



**INVESTIGATION OF THE MEDIATING ROLE OF MARKET  
ORIENTATION ON THE IMPACT OF ORGANIZATIONAL  
PERFORMANCE ON INTERNAL MARKETING OF DEPARTMENT OF  
SPORT AND YOUTH KHUZESTAN PROVINCE, IRAN**

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**Abstract:**

Today, organizations in a dynamic environment, ambiguous and changing are active and need to gain a sustainable competitive advantage. This study aimed to investigate the mediating role of market orientation on the impact of organizational performance on internal marketing of department of sport and youth Khuzestan province. This study is correlational and applied. The study population consisted of 313 members of the General Administration of Sport and Youth Khuzestan province. 200 people randomly, were selected for the sample. Standard Instrument Research of Awwad & Agti (2011) was used. Its validity was confirmed by experienced teachers. Cronbach's alpha values for internal marketing variables 0.848, organizational performance 0.940, and orientation 0.939 were measured. Descriptive statistical methods to describe the demographic data and inferential statistics were used to analyze the data; Correlation and structural equation modeling techniques were used. All statistical procedures were performed under application of SPSS and Amos 18. The results showed: internal marketing directly and by mediating of market orientation has a significant positive impact on organizational performance. Market orientation directly has a positive and meaningful impact on organizational performance. These results represent a continuum

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in the organization therefore the organization is managed according to internal marketing, optimize its market orientation and in this way Improve agency performance is guaranteed. The model presented in this study in order to gain competitive advantage in the organization will be able to improve the organization's performance in the lead.

**Keywords:** market orientation, internal marketing, organizational performance

## 1. Introduction

In today's service economy, the organizations need to gain a sustainable competitive advantage to ensure their competitiveness. Competitive advantage is based on intangible assets such as human capital (Bellou V., Andronikidis A, 2008). Behaviors, interactions, and relationships that made between customers and employees are the most important driver of competitive advantage in the service organizations. In general, the service staff facilitates marketing concept implementation services through their interactions with customers (Bouranta N., Mavridoglous, 2005, p, 350). A concept that focuses on the staff and their satisfaction or in other words, uses marketing perspective to manage human resources, is called "internal marketing" (Blue and Androvnikdis, 2008). The common perspective among the experts of internal marketing is that the satisfaction of employee services to offer quality services is necessary. As a result, employees become the focus center of internal marketing activities (Lings, I. N., Greenley, G. E, 2010).

In today's competitive world the increasing importance of the service sector has created the growing changes in the competitiveness and responsiveness of customer needs. Interrelationship and increase the forces and determining factors in the market, the presence of numerous powerful competitors also the constant and continuous changes in customer preferences and increasing the level of their expectations have faced the service companies with the risks and deep conceptual challenges. Market orientation is done to overcome these challenges. Because on the one hand, focusing on gathering information about the needs and desires of customers and the capabilities of competitors and on the other hand, by applying and use of resources and the integrity of the internal parts of the organization to create the most value to the consumer (Awwad M. A., Agti A. M, 2011)

More than four decades, the theorist of marketing sector are strongly advocating that having a marketing strategy, is the competitive advantage for accessing to goals

such as customer satisfaction and attract their loyalty. Organizations with a focus on market orientation focused heavily on the foreign market, they respond to the current needs well. In real terms, this means that the organizations must attract the customer put the customer at the center of their activities and foremost to maintain and happy them. The focus on external customers should be in balance with a focus on internal customers. Researchers in the field of human resource management more focus on the importance of taking precedence of employees and know it as a way to gain a sustainable competitive advantage (Bansal, Harvir S. Morris B. Mendelson, 2001).

Market orientation considered not only in the external of the organization and internal markets of a country, but also in the international markets are taken into consideration (Lings, I. N, 2004). Market orientation is considered as a strategic approach that could be improved organizational performance. According to Narver, J. C., & Slater, S. F market orientation is the basic factor of management and the strategy of modern marketing and a business that increases its market orientation, its performance will be improved (Sarmad and speed and Jamshidian, 2013).

