

# ROLE OF INTERNAL SERVICE QUALITY (ISQ) IN THE LINKAGE BETWEEN PERCEIVED ORGANIZATIONAL SUPPORT AND ORGANIZATIONAL PERFORMANCE

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## ABSTRACT

*The purpose of this paper is to investigate the role of Internal Service Quality (ISQ) in the linkage between Perceived Organizational Support (POS) and Organizational Performance (OP). The study focused on the ISQ of different banks operating in Peshawar. Stratified random sampling technique was utilized to collect the data from different banks operating in the city of Peshawar. A total of 564 questionnaires were distributed in 80 different branches of medium and large sized banks. In the present study 404 questionnaires were returned, constituting the response rate of 71.63%. A total of 63 questionnaires were rejected. The total number of questionnaires usable for the study was 341. The findings reveal that in the banking sector, perceived organizational support and internal service quality have a direct and positive impact on the organizational performance, furthermore the results revealed that ISQ partially mediates the relationship between perceived organizational support and organizational performance. The findings provide useful insights for organizations, particularly in the banking industry, seeking to be competitive and responsive to the increasing challenges. Conclusions emphasize that mechanisms to encourage and foster ISQ in the organization are likely to facilitate the introduction, adoption, and diffusion of service quality both within and outside the organization which in turn, is likely to result in achievement of superior bank performance.*

**Keywords:** Perceived Organizational Support, Internal Service Quality, Organizational Performance

## INTRODUCTION

Organizations operate in an extremely competitive, vibrant, challenging, and dynamic business environment. In response to the pressures of running business in such an environment, organizations seek ways to add value to the services offered and improve their service quality. One way to achieve optimal level of service quality is through focus on the human resources. The role of human resource in the attainment of desired profits is increasingly catching the focus of the organizations. There is a move from concern for production to concern for people. This shift is especially true for service industries. The challenge to provide efficient and effective service is dictated by the fact that today's customers are more informed, knowledgeable, and experienced about the variety of products and services being offered in the market. This awareness about product quality, shape customers' expectations about the product, and compels the

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business world to meet the expectations and anticipations of the customers (Prakash & Mohanty, 2012). Improvements in service quality are also necessitated by the fact that Liberalisation has provided customers the opportunity to choose their service provider. Thus, customers demand better quality or otherwise they have the chance to shift to another supplier (Pina, Torres, & Bachiller, 2014).

Organizational support in nurturing and developing human resources can be decisive in attainment of competitive advantage. If employees feel that the organization, work environment and leaders are supportive, it may positively add to their perception of organizational support and increase the levels of job satisfaction and organizational commitment (Allen, 2003). Thus, POS might positively influence levels of job satisfaction and organizational commitment, which in turn might lead to better service delivery (Jaiswal & Dhar, 2016). Employees with good relationships with their supervisors enjoy more benefits such as fair feedback, greater say in decision making and higher levels of confidence and support (Erdogan and Enders, 2007). Wat and Shaffer (2005) argued that when employees observe fair treatment from their superiors, they are more likely to reciprocate by displaying a positive attitude towards their superiors. However, the indecent behavior by the management towards the employees can also lead to hostile relations between the coworkers, resulting in retaliation from employees in the form of delays in completion of tasks, sharing of incorrect information, lack of willingness to help and cooperate with coworkers. All of this can significantly hamper the human interaction and thus provision of service quality. Boshoff & Mels (1995) identified that most of the service delivery occurs through human interaction and during that interaction organization require their employees to infuse extra effort, technically referred to as Discretionary behavior, however this discretionary effort depends on a variety of factors; some of them include employee-supervisor relationship, and the level of commitment employees shows towards organization's goals, objectives and values.

ISQ has also been found to have a significant impact on organizational performance (Bellou and Andronikidis, 2008). ISQ has its imprints on the success of the business that comes from service performance, while service performance comes from the quality of service (Zailani, Din, & Wahid, 2006). This quality of service is not only the external service quality but also the ISQ, since the quality of external service is dictated by the quality of internal service (Cook, 2004).

Extensive research is available on service quality from the external customer perspective: however, relatively few studies have concentrated on employees' (Internal Customers) service quality. These researches which has been carried out in the area of ISQ are in the fields' of Healthcare (Gunawardane, 2009; Pantouvakis & Mpogiartzidis, 2013), Insurance (Boshoff & Mels, 1995), Food Industry (Wildes, 2007; Wildes & Parks, 2005), Banks (Bellou & Andronikidis, 2008; Vanniarajan & Subbush, 2011), University (Jun & Cai, 2010), hotels (Bai, Brewer, Sammons, & Swerdlow, 2006; Paraskevas, 2001), Pharmaceuticals (ELSamen & Alshurideh, 2012), and Airline (Frost & Kumar, 2001).

