585					
	ICO4	1.564					
	ICO5	2.124					
Fairness (FAI)	FAI1	1.369	3.285	0.706	0.717	0.825	0.541
	FAI3	1.298					
	FAI4	1.424					
	FAI5	1.356					
Employee Satisfaction (SAT)	SAT1	1.490	3.044	0.676	0.756	0.860	0.672
Model fit index	SRMR	0.06 (<0.08)					

Note AVE: Average Variance Extracted; CR: Composite Reliability; SD: Standard Deviation; SRMR: Standardized Root Mean Square Residual; VIF: Collinearity Statistics

Table 1 confirmed the good fitness of the structured model with SRMR value of  $0.06 < 0.08$ . Moreover, the CR values were above 0.6, AVE values were above 0.5. Meanwhile, the VIF values of all items were below 5 indicating that the collinearity did not exist. Thus, the convergent validity and discriminant validity of the measurements were good.

Furthermore, it is shown in Table 1 that the mean values of all items are about 3.00, with a standard deviation of approximately 0.7. Among the elements of internal marketing, fairness received the highest evaluation with the mean value of 3.285, followed by empowerment (3.219). The lowest factor is the vision, with a mean value of 2.887. This result implies that the employees did not highly appreciate the vision sharing from managers in their companies.

To check the potential problem of common method bias, we ran Harman's single factor test. All items were subjected to exploratory factor analysis using principal components with varimax rotation. The result showed that the extraction cannot be done. Thus, it is concluded that common method bias did not appear to be a potential problem in this study.

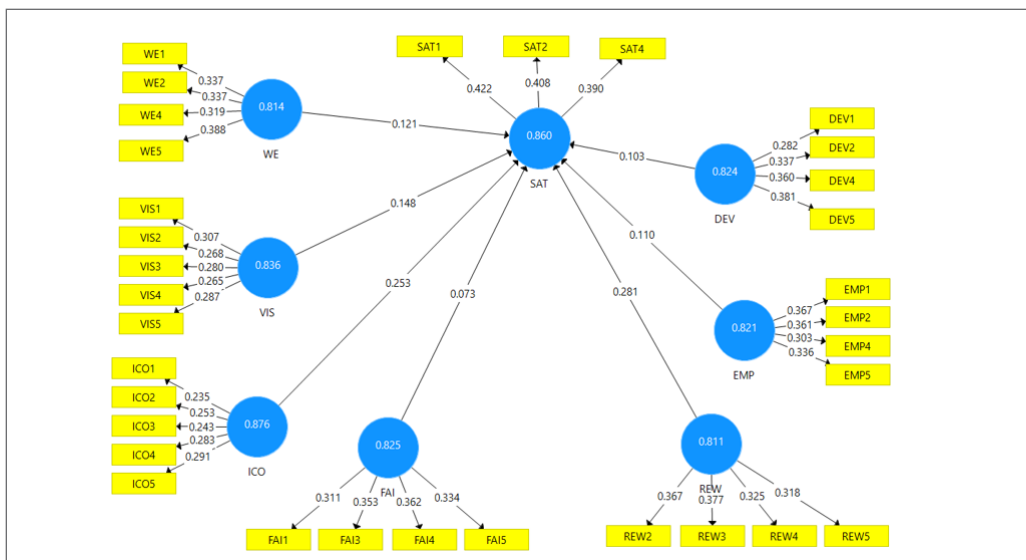
#### 4.2. Structural Equation Modeling Analysis

We ran the PLS-SEM analysis to test the hypotheses in this study. Results were presented in Figure 2 and Table 2.

The PLS-SEM analysis results showed that all items were correlated with other items in the factor and the outer weights ranged from 0.235 to 0.422. Therefore, the structural model met the requirements for further analysis. Table 2 showed the results of hypothesis testing.

The SEM analysis results showed that six out of seven IM elements were proved to have a positive impact on employee satisfaction. Thus, hypotheses from H1 to H6 were accepted. Among the six factors, reward ( $\beta_3 = 0.281$ ) had the strongest impact on employee satisfaction, followed by internal communication ( $\beta_6 = 0.253$ ), vision ( $\beta_1 = 0.148$ ), work environment ( $\beta_4 = 0.121$ ), and empowerment ( $\beta_5 = 0.110$ ). Internal communication was proved to be significantly related to employee satisfaction in the telecommunication industry. This finding is opposite to the result of Narteh (2012) but is similar to the results of some previous studies such as Ahmed and Rafiq (2003), Ali (2016), Martey (2014). The least influential factor in employee satisfaction was

Figure 2  
The PLS-SEM Results



training and development ( $\beta_2 = 0.103$ ). On the contrary, fairness was identified not to have statistical significance on employee satisfaction. Thus, hypothesis H7 was not supported.

