A Managerial Internal Marketing Strategy Model for Life Insurance Industry in Thailand

Wachirapun Chotechuong\textsuperscript{1} and Kiatichai Vesdapunt\textsuperscript{2}

The objective of this quantitative research was to identify an internal marketing strategy model for managers in the life insurance industry in Thailand. In-depth interviews with senior life insurance executives were conducted to survey factors in successful life insurance companies. A questionnaire was developed for use as a research instrument, and was tested and qualified for content validity and reliability. The sample was composed of 495 life insurance agents of three most successful life insurance companies in Thailand, selected by proportionate stratified random sampling. Data were analyzed using descriptive analysis, confirmatory factor analysis, path analysis and structural equation modeling. The results confirmed that the structural equation model was consistent with the empirical data with all goodness of fit indices satisfying the required criteria: GFI = .971, AGFI = .950, \( \chi^2/df = 1.193 \), P-value = .072 and RMSEA = .020. The findings revealed that leadership behaviors and internal marketing factors jointly predicted 56 percent of agents’ organizational commitment. Internal marketing had significant positive direct impact on agents’ organizational commitment, enhanced positive impact of relation-oriented behaviors and positively mediated negative impact of task-oriented behaviors on agents’ organizational commitment. Committed life insurance agents will provide better services and stay long term with the company.

**Keywords:** task-oriented leadership behavior, relation-oriented leadership behavior, internal marketing, organizational commitment, life insurance agents

Life insurance is an important financial tool to secure long-term saving as well as to provide protection. However, the Thai population did not seriously take advantage of this tool, making the Thailand life insurance industry relative small in scale compared to the size of the country’s economy, with the total life insurance premium as percentage of Thailand's gross domestic product stood at 2.95 percent compared to the average of 4.09 percent for the Asia region (Swiss Re, 2013).

Life insurance agents were the largest distribution channel for the Thailand life insurance industry, represented 58 percent of the total collected premium (Office of Insurance Commission [OIC], 2013), but the satisfaction of the Thai population toward services from life insurance agents was second to that of the commercial bank channel (Tanakornpaisan, 2012). The report on the movement of life insurance agents in 2012 and 2013 showed that only 50 percent of the existing life insurance agents renewed their licenses, the other half were inactive or quitting the career, and among those agents still active, 14 percent transferred from one company to another (OIC, 2013). This was a cause of poor service quality or discontinuity of services to policyholders. Developing committed life insurance agents who would put their best effort to achieving business goals and want to stay long-term with companies was a challenge for the Thailand life insurance industry.

\textsuperscript{1} Doctoral student in Business Administration (Marketing), School of Business Administration, Eastern Asia University, Thailand

\textsuperscript{2} Associate Professor, School of Business Administration, Eastern Asia University, Thailand
Many studies examined the causes of employee outcome and found that organizational commitment (OC) had positive influence on job satisfaction (Emery & Barker, 2007; Ismail, 2012; Washington, 2007), job performance (Chi, Yeh, & Chiou, 2008; Klinsontorn, 2005), and turnover intention (Currivan, 1999; Hsu, 2002). Many studies also examined the effect of leadership behaviors and internal marketing on organizational commitment (Brown, 2003; Chi et al., 2008; Fasola, Adeyemi, & Olowe, 2013; Mancini, 2007). The results confirmed the relationship among the three variables and the impact on employee outcomes. Although there were many studies in the Thailand life insurance context, most of them focused on customers or the buyer side, but only a few studies were found to examine the seller side (Tanakornpaisan, 2012).

This research focused on life insurance agents, or the seller side of the industry, and was conducted to explore the impact of managers’ leadership behaviors and the internal marketing strategy on agents’ organizational commitment. This study had five objectives: 1) to investigate the demographic characteristics of life insurance agents in Thailand, 2) to investigate characteristics of successful life insurance companies in terms of managers’ leadership behaviors, internal marketing factors, and agents' organizational commitment, 3) to analyze the components of latent variables, task-oriented and relation-oriented leadership behaviors, internal marketing factors, and organizational commitment, 4) to analyze the direct and indirect effects of managers’ task-oriented leadership behavior, relation-oriented leadership behavior, and the internal marketing factors on agents' organizational commitment, and finally 5) to find out an internal marketing strategy model for managers in the Thailand life insurance industry.