Though, there are numerous research studies on external service quality, only limited studies have focused on internal service quality especially in commercial banks. Hence, the present study is operationalized among banks. The banking sector is a demand driven industry and represents a vital section of the services industry in any country (Mishkin, 2001). The current rapidly changing environment is compelling the attention

of banking institutions towards service quality, and retail banks are striving towards increasing customer satisfaction through improved service quality (Choudury, 2014). This is because growth in the banking sector and the ever increasing competition among banks has clearly highlighted the need for customer satisfaction and optimization of customer service for a surge in market shares and profitability (Anderson et al., 1994).

The present study not only brings ascertain the direct relationship between perceived organizational support on organizational performance but also evaluates the role of ISQ in the linkage between ISQ and organizational performance. Since, empirical investigation is needed on service quality and its relationship with organizational performance, especially among different service organizations (Al-Enezi, 2012).

Given the paucity of literature in this area, the aim of the research is to ascertain the relationship between perceived organizational support and organizational performance and the role of internal service quality in this relationship. The study to comprehend the relationship between perceived organizational support, internal service quality and organizational performance is undertaken in the context of a developing economy. A number of motivations prompted to study the service quality. Services sector is largest and fastest growing sector in the world economy, accounting largest share in total output and employment in most developed countries. The services sector has provided steady support to Pakistan's economic growth. The shares of services are increasing in all sectors of economy over the period.

## LITERATURE REVIEW

### *Concept and Need of Internal Service Quality:*

Employees working in an organization can only produce fruitful results for the business if the communication, coordination, and relationship among them are efficient and effective. Employees are strongly reliant on each other to produce the required level of service; this service delivered and received is referred to as ISQ. Hammer (2001) defined ISQ as “an organized group of related activities that together create a result of value to customers.” (p. 52). The concept of ISQ used in this research reflects Heskett et al.'s (1994) statement that ISQ is determined by the attitudes employees have towards each other and the way people serve each other within the organization. In simple terms, ISQ refers to the quality of interaction, support, and level of communication between different individuals working in an organization.

Internal customer is an important factor in the delivery of service to the external customer. Internal customer is referred to individuals of other departments within an organization that an internal supplier serves (Jun & Cai, 2010). What makes them essential is the fact that they are part of the service delivery chain (Kendall, 2006). This implies that a business works in the form of a chain where individuals and different business functions are mutually dependent and are closely linked. Each takes inputs from each other (Farner, Luthans, & Sommer, 2001) with the ultimate aim to fulfill the needs of external customers.

Businesses have laid much of their focus on the external service quality. Hays (1996) highlighted the ground for this management behavior and further observed that the excitement and passion surrounding the drive and excellence to serve external customers often outdo the internal activities and processes. The management must understand that if staff in one department fails to provide timely service to their co

-workers in another department, this will surely result in delayed service to external customers, thus resulting in negative credibility and loss of reputation. This slowness in focus towards ISQ is changing. Business organizations are realizing the fact that an adequate level of service received within the organization would translate into satisfactory external service quality. The quality of external service is hugely reliant on the quality of internal service. This further highlights the significance to study internal service encounter (Gunawardane, 2011). It could further be asserted that for the purpose of achieving higher external service, an organization can be framed into a chain of individual functional units. Thus the ultimate objective of ISQ is to provide quality service to external customers that actually rely on delivering service quality across internal units (Brandon-Jones & Silvestro, 2010).

#### *Perceived Organizational Support:*

Service employees tend to be more responsive towards the needs of the customers, if they perceive that the management is concerned with meeting their needs (Getty & Getty, 2000). Drawing on the social exchange theory Rhoades and Eisenberger (2002) defined POS as the employees' perception concerning the extent to which the organization values their contributions and cares about their well-being. Similarly Dawley, Andrews and Bucklew (2008) described POS as employees' beliefs that the organization values their contributions and well-being. Moreover, POS "may be used by employees as an indicator of the organization's benevolent or malevolent intent in the expression of exchange of employee effort for reward and recognition" (Lynch, Eisenberger, & Armeli, 1999, pp. 469-70). Perceived Organizational Support among the employees and the employer develops over time through numerous exchanges and reflects the level to which workers recognize that their organization/business is committed to them (Stamper & Johlke, 2003).

The perception of being valued and cared by the management is utilized by the employees to fulfill their social needs for approval, affiliation, and esteem, and to determine the organization's readiness to compensate the increased effort with greater rewards (Yoon, Seo & Yoon, 2004). This concept of perceived organizational support based on social exchange theory (Blau, 1964) and the norm of reciprocity (Gouldner, 1960). Social exchange theory highlights the reason as to why workers feel indebted to reciprocate actions directed toward them by the business organization. Social exchange theory states that employees tend to counter beneficial treatment they receive with positive work-related behaviors (Mishra, 2014). Moreover, an increased level of POS associates with the understanding that employees who feel a higher level of POS will reciprocate favorable behavior when they trust that the organization will reward them. The specific benefits exchanged may be valued primarily because they are symbols of a high-quality relationship (Mishra, 2013). Lambert (2000) contended that high level of organizational support may result in positive behaviors valued by the organizations; this is in response to the benevolent treatment from the organization.

