The Effects of Internal Market Orientation on Service Providers’ Service Innovative Behavior: A Serial Multiple Mediation Effect on Perceived Social Capital on Customers and Work Engagement

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Abstract: The purpose of this study is to understand the process through which internal market orientation leads to service innovative behavior via a serial multiple mediator model, with perceived social capital on customers and work engagement. It set and verified perceived social capital on customers and work engagement as serial multiple mediation factors between internal market orientation and service innovative behavior. To achieve this, surveys targeting service providers working in the finance and insurance industries in South Korea were conducted. A total of 270 data were collected and used for analysis. The analysis showed that internal market orientation significantly increased perceived social capital on customers, and that perceived social capital on customers positively improved work engagement. In addition, it appeared that work engagement improved service innovative behavior. Regarding the serial multiple mediation effect, the direct effect of internal market orientation on service innovative behavior was not significant, but the serial multiple effect through perceived social capital and work engagement was significant. Thus, perceived social capital and work engagement fully mediated the relationship between internal market orientation and service innovative behavior.

Keywords: internal market orientation; perceived social capital on customers; work engagement; service innovative behavior; service providers

1. Introduction

The relationship between service organizations and customers is formed and developed by the reciprocal exchange and fulfillment of promises for service [1–3]. According to the service marketing triangle model, service organizations promise the service that can be provided to the customer, and service providers offer the service promised by the service organization to customers. Thus, service organizations, customers, and service providers are the most important stakeholders in the service area and are involved in marketing activities in terms of external, internal, and interactions [1,4,5]. Furthermore, from the customers’ point of view, satisfaction and quality of service are determined through interactive marketing with service providers [6,7]. Interaction marketing is kept or broken by service providers because it occurs at the moment of truth between service providers and customers [4]. In order for interactive marketing activities for customers to be successfully carried out, service organizations are required to implement internal marketing targeting service providers [8,9], and through this, the sustainability of service organizations can be achieved.

Previous studies related to the perspective of internal marketing suggest important insights on service provider management, but they also expose some gaps in the extant literature. First, previous studies have emphasized that the importance of various stakeholders who have positive or negative effects on service organizations should be expanded,
while at the same time balancing the importance of each stakeholder [10–13]. Previous studies have actively explored customer, competitor, and market orientation to ensure that service organizations respond strategically to various stakeholders [14–17]. In contrast to this, attempts to study internal market orientation targeting service providers are insufficient [12]. Therefore, it is necessary to emphasize the importance of service providers from the point of view of internal marketing and to respond strategically by identifying the role of internal market orientation.

Second, the primary job characteristic of service providers is to provide services through contact with customers [18], and it is required to induce positive job behaviors of service providers in order to improve the performance of the service organization [19]. Although the importance of service providers in the area of non-face-to-face services is decreasing, service providers are a key factor in determining service quality in the service industries that provides services through customer interaction [6,7]. In particular, the innovative behaviors of service providers are crucial because service organizations flourish based on the satisfied, unique, and creative experiences felt by its customers in the face-to-face service area [20]. Previous studies have suggested personal traits [21–23], leadership factors [24–26], relationships between leaders and service providers [27–29], various climates of organizations [30–32], and customer-related factors [33–35], as antecedents affecting service innovative behavior. Internal market orientation promotes external market orientation by recognizing and responding to service providers’ job-related requests [36,37]. Additionally, service providers with promoted external market orientation will improve innovation to achieve market performance [38]. Although previous studies imply that internal market orientation reinforces the service innovative behavior of service providers, empirical evidence related to the effect of internal market orientation on the service innovative behavior of service providers has not yet been provided.

Third, service providers require to be managed in psychological aspects because they have to interact with many people and control their emotions [19]. Previous studies have confirmed that if the psychological aspects of service providers are not managed, they not only experience a lot of stress at work, but also negatively affect performance [39]. Therefore, it is important to identify the psychological processes for specific antecedents to manage the psychological aspects of service providers. However, only fragmentary effects were confirmed by simply combining the psychological process of the service provider with the preceding factors and results in previous studies. Ultimately, previous studies have provided only a restricted understanding of the psychological aspects of service providers [19].

This study was conducted to bridge the above-mentioned gaps in literature. To this end, this study intends to explore the effect of internal market orientation on service providers. Internal market orientation is an internal marketing activity that a service organization recognizes, and satisfies its service provider needs, as it does those of its external customers [38]. This study closed the first gap in previous studies by identifying the effect of internal market orientation on service providers from the perspective of internal marketing. Next, service innovative behavior was proposed as the job behavior of service providers by the internal market orientation of service organizations in this study. Previous studies related to service literature suggest that the service innovative behavior of service providers is one of the most important behaviors that improve service quality and develops new service processes [25]. Therefore, this study bridged the second gap in previous studies by setting the internal market orientation of service organizations as an antecedent influencing the service innovative behavior of service providers. Finally, this study trialed psychological processes in which internal market orientation influences the service innovative behavior of service providers. Because internal market orientation implies that service organizations support service providers to build and develop better relationships between service providers and customers [38], service providers’ social capital to customers can be improved. In addition, social capital to customers forms positive emotions about their job (such as work engagement), and work engagement thus formed
can be linked to positive job behavior [19]. Although social capital can be divided into structural, cognitive, and relational dimensions [19], this study has set social capital as a cognitive aspect because the purpose of this study is to examine the effect of internal market orientation on service providers’ psychological process. Thus, this study addresses the third gap in previous studies by suggesting service providers’ social capital to customers (cognitive aspect) and work engagement (emotional aspect) as psychological mediation processes in which internal market orientation leads to service innovative behavior.