The results of this study can enhance the organizational commitment (OC) of life insurance agents. Hence, managers in the life insurance industry should develop their leadership behaviors and implement effective internal marketing strategy to enhance OC among their agents, which in turn will improve employees’ job satisfaction, job performance, and intention to stay long term with the company. With committed life insurance agents, the company would be able to improve and continuously provide quality services, and enhance customer satisfaction.

**Leadership Behaviors**

The Researchers primarily characterized leadership under the umbrella of task-oriented or relation-oriented behaviors and used various titles, models, and concepts such as authoritarian, autocratic, directive, and democratic to distinguish between the leadership behaviors (Brown, 2003). While researchers might argue for the distinctiveness of their terminology, it was undeniable that the terms were related to each other. Hemphill (1949) proposed two primary leadership components including initiation of structure and consideration. Seltzer and Bass (1990) linked consideration and initiating structure to transformational leadership and transactional leadership, whereas Bass (1990) also linked relation-oriented and task-oriented leadership behaviors to consideration and initiating structure. Therefore, there were close relationship between task-oriented leadership behaviors and transactional leadership, and between relation-oriented leadership behaviors and transformational leadership.

This study used the terms relation-oriented and task-oriented leadership behaviors to distinguish between various leadership behaviors, for example, transformational and
transactional, and democratic and autocratic. The terms were also more familiar to the life insurance industry and participants.

**Relation-oriented and task-oriented leadership behaviors**

Bass (1985) presented a model of transformational leadership and transactional leadership, which included behaviors that, while distinct, served to complement each other. Transformational (relation-oriented) leadership behaviors were those that instill followers with personal desire to achieve goals whilst transactional (task-oriented) leadership behaviors were those that obtain commitment for the achievement of goals through a promise of rewards or agreed upon exchanges and by taking corrective actions for inadequate performance.

Bass (1985) proposed the concept of transformational (relation-oriented) leadership that leaders focused on relationship and transformed followers with direction of influence, which might have impact on followers’ expansion of needs, changes of self-interest, increased levels of confidence, heightened the value or motivated others to higher level of achievement. Bass and Avolio (1994) proposed five dimensions of transformational (relation-oriented) leadership behaviors including idealized behaviors, idealized attributes, inspirational motivation, intellectual stimulation, and individualized consideration.

Bass and Avolio (1997) believed that all leaders possessed and used both leadership behaviors to varying degrees on a continuum between transactional (task-oriented) and transformational (relation-oriented) characteristics to influence workers. Many studies revealed the influence of task-oriented and relation-oriented leadership behaviors on employees’ organizational commitment (Brown, 2003; Dhammika, Ahmad & Sam, 2013; Emery & Barker, 2007; Fasola et al., 2013). The results were varied. Avolio, Zhu, Koh and Bhatia (2004) revealed positive relationship between transformational (relation-oriented) leadership and organizational commitment, similar to Brown (2003) that concluded greater impact of transformational (relation-oriented) leadership than transactional (task-oriented) leadership on employees’ organizational commitment. In contrast, Sahertian and Soetjipto (2011) found the impact of task-oriented leadership behavior on organizational commitment to be insignificant.

**Internal marketing**

Organizations always used activities to enhance employees’ morale and attitude, and had long been using human resource management (HRM) to motivate employees without the notion of employees as first customer (Rafiq & Ahmed, 1993). Internal marketing (IM) was the management concept of treating employees as customers. They should feel satisfied with their job environment and relationships with other employees as well as with the organization. Therefore, HRM was somehow different from IM in context, although they had something in
The IM concept brought three new aspects to HRM in a firm, firstly viewing the employees as an internal market, to which a company offered products or services as to its external customers; secondly a goal-oriented and coordinated approach of internal efforts and processes for external efficiency of the firm; and thirdly viewing people, functions, and departments as internal customers so that internal services could be provided in the same customer-oriented manner as to external customers (Grönroos, 2000). Ahmed, Rafiq, and Saad (2003) viewed IM as a set of controllable activities that organizations implemented internally to effectively influence employees so that the employees were motivated and performed.