#### *Organizational Performance:*

The ultimate criterion variable of interest for researchers in any area of management is organizational performance (Richard, Devinney, Yip, & Johnson, 2009). Organizational performance is an indicator which measures how well organizations

attain their objectives (Hamon, 2003). Organizational performance alludes to financial performance in economic terms such as profits and return on investment (Homburg & Pflesser, 2000). Organizational survival is determined by performance, which is at the core of all the activities that are undertaken by the organization (Abdalkrim, 2013; Bani-Hani, Al-Ahmad, & Alnajjar, 2009; Choudhary, Akhtar, & Zaheer, 2013). Organizations aim to sustain competitive advantage and attain high performance. Performance of an organization is the result of its activities and processes and is a reflection of how well the organization exploits its tangible and intangible resources (Wheelen & Hunger, 2010).

Research has described OP as a multi-dimensional concept (Hamdam, Pakdel, & Soheili, 2012; Ouakouak, Ouedraogo, & Mbengue, 2013). There are different aspects on which organizational performance can be evaluated (Choudhary, Akhtar, & Zaheer, 2013). Measures for OP can be divided into two categories: financial or non-financial (Abdalkrim, 2013; Akdemir, Erdem, & Polat, 2010; De Waal, 2012; Nzube and Omolo, 2012). Organizational performance may be measured using objective or subjective (i.e. Perceptual) measures. Hancott (2005) revealed that, a number of objective indicators have been adopted to measure OP, such as net or total asset growth rate, profit growth rate, shareholder return, return on sales, growth in market share, return on net assets, and number of new products, etc. In the present study, for the present study the focus is on subjective performance measured using a set of questions that reveal the perception of employees, the questionnaire is based on the instrument developed by Tseng (2010).

#### *Development of Model and Hypotheses:*

The main aim of the study is that banks that adopt perceived organizational support strategies will be able to foster internal service quality, which, in turn, is likely to result in superior organizational performance.

#### *Linkage of Perceived Organizational Support, ISQ and Performance:*

POS is viewed as an important explanatory framework for understanding the relationship between employees and the workplace. It is regarded by some researchers as central in understanding job-related attitudes and behaviors of employees (Shen et al., 2014). There have been theoretical and practical contributions that highlight the influence of POS on employees' behavior which actually stimulates how employees treat their coworkers and customers. Employees feelings about the organization's care and emphasis are driven by the perception of the support employees' receive at work. Employees with a sense of POS feel that in circumstances where they need work or life support, the organization is willing to lend a helping hand; employees personally feel cared for, recognized, and respected, and in turn display identification, increased cooperation, appreciation, diligent performance, and reciprocity among workers. The dictionary meaning of reciprocity refers to mutual benefit, and based on the norm of reciprocity, employees in receipt of greater resources from the employer are likely to compensate their employers with greater levels of performance (Eisenberger et al., 1986; Rousseau & Parks, 1993). Based on the principle of reciprocity, employees with POS not only help coworkers, but also increase their own job satisfaction and organizational commitment (Chiang & Hsieh, 2012). This helps from the coworkers is reflected in terms of higher level of trust, increased reliability, deeper understanding of issues and challenges that leads to joint problem solving, and task responsiveness that results in efficient and effective working.

It is important to note that achieving service quality and making satisfied and loyal customers depend on the attitudes, performance and behavior of employees (Kusluvan & Kusluvan, 2000). Mohr and Bitner (1995) anticipated that POS has a direct influence on contact personnel service efforts defined as the amount of energy put into service works. Likewise, Wayne, Shore, & Liden (1997) found that POS is positively related to a high quality employee. Similarly, Yoon, Seo & Yoon (2004) argued that POS may greatly impact employee attitudes and behavioral responses. This is due to the fact that the provision of organizational support to an employee is likely to engender feelings of benevolence towards the organization, consolidating the link between employer and employee, which, in turn, increases the feelings of responsibility to recompense the organization, through the norm of reciprocity (Maertz, Griffeth, Campbell, & Allen, 2007). Employees who experience high levels of POS tend to have more feelings of obligation based on the norm of reciprocity. This, in turn, may contribute to such employees having more favorable attitudes and behaviors towards their workplace (Shen et al., 2013). Organizational support is thus a necessary pre-requisite for conducive employee behaviors at work. Deming (1982, 1986) consistently stated that lack of top management support and poor supervision will doom any quality effort. Juran (1993) emphasized that management needs to instill a philosophy of continuous improvement and provide the necessary support in organizational practices.