The purpose of this study is to confirm the process in which internal market orientation leads to service innovative behavior through a serial multiple mediation effect with perceived social capital on customers and work engagement.

2. Theoretical Background and Research Hypotheses

2.1. Internal Market Orientation

The presence of an internal market offers a structure for further permitting internal exchange through underlining relational interactions among actors from a perspective of social exchange [40]. Social exchange arises between parties to promote the long-term oriented exchange and is founded on an obligation to requite [41]. Social exchange between the service organization and its service providers may be initiated by the service providers’ voluntary actions toward the service organization, in which case voluntary actions are based on the expected rewards that service providers can obtain from the service organization [42]. Service providers exhibit more favorable attitudes and behaviors when they perceive their service organization as providing a high level of welfare [43]. Thus, the emotions that service providers obtain from the exchange may be connected to detachment or attachment towards the service organization [44]. Social exchange theory emphasizes the importance of internal marketing by explaining that service organizations can have a positive effect on the attitudes and behavior of service providers through internal exchange relationships [45].

Previous studies attempted to simply apply an external marketing strategy to the inside of service organizations in order to implement internal marketing. In other words, an internal marketing mix was composed of treating jobs as products, rewards and pay as price, communications as promotion, and meetings as place, based on a marketing mix strategy to customers [46]. However, this attempt is criticized for excessively applying the marketing 4P strategy because it is difficult for managers who have not learned marketing systematically to understand the internal marketing mix, or to apply it in practice [47]. On the other hand, internal market orientation can be utilized at the strategic and operational level of internal marketing, it can be applied to organizations in various industries, and it can be easily applied in practice [45,47,48]. Therefore, previous studies suggest that internal market orientation is a more useful mechanism than internal marketing mix strategy to implement internal marketing concepts [36,48].

Internal market orientation implies to the process of generating and disseminating information on the needs of internal customers, and then reacting to and gratifying those needs [38]. That is, a service organization perceives and satisfies its service provider needs, as it does those of its external customer [36]. Internal market orientation consists of three aspects: internal information generation, internal information communications, and responsiveness to the internal market [36,38,48]. Internal information generation refers to gathering information concerning service providers [36]. Service organizations can gather service provider information through formal (such as employee surveys and interviews) and informal ways (such as personal interactions) to identify service providers’ needs and characteristics, service providers’ perceptions of their job, and service providers’ perceptions of the equity of organization-employee exchanges [38]. Internal information communications are related to communications between different service providers and between managers of the service organization and service providers [49]. The objective of internal information communications is two-fold: one is to disseminate the goals and strategies of the service organization to service providers; and the other is for managers of the service organization to understand their service providers’ needs. The close interactions...
between service providers and managers make service organizations more aware of service providers’ needs. When service organizations preserve smooth communications with their service providers and keep attitudes and behaviors of service providers in accordance with goals of the service organization, service providers will receive the tasks assigned and conduct their work behaviors more quickly [36,38,50]. Responsiveness to the internal market means a service organization’s response to the intelligence about service providers’ expectations and needs, based on the intelligence generated in the internal market [49,51]. Service providers exchange their energy and time not only for salary, but also for non-monetary benefit; for example social status, needs, a sense of achievement and recognition for good job [48,52]. When service organizations understand service providers’ needs by information of internal market and design jobs to reply to service providers’ needs, service providers will experience a sense of satisfaction and recognize their jobs positively. As a result, the content service providers will strive to satisfy external customers [38].

2.2. Perceived Social Capital on Customers

Social capital refers to the sum of the actual resources obtained from the relational network owned by an individual or social unit, and the potential resources expected to be obtained by utilizing them [53]. In addition, social capital arises from the favorable aspect of exchanging benefits between the parties forming the relationship [54].

Resources acquired through social capital appear in the structural, cognitive, and relational aspects of relationships. Thus, Nahapiet and Ghoshal [55] divided social capital into structural, cognitive, and relational dimensions. The structural dimension of social capital refers to connectivity, such as relational patterns and/or connectivity systems among parties linked by relational networks [54,55]. The structural dimension allows a relational party to identify who it is connected to and how it is reached. It also reflects the impersonal characteristics of a relationship by indicating the hierarchy, density, and pattern of the relational network possessed by a relational party [19,56]. The cognitive dimension means a shared understanding that sets the same structure of expression, contextual interpretation, and meaning among parties connected by a relational network [19,55]. This is created when the parties in the relationship network establish a common understanding of norms, goals, and ways of behavior through interaction over time. Thus, the cognitive dimension of social capital reflects shared goals, codes, vision, directionality, and language among relational parties [53]. The relational dimension is related to resources that relational parties can obtain by forming social relationships [55]. It also reflects the quality of relationships between parties and how they are constructed and developed over time [19]. Because the relational dimension of social capital includes the trust, norms, obligations, and expectations of relationships [56], parties in the relational network develop their relationship through the relational dimension [55].

