

Impact Of Internal Marketing On Competitive Advantage In The Construction Industry Of Pakistan: The Mediating Role Of Innovation

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Abstract

This study aims to find out the impact of internal marketing on competitive advantage in the construction industry. We build the internal marketing sub-elements of Organizational Learning, compensation, and empowerment by identifying the relationships between internal marketing, innovation, and competitive advantage. The author collected data and verified hypotheses using SPSS and AMOS to achieve the goals. As a result, internal marketing positively impacts innovation and has a direct impact was inconclusive. Innovation does not mediate the relationship and competitive advantage. These findings imply that internal marketing improves competitive advantage as a role of organizational learning. As a result, from a management standpoint, this paper presents practical implications for public and private construction sector managers.

Keywords: Internal marketing, innovation, competitive advantage, and organizational learning are all examples of internal marketing.

Introduction

Any organization, including the construction sector, faces various problems in a rapidly changing competitive environment. One of the crucial problems is how to enhance the competitive advantage (Rafique, Mahmood et al. 2022). That is why organizational leaders and managers work hard to achieve sustainable competitive advantage. One possible solution to this issue is internal marketing, which influences the employee attitude and changes

the service process with new ideas, leading to an advantage in competition (Niyi Anifowose, Ghasemi et al. 2022).

All organizations, including non-profit organizations, focus on their employees to gain a competitive advantage in the market. One of the solutions to this problem is that internal organizational marketing must be prioritized. It isn't easy to help external customers unless the internal inside an organization are satisfied to improve their competitiveness (Huo, Guo et al. 2022). To meet internal customers, job design

and welfare managers in an organizational layout for assisting internal customer needs, and Internal marketing to motivate and generate results while attracting qualified external talent. Internal marketing sub-dimensions, for example, organization's learning, such as Organizational Learning, and rewards, are essential to competitive advantage (Mbatyoti, Daneel et al. 2020).

Meanwhile, internal and external factors generate innovation and creative ideas. As an organizational learning, this paper focused on the internal perspective of the organization. As a result, we proposed that internal marketing is a critical variable in gaining a sustainable competitive advantage. We emphasized internal marketing aspects such as organizational learning and innovation, resulting in competitive advantages in the construction industry. We intend to identify internal marketing in three sub-dimensions (direction, development, and relationship) and the link between internal marketing, innovation, and competitive advantage, making several theoretical and managerial contributions. (Bat Conservation International 2008).

Literature Review

Internal Marketing.

Internal marketing is only done by learning about the leader, who establishes a relationship that determines the course of action, shows goals, and shares information—vision with internal customers. Besides, a leader's learning enhances the organization's ability through precise performance compensation and other positive learning skills. Papadakis et al (2022). Proposed that internal green marketing, As a moderator, influences the relationships between strategic and competitive advantage; as a result, it is a critical factor in achieving a competitive advantage in a fiercely competitive market. Internal marketing, on the other hand,

According to workers' job performance. The study on the relationships between internal marketing factors and technological innovation and perceived service quality in Organizational Learning found that internal marketing factors such as executive support, empowerment, internal Organizational Learning, and education and training were important. Training influence process innovation (Alomari, Eggert et al. 2018).

Furthermore, Internal Organizational learning, training, and education are internal marketing factors that motivate employees toward a service attitude and improved service quality such as reliability. Furthermore, internal marketing positively affects organizational internal and external performance to gain a competitive advantage. Internal marketing is related to job satisfaction, customer orientation, and organizational performance; managers can enhance competitiveness through internal marketing (Mbatyoti, Daneel et al. 2020).

Meanwhile,) provided five internal marketing sub-elements: vision, overall development, Organizational Learning, job training, and reward system. Considering previous studies, we employed three aspects of internal marketing: Organizational Learning, empowerment, and reward (Brucks and von Bayern 2020).

Innovation.

According to the study's purpose, researchers defined innovation differently. Hsieh et al. (2014) defined innovation broadly, including close stakeholders, as improved service offerings processes and service business models". In a narrow meaning of innovation, which is only an organization, innovation is an organization's process of developing a new system or creating new value through integrating human resources and information. As a result, as an organization adopts innovation

by utilizing various information and resources to satisfy customer service desires, customer satisfaction and loyalty increase; in this regard, innovation offers a vital (Garrido-Sanz, Redondo-Nieto et al. 2021).

Competitive advantage.