Coric and Vokic (2009) had a different view and classified internal marketing into four groups according to the dominant perspective; viewing internal marketing the same as HRM, as a usage of marketing techniques in an internal marketplace, as a precondition to satisfy external customers, and viewing internal marketing as a source of competitive advantage. Coric and Vokic (2009) concluded that in order to implement internal marketing successfully, HRM and marketing should be in cooperation and working together. HRM offered tools that could be used in internal marketing, such as training, recruiting and career planning, whereas internal marketing provides guidance on how these tools should be used, such as to improve interactive marketing performance through customer-oriented employees.

There was no exclusive list of activities that should belong to internal marketing process, but any activity that had impact on internal relationships, service-mindedness, and customer consciousness of employees could be included (Grönroos, 2000). The following typical internal marketing activities were identified: training, management support, internal communication, human resource management, external communication, technology support, internal service recovery, and market research and market segmentation (Grönroos, 2000). This differed from what Tansuhaj, Randall, and McCullough (1988) addressed in service marketing management, that internal marketing had five structural aspects including recruitment, training, incentives, communication, and keeping employees, with which Collins and Payne (1991) later integrated other factors of marketing, such as advertising and cost.

Many researchers studied the relationship between internal marketing and organizational commitment of employees. Shekary, Moghadam, Adaryany and Moghadam (2012) studied awarding system, supervisor support, empathy, appraisal system, and empowerment as constructs of internal marketing and found that internal marketing had positive direct effect on organizational commitment, which was consistent with a previous study (Abzari, Ghorbani, & Madani, 2011).

This research used the internal marketing activities identified by Grönroos (2000) including training, management support, internal communication, external communication, and technology support, and added performance management, reward and recognition, operations support, and social contribution activity, which were typically in practice among successful life insurance companies in Thailand, as indicators of internal marketing factor.

Organizational commitment

The organizational commitment concept was studied as early as 1960 when Becker (1960, 1964, as cited in Wallace, 1997) introduced the side bets theory, which referred to anything of importance that an employee had invested, such as time, effort or money, which...
would be lost or devalued at some cost to the employee if the individual were to leave the organization (Meyer & Allen, 1984).

Many researchers focused on an individual perspective of either attitudinal commitment or behavioral commitment instead of integrating both perspectives. Meyer and Allen (1991) argued against one-dimensional views and proposed a multidimensional view concluding that behavioral commitment and attitudinal commitment were associated with each other and could not be seen as independent constructs. This approach provided a comprehensive understanding of the employee-organization linkage and became the most widely used model in the organizational commitment study.

Meyer and Allen (1991) created an integrated multidimensional model and hypothesized that organizational commitment consisted of three dimensions reflecting a desire, a need and an obligation to remain within an organization. They labeled these three dimensions as 1) affective commitment, the commitment in which an employee feels affective or emotional attachment to, identification with, involvement in, and enjoyment in the membership in an organization, 2) normative commitment, the commitment in which an employee feels an obligation to stay within and a belief in their responsibility to the organization, and 3) continuance commitment, the commitment based on an employee’s assessment of costs or investment and benefits of staying or leaving the organization, which included tangible and intangible aspects such as specific skills, work friendships, and job security.

**Research Conceptual Framework**

This research was based on the concepts, theories, and related researches in leadership behaviors of Bass (1985, 1990), Brown (2003), and Burns (1978) in internal marketing of Grönroos (2000) and Rafiq and Ahmed (2000), and in organizational commitment of Meyer and Allen (1991, 1997), which led to the development of the research conceptual framework as displayed in figure 1.