Organizational performance is one of the most important discussing elements in the management studies and without a doubt considered as the most important measure of success in businesses (Abzari et al, 2009). Evaluation of the organization's performance has been highly taken into account, especially in sports organizations and in several studies while evaluating the performance of the organization, its influencing factors are also taken into consideration. Meanwhile on of the effective factors on organizational performance especially in the service organizations that can lead to improving the quality of services to create a constant competitive advantage is a tendency to internal marketing (Ramazani, 2012). Today by introducing this idea and the concept of internal marketing, the importance and determinant role of organization's internal customers (employees) in the program's success and the realization of organizational performance has become increasingly clear.

Many authors believe that internal marketing has an impact on organizational performance and so far a lot of researchers in relation to the impact of internal marketing and market orientation on the performance of service organizations, including banks, industries, hotels... have been carried out among them we can refer to [Kanyurhi Akonkwa \(2016\)](#), [\(Vega-Vazquez; Francisco J.; Cossio-Silva; David Martin-Ruiz;\) \(2012\)](#). Also, the impact of other predictors of organizational performance in sports organizations has been examined, including the studies of Abbasi et al (2015) and Khanmoradi et al (2015).

But in sports organizations, less attention to this issue has taken. Given that the sports organizations, especially departments of sport and youth of the provinces play important role in the development of the public and championship sport, implementation of internal marketing equipped the organizations with the competencies and capabilities that while taking advantage of environmental opportunities (marketing), improves their performance. Therefore, in this study, we investigate the direct impact of internal marketing and the internal performance (staff satisfaction) and external (service quality and customer satisfaction) and the mediation role of market orientation, as well as direct marketing orientation impact on the organizational performance of Sport and Youth of Khuzestan province.

## **2. A review of the literature and background of the study**

### **2.1 Internal marketing and market orientation**

Banta and his colleagues concluded that the internal marketing and its components have a positive effect on market orientation in the bank. The investigations of Azari and colleagues (2009) showed that internal marketing has a significant impact on market orientation in the hospitality industry. Borana and colleagues also noted that to satisfy bank customers the qualified staff should be considered as the forefront marketers and knew the key competencies in this area as internal marketing.

Lam, S. K., Kraus, F., & Ahearne, M (2010) believe that market orientation is as a concept of foreign marketing that means as for identifying and satisfy customer needs more efficiently than rivals. Bouranta N. Mavridoglou (2005) showed that internal marketing has a large positive impact on market orientation; also, the components of internal marketing have a large positive effect on customer orientation and the other market orientation components. Another study showed that the implementation of the concept of internal marketing, among bank staff has a positive effect on market orientation.

Vegavazkoezo et al (2012) confirms that market orientation has a positive effect on the business performance of new products. The evidence in this study suggests that a firm that is trying to understand the customer's requirements and its competitors, then coordinating the activities of all of its units with these conditions and with the aim of creating a greater value will have a considerable success in improving business performance and obtain sustain competitive advantage.

Kaniori Akonkwa (2016) in a research entitled as "organizational performance in microfinance institutions" suggested that there is a significant positive relationship

between internal marketing and perceived organizational performance. Alshorideh et al (2015) in a research entitled as “the effect of internal marketing on organizational citizenship behavior; case study: employees of the University of Jordan” showed that there is a positive relationship between the dimensions of the domestic market. Uae and Sharin (2014) in a research found that; probably the use of internal marketing in the organizational strategy creates a strong corporate culture.

### 3. Material and Methods

This study is an applied research and in terms of data collection is a descriptive survey. The strategy of the present study is correlation and based on the structural equation. In this study, the statistical population included all employees of the General Administration of Sport and Youth of Khuzestan province, with 313 persons. The sample size using Morgan's sampling table 200 patients were selected that this number is greater than the suggested number of Morgan table.