The term "strategic strategy" refers to "the quality that leads to "success" and the firm's ability to provide superior value to customers who want to meet their needs by offering lower prices than competitors for equivalent benefits or providing unique gifts that are not available elsewhere. Outweigh a higher cost and deliver higher customer value than customers expect. A company's management resources or core competencies must be unique and not shared by a competitor (Qamar and Afzal, 2018). To create a competitive advantage, they must be consistent with the success factors in the industry. Recently, organization diversity is also one of

the elements influencing competitive advantage (Kim, 2018). According to Porter's concept, corporate competitive advantage determines how an organization provides its intrinsic value to customers, which means differentiation from competitors, superior product or service selection, and higher customer value than customers' expectations or competitors. We established hypotheses based on past research. As follows: H1: Internal marketing positively influences innovation. H2: Innovation positively influences competitive advantage. H3: Internal marketing positively influences competitive advantage (Logsdon, Vollger et al. 2020).

Methodology

Conceptual model. This paper investigates the relationships between internal marketing innovation and competitive advantage. The model is shown in Fig 1.

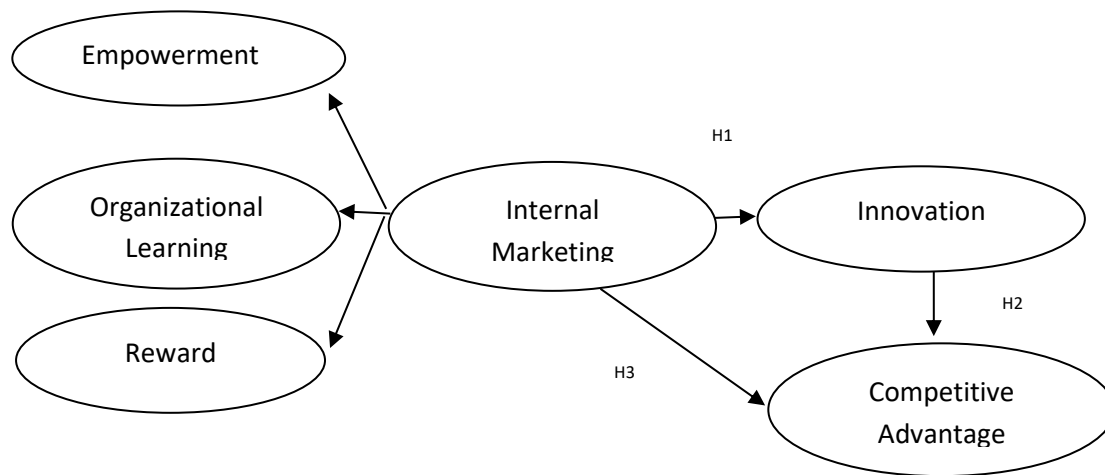


Fig. 1: Conceptual model.

Samples.

A survey of some construction organizations. Data collection was carried out in the Pakistan province of Punjab. When distributing the 220 questions, we use a cross-test and random order items to avoid common method biases. Altogether, we get 214 respondents. We deleted 15 invalid replies and got 199 valid respondents at the end.

4. Results

Result of confirmatory analysis.

Confirmatory factor analysis was done for each component of the construct in this study, and items that restricted a single dimension were deleted. The goodness-of-fit of the model was evaluated to determine the best compositional condition of the commodity higher is preferable), and χ^2 (lower is preferred) is employed, as is the p-value for χ^2 (preferably 0.05 or higher) (Gefen et al., 2001). Furthermore, the reliability of each construct

(Cronbach's α) is more significant than 0.6. The composite reliability of all indicators was above thresholds, above the acceptable level, and the CFA findings are presented in Table 1. The measurement model was analyzed using AMOS 21.0, which was not enough to meet the index's fit quality. The statistical analysis was deemed satisfactory based on the remaining goodness-of-fit index and overall considerations. Each variable has a Cronbach's value of 0.888 or higher, and the CR values are more than 0.932. The dispersion extraction index exceeded 0.719. As a result, dependability and attention validity was assured. As a result, all factor loadings were statistically significant, and reliability was more than 0.7... All constructs' average variation extracted (AVE) values were more than 0.5. Because all indicators fitted, the CFA findings indicated discriminant validity. The CFA model showed an excellent match to the data. Table 1 displays the CFA findings. 1(Mbatyoti, Daneel et al. 2020).