Internal market orientation highlights identifying and satisfying service providers’ needs and forming good employee relationships [46]. Internal market orientation allows service organizations to gather and verify information about the needs and wants of service employees, as well as gaining an opportunity to spread values and objectives of service organizations [48]. For this reason, service provider shares values and goals through interaction with their service organization. Internal market orientation, ultimately, not only allows service providers to internalize the values and goals of the service organization, but also reinforces behaviors of service providers to achieve the goals of their service organization. One of core goals of service organizations is to build and develop long-term relationships with customers [4,57]. Therefore, service providers strive to form social relationships with their potential and current customers. Service providers can obtain help in external customer-focused behavior through establishing relationships with service organizations [38]. Internal market orientation enables the creation and delivery of customer information by sensing external market and encourages service providers to provide better customer services [37]. These service providers proactively gather information about current and future needs of customers and about the factors affecting customer
behaviors, and the collected information is used by service providers to build relationships with customers [38]. Internal market orientation also enhances service providers’ capability of satisfying customers [49,58], as well as reducing the occurrence of service providers’ inappropriate behaviors, such as false reporting and service sabotage [37,59]. In summary, internal market orientation affects the service providers’ perceived social capital on customers in two aspects. First, service providers internalize the value and goals of service organizations due to internal market orientation, thereby increasing perceived social capital. Perceived social capital on customers is improved through the process by which service providers accept organization values and goals and strive to achieve them in their relationships with customers [38]. Second, service providers increase perceived social capital by improving their work capabilities through the development of relationships with service organization [37]. The core needs of service providers relate to tasks, and solving the needs of service providers related to tasks leads to an increase in their ability to perform tasks [19]. Strengthening the capabilities of service providers creates the positive relationships with customers due to the increase in the service delivery ability and the solution to the customer’s problem situation, which in turn increases the service providers’ perceived social capital on customers. As a result, customers will experience practical and potential resources in a relational network with the service provider, and accept the establishment of a relationship with the service provider. Service providers, thus, can strongly perceive social capital on customers when internal market orientation increases.

**Hypothesis 1 (H1).** Internal market orientation has a positive effect on service providers’ perceived social capital on customers.

### 2.3. Work Engagement

Work engagement is defined as a positive and emotional motivating state that combines strong focus and devotion to work and results in a high level of energy [60]. Work engagement refers to a condition of well-being experienced by an individual in the occupational aspect and indicates some differences from other concepts such as burnout, work addiction, and job satisfaction [19,61]. Work engagement is a positive characteristic opposite to burnout, which is a state of emotional exhaustion related to work [62], and there is a negative connection between burnout and work engagement [19]. Next, work engagement is distinguished from work addiction, which arouses a strong internal impulse to work excessively hard and is accompanied by high annoyance and arousal [61,63]. Finally, work engagement and job satisfaction are the same in that they are characterized by pleasure, but the levels of pleasure are higher for work engagement than for job satisfaction [19]. Work engagement reflects three conditions of vigor, absorption, and dedication [64,65]. Vigor refers to a state in which high level of energy persists and is not easily exhausted even when an individual is performing his and/or her work. Absorption is related to a state in which an individual is too focused on work that he and/or she identifies with their work. Dedication is characterized by experiencing inspiration and meaning and challenges in work [19].

Previous studies show that work engagement occurs in the process of psychological motivation that appears from job resources [66,67]. In the occupational context, resources lead to positive work behaviors and improvement of performance through a motivational process, which promote engagement of individuals and involve organizational commitment [19,64]. Job resources are related to physical, psychological, organizational, and social dimensions, and reduce the physical and psychological costs required for job performance. Furthermore, the resources provide individuals’ capability to attain their job goals and can permit them to learn and grow in their job role, and create other positive advancements [68,69]. Internal market orientation is applied to service providers as an organizational resource. Because service organizations emphasize internal market orientation research and design the needs and tasks of service providers, service providers become more satisfied and more committed to their service organization [70]. Service providers
need assistance from their organization in performing their work. Service providers, thus, can display their work skills and capabilities when service providers' needs are met. Furthermore, internalization due to the positive relationship between service providers and their service organization leads to a sense of stability and positive emotions [71,72]. Based on this, internal market orientation is predicted to improve service providers' work engagement.

**Hypothesis 2 (H2).** Internal market orientation has a positive effect on service providers' work engagement.

Interactions between service providers and customers enable service providers to share relationships and informational value with customers [73]. Building relationships between service providers and customers is closely associated to positive interpersonal relationships, and plays an essential role in the advancement of business relationships. Service providers must prioritize relationship development with customers to accomplish positive job performance. Service providers can acquire information about customers through social capital, and achieve their work goals by recommending and providing services that can solve customer problems [69]. Based on this, service providers' perceived social capital on customers is predicted to improve work engagement.

**Hypothesis 3 (H3).** Perceived social capital on customers has a positive effect on service providers' work engagement.

2.4. Service Innovative Behavior

Service providers are those frontline employees who interact with customers [74,75], while service innovative behavior by service providers refers to the extent to which service providers create new ways and techniques to settle problems, and change these into action when making contact with customers [76,77]. The perception of customers on the service experience is primarily based on the knowledge, experiences, and skills of the employees with which they have interaction [74]. As service providers interact with various categories of customers who have dissimilar needs, they should be knowledgeable, adaptive, and innovative, to satisfy the changing needs of diverse customers. Thus, service organizations' capabilities to gratify customers are decided by service providers' ability to prove service innovative behavior [76].