![Figure 1. Research Conceptual Framework and Hypotheses.](image-url)
Research Hypotheses

H1: Managers' task-oriented leadership behavior has direct and indirect effects on life insurance agents' organizational commitment, which has the following set of hypotheses;
   H1a: Managers' task-oriented leadership behavior has direct effect on internal marketing.
   H1b: Managers' task-oriented leadership behavior has direct effect on agents' organizational commitment.
   H1c: Managers' task-oriented leadership behavior has indirect effect on agents' organizational commitment through internal marketing.

H2: Managers' relation-oriented leadership behavior has direct and indirect effects on life insurance agents' organizational commitment, which has the following set of hypotheses;
   H2a: Managers' relation-oriented leadership behavior has direct effect on internal marketing.
   H2b: Managers' relation-oriented leadership behavior has direct effect on agents' organizational commitment.
   H2c: Managers' relation-oriented leadership behavior has indirect effect on agents' organizational commitment through internal marketing.

H3: Internal marketing has a direct effect on life insurance agents' organizational commitment.

Method

Participants

The participants for this research were life insurance agents of three most successful life insurance companies in Thailand. Among 24 life insurance companies in Thailand, these three companies owned 52% of market share (OIC, 2013). The 495 participants were selected through a proportionate stratified random sampling and met the minimum requirement of 480 samples or 20 times the number of all variables (Anderson & Gerbring, 1984).

Research instrument

Based on detailed review of relevant theories and concepts, previous researches, and archived data, the conceptual framework was developed. Semi-structured in-depth interview technique was used with experts in the industry to gain knowledge and insight in the study areas, which was used to formulate and construct the questionnaires. The following section describes the instrument for each of the variables in the study.

Task-oriented Leadership Behavior (TOLB) This construct questionnaire was based on the three characteristics of transactional (task-oriented) leadership by Antonakis, Avolio and Sivasubramaniam (2003). The measure was created and consisted of 9 items on a 5 point Likert scale.

Relation-oriented Leadership Behavior (ROLB) This was measured by 15 items on a 5 point Likert scale, and based on the five constructs of transformational (relation-oriented) leadership by Bass and Avolio (1994).
**Internal Marketing (IM)** The instrument was adapted from the study of Grönroos (2000) and was integrated with the findings from the content analysis of the in-depth interviews to develop a measure of internal marketing. The measure consisted of 36 items that measured 9 activities making up the construct of internal marketing.

**Organizational Commitment (OC)** The 15 items were adapted from the measure of organizational commitment by Meyer and Allen (1990).

The questionnaire was tested for content validity and reliability using Item Objective Congruence technique and Cronbach’s Alpha Coefficient respectively. All 83 items in the revised version had IOC higher than 0.6, which confirmed the content validity of the research instrument, and had Cronbach’s Alpha Coefficient higher than 0.8 to reflect good internal consistency and reliability (Vanichbuncha, 2013) as shown in table 1.

Table 1

<table>
<thead>
<tr>
<th></th>
<th>Demographic</th>
<th>IM</th>
<th>TOLB</th>
<th>ROLB</th>
<th>OC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of items</td>
<td>8</td>
<td>36</td>
<td>9</td>
<td>15</td>
<td>15</td>
<td>83</td>
</tr>
<tr>
<td>Cronbach’s alpha (R)</td>
<td>-</td>
<td>0.867</td>
<td>0.806</td>
<td>0.980</td>
<td>0.924</td>
<td>0.958</td>
</tr>
</tbody>
</table>

Data collection and Analysis

Data collection was done during October 2013-March 2014. One thousand (1,000) questionnaires were distributed to the targeted three companies in proportion to the size of their market share. The total number of returned questionnaires was 528, or 52.8 percent. Thirty-three (33) questionnaires were invalid and screened out, making total of 495 samples for data analysis. The statistics for data analysis included descriptive analysis, confirmatory factor analysis, path analysis, and structural equation modeling.

Results

This section discusses the results of the finding, and is presented in five parts to match the objectives of the study.