This study examined the impact of IM on employee satisfaction in the Vietnamese telecommunication industry. Regression results showed that the elements of IM could explain 56.2. % ( $R^2 = 0.562$ ) of the change in employee satisfaction. These results are in line with other previous studies, including Al-Hawary et al. (2013), Ali (2016), Kameswari and Rajyalakshmi (2012), Sarker & Ashrafi (2018).

The results of this study reflect the current situation of IM practices in the Vietnamese telecommunication industry. Tools of IM were used traditionally from the perspective of human resource management rather than the IM approach. Thus, IM practices are not based on and fail to meet the need of employees in this industry.

## 5. Implications and Limitations

### 5.1. Theoretical Implications

Previous studies about the relationship between IM and employee satisfaction were mainly conducted in Western countries. This study chose a new context for empirical research, which is the telecommunication industry of Vietnam. The re-

search context of Vietnam, a transition economy, might bring new findings to support the existing literature. Thus, this study integrated the IM factors from existing literature into a research model. Then, a collection of measurement instruments with 40 items was adopted and adapted for the empirical test.

We delved into the Vietnamese telecommunication industry to test the validity and reliability of the measurement instruments. Consequently, we removed seven items from the measurements and confirmed the reliability and validity in the new research context. Thus, this study contributed to the existing literature of IM by providing an empirical study in the telecommunication industry which has not yet been mentioned in previous studies.

### 5.2. Practical Implications

The telecommunication industry has always been an important economic sector, laying the foundation for the development of the entire Vietnamese economy. According to the Ministry of Information and Communication, the total revenue of the telecommunication industry in 2020 reached USD 17 billion, of which the revenue from telecommunication services was USD 5.54 billion. The number of employees working in the telecommunication sector in 2020 was 79,943 people. Notably, when CO-

**Table 2**  
*Hypothesis Testing Results*

Hypothesis	Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Value	Conclusion
H1	VIS → SAT	0.148	0.152	0.040	3.681	0.000	Accepted
H2	DEV → SAT	0.103	0.102	0.039	2.645	0.008	Accepted
H3	REW → SAT	0.281	0.283	0.042	6.742	0.000	Accepted
H4	WE → SAT	0.121	0.120	0.043	2.846	0.005	Accepted
H5	EMP → SAT	0.110	0.109	0.040	2.786	0.006	Accepted
H6	ICO v SAT	0.253	0.250	0.045	5.566	0.000	Accepted
H7	FAI → SAT	0.073	0.074	0.037	1.964	0.051	Rejected

VID-19 epidemic is seriously affecting enterprises, the telecommunication industry still maintains revenue in 2021, increasing 2% compared to 2020 and creating a solid infrastructure foundation to support businesses to operate and develop.

The telecommunication industry will continue to play an utmost important role in economic recovery in the post-COVID time. In addition, telecommunication companies are also the best partner of the Vietnamese government in promoting the digital economy (Ministry of Information and Communications, 2021). To perform the task of promoting the digital economy, constantly improving competitiveness and firm performance, Vietnamese telecommunication enterprises need to continue to improve their operations and the quality of customer services. As a result, respecting and satisfying employees to gain their loyalty is considered a sustainable measure to improve the operational efficiency of the industry.

This study found that empowerment is a driver of employee satisfaction in the telecommunication industry. Empowering employees will positively and significantly impact employee satisfaction. This finding is in line with the results of other studies, which suggest that empowerment is a valuable tool to control employee behaviors (Ahmed & Rafiq, 2003; Braimah, 2016; Narteh, 2012). Thus, it is implied that managers should allow employees to innovate and apply their initiatives at work. It has been argued that when employees are delegated to make their own decisions and use initiatives to handle customers' issues, employees will develop a sense of self-fulfillment, making them more committed to their organizations (Braimah, 2016; Narteh, 2012). To foster delegation in telecommunication companies, managers should fully understand the importance of empowerment, trust employees and assign them suitable tasks with tools and resources needed to complete their tasks. Managers should listen to employees, support when they meet difficulties at work. Empowerment is one of the appropriate measures to strengthen the connection between employees and the company that helps the company grow. For example, at Viettel telecommunication company, employee empowerment is considered to be an important method to detect,

select and train future managers. Empowering and giving employees difficult tasks is one way to identify talents. Thus, they boldly empower young staff and are ready to appoint them higher managerial position as soon as they are qualified through a series of challenges.