In order to foster ISQ, managers who expect quality service from employees will have to provide service quality to workers (Wildes, 2007). Social exchange theory can be applied to account for the relationship between managers and workers. One way to ensure a positive reciprocity orientation is by ensuring that internal customers are properly supported and consulted with regard to the service delivery issues (O'Riordan, 2003). In order to boost ISQ, the employer has to show devotion towards building a relationship of long-term employment with its employees by fulfilling their needs through offering them favorable working conditions; in return, employees will be satisfied, engaged, committed and loyal.

Lynch, Eisenberger, and Armeli (1999) theorize that employees who perceive high levels of perceived organizational support, are more compelled to contribute to the objectives of the organization. One of the reasons for this can be attributed to the fact that organizational support works as a resource capable of effecting performance by neutralizing stressors (Rhoades & Eisenberger, 2002). Rhoades and Eisenberger (2002) meta-analysis of POS included 20 performance studies and found a highly statistically significant relationship between POS and performance. Rhoades and Eisenberger (2002) reported considerable empirical support for the fact that POS is related to outcomes favorable to employees (for instance, Job Satisfaction) and the employer, in term of reduced turnover, performance, lessened withdrawal behavior. One of the purposes of this research is to examine how perceptions of organizational support influence employees' level of service quality. Drawing on the norms of reciprocity of social exchange theory, it is argued that employees who are receive adequate support from their organization will deliver quality internal service.

Perceived organizational support neutralizes employee stress and can result in increased cooperation that can enhance employee responsiveness (the key determinant of Internal Service Quality). Supportive management induces benevolence that can foster favorable attitudes and behaviors amongst employees, which can result in increased levels of empathy in employees, employees would be in a better position to understand

the coworker's problems and issues. Furthermore Perceived organizational support leads employees to reduce tendency to miss the work (Wayne, Shore, & Liden, 1997). This shows that employees would try to make sure that they perform services rights for the first time and avoid making corrections later. This is a key characteristic of ISQ and is referred to as reliability. This would lead to more satisfied employees resulting in enhanced organizational performance. Furthermore supportive management can lead to the attainment of organizational objectives. This further establishes the causal link amongst POS, ISQ and organizational performance. Following this line of logic, it is hypothesized that

**H1:** There is a significant and positive impact of perceived organizational support on internal service quality

**H2:** There is a significant and positive impact of perceived organizational support on organizational performance

#### *Service Quality and Organizational Performance:*

In the banking industry, the importance of relationship development and maintenance with key customers has previously been investigated (Madill, Feeney, Riding, & Haines, 2002). Hawke and Heffernan (2006) identified increased profit through reduced risk, improved communication links, and referrals to be some of the benefits of strong relationships with key customers. Although, it is noted in the context of external customers yet repeatedly the same is recorded for the internal customers as well. The bank needs to maintain cordial relationship within the bank, which would positively influence bank performance. Spending on the right service variables and proper execution is a key prerequisite as compared to mere expenditures on service (Valarie Zeithaml, 2000). However, studies have revealed that ISQ has a key relationship with organizational performance. ISQ has come to be recognized as a strategic tool for attaining operational efficiency and improved business performance (Jain and Gupta, 2004).

Provision of quality service to external customers is only possible through significant improvement in organizations' improvement of quality service to internal customers. Better performance, combined with improved attitudes, transfers itself in quality service delivery. Improved service and empathy from employees results in willingness of external customers to purchase the service, which results in improved financial performance (Getty & Getty, 2000). Bellou and Andronikidis (2008) conducted a study on 16 big banks in Greece found that banks' performance eventually improved through improved ISQ that influenced the behavior and satisfaction of the external customers.

**H3:** There is a significant and positive impact of internal service quality on organizational performance.

#### *Mediating Role of Internal Service Quality:*

Based on the aforementioned literature, it is evident that perceived organizational support does carry an impact on organizational performance. Previous studies have separately investigated the influence of perceived organizational support on ISQ, and the influence of ISQ on organizational performance has also been reported in literature.

Hence there exists a causal relationship between perceived organizational support and organizational performance. ISQ as mediating variable can be central in developing an understanding how perceived organizational support and organizational performance are related. The banking industry has traditionally focused on how to transform its physical resources to generate financial performance, and therefore, inadvertently ignored the mediating role of service quality (Mukherjee, Nath & Pal, 2003). Thus, in light of the above reasoning, it is proposed that

**H4:** Internal Service Quality mediates the relationship between perceived organizational support and Organizational Performance

## RESEARCH METHODOLOGY

### *Population and Sample:*

The population frame for the study was drawn from the banks listed in Karachi Stock Exchange (KSE) having over five branches operating in Pakistan and the city of Peshawar. Stratified random sampling technique has been adopted for the study. The banks were divided into two strata, Medium and Large Banks. Banks with total assets in excess of Rs. 500 billion is categorized as “Large Banks”, banks with total assets in between Rs. 100 billion to Rs. 500 billion is categorized as “Medium Size Banks”.