Table. 1: Results of confirmatory factor analyses

Variables	Items	Estimates	SE	T value	Cronbach' α	CR	AVE
Organizational Learning	X1	0.868	-	-	0.934	0.923	0.723
	X2	0.852	0.058	16.132			
	X3	0.815	0.059	15.506			
	X4	0.869	0.072	15.875			

Reward	X6	0.884	0.066	15.76	0.914	0.862	0.748
	X7	0.876	0.063	16.500			
	X8	0.865	0.062	14.464			
	X9	0.839	0.063	15.746			
	X10	0.891	-	-			
Empowerment	X11	0.812	-	-	0.926	0.919	0.739
	X12	0.854	0.054	17.547			
	X13	0.849	0.057	16.496			
	X14	0.844	0.054	18.703			
Service Innovation	X15	0.877	-	-	0.888	0.889	0.727
	X16	0.932	0.067	18.802			
	X17	0.843	0.065	14.967			
Competitive Advantage	X19	0.841	-	-	0.902	0.907	0.766
	X20	0.865	0.058	14.331			
	X21	0.823	0.066	15.371			
$\chi^2/df=275.528(142)$, $p=0.000$, $CMIN/DF=1.940$, $GFI=0.881$, $IFI=0.962$, $TLI=0.954$, $CFI=0.962$, $RMSEA=0.075$							

Note: Significant value at **p=0.05, ***p=0.001

Results of correlations analysis.

Table 2 summarises the findings of the discovered associations. The research confirmed discriminant validity; the square root of the AVE of each factor was more significant than the factor correlation coefficients (off-diagonal elements). As a result, the discriminant

validity of all metrics may be confirmed. In particular, there was a strong association of 0.150 with the incentive. Furthermore, a significant link existed between the incentive system and innovation, as well as between the reward system and competitive advantage, with values of 0.133 and 0.164, respectively. The factor correlation coefficient was significant, as in Table 2 below (Oh 2018).

Table. 2: Results of correlation analysis

	CO	RS	EM	SI	CA
Organizational Learning -	0.848				
Reward system -	0.162*	0.861			
Empowerment -	0.171*	0.388**	0.871		
Innovation -	0.034	0.133	0.256**	0.848	
Competitive - Advantage-	-0.069	-0.172*	-0.200**	-0.199**	0.864

Note: Significant value at **p=0.05, ***p=0.001

Results of path analysis. As shown in Table 3, all hypotheses in the path analysis are supported except for the relationship between innovation and competitive advantage. Internal marketing is positively related to innovation ($\beta=0.681$, $p=0.001$) and competitive advantage ($\beta=-0.662$, $p=0.001$), supporting H1, and H3, respectively.

However, H2 is not supported ($\beta=-0.121$, $p=0.05$). Based on these results, we suggested that IM, which constructs three dimensions of Organizational Learning, reward, and empowerment, influences innovation. Innovation mediates the compelling relationship between internal marketing and competitive advantage (Pepperberg 1988).

Table. 3: Results of path analyses

Hypothesis	Path	Estimates	SE	T-value	p-value	Results
H1	Internal marketing → Service Innovation	0.681	0.069	9.772***	0.000	Supported

H2	Innovation → Competitive Advantage	0.121	0.125	0.787	0.424	Support d
H3	Internal marketing → Competitive Advantage	0.653	0.111	5.871**	0.000	Supported
$\chi^2/df=391497(202)$, $p=0.000$, $CMIN/DF=1.938$, $GFI=0.856$, $IFI=0.952$, $TLI=0.945$, $CFI=0.952$, $RMSEA=0.068$						

Note: Significant value at ** $p=0.05$, *** $p=0.001$

5. Conclusion

This paper examined the three components of internal marketing and the link between internal marketing, innovation, and competitive advantage in the construction sector. According to the findings, internal marketing has a favourable influence on innovation. Furthermore, internal marketing has a direct impact. An organization's competitive advantage comes from managing organizational learning, education and training, remuneration, empowerment, and so forth. As a result, the organization attempted to be transformed by accepting innovation through internal marketing activities such as having a sound organizational learning system with members in the construction sector organization, particularly between leaders and members, shifting empowerment to members, and providing a proper and fair reward system.

This type of internal marketing increases employee happiness and loyalty. As a result, organizational performance improves, and turnover rates fall. Internal marketing is the marketing-based management of a company's human resources. According to their perspective, a business regards its people as internal

customers, the function of organizational learning. We proposed internal marketing as organizational learning positively affects innovation and is the core factor in enhancing the competitive advantage. Creating a sustainable competitive advantage may be a fundamental aim of any company, including public institutions; managers focused on correctly blending these internal marketing sub-dimensions in the context of organizational learning. As a result, from a management standpoint, this research provides practical consequences for public and private construction sector managers. We must examine internal marketing for future studies regarding organizational learning.

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