In addition, companies should improve IM activities by continuously sharing their vision with employees and empowering them. This action will have employees understand the vision and strategic goals of the company thoroughly. Moreover, sharing the company's vision will also inspire employees and direct them toward the good results of the company. Furthermore, it is also critical to authorize employees to do specific tasks and get them involved in decision-making. As a result, employees will perceive that they are respected and motivated to work harder.

The present research results imply that telecommunication companies should develop effective, regular, and transparent internal communication strategies. Companies should foster an open internal communication working environment. In this working environment, the friendly interaction between leaders and employees should be enhanced. Teambuilding activities should be organized. Then through these activities, leaders have more opportunities to be close to the employees and get to know them better. In the Vietnamese telecommunication industry, three leading companies, Viettel, VinaPhone, and MobiFone, are dynamic and innovative in designing internal communication programs. They have a variety of activities to promote communication inside their companies. For example, Viettel and MobiFone have the internal newsletter published monthly. They also organize weekly or monthly leader talks to inspire the employees and counsel them. These companies also organize gameshow and contests for employees to join and refresh after long work hours. Meanwhile, for VNPT company, the top priority is also put on the human resources and creating a happy and sustainable working environment. The company always keeps an active and innovative working environment where employees are encouraged to fully use their potential ability.

Moreover, staff training and development posi-

tively relate to employee satisfaction in this study. This finding coincides with the results of a study by Al-Hawary et al. (2013) and Nart et al. (2019), which confirmed that proper training might stimulate the employees to practice skills and get more knowledge to understand the customers. Therefore, training employees with skills and up-to-date knowledge is critical to enhancing IM practices. Some companies in Vietnam have started to think about investing in training and development (Thang & Quang, 2011; Kang & Na, 2020). Big companies in fast-growing industries in Vietnam have allocated a lot of their money for training such as insurance, banking, real estate, retailing, and telecommunication. They develop specialized training programs to meet the needs of employees and equip them with up-to-date knowledge to fulfill their job positions. At VNPT company, employees are given the opportunity to participate in important projects of the company. The company also organizes training programs that help employees to gain more specialized knowledge and improve their job skills. In addition, career development programs are becoming increasingly popular in telecommunication companies in Vietnam. Companies should also create an open working environment where employees can innovate and show their potential capacity. Consequently, the employees will be more excited to improve their performance and commitment to the company in the long run.

Furthermore, this study showed that the reward system has a significant relationship with employee satisfaction. The reward system is an essential factor in generating employee satisfaction. Therefore, the reward system is an element of IM that has a significant relationship with job satisfaction. Our result is consistent with findings from other studies suggesting that offering competitive salaries and marginal benefits to employees increases organizational satisfaction (Al-Hawary et al., 2013; Ismail & Sheriff, 2017; Kameswari & Rajyalakshmi, 2012). Thus, it is implied in our study that telecommunication companies should design a fair and transparent reward system that employees would perceive the company's proper treatment and eventually be satisfied with their job.

The telecommunication industry is a competitive

market in terms of talents recruitment and retaining in Vietnam. The average annual salary of an employee in this industry is 8.824 USD/person, which is not high (Ministry of Information & Communication, 2021). It is projected that the competition for talents in this industry will be more fierce after COVID-19 is over. In such a context, companies should have a fair and transparent employee performance assessment system to serve as a basis for compensation policies. Thus, we suggest that telecommunication companies build a competitive and attractive reward and incentive system. This system is a key and breakthrough factor to effectively use existing staff and attract potential candidates. Besides, it is necessary to diversify the reward regimes for employees. For example, compensation policies should be changed only when the company has investigated the employees to know what compensations and incentives they need. Companies may be flexible in reward offerings, for example, replacing financial bonuses with the rest and working hours or insurance packages for the employees and their families. Such incentives are essential and would lead to higher engagement and loyalty of employees.

### ***5.3. Limitations and Suggestions for Further Research***

This study has some limitations. The representativeness of the survey sample remains questionable due to the small sample size and potential sources of selection bias. This issue might limit the ability of this study to explain the relationship of IM elements on employee behaviors in the whole population of the Vietnamese telecommunication industry.

In addition, this study assumed the direct relationship between IM elements and employee satisfaction and has not considered any mediating or controlling factors in the research model. So the findings are general and cannot explain the relationship among factors in depth.

For the above-mentioned limitations of this study, we suggest future research should be expanded in terms of sample size and research model with more mediating and controlling factors. In addition, future research may also consider the across-industry approach to have more insight into the relationship between IM and employee behaviors.

## 6. Conclusion

The success of a company cannot be achieved without human resources. Thus, IM practices should be directed toward achieving the company's strategic goals (Nazemetz & Ruch, 2012).