Service providers' social capital on customers promotes the exchange of information between service providers and customers [73]. Social capital is formed through repeated relationship contact between service providers and customers [19], and these accumulated relationships cause service providers not only to generate and accrue customer information, but also improve customer reception ways. Therefore, social capital is a prerequisite for improving the capabilities, skills, and knowledge required for service providers to perform their tasks [19]. In the service sector, innovative behavior is essential because successful work performance is carried out based on the satisfied, unique, and creative experiences felt by its customers. This innovation behavior can be created only when service providers use their knowledge to explore new ideas for service innovation. Service providers, in addition, increase tacit knowledge, such as service know-how, through relational experiences with customers. As tacit knowledge increases, service providers' creativity and self-efficacy related with task knowledge increases, while the awareness of task difficulty level decreases, resulting in increased creative behavior [20]. Therefore, the following hypothesis is made.

**Hypothesis 4 (H4).** Perceived social capital on customers has a positive effect on service providers' service innovative behavior.

Work engagement is a positive emotional state that appears in the process of motivation to achieve job outcomes [65]. In addition, work engagement includes individual
efforts to perform work processes and behaviors. Work engagement not only makes service providers aware of the needs for activities that are helpful to the service organization, but also makes service providers strive to improve their service organization’s overall performance [19]. Therefore, service providers with high work engagement have more positive work behaviors. In order to accomplish work outcomes, creative and discretionary behaviors that enable task activities are required. Because service providers face various customer needs and service situations, work efforts such as extra role behaviors and additional customer service are required to achieve their work goals [19]. Thus, the increase in work engagement leads to creative and discretionary behaviors to achieve work goals.

Hypothesis 5 (H5). Work engagement has a positive effect on service providers’ service innovative behavior.

2.5. The Serial Multiple Mediating Role of Perceived Social Capital on Customers and Work Engagement

Previous studies to understand the behavior of individuals have used the S-O-R framework to examine the effects of environmental elements [78]. In this framework, the behavior of the individual is conceptualized as arising from an environment composed of stimuli [79]. The S-O-R framework presents a theoretical structure that occurs in the order of stimulus-organism-response for individual behavior. In the S-O-R framework, stimulus refers to an element that affects the condition of organism as an environmental dimension. Organism is the mediating process that connect external stimulus to behaviors and contain physiological, cognitive, and emotional activities. Response is related to an individual’s behavior as a result of the organism factor [19,80]. This three-part conceptualization in the S-O-R framework has allowed the formulation of theoretical models in which instead of direct relation, connects stimulus to behavior, cognitive and emotional intermediate layers [78,81].

This study can be structured based on the theoretical context of the S-O-R framework. Because internal market orientation is an organizational factor that affects the performance aspects of internal members [36], internal market orientation represents a stimulus that influences service employees. Social capital formed at the individual level occurs through norms and reciprocity in the cognitive aspect by social relationships [82], and work engagement is a positive emotion related to work [83]. Therefore, perceived social capital, which is a cognitive process, and work engagement, which is an emotional process, belong to organism components. Furthermore, previous studies have confirmed that emotional aspects are activated as a result of the cognitive process [84]. Finally, service innovative behavior is the behavioral response of service providers to solve customer problems and achieve work performance by creating new methods and technologies [76]. As a result, internal market orientation, which is a stimulus as an organizational element, may strengthen service employees’ service innovative behavior through a multiple mediating effect of perceived social capital on customers and work engagement.

Hypothesis 6 (H6). The relationship between internal market orientation and service innovative behavior is sequentially mediated by perceived social capital on customers and work engagement.

Based on the research hypotheses, this study establishes the research model as shown in Figure 1.
3. Research Method

3.1. Data Collection and Participant Characteristics

In order to achieve the objectives of this study, a survey was conducted on service providers who contact customers and perform services in the financial and insurance industries. The reason why service providers in the finance and insurance industries were selected for the survey is that not only are the finance and insurance industries representative service sectors, but also, service providers within these industries conduct continuous interactions with customers for work [85]. The survey was conducted for Koreans through an online survey organization established in Korea. To conduct the survey, a URL was sent to those who are working in finance and insurance companies among those registered as response panels at the survey organization. In addition, the survey was set up to be completed only when the participant answered all questionnaires. Mileage that can be converted into cash was provided to participants who completed the survey in order to induce participation in the survey. A total of 270 sample data were collected through the survey and used for analysis.

Among all participants, 161 were men (59.6%) and 109 were women (40.4%). When it came to age, 91 participants were in their 30s (33.7%), followed by 84 participants in their 40s (31.1%), 59 participants were in their 20s (21.9%), and 36 participants were in their 50s and older (13.3%). When it came to academic background, 185 participants graduated from university (68.5%), 69 graduated from high school (25.6%), nine were either attending or had graduated from graduate school (3.3%), and seven participants were attending university (2.6%). When it came to work experience, 77 participants had less than 3 years of work experience (28.5%), 62 participants had 3 to 6 years of work experience (23.0%), 56 participants had 12 or more years of work experience (20.7%), 38 participants had 6 to 9 years of work experience (14.1%), and 37 participants had 9 to 12 years of work experience (13.7%).

3.2. Measurement of Variables

The items used to measure variables were organized on the basis of measurement scales used in previous studies. Internal market orientation was reorganized according to objectives of this study based on scales used in Yu et al. [45]. Specifically, three items were used to measure internal information generation, and three items were used to measure internal information communications. In addition, four items were used to measure responsiveness to the internal market. Perceived social capital on customers was measured using three items derived from Biong and Ulvnes [73]. To assess work engagement, nine items based on Schaufeli et al. [86] were used. Finally, service innovative behavior was measured using six items adopted from Al-Hawari et al. [76]. All items for measuring
Constructs were measured based on five-point Likert scales. The specific items used in this study can be confirmed through Table 1.