Anderson and Gerbing (1988) recommended that a sample of 150 specimens is suitable for the estimation of parameters with small errors of estimation. According to Hire, Black, Robin, Anderson and Tatami (2006), structural equation modeling, needs on a sample of approximately 100 to 200 members. With regard to this description, in the current study, the number of samples matches with all the mentioned theories. Random sampling method was used to select samples. And based on the number of managers, the specialists and employees in the entire personnel of the company, in selecting a sample of 200 this balance was observed in order that the selected sample based on job levels introduce the personnel of the company. In the researchers of Oad and Oghati (2011), and Tortosa, Migueil, and Sencher (2009) and Sarmad Saeedi and Jamshidian (2013), the research tool was a standard questionnaire. Therefore, it is in a good situation in terms of content validity. However, to assess the content validity, the questionnaire was confirmed by a number of experienced teachers. The reliability of research tool was done using Cronbach's alpha coefficient.

**Table 1:** Cronbach alpha of research variables

Variable	Cronbach alpha
Internal marketing	0.848
The performance of organization	0.940
Market orientation	0.939

The results of Cronbach's alpha coefficients show that the coefficients of Cronbach's alpha of the variables are higher than 0.8, that indicating the good reliability of a research tool. Descriptive statistical methods were used to describe the demographic data and inferential statistical tests, including Pearson correlation and Cronbach's alpha was used for data analysis. In this study, the structural equation model was used to explain relationship and testing hypotheses and the standards of Goodness of Fit statistics. It is noteworthy that all statistical methods were done using Amos<sup>21</sup> were Spss<sup>18</sup> software. The data was summarized with frequency (percentage) for qualitative variables. The normality of data distribution is a default for test selection which was studied and confirmed by Kolmogorov-Smirnov test and descriptive evidence (the value of tilt indicator smaller than 1.5 and the value of elongation index smaller than 2). For data analysis, software SPSS version 21 was used. The AMOS software version 18 was used for modeling and identification of criteria for goodness of fit. Data analysis was done with 0.05 significance level.

#### 4. Results

According to the observed results the largest age group among respondents aged between 20 to 39. The vast majority of them had a university education and had more than 5 years employment history. In the first stage, before testing hypotheses with calculation the Pearson correlation coefficient, presence or absence of a significant relationship between variables was investigated. Then, using structural equation modeling and using AMOS software, the proposed model examined in terms of fit indices. The correlation matrix of variables illuminates the relationship between the two variables ( $\alpha=0.01$ ).

**Table 2:** Two-way correlation matrix of research variables

Factors	Performance	Internal marketing	Market orientation
Performance	1		
Internal marketing	0.39	1	
Market orientation	0.24	0.63	1

Given the positive correlation between variables, it can be said that the direction change of all variables are in line with each other and is positive. In the next stage, using AMOS software the proposed model was tested. To investigate the hypothesis the following general model must be fitted with:

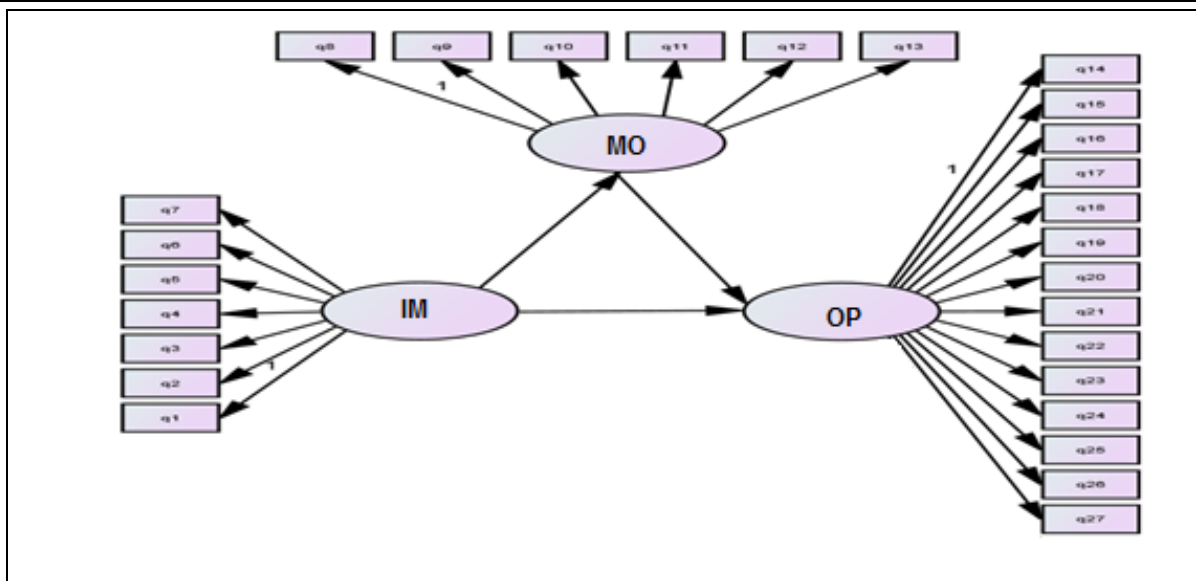


Figure 1: The general model of path

In the following table, the fitness indexes of the model are provided, as it can be seen model has a good fitness:

Table 3: The fitness indexes of structural model

CFI	NNFI	IFI	RFI	NFI	RMSEA (95% CI)	AGFI	GFI	x2/df	x2
0.99	0.97	0.99	0.96	0.98	0.062-0.011	0.90	0.97	3.59	53.78

According to the indices provided for this model, as it can be see, Chi-square index that its (df) is less than 5 that confirmed the fit of the model. Also the fitness indexes of  $\Delta$ NNFI  $\Delta$ RFI  $\Delta$ IFI and CFI larger than 0.9 and also smaller than 0.08 that confirmed the validity of this model (Tinsley and Brown, 2000). As a result, this model has achieved fairly a good level of fitness and based on this model the existing relationships between metrics based on a conceptual model can be investigated.

#### 4.1 Path analysis

In path analysis, the relationship between variables, flow in a direction and considered as distinct paths. The concepts of path analysis in the best way, are explained through its major features that are the graph path that reveals causal connections between variables.

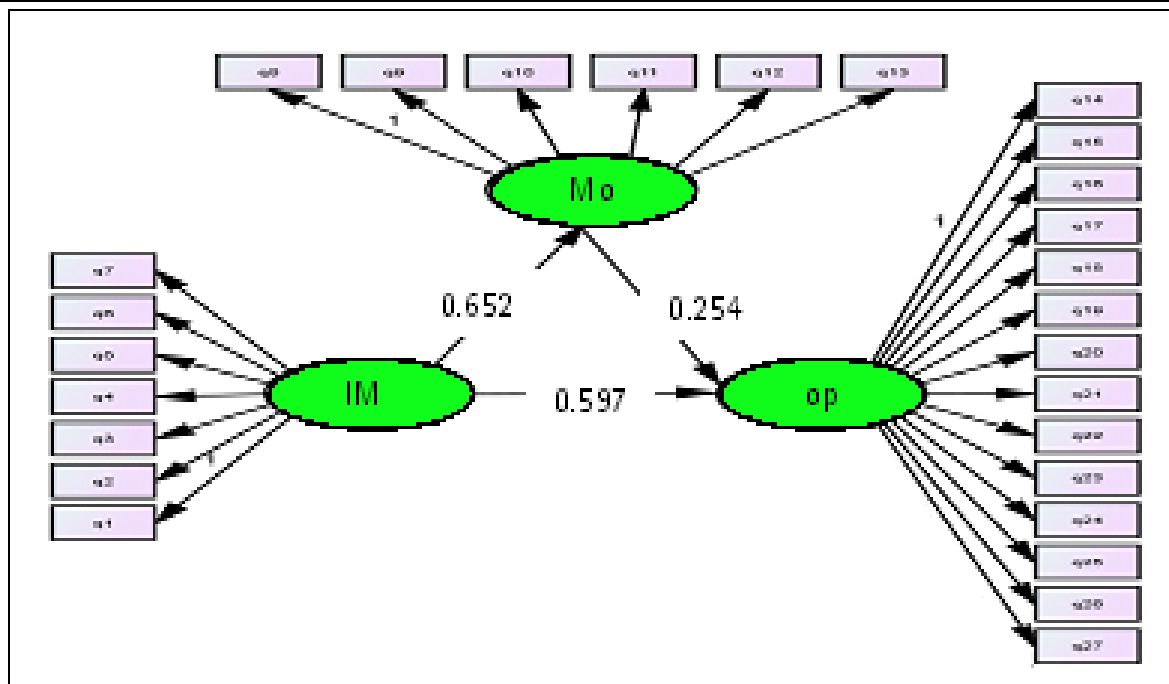


Figure 2: the final model with path coefficients

Table 4: Direct relationships between variables, path coefficients, and significant numbers