### *Measurement:*

In order to investigate the mediating role of ISQ between internal marketing and organizational performance, primary has been collected. Perceived Organizational Support was measured through the scale developed by Chiang & Hsieh (2012) based on Rhoades, Eisenberger and Armeli (2001) construct of perceived organizational support. ISQ was measured by a scale developed by Kang, James and Alexandris (2002). Five dimensions were identified from ISQ scale, namely Reliability, Assurance, Tangibles, Empathy and Responsiveness. Tangibles dimension was not included in the study since, most of the studies found tangibles not to be important in measuring ISQ (Young & Varble, 1997; Parasuraman Zeithaml, & Berry, 1985). Organizational performance was measured using the scale developed by Tseng (2010). A higher rating of organizational performance by respondents meant better organizational performance.

### *Data Collection:*

The data was collected through questionnaires distributed through personal visits made to the banks, emails and posts. Measurement used was a seven points rating Scale. A total of 564 questionnaires were distributed in 80 different branches of medium and large sized banks. In the present study 404 questionnaires were returned, constituting the response rate of 71.63. A total of 63 questionnaires were rejected.

## DATA ANALYSIS AND RESULTS

### *Profile of the Respondents:*

The demographic profile of respondents showed that average age of respondents was 33.58, minimum age of a respondent was 20 years while the oldest bank worker in the study was 59 years old. Gender distribution of the respondents showed that majority of



the respondents were male ( $n = 289$ ) representing 84.8 % of the sample, while females were ( $n = 52$ ) constituting 15.2% of the total sample. Years of education was measured in number of years. Average years of education were 16.12. Majority of the respondents had sixteen followed by eighteen years of education. Survey respondents were asked to identify their nature of employment with the bank. 46 (13.5%) were on contract while 295 (86.5%) were working with the banks on permanent basis. Respondents job rank was measured on three categories, Junior, middle and senior. Subjects were asked to identify their job rank. Majority of the respondents were middle ranked (206) representing 60.4% of the total sample, followed by junior rank employees, which were 91 (26.4%). A total of 45 (13.2%) senior level employees were part of the study. Banking system in Pakistan is either conventional or Islamic. Data was collected from both Islamic and conventional banks. 266 (78%) of the respondents were from conventional banks while 75 (22%) of the respondents were employed at Islamic banks.

Table 1. Demographic Profile of Respondents

<i>Age Group</i>	Frequency	Percent
20-29	128	37.5
30-39	144	42.2
40-49	41	12.0
50-59	28	8.2
<i>Gender</i>		
Male	289	84.8
Female	52	15.2
<i>Years of Education</i>		
14.00	32	9.4
16.00	247	72.9
17.00	11	3.2
18.00	49	14.5
<i>Nature of Employment</i>		
Contract	46	13.5
Permanent	295	86.5
<i>Job Rank</i>		
Junior	90	26.4
Middle	206	60.4
Senior	45	13.2
<i>Banking System</i>		
Conventional	266	78.0
Islamic	75	22.0

#### *Factor Analysis:*

Factor analysis was performed to identify the underlying factors. Factor analysis results for each construct are described in this section.

#### *Perceived Organizational Support:*

Perceived organizational support construct comprised of 5 items. Factor loadings table showed that except POS5 which had the lowest loading of .667 still above the cut off score, all items had loading over .80. The uni-factorial structure indicates that the items represent the underlying dimension of perceived organizational support.

Table 2. Component Matrix for perceived organizational support

Construct/Variables	Loadings
POS1	.825
POS2	.878
POS3	.886
POS4	.833
POS5	.667

*Internal Service Quality:*

ISQ is comprised of 14 items. Originally the scale had 18 items, 4 items were removed due to multicollinearity. Factor analysis revealed a two factor solution. The first was named Reliability while the second was named Empathy and Responsiveness. First factor had a total of six items. Seven items loaded onto the second factor. One item cross loaded onto both the factor and hence was removed from further analysis.

Table 3. Component matrix for internal service quality

Construct/Variables	Loadings	
	1	2
<i>Internal Service Quality</i>		
<i>Reliability</i>		
REL1	.728	
REL2	.808	
REL3	.789	
REL4	.797	
REL5	.807	
ASR1	.733	
<i>Empathy &amp; Responsiveness</i>		
EMP1		.708
EMP2		.729
EMP3		.744
EMP4		.749
RES1'		.707
RES2		.703
RES4		.710
<i>Item Removed (Cross Loading)</i>		
In my bank Coworkers are polite and kind.	.526	.529

*Organizational Performance:*

The results of factor analysis of the criterion variable organizational performance reveal a uni-factorial solution. All items loaded substantially well onto a single factor with loadings over .80. One item (OP5) was removed as part of multicollinearity analysis.