Table 1. Measurement model evaluation for first-order constructs.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>λ²</th>
<th>CR</th>
<th>AVE</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal information generation</td>
<td>My company does formal internal market research to find out employees’ feelings about their jobs and the company.</td>
<td>0.77 **</td>
<td>0.88</td>
<td>0.76</td>
<td>0.87</td>
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<td></td>
<td>My company surveys our employees at least once a year to assess the quality of their employment.</td>
<td>0.85 **</td>
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<td></td>
<td>My company has regular staff meetings which discuss what employees want.</td>
<td>0.80 **</td>
<td></td>
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<tr>
<td>Internal information communications</td>
<td>Before any policy change, managers explain concerns to their employees in advance.</td>
<td>0.79 **</td>
<td>0.90</td>
<td>0.78</td>
<td>0.88</td>
</tr>
<tr>
<td></td>
<td>My company usually listen to employees sincerely when they have problems in doing their jobs.</td>
<td>0.85 **</td>
<td></td>
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<tr>
<td></td>
<td>My company communicates with employees whenever there is a need.</td>
<td>0.84 **</td>
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<tr>
<td>Responsiveness to the internal market</td>
<td>My company reflects employee needs in job-design, training program selection, and personal development efforts.</td>
<td>0.77 **</td>
<td>0.93</td>
<td>0.78</td>
<td>0.92</td>
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<tr>
<td></td>
<td>My company periodically review employee development strategies/plans to ensure that they are in line with what employees want.</td>
<td>0.85 **</td>
<td></td>
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<tr>
<td></td>
<td>Staff policies within my company focuses on real employee needs.</td>
<td>0.88 **</td>
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<tr>
<td></td>
<td>If my company came up with a great employee development strategy, it will probably be able to implement it in a timely fashion.</td>
<td>0.88 **</td>
<td></td>
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<tr>
<td>Perceived social capital on customers</td>
<td>My customers and I have developed a close social relationship.</td>
<td>0.82 **</td>
<td>0.91</td>
<td>0.80</td>
<td>0.84</td>
</tr>
<tr>
<td></td>
<td>My customers and I are close business friends.</td>
<td>0.85 **</td>
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<td></td>
<td>The relationship between me and my customers gives me access to valuable information.</td>
<td>0.75 **</td>
<td></td>
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<tr>
<td>Work engagement</td>
<td>At work, I feel very energetic.</td>
<td>0.66 **</td>
<td>0.88</td>
<td>0.63</td>
<td>0.92</td>
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<tr>
<td></td>
<td>At my job, I feel strong and vigorous.</td>
<td>0.71 **</td>
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<td></td>
<td>When I get up in the morning, I feel like going to work.</td>
<td>0.64 **</td>
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<td></td>
<td>I am enthusiastic about my job.</td>
<td>0.79 **</td>
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<td></td>
<td>My job inspires me.</td>
<td>0.76 **</td>
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<td></td>
<td>I am proud of the work that I do.</td>
<td>0.78 **</td>
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<td></td>
<td>I feel happy when I am working intensely.</td>
<td>0.68 **</td>
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<td></td>
<td>I am immersed in my work.</td>
<td>0.68 **</td>
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<td></td>
<td>I get carried away when I am working.</td>
<td>0.62 **</td>
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<tr>
<td>Service innovative behavior</td>
<td>At work, I come up with innovative and creative notions.</td>
<td>0.71 **</td>
<td>0.87</td>
<td>0.69</td>
<td>0.90</td>
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<td></td>
<td>At work, I propose my own creative ideas and convince others.</td>
<td>0.72 **</td>
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<td></td>
<td>At work, I seek new service techniques, methods, or techniques.</td>
<td>0.80 **</td>
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<td></td>
<td>At work, I provide a suitable plan for developing new.</td>
<td>0.74 **</td>
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<td></td>
<td>At work, I try to secure the funding and resources needed to implement innovations.</td>
<td>0.65 **</td>
<td></td>
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<td></td>
<td>Overall, I consider myself a creative member of my team.</td>
<td>0.69 **</td>
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</tbody>
</table>

Note: χ² = 739.72 (df = 335, χ²/df = 2.66, p < 0.01), CFI = 0.91, IFI = 0.91, TLI = 0.90, RMR = 0.03. ** p < 0.01.

All factor loadings are significant; CR, composite reliability; AVE, average variance extracted; λ², standard estimate values.
4. Analysis Results

4.1. Measurement Model

Prior to testing hypotheses, this study verified the reliability and validity of measurement items. Internal consistency was verified to check the reliability of measurement items, and confirmatory factor analysis (CFA) was conducted to test the validity [87,88]. First above all, Cronbach’s α coefficient of the items was found to be greater than 0.7, confirming the internal consistency of constructs. Because the fit of CFA was shown as $\chi^2 = 739.72$ ($df = 335$, $\chi^2/df = 2.66$, $p < 0.01$), CFI = 0.91, IFI = 0.91, TLI = 0.90, RMR = 0.03, they were generally acceptable. In addition, the standards that assess convergent validity were found to satisfy the standard level (see Table 1).