**Part 1: Demographic characteristics of the participants**

The majority of the samples were female (70 percent), married (52 percent), between 30 and 49 years of age (59 percent), holders of a bachelors degree or higher (73 percent), working full time with no other job (57 percent), and had been in the life insurance business and with their current company for more than 5 years (59 percent and 58 percent respectively).

**Part 2: Characteristics of successful life insurance company**

Managers of life insurance agents were more perceived with relation-oriented than task-oriented leadership behaviors. The mean scores of both relation-oriented (M = 3.84) and task-
oriented leadership behavior (M = 3.61) were high. Internal marketing was perceived at a high level with the mean score of 3.77. The samples reported high levels of organizational commitment (M = 4.04). The mean scores and standard deviation of each construct are shown in table 2.

Part 3: Results of confirmatory factor analysis

As also shown in table 2, the results of confirmatory factor analysis confirmed that task-oriented leadership behavior consisted of 3 constructs including contingent reward (β = 0.92), active management by exception (β = 0.90), and passive management by exception (β = 0.70). Relation-oriented leadership behavior consisted of 5 constructs including idealized influence/attribute (β = 0.96), idealized influence/behavior (β = 0.95), inspirational motivation (β = 0.95), intellectual stimulation (β = 0.95), and individualized consideration (β = 0.91). Internal marketing consisted of 9 constructs including management support (β = 0.83), training (β = 0.80), reward and recognition (β = 0.78), performance management (β = 0.96), internal communication (β = 0.82), external communication (β = 0.68), operations support (β = 0.78), technology support (β = 0.74), and social contribution (β = 0.68). Organizational commitment consisted of 3 constructs including affective commitment (β = 1.00), normative commitment (β = 0.91), and continuance commitment (β = 0.88).

Table 2

Means, Standard Deviations, and Beta of Constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>SD</th>
<th>β</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task-oriented leadership behavior (TOLB)</td>
<td>3.61</td>
<td>0.64</td>
<td>0.92</td>
</tr>
<tr>
<td>Contingent reward (CR)</td>
<td>3.64</td>
<td>0.77</td>
<td>0.90**</td>
</tr>
<tr>
<td>Active management by exception (AME)</td>
<td>3.61</td>
<td>0.84</td>
<td>0.70**</td>
</tr>
<tr>
<td>Passive management by exception (PME)</td>
<td>3.57</td>
<td>0.68</td>
<td></td>
</tr>
<tr>
<td>Relation-oriented leadership behavior (ROLB)</td>
<td>3.84</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>Idealized influence/attribute (IIA)</td>
<td>3.93</td>
<td>0.76</td>
<td>0.96</td>
</tr>
<tr>
<td>Idealized influence/behavior (IIB)</td>
<td>3.89</td>
<td>0.79</td>
<td>0.95**</td>
</tr>
<tr>
<td>Inspirational motivation (IM)</td>
<td>3.90</td>
<td>0.83</td>
<td>0.95**</td>
</tr>
<tr>
<td>Intellectual stimulation (IS)</td>
<td>3.76</td>
<td>0.85</td>
<td>0.95**</td>
</tr>
<tr>
<td>Individualized consideration (IDC)</td>
<td>3.72</td>
<td>0.86</td>
<td>0.91**</td>
</tr>
<tr>
<td>Internal marketing (IM)</td>
<td>3.77</td>
<td>0.51</td>
<td></td>
</tr>
<tr>
<td>Management support (MS)</td>
<td>3.64</td>
<td>0.72</td>
<td>0.83</td>
</tr>
<tr>
<td>Training (TR)</td>
<td>3.82</td>
<td>0.67</td>
<td>0.80**</td>
</tr>
<tr>
<td>Reward and recognition (REW)</td>
<td>3.72</td>
<td>0.68</td>
<td>0.78**</td>
</tr>
<tr>
<td>Performance management (PM)</td>
<td>3.80</td>
<td>0.60</td>
<td>0.96**</td>
</tr>
<tr>
<td>Internal communication (IC)</td>
<td>3.80</td>
<td>0.62</td>
<td>0.82**</td>
</tr>
<tr>
<td>External communication (EC)</td>
<td>3.87</td>
<td>0.71</td>
<td>0.68**</td>
</tr>
<tr>
<td>Operations support (OPS)</td>
<td>3.61</td>
<td>0.73</td>
<td>0.78**</td>
</tr>
<tr>
<td>Technology support (ITS)</td>
<td>3.85</td>
<td>0.63</td>
<td>0.74**</td>
</tr>
<tr>
<td>Social contribution (CSR)</td>
<td>3.83</td>
<td>0.69</td>
<td>0.68**</td>
</tr>
<tr>
<td>Organizational commitment (OC)</td>
<td>4.04</td>
<td>0.57</td>
<td></td>
</tr>
<tr>
<td>Affective commitment (AC)</td>
<td>4.11</td>
<td>0.63</td>
<td>1.00</td>
</tr>
<tr>
<td>Normative commitment (NC)</td>
<td>4.08</td>
<td>0.64</td>
<td>0.91**</td>
</tr>
<tr>
<td>Continuance commitment (CC)</td>
<td>3.92</td>
<td>0.73</td>
<td>0.88**</td>
</tr>
</tbody>
</table>