Table 4. Component matrix for organizational performance

Construct/Variables	Loadings
OP1	.827
OP2	.916
OP3	.880
OP4	.851

*Reliability and Validity:*

Cronbach Alpha test has been used to test the reliability of the constructs. The results of the Alpha Reliability are shown in Table 3. The reliability of the construct in the present study ranges between .874 and .953. Results indicate that reliability of all the constructs

is well above .8 (Field, 2005) which indicates good reliability is attained. Further to the reliability, validity of the measures is also established. Both convergent and discriminant validity is established.

Convergent validity is established when the concepts that should be related to each other are in fact related. The uni-factorial nature of variables and constructs confirms the construct validity of the dimensions under study (Kuei, 1999). Convergent validity is established if an AVE of .50 or greater is achieved for the constructs. Perceived organizational support and Organizational Performance constructs are uni dimensional hence convergent validity is established. Theoretically internal service quality is made of four dimensions; however in the present study factor analysis extracted two factors, reliability and empathy & responsiveness. Furthermore AVE is calculated, the results revealed that convergent validity for all constructs is established since the statistics for AVE for all the factors is greater than .50.

Table 5. Reliability analysis of the constructs

Constructs	.....	AVE
Perceived Organizational Support	.874	.67
Internal Service Quality	.938	
Reliability	.913	.60
Empathy & Responsiveness	.907	.52
Organizational Performance	.890	.75

Discriminant validity determines the extent to which sufficiently distinct constructs are not strongly correlated with each other. Discriminant validity is established if square root of AVE for each construct is greater than inter-correlations of other constructs.

Table 6. Square root of AVE and Inter-Construct Correlations

	POS	REL	OP	EMPRES
POS	(.82)			
REL	.528**	(.77)		
OP	.521**	.607**	(.86)	
EMPRES	.569**	.720**	.618**	(.72)

#### *Evaluations of Measurement Models:*

The present study involves a total of eight different constructs. This section tests subjects each of the construct to confirmatory factor analysis (CFA) to test if the data fits the measurement and structural model.

#### *Perceived Organizational Support:*

Perceived organizational support was made up of a total of five items. Initial results of the CFA showed that a good fit was attained. Although the loadings for POS5 were low, but since an acceptable fit was attained, the item is retained for further analysis. The results of the initial and the final model are summarized in the table 7. A total of 5 items were included for further analysis.

Table 7. Summary of findings: Perceived Organizational Support

Items	Initial Loadings		Final		
		Standardized Loadings		C.R. (t)	
POS1	.783	.783	---		
POS2	.854	.854	16.857		
POS3	.870	.870	17.181		
POS4	.772	.772	14.971		
POS5	.563	.563	10.407		
Attained Fit Indices					
	CMIN/DF ( $\chi^2/df$ )	SRMR	CFI	TLI	RMSEA
Initial	1.71(8.6/5)	.01	.99	.99	.04
Final	1.71(8.6/5)	.01	.99	.99	.04
Composite Reliability: .88					

*Internal Service Quality:*

Exploratory factor analysis revealed two factors for ISQ namely reliability and Empathy and Responsiveness. Only one item was removed since it failed to load substantially. Final ISQ construct had a total of 12 items. The loadings and indices for initial and final attained model are shown in table 8.

Table 8. Summary of findings: Internal Service Quality

	Initial Loading		Final		
		Standardized Loadings		C.R. (t)	
<i>Reliability</i>					
REL1	.725	.707	---		
REL2	.760	.748	13.35		
REL3	.819	.809	14.42		
REL4	.856	.877	15.44		
REL5	.864	.867	15.43		
ASR1	.773	.805	14.16		
<i>Empathy &amp; Responsiveness</i>					
EMP1	.796	.799	---		
EMP2	.499	---	---		
EMP3	.818	.777	15.86		
EMP4	.829	.793	16.30		
RES1	.755	.764	15.54		
RES2	.862	.872	18.58		
RES4	.846	.864	18.36		
Attained Fit Indices					
	CMIN/DF ( $\chi^2/df$ )	SRMR	CFI	TLI	RMSEA
Initial	4.09(262.144/64)	.04	.93	.92	.09
Final	2.56(131.025/51)	.03	.97	.96	.06
Composite Reliability: For Reliability: .91 For Empathy and Responsiveness: .91					

One item (EMP2) that measures if the bank has convenient working hours were removed from the analysis. On deletion of EMP2, the resultant model manifested significant enrichment to the overall fit of the model as shown in the attained fit indices. It was not a problem for the six item factor to attain content and face validity. Finally the composite reliability score for reliability is .91 and empathy & responsiveness was found to be .91 which is deemed to be reliable for the measurement of reliability and

empathy & responsiveness.