Meanwhile, internal market orientation at the individual level was postulated as a reflective second-order factor, comprising three reflective first-order latent constructs (internal information generation, internal information communication and responsiveness to the internal market). Thus, this study confirmed through confirmatory second-order factor analysis that three reflective first-order latent constructs whether converge into a second order factor, called internal market orientation. Confirmatory second-order factor analysis tests second-order structures that entail two stratum of components [88,89]. The fit of confirmatory second-order factor analysis was shown as $\chi^2 = 122.61$ ($df = 32$, $\chi^2/df = 3.83$, $p < 0.01$), CFI = 0.95, IFI = 0.95, TLI = 0.94, RMR = 0.03. All estimated loads of the reflective structures satisfied the standard level and were statistically significant. In addition, composite reliability (CR) and average variance extracted (AVE) were above the threshold level. In conclusion, the three reflective first-order latent constructs converged into a second order factor (see Table 2). To identify the discriminant validity, the correlations between the constructs were compared with AVE square root of each construct. As a result of checking the discriminant validity, the correlations between the constructs were lower than AVE square root of each construct. Thus, the discriminant validity was verified. The results of discriminant validity between the constructs can be confirmed in Table 3.

Table 2. Confirmatory second-order factor analysis results.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>$\lambda^a$</th>
<th>CR</th>
<th>AVE</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal market orientation</td>
<td>0.97</td>
<td>0.92</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>Internal information generation</td>
<td>0.88 **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal information communications</td>
<td>0.86 **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness to the internal market</td>
<td>0.97 **</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: $\chi^2 = 122.61$ ($df = 32$, $\chi^2/df = 3.83$, $p < 0.01$), CFI = 0.95, IFI = 0.95, TLI = 0.94, RMR = 0.03, ** $p < 0.01$; $\lambda^a$, standard estimate values

Table 3. Measurements of correlations and discriminant validity.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. IMO</td>
<td>3.13</td>
<td>0.69</td>
<td>0.96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Perceived Social Capital</td>
<td>3.68</td>
<td>0.67</td>
<td>0.43</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Work engagement</td>
<td>3.32</td>
<td>0.56</td>
<td>0.55</td>
<td>0.65</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>4. SIB</td>
<td>3.62</td>
<td>0.54</td>
<td>0.37</td>
<td>0.52</td>
<td>0.53</td>
<td>0.83</td>
</tr>
</tbody>
</table>

Note: IMO = internal market orientation, SIB = service innovative behavior. The numbers in the diagonal are the square roots of the AVE.

4.2. Hypotheses Testing

To test the hypotheses in the research model, this study utilized the structural equation modeling (SEM). The fit of the research model was $\chi^2 = 487.33$ ($df = 184$, $\chi^2/df = 2.65$, $p < 0.01$), CFI = 0.90, IFI = 0.90, TLI = 0.89, RMR = 0.03, which exceeded generally accepted levels. Hypothesis 1 predicted that internal market orientation would increase service providers’ perceived social capital on customers, and the analysis revealed that internal
market orientation did positively influence perceived social capital on customers ($\beta = 0.43$, $p < 0.01$). Thus, hypothesis 1 was accepted. Our result suggests that internal market orientation increases service providers’ perceived social capital on customers by internalizing the values and goals of their service organization and improving work capabilities of service providers. Hypothesis 2 predicted that internal market orientation would increase the work engagement of service providers, and the analysis showed that internal market orientation did increase work engagement ($\beta = 0.33$, $p < 0.01$). Thus, hypothesis 2 was accepted. Our result reflects that internal market orientation plays the role of job resources that generate the process of psychological motivation. Hypothesis 3 predicted that service providers’ perceived social capital on customers would positively influence work engagement, and the analysis showed that perceived social capital on customers did, in fact, positively impact work engagement ($\beta = 0.50$, $p < 0.01$). Therefore, hypothesis 3 was also accepted. This result indicates that the positive relationship perception of service providers to customers plays a role of resources in the cognitive aspect and generates positive emotions in the motivational dimension. Hypothesis 4 predicted that service providers’ perceived social capital on customers would increase service innovative behavior, and the analysis revealed that perceived social capital on customers did positively influence service innovative behavior ($\beta = 0.30$, $p < 0.01$). Thus, hypothesis 4 was accepted. This result reflects that service providers’ positive relationship with the customers is a prerequisite for the competency required to perform work and has a positive effect on work behavior. Lastly, hypothesis 5 predicted that work engagement would increase service innovative behavior, and the analysis revealed that work engagement did positively influence service innovative behavior ($\beta = 0.34$, $p < 0.01$). Thus, hypothesis 5 was accepted. Our result suggests that work engagement not only makes service providers aware of the needs for activities that are helpful to the service organization, but also makes service providers strive to improve their service organization’s overall performance. The results of hypotheses test can be confirmed in Table 4.