Note: ** p < 0.01.
Part 4: Results of path analysis (hypothesis testing)

The 7 hypotheses were tested using path analysis and the results are shown in table 3 and table 4.

Table 3

Result of the Path Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Internal Marketing Factors (IMF)</th>
<th>Organizational Commitment (OC)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TE</td>
<td>DE</td>
</tr>
<tr>
<td>Task-oriented leadership behavior (TOLB)</td>
<td>.436**</td>
<td>.436**</td>
</tr>
<tr>
<td>Relation-oriented leadership behavior (ROLB)</td>
<td>.145**</td>
<td>.145**</td>
</tr>
<tr>
<td>Internal marketing factors (IMF)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Note. **p < 0.01, TE = Total Effect, DE = Direct Effect, IE = Indirect Effect, \( \chi^2 = 145.526, df = 122, \chi^2/df = 1.193, P = .072, GFI = .971, AGFI = .950, RMR = .019, RMSEA = .020. 

H1a: The findings indicated that task-oriented leadership behavior had significant positive direct effect on internal marketing (\( \beta = 0.436, p < 0.01 \)). This means that respondents who reported their managers with high task-oriented behaviors perceived high use of internal marketing. The strength of the relationship between task-oriented behavior and internal marketing was moderate.

H1b: The findings indicated that task-oriented leadership behavior had significant negative direct effect on the organizational commitment (\( \beta = -0.284, p < 0.01 \)). This means that respondents who reported their managers with high task-oriented behaviors had low organizational commitment. The strength of the relationship between managers’ task-oriented behavior and agents’ organizational commitment was low.

H1c: The findings indicated that the negative effect of task-oriented leadership behavior on organizational commitment was significantly reduced and turned to positive when internal marketing was added. The strength of indirect effect of task-oriented behavior on organizational commitment through internal marketing was moderate (\( \beta = 0.320, p < 0.01 \)).

H2a: The findings indicated that relation-oriented leadership behavior had significant direct effect on internal marketing (\( \beta = 0.145, p < 0.01 \)). This means that respondents who reported their managers with high relation-oriented leadership behavior also perceived high use of internal marketing. The strength of the relationship between relation-oriented behavior and internal marketing was low.

H2b: The findings indicated that relation-oriented behavior had significant direct effect on organizational commitment (\( \beta = 0.301, p < 0.01 \)). This means that respondents who reported their managers with high relation-oriented leadership behaviors had high organizational commitment. The strength of the relationship between managers’ relation-oriented behavior and agents’ organizational commitment was moderate.
H2c: The findings indicated that the effect of relation-oriented leadership behavior on organizational commitment was slightly increased when internal marketing was added. The strength of the indirect effect of relation-oriented leadership behavior on organizational commitment through internal marketing was low ($\beta = 0.106, p < 0.01$).