### *Organizational Performance:*

Originally organizational performance construct had a total of five items. One item was removed due to multicollinearity. The four items left were subjected to CFA. The results showed all items load substantially well onto the construct. The fit indices are indicating an adequate fit for the construct since RMSEA is a little higher. The initial and final loadings are compared in table 9.

Table 9. Summary of findings: Organizational Performance

		Initial Loading	Final Standardized Loadings	C.R. (t)	
OP1		.77	.77	---	
OP2		.91	.96	17.53	
OP3		.82	.77	15.88	
OP4		.78	.73	15.07	
Attained Fit Indices					
	CMIN/DF ( $\chi^2/df$ )	SRMR	CFI	TLI	RMSEA
Initial	15.38(30.769/2)	.03	.96	.89	.20
Final	3.10(3.10/1)	.00	.99	.98	.07
Composite Reliability: .88					

No items were removed from the analysis. The four items construct to measure organizational performance has been used in the literature (Tseng, 2010). This approved the reliability and validity of the measure. The composite reliability for this measure is .88 which is considered a reliable measure for organizational performance.

### *Structural Model: Perceived Organizational Support and ISQ:*

The Structural model evaluates the relationship between POS and ISQ. The attained model showed acceptable fit indices. Table 10 shows the fit indices for the final model.

Table 10. Summary of findings: Structural Model

Attained Fit Indices					
	CMIN/DF ( $\chi^2/df$ )	SRMR	CFI	TLI	RMSEA
	2.266(256.092/113)	.03	.966	.959	.06

Table 11. Summary of measurements: POS and ISQ

No	Structural Paths	Standardized loading	C.R	P	Label
1	- - -	.657	7.802	.000	Supported

The table 11 shows that POS had a significant influence on ISQ. The hypothesis is evaluated based on the standardized coefficient, its critical ratio, significance level. The estimation of hypotheses demonstrated that the hypothesized link between POS and ISQ was significant.

### *Structural Model: POS and Organizational Performance:*

The Structural model evaluates the relationship between POS and OP. The initial model

revealed acceptable fit indices for SRMR, CFI and TLI, however RMSEA showing mediocre fit. The modification indices and standardized residual covariances were analyzed. Covariances were drawn between items of the similar latent construct.

Table 12. Summary of attained findings: Structural Model

Attained Fit Indices					
CMIN/DF ( $\chi^2/df$ )	SRMR	CFI	TLI	RMSEA	
3.040(76.0/25)	.04	.973	.960	.07	

Table 13. Summary of measurements: POS and OP

No	Structural Paths	Standardized loading	C.R	P	Label
1	POS→OP	.577	8.096	.000	Supported

The table 13 shows if the perceived organizational support had a significant influence on organizational performance. The hypothesis is evaluated based on the standardized coefficient, its critical ratio, significance level. The estimation of hypotheses demonstrated that the hypothesized link between POS and organizational performance was significant.

*Structural Model: ISQ and OP:*

The Structural model evaluates the relationship between ISQ and organizational performance. The initial model revealed acceptable fit indices for SRMR, CFI and TLI, however RMSEA showing mediocre fit. The modification indices and standardized residual covariances were analyzed. One Item (RES1) was removed. Covariances were drawn between items of the similar latent construct. The final attained model showed acceptable fit indices. Table 14 shows the comparison between initial and final model.

Table 14. Summary of findings: Structural Model ISQ and OP

Attained Fit Indices					
CMIN/DF ( $\chi^2/df$ )	SRMR	CFI	TLI	RMSEA	
2.485(208.70/84)	.03	.967	.960	.06	

Table 15. Summary of measurements: ISQ and Organizational Performance

No	Structural Paths	Standardized loading	C.R	P	Label
1	ISQ→OP	.711	10.276	.000	Supported

The table 15 shows if the mediating variable (ISQ) had a significant influence on organizational performance. The hypothesis is evaluated based on the standardized coefficient, its critical ratio, significance level. The estimation of hypotheses demonstrated that the hypothesized link between ISQ and OP was significant.

*ISQ, Perceived Organizational Support, and Organizational Performance:*

Mediation analysis was performed using Baron and Kenny (1986) causal approach. The initial causal variable was Perceived Organizational Support (POS), the criterion variable was organizational performance (OP), and the mediating variable was ISQ (ISQ).

The results reveal that the total effect of POS on OP was significant,  $c = .473, p < .001$ .

POS was significantly predictive of hypothesized mediating variable, ISQ;  $a = .486, p < .001$ , when controlling for POS, ISQ was significantly predictive of OP,  $b = .600, p < .001$ . The estimated direct effect of POS on OP, controlling for ISQ, was  $c' = .181, P < .001$ .