### Table 4. The results of hypotheses test.

<table>
<thead>
<tr>
<th>Hypothesized Path</th>
<th>Path Estimates</th>
<th>t-Value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMO $\rightarrow$ Perceived SC</td>
<td>0.43</td>
<td>6.25 **</td>
<td>H1. accepted</td>
</tr>
<tr>
<td>IMO $\rightarrow$ Work engagement</td>
<td>0.33</td>
<td>5.00 **</td>
<td>H2. accepted</td>
</tr>
<tr>
<td>Perceived SC $\rightarrow$ Work engagement</td>
<td>0.50</td>
<td>6.87 **</td>
<td>H3. accepted</td>
</tr>
<tr>
<td>Perceived SC $\rightarrow$ SIB</td>
<td>0.30</td>
<td>3.37 **</td>
<td>H4. accepted</td>
</tr>
<tr>
<td>Work engagement $\rightarrow$ SIB</td>
<td>0.34</td>
<td>3.69 **</td>
<td>H5. accepted</td>
</tr>
</tbody>
</table>

Note: $\chi^2 = 487.33$ ($df = 184, \chi^2/df = 2.65, p < 0.01$), CFI = 0.90, IFI = 0.90, TLI = 0.89, RMR = 0.03, ** $p < 0.01$. IMO = Internal market orientation, Perceived SC = perceived social capital on customers, SIB = Service innovative behavior.

#### 4.3. A Serial Multiple Mediation Analysis

This study utilized a PROCESS macro program based on the bootstrapping method to test serial multiple mediation effects. Concretely, the research model in this study was assessed for a three-path mediated effect through the PROCESS macro. From the PROCESS macro models recommended by Hayes [90], this study utilized model No. 6 for analyzing serial multiple mediation effects, setting the bootstrap resampling as 5000, and inputting internal market orientation as X, service innovative behavior as Y, perceived social capital on customers as mediator 1, and work engagement as mediator 2. In addition, four control variables (sex, age, academic background, and work period) were included in the analysis. The analysis results showed that internal market orientation had no direct effect on service innovative behavior (coeff = 0.0573, CI = (−0.0363, 0.1508)). The mediation effect of perceived social capital on the relationship between internal market orientation and service innovative behavior was statistically significant (coeff = 0.0731, CI = (0.0227, 0.1369)). Additionally, work engagement had a positively significant mediation effect on the relationship between internal market orientation and service innovative behavior (coeff = 0.0768, CI = (0.0302, 0.1384)). In addition, perceived social capital and work engagement
sequentially mediated the relationship between internal market orientation and service innovative behavior (coeff = 0.0355, CI = (0.0163, 0.0585)). Therefore, our results confirmed that perceived social capital and work engagement from a statistical point of view fully mediate between internal market orientation and service innovative behavior. Regarding the control variables, sex (coeff = −0.1080, CI = (−0.2365, 0.0205)), age (coeff = −0.0426, CI = (−0.1171, 0.0319)), academic background (coeff = −0.0223, CI = (−0.0908, 0.0462)) and work period (coeff = 0.0311, CI = (−0.0170, 0.0792)) were not significantly related to service innovative behavior. In conclusion, hypothesis 6, which anticipated that perceived social capital on customers and work engagement serial multiple mediate the relationship between internal market orientation and service innovative behavior, was supported.

Table 5 indicates the results of a serial multiple mediation analysis on how perceived social capital on customers and work engagement mediate the relationship between internal market orientation and service innovative behavior.

### Table 5. A serial multiple mediation effect result.

<table>
<thead>
<tr>
<th>Path Coefficient to</th>
<th>Indirect Effects</th>
<th>to Perceived SC</th>
<th>to Work Engagement</th>
<th>to SIB</th>
<th>Estimate</th>
<th>CI&lt;sub&gt;low&lt;/sub&gt;</th>
<th>CI&lt;sub&gt;high&lt;/sub&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMO</td>
<td>0.3570 **</td>
<td>0.2670 **</td>
<td>0.0573</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived SC</td>
<td>0.3458 **</td>
<td>0.2048 **</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work engagement</td>
<td>0.2876 **</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total indirect effect</td>
<td></td>
<td></td>
<td></td>
<td>0.1854</td>
<td>0.1261</td>
<td>0.2592</td>
<td></td>
</tr>
<tr>
<td>X → M1 → Y</td>
<td></td>
<td></td>
<td></td>
<td>0.0731</td>
<td>0.0227</td>
<td>0.1369</td>
<td></td>
</tr>
<tr>
<td>X → M2 → Y</td>
<td></td>
<td></td>
<td></td>
<td>0.0768</td>
<td>0.0302</td>
<td>0.1384</td>
<td></td>
</tr>
<tr>
<td>X→M1→M2→Y</td>
<td>0.0355</td>
<td>0.0163</td>
<td>0.0585</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: X = IMO, Y = SIB, M1 = perceived SC, M2 = work engagement, ** * p < 0.01. IMO = internal market orientation, Perceived SC = perceived social capital on customers, SIB = service innovative behavior.

### 5. Discussion

#### 5.1. Implications

Overall, our findings suggest a way to manage service providers that plays an important role in the sustainability of service organizations. The formation of service quality perceived by customers begins with service providers [6,7]. If customers do not use a service organization due to a low perception of the service quality, the service organization cannot be sustainable. Therefore, the key to the sustainability of service organizations is the service delivery of service providers. From this perspective, this study expands the theoretical and practical discussion of the sustainability of service organizations by dealing with internal market orientation. The current study has several special contributions in relation to the service literature. First, this study strengthened the theoretical area of internal marketing by confirming the role of internal market orientation for service providers. Previous studies have been actively conducted to improve strategic responses to various stakeholders surrounding service organizations [14–16], while discussion of marketing strategies to respond to service providers, which are internal customers, is still insufficient [12]. This study reinforced the importance of internal marketing by identifying the positive role of internal market orientation on service providers’ work behavior.