H3: The findings indicated that internal marketing factors had significant direct effect on organizational commitment ($\beta = 0.735, p < 0.01$). This means that respondents who perceived high use of internal marketing had high organizational commitment. The strength of the relationship between the internal marketing and organizational commitment was high.

Table 4

Summary of the Hypothesis Testing Result

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Accepted</th>
<th>Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: Task-oriented leadership behavior had direct effect on internal marketing</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>H1b: Task-oriented leadership behavior had direct effect on organizational commitment</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>H1c: Task-oriented leadership behavior had indirect effect on organizational commitment through internal marketing</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>H2a: Relation-oriented leadership behavior had direct effect on internal marketing</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>H2b: Relation-oriented leadership behavior had direct effect on organizational commitment</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>H2c: Relation-oriented leadership behavior had indirect effect on organizational commitment through internal marketing</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>H3: Internal marketing had direct effect on organizational commitment</td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>

Part 5: Result of the structural equation modeling (SEM)

To achieve the fifth objective, structural equation modeling was used. All fit indices of the structural model met required criteria as shown in table 5 and indicated good fit.

As shown in figure 2, all path coefficients were significant at 0.01. The result corresponded to theory and previous research results, relation-oriented leadership behavior had significant positive effect on organizational commitment and had greater impact than task-oriented leadership behavior, and internal marketing mediated the effect of both task-oriented and relation-oriented leadership behaviors on organizational commitment. As the mediator in the model, internal marketing had a significant direct effect on organizational commitment (standardized effect = 0.73) and received significant effects from task-oriented leadership behavior (standardized effect = 0.44) and from relation-oriented leadership behavior (standardized effect = 0.14). The task-oriented and relation-oriented leadership behavior also had significant indirect effect on the organizational commitment (standardized effects = 0.32 and 0.11 respectively). The model predicted 56 percent of organizational commitment of life insurance agents ($R^2 = 0.56$).
Table 5

Goodness-of-Fit Criteria

<table>
<thead>
<tr>
<th>Goodness-of-Fit Measures</th>
<th>Result</th>
<th>Criteria</th>
<th>Reference</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>145.526</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>122</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P-Value</td>
<td>.072</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMIN/df</td>
<td>1.193</td>
<td>≤ 2.00</td>
<td>Vanichbuncha (2013)</td>
<td>Good Fit</td>
</tr>
<tr>
<td>GFI</td>
<td>0.971</td>
<td>≥ 0.95</td>
<td>Hair et al. (2006)</td>
<td>Good Fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.950</td>
<td>≥ 0.90</td>
<td>Hair et al. (2006)</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMR</td>
<td>0.019</td>
<td>&lt; 0.08</td>
<td>Schumacker and Lomax (2004)</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.020</td>
<td>&lt; 0.05</td>
<td>Schumacker and Lomax (2004)</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Hoelter’s CN</td>
<td>506</td>
<td>&gt; 200</td>
<td>Vanichbuncha (2013)</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

Note. Chi-Square = 145.526, df = 122, P = 0.072, GFI = 0.971, AGFI = 0.950, RMR = 0.019, RMEA = 0.020, **p < 0.01.

Figure 2. The measurement and structural model.

Discussion and Conclusion

The findings of this study revealed that perceived leadership behaviors, both task-oriented and relation-oriented, had direct influence on internal marketing and organizational
commitment of life insurance agents in Thailand. This finding was similar to what Chi et al. (2008) concluded in the study that relation-oriented (transformational) leadership had positive relationship with internal marketing and organizational commitment of insurance salesperson in Taiwan. While there was lack of academic evidence on the relationship of task-oriented leadership and internal marketing, in-depth interviews with six senior life insurance executives were conducted to confirm the result. All informants (100 percent) supported this notion, adding that most managers used internal marketing to reconcile the obvious negative effect that task-oriented behaviors had of their agents.