The indirect effect,  $ab$ , was  $.291$ . This was judged to be statistically significant using Sobel test,  $z = 8.48, p < .0001$ . The coefficients for both  $a$  and  $b$  were found statistically significant, the Sobel test for the  $ab$  product was also significant, the direct effect from POS on OP ( $c'$ ) was also statistically significant, therefore, the effects of POS on OP were only partly mediated by ISQ. Comparison of the coefficients for the direct vs indirect paths ( $c' = .181$  vs.  $ab = .291$ ) suggest that a large part is mediated by ISQ.

## DISCUSSION

The study revealed a significant relationship between POS and ISQ. Although, there is insufficient research that evaluates the impact of POS on ISQ, however, existing research studies support the notion that POS can result in positive employee behaviours. Hence, support from the organization in terms of letting go their mistakes, valuing their opinions, and providing support and help when needed can seriously bring out best service behaviour amongst employees.

Analysis discovered a significant influence of POS on OP. In contrast to extensive theoretical support, limited empirical support is discovered to exist for the relationship between POS and performance. The results of the present study are similar to the findings of Rhoades & Eisenberger (2002) and Armeli, Eisenberger, Fasolo & Lynch (1998) study who found a significant relationship between POS and Performance. Since banks operate under tight policies and procedures, there is very limited scope for mistakes and valuing of opinions. Supportive management that induces among employees the feelings of compassion, empathy, and identification can lead to enhanced cooperation not only with the coworkers but also with the organization.

The analysis revealed a significant influence of ISQ on performance. Study by Bellou and Andronikidis (2008) has shown significant positive influence of ISQ on organizational performance. The results reveal a higher degree of responsiveness in bank employees. The results reveal a significant level of responsiveness by the employees towards their coworkers, this is a significant factor of ISQ (Zhen-You, 2003), and this improved attitude towards coworkers helps in attaining improved organizational performance. Responsiveness corresponds to the fact that bank employees deliver timely service, since operations in bank are interconnected to each other, provision of timely service to coworkers can significantly enhance quality of service provided to the customers, and subsequently would lead to the customer retention, as well as help in achieving maximum profits.

The mediating effect helps assess whether the relationship between two variables is direct or whether it occurs indirectly through some third (i.e., mediating) variable (Shaver, 2005). Mediation analysis proved partial mediation between perceived organizational support and perceived organizational performance. This showed that the relationship between perceived organizational support and ISQ to a certain extent (partially) occurs through the mediating variable ISQ. This shows that satisfaction with perceived organizational support increases an employee's drive to perform well, this initiates positive behaviours among employees. They are willing to show discretionary

behaviours and also prepared to get involved with other employees. The enthusiasm and conviction of employees is communicated to the coworkers and hence facilitates employee performance that significantly improves the organizational performance.

## CONCLUSION

The study results showed that perceived organizational support had significant influence on ISQ. Based on the findings of this structural model, the research concludes that for the banks to improve the level of ISQ, the banks should make efforts to improve the level of employee satisfaction with the supportive initiatives, the better the level of supportive initiatives the higher would be the level of service the coworkers provide to each other.

Perceived organizational support was found to have a significant influence on organizational performance. The significant influence of perceived organizational support on perceived organizational performance further strengthened the findings of existing literature that also showed significant relationship between perceived organizational support and performance, furthermore vigor to the assertion that organizations shall continue to invest in the making efforts to provide support to its employees.

The study also evaluated the influence of ISQ on subjective measure of organizational performance. The results indicated that ISQ had a significant influence on the subjective organizational performance. The finding strengthens the assertion that unless organizational focus on the service received by coworkers, the organization cannot attain adequate level of profitability and may not be able to ensure external service quality that would ultimately harm business performance.

Furthermore, the research main interest was if ISQ acts as a mediator between perceived organizational support and organizational performance. The finding was partially supported in case of mediation between perceived organizational support and perceived organizational performance. The mediated effect of ISQ is important to top management, implying their responsibility for investing to create an environment that nurtures trust, understanding, commitment, provision of timely service, and positivity in attitude and behavior. Management which expects to reap benefits of service quality must understand the need of better ISQ and should invest in the intangible factors that have been proven to affect the tangible profits. Banks operate under tight guidelines; it is for the management to understand that each bank branch is supplied with adequate and well trained staff, tangible resources to carry out office duties, training schedules, employee support programs and clear reward management system that fosters collaboration, support, togetherness and collectivity.

The present research has strong practical implications. The research study shows it is not only external service quality that adds to the profitability of the organizations. The research has displayed significant influence of ISQ on organizational performance. This shows that it is imperative for the banks to ensure that they take initiatives that foster ISQ. Investments in ISQ involves activities that clearly highlight distinct job roles, learning initiatives that help short and long term development, communication and development of believe in the mission and vision, and concrete rewards for performance. Failure to make proper consideration for improvements in ISQ may seriously affect organizational performance, since employees may not be able to provide timely and adequate service desired by their coworkers.



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