This study confirmed the positive impact of IM practices on employee satisfaction in the telecommunication industry in Vietnam. Furthermore, our research results align with previous studies in both developed and developing countries. Thus, it is suggested that managers use IM as a helpful tool to enhance employee satisfaction and then have satisfied and loyal customers.

The telecommunication industry contributes significantly to economic growth and is a top priority of the Vietnamese economy (Ministry of Information and Communications, 2020). In Vietnam, the telecommunication industry is a labor-intensive service sector, so that the role of the employees is significant. The success of telecommunications companies is distributed to many factors of which employees' effort and satisfaction are two key factors. In addition, each employee plays the role of a company's brand ambassador who helps transmit the brand value and message to the customers.

To sustain their leading position in the economy, telecommunication companies need to implement IM activities to satisfy the employees, retain them in the company, and satisfy the customers. In this regard, managers in the telecommunication industry should design the IM activities from the perspective that treats employees as the most valuable asset and as the critical factor to build the company's competitive advantage. Managers should develop human resource strategies to enhance employee satisfaction based on the attractive remuneration and benefits system and close communication between managers and employees. Managers should also focus on creating an open and dynamic working environment and learning opportunities and empowering employees to stimulate their creativity. These are essential factors to induce employees' satisfaction who are important internal customers of the organization.

By satisfying these "special customers," there will be a chain of actions that increase service quality and external customers' satisfaction. Thus, the

company will have a competitive advantage to outperform other rivals in today's fiercely competitive market.

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## Appendix

### Measurements

Construct	Number of items	Code	Item	Source
Vision (VIS)	5	VIS1	My company offers employees a vision that they can believe in.	Ismail & Sheriff (2016);
		VIS2	My company's vision is well communicated to employees.	Foreman & Money (1995)
		VIS3	My company has a clear vision.	
		VIS4	My company has a binding plan to accomplish the goals.	
		VIS5	My company prepares employees to perform well toward achieving the company's vision.	
Training and Development (DEV)	5	DEV1	My company constantly trains staff.	Ismail & Sheriff (2017);
		DEV2	Skills and knowledge development happens as an ongoing process in my company.	Huang & Chen (2019)
		DEV3	My company encourage staff to train themselves.	
		DEV4	My company ensures training is linked to roles played by staff.	
		DEV5	My company supports me to achieve my career goals.	

*Measurements (Continued)*

<b>Construct</b>	<b>Number of items</b>	<b>Code</b>	<b>Item</b>	<b>Source</b>
Reward (REW)	5	REW1	Our performance measurement and reward systems encourage employees to work together.	Ismail & Sheriff (2016);
		REW2	My company measures and rewards employee performance that contributes most to the company's vision.	Foreman & Money (1995)
		REW3	In my company, those employees who provide excellent service are rewarded for their efforts.	
		REW4	My managers praise me in front of others.	
		REW5	My managers often inform me good outcomes that affect me.	
Work Environment (WE)	5	WE1	My company is flexible to accommodate the various needs of employees.	Kameswari & Rajyalakshmi (2012);
		WE2	The physical working conditions of the job match my expectations.	Frye et al. (2020)
		WE3	My company provides an environment in which I feel safe and secure.	
		WE4	The policies and practices toward employees of my company are good.	
		WE5	My company creates challenges for employees.	
Empowerment (EMP)	5	EMP1	My company encourages me to take initiatives.	Braimah (2016);
		EMP2	My company allows me to make decision on my own.	Frye et al. (2020)
		EMP3	My company gives me the chance to do the kind of work that I do best.	
		EMP4	My company gives me the chance to make use of my best abilities.	
		EMP5	My company allows me to try something different.	
Internal Communication (ICO)	5	ICO1	My company has interactive communication channels.	Braimah (2016);
		ICO2	Employees at all levels understand the direction and key priorities of my company.	Huang & Chen (2019)
		ICO3	My company has an internal communication program for all employees.	
		ICO4	My company communicates clearly and unambiguously with all employees.	
		ICO5	Messages that I receive are aligned with business wide communication.	
Fairness (FAI)	5	FAI1	I am treated fairly in salary issues.	Braimah (2016)
		FAI2	I am treated fairly in promotion issues.	
		FAI3	I am treated fairly in training and development issues.	
		FAI4	I am treated fairly in workload issues	
		FAI5	I am treated fairly in reward, incentives and benefits issues	
Employee Satisfaction (SAT)	5	SAT1	I feel fairly well satisfied with my present job.	Kameswari & Rajyalakshmi, (2012);
		SAT2	I find real enjoyment in work.	
		SAT3	I get a feeling of accomplishment from my job.	Sang et al (2009);
		SAT4	I feel happy at work.	Frye et al. (2020)
		SAT5	I feel motivated to do my job.	