Second, this study provided empirical evidence that internal market orientation plays a positive role in service providers’ work behavior. Because service innovative behavior of service providers leads to customer satisfaction [20], it is essential to confirm antecedents of service innovative behavior. However, previous studies have limitedly focused on specific factors such as personal trait and leadership factors [21,22,24,25]. This study introduced internal market orientation as an antecedent that influences service providers’ service innovative behavior and expanded the research area by providing empirical evidence.

Third, this study expanded the understanding of internal market orientation by examining how internal market orientation affects the psychological state of service providers.
Previous studies only looked at internal market orientation as a factor required to improve external market orientation and organizational performance [36,38,91], but there were insufficient attempts to understand how it works on the psychological part of service employees. According to the serial multiple mediation analysis results, the direct effect of internal market orientation on service innovative behavior was not confirmed. However, perceived social capital on customers and work engagement sequentially mediated the relationship between internal market orientation and service innovative behavior. In other words, the relationship between internal market orientation and service innovative behavior was fully mediated through perceived social capital and work engagement. While internal market orientation is a factor that affects service providers at the organizational level [36], service innovative behavior is a work behavior that appears at the individual level [74]. Although internal market orientation encompasses the work area, there is a different from work behavior at the category level of perception. Therefore, it is expected that a psychological change process is required for internal market orientation to have a positive effect on job behavior such as service innovative behavior. Meanwhile, previous studies have demonstrated that individuals’ emotional attitudes were determined as a result of preceding cognitive processes [84]. Considering that perceived social capital on customers is the cognitive aspect and work engagement is the emotional attitude aspect of job [19,82], the relationship between internal market orientation and service innovative behavior is explained to be fully mediated through perceived social capital and work engagement. In conclusion, this study expanded scholarly understanding by focusing on the psychological process in which internal market orientation affects service innovative behavior.

Finally, practical, and strategic discussions are possible through the results of this study. The results of this study emphasize that the market-oriented perspective, which is the point of view of service organizations dealing with external customers, should be applied equally to internal customers in forming relationships with service providers. Therefore, service organizations need to establish an internal market-oriented organizational culture. First of all, in order to materialize internal market orientation for service providers, service organizations are required to identify the needs and wants of service providers. To this end, service organizations can use formal and informal methods. Service organizations can use formal policies, such as regular surveys, to obtain information about service providers, or they can use relationships between the managers and frontline service providers. In order for service organizations to acquire information on their internal market, it is necessary to formulate internal policies that can identify the needs of service providers and provide ways to induce positive relationships between positions. Meanwhile, service organizations need to organize communication methods that can accurately exchange and disseminate the information of acquired service providers and the stance of the service organization, and it is necessary to show immediate responses to the information of service providers. For example, service organizations can develop internal communication systems that can communicate the needs of service providers to management, as well as strengthen support or welfare departments to reflect the acquired information. This approach would include enhanced emphasis on understanding the needs of service providers as well as observation the growth in the internal market and the effect of service organizations on the expected value of service providers. Similarly, service organizations seeking to improve an internal market orientation should ensure that internal communication channels effectively deliver to service providers the organization’s external market goals, while imparting to service provider’s the requirement to satisfy customer service goals.

5.2. Limitations

The limitations of this study are as follows. First, perceived social capital on customers and work engagement as psychological responses to internal market orientation were presented in this study. However, various psychological reactions may occur to service providers due to internal market orientation, or there are external factors that cause a
moderating effect between internal market orientation and work behavior. In future studies, it is necessary to conduct an expanded study in which various factors are considered.

Next, service innovative behavior was set and examined as the behavioral aspect of service providers about internal market orientation in this study. However, the work behaviors of service providers are diverse, as well as service innovative behaviors. In particular, this study only looked at the influence of internal market orientation on positive work behavior, but did not confirm the influence on negative work behavior. Identifying the influence of internal market orientation on the negative work behaviors of service providers can help a balanced understanding of internal market orientation. Therefore, it is necessary to consider a research model including negative work behavior in future studies.

Finally, this study collected data from service providers in the financial and insurance industries. While services with various characteristics exist within the service industry, the finance and insurance industries do not reflect the characteristics of all service industries. In future studies, it is necessary to collect data from various service areas to generalize research results.

6. Conclusions

This study identified the effect of internal market orientation on the service innovative behavior of service providers. It set and verified perceived social capital on customers and work engagement as serial multiple mediation factors between internal market orientation and service innovative behavior. To achieve this, surveys targeting service providers working in the finance and insurance industries in South Korea were conducted. A total of 270 data were collected and used for analysis. The analysis showed that internal market orientation significantly increased perceived social capital on customers and that perceived social capital on customers positively improved work engagement. In addition, it appeared that work engagement improved service innovative behavior. Regarding the serial multiple mediation effect, the direct effect of internal market orientation on service innovative behavior was not significant, but the serial multiple effect through perceived social capital and work engagement was significant. Thus, perceived social capital and work engagement fully mediated the relationship between internal market orientation and service innovative behavior.

Author Contributions: Conceptualization, M.-S.L.; Methodology, M.-S.L. and G.-Y.J.; Formal analysis, M.-S.L.; Investigation, G.-Y.J.; Data curation, G.-Y.J.; Writing—original draft, M.-S.L.; Writing—review & editing, G.-Y.J. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author.

Conflicts of Interest: The authors declare no conflict of interest.

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