Task-oriented leadership behavior had negative direct influence on organizational commitment of the life insurance agents, which was congruent with Emery and Barker (2007) and Ojokuku, Odetayo, and Sajuyigbe (2012), who found negative relationship between task-oriented behavior and two aspects of organizational commitment including affective and continuance commitment. The finding was opposed to Dhammika et al. (2013), and Sahertian and Soetjipto (2011), who found significant positive relationship between task-oriented behaviors and organizational commitment of employees in public sector organizations in Sri Lanka and in Nigerian banks respectively. Relation-oriented behaviors were found to have significant positive influence on organizational commitment which was congruent with other studies, e.g. Fasola et al. (2013), and Chi et al. (2008), that found an increase in relation-oriented behaviors improved organizational commitment of employees. In Thai culture, which is more relationship-focused, being solely task-oriented might be perceived as being aggressive. Balancing the focus between task and relationship could be the right approach.

Internal marketing had positive direct influence on organizational commitment and positively mediated the influence of managers’ task-oriented and relation-oriented leadership behaviors on organizational commitment of life insurance agents. The finding was congruent with Abzari et al. (2011) and Shekary et al. (2012) who studied internal marketing factors including awarding system, supervisor support, empathy, appraisal system, and empowerment, and concluded that internal marketing had positive direct influence on organizational commitment of bank employees. Chi et al. (2008) also found in their studies that internal marketing factors positively mediated the influence of relation-oriented behaviors on salespersons' organizational commitment. Therefore managers should take advantage of available internal marketing tools to reduce the negative impact of task-oriented behaviors and to enhance the positive effect of relation-oriented behaviors on agent's organizational commitment.

This study explored the internal marketing strategy for managers in the life insurance industry in Thailand and found that internal marketing had strong positive effect on organizational commitment of life insurance agents and positively mediated the effect of managers’ task-oriented and relation-oriented leadership behaviors. The findings were congruent with the concept of Grönroos (2000) and Rafiq and Ahmed (1993). This study revealed that among the studied internal marketing tools, management support, performance management, and internal communication were the most important internal marketing strategies followed by technology support, operations support, training, reward, and recognition, social contribution, and lastly external communication. Therefore this study proposed the internal marketing strategy model for managers in the life insurance industry as shown in figure 3.
Figure 3. Internal marketing strategy model for managers in Thailand life insurance industry.

**Recommendations**

Life insurance agents are more committed to the organization when the managers apply appropriate leadership behaviors through effective internal marketing strategy. Therefore, managers should focus on development of their leadership behaviors and take advantage of internal marketing tools available in their respective companies to enhance organizational commitment of their agents. The management of life insurance companies should also prioritize internal marketing strategy by order of importance to maximize impact on agents’ organizational commitment.

The proposed model suggests that managers should be able to apply both leadership behaviors. Knowing when, to whom, and in what situation to apply which leadership behavior can positively impact agents’ organizational commitment and should be studied further. In situations where managers are required to be more task-oriented, it is recommended that they utilize the internal marketing tools provided by the company. When relation-oriented behavior is required, it can be either applied directly or through internal marketing tools, as internal marketing will slightly add positive impact to enhance organizational commitment of the agents.

Management support and performance management are the most important tools in internal marketing. Organization structure could be a barrier in giving direct management support to the agents. Therefore, supporting roles should be clearly delegated to lower managerial staff. To perform management support roles, managers should be equipped with the right attitude, and necessary skills, i.e., effective communication, problem solving and decision making at a certain authority. The company should also periodically organize company events that allow the management of the company to meet and communicate directly to the agents. Alternatively, internal communication channels should be strengthened.
or established. A performance management system requires that managers help agents set performance goals and monitor their performance. It corresponds very well with task-oriented leadership behavior and could reduce the negative effect of task-oriented leadership behavior on agents’ organizational commitment. A performance management system should be embedded in the manager’s role. Other internal marketing tools could not be neglected since they support each other and should be applied when resources are available.

References