Relationship between variables	Path coefficient	The statistic of T	Significance	Result
Internal marketing → : market orientation	0.597	6.251	0.000	Confirming the hypothesis
Marketing performance	0.652	5.111	0.000	Confirming the hypothesis
Internal → marketing organizational performance	0.254	1.950	0.000	Confirming the hypothesis

Table 5: Indirect relationships between variables, path, and significant numbers

Indirect path	Through	Path coefficient	Result
Internal → marketing performance of the organization	Market orientation	0.398	Confirming the hypothesis

## 5. Discussion and Conclusion

The purpose of the present research was studying the impact of internal marketing on the performance of sports organization of Youth and Sports Department of Ahvaz province according to the mediating role of market orientation. The results of the data analysis in this study showed that internal marketing directly and with the mediation of



market orientation has a positive and meaningful impact on organizational performance. As well as market orientation directly has a positive and significant impact on organizational performance. These findings are consistent with the studies of Rafigh Ahmad and Sad (2003), Hosseingholipour et al (2012), Abzari (2009), Redpla & Tisoto (2010), Bouranta et al (2005), Wegavazkoez et al (2012), Keshsin (2006), Daniljimnez et al (2008), Naror & Slatter (1995), Ibrahim (2014), Klor et al(2014), Kanbironant (2012). On the other hand results of Ghaffarzadeh Ahangar (2014) and Taghiheydar (2014) are not consistent with the present study.

In the financial and service firms one of the fundamental ways that can be a differentiate factor from competitors is the quality of service. The most important factors that affect the quality of service are the staff. They play a major role in creating serve value and perception of service quality from the customer. Therefore, take attention to staff is very important. Internal marketing can play an important role in this regard. Internal marketing behaves staff as customers that are important for the organization as much as external customers. Internal marketing focused on the appropriate interrelations between people at all levels of the organization. Therefore, a service-oriented and customer-centric approach creates between employees in contact with customers. The results showed that market orientation and organizational performance have a direct relationship between together. Market-oriented organization able to better identify the needs and demands of the target market. As a result in comparison with competitors obtains greater efficiency and effectiveness of customer satisfaction. In this way a market-oriented organization, is able to keep, satisfied and loyal the current customers, attract the new customers, achieve to an acceptable part of growing market share and thus achieve an acceptable level of organizational performance.

According to the results of the research and a great attention that nowadays exists to the loyal customers (employees outside the organization) and As well as due to the extensive role of Sport and Youth offices in different provinces in the development universal and championship sports, the attention of directors of these organizations to attract everyone in the community (for external clients) and their satisfaction in all aspects should be increased. It is also clear that to achieve these objectives, internal customers (employees) should also be considered as external customers.

## 6. Conclusion

We are now in an era that its most important feature is uncertainty, complexity and increasingly changes. In this age of survival and progress, the measures must be created in the organizations that prevent the destruction. The condition survival in the turbulent world of business gives attention to the organization's external and internal developments. Accordingly, the usage of presenting a model in this study is in order to gain competitive advantage through internal marketing and market orientation to the organization and ultimately to improve their performance. In order to create a proper functionality, the organizations need to have a strong marketing unit to clearly identify customer needs and to meet their customers' requirements for value creation. In fact, this is the main process of the concept of market orientation. Of course, in order that market orientation leads to improving performance, requires that the best staff be presented on the organization and this will not be achieved unless the organization gives special importance and value to their employees and thus with increasing the level of satisfaction, commitment etc. in the staff will improve the relationship between employees and customers. As a result, such interaction, the performance will improve. This process will continue in organizations and the survival of an organization with such a measure will be possible. According to the results of this study the relationship between the components of the model are at a high level, therefore it is necessary that Youth and Sports Department of Khuzestan Province and Sport and Youth offices in other provinces, adjust their activities to improve performance according to the final model.

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