
Internal Marketing: a prelude or an outcome of Employee Motivation?

Ms. Jyoti Kukreja

Research Scholar, USMS, GGSIPU, Dwarka, New Delhi
& Assistant Professor, JIMS Kalkaji, New Delhi, India
jyotikukreja9@gmail.com

Abstract

Is your organization suffering from low performance, high absenteeism, high employee turnover; are your employees usually reluctant to take initiative and responsibility; is customer retention an enigma for you; are interdepartmental frictions a usual phenomenon, role ambiguities, role - conflict, and role - stress oft-cited complaints from employees; are your employees disillusioned with the vision and mission of your organization; do you find them devoid of energies? If, your answer to any or all the above questions was 'yes', it is most urgent task for you to implement internal marketing programmes in your organization.

This study aims to explore whether motivation of the personnel is an antecedent or an outcome of the internal marketing practices in the banking sector? The study had been carried on 65 banking personnel around Delhi and NCR.

Keywords: Internal Marketing, Employee Motivation, Communication, Customer-conscious

Introduction:

Internal marketing as a concept urges the exploration into the constructs of job satisfaction, customer orientation, relationship marketing for organizational performance. Role clarity, career potential, less absenteeism, low turnover, enhancement of company commitment, job security, achievement, compensation, and company policies have been identified as intervening variables while comprehending job satisfaction. Job Satisfaction as a concept is evaluated on the basis of designation, role-clarity, empowerment, participative decision-making and informality of communication. Organization Satisfaction emanates from reward satisfaction, stimulation from work and work load. The construct of relationship marketing requires investigating the levels of empathy, communication, bonding, cooperation, trust and honesty. Further, customer-orientation of an employee is measured by judging his service-consciousness, reading and pampering both the implicit and explicit needs and expectations that too both internally and externally. These three though mutually exclusive accentuate and escalate organizational performance which is projected with the

variables of organizational productivity, employer branding, customer satisfaction, sales and market share. To discuss a few more variables delineates upon perceived supervisor/organizational support, empowerment, remuneration, recognition, training and development, culture of team-work, internal communication, employee engagement.

Motivation is a very useful and a significant concept that is of paramount significance to the service industry cause it builds and enhance psychological contract both intrapersonal and for the organization. Not only does it descends upon the turnover intention bearing the risk of a sudden quit from its employees but it also engenders exceptional service quality deliverables.

Customer delight parameters are unveiled and strategies are crafted to attain highest standards of excellence with the implementation of internal marketing programmes in the organization especially in the service sector. Internal customers deliver quality: It is employees who carve and convey reputation but the question of paramount significance is do they take that responsibility

voluntarily? If they do, why do the meetings in office usually baffling? Why is job stress being so much popular?

Relevant Concepts

In service sector more than any other domain, inter-personnel frictions are likely and in abundance; IM is the key to solve these intertwined problems. Not only this, internal marketing prepares its agents to plan and participate in its 'change management' scenarios; the resistance to change is often succeeded by stress and repulsion: the denial to square to reality. It enhances both creativity and sensitivity for its staff. Further, it enhances connectivity both inside and outside the organization. For the success of any enterprise it is quintessential that every employee both: internal and external and; existing and potential must know the range of services provided to maximize the organizational goals of: market share and customer satisfaction.

Review of Literature

Moreover, because of the importance of the service provided, service firms should inform their customer-contact employees of the customer's needs, train them in a continual base, support them in order to acquire communication and recovery skills and make them feel comfortable and satisfied with their job. The above ascertainment emerged the concept of Internal Marketing. In that respect enterprises should develop marketing programmes focusing on the internal market (employees) in parallel to those for its external market (customers) [Bansal et al. (2001)]

The Internal Marketing was first introduced by Berry et al. (1976) and later by other researchers like George (1977), Thompson et al. (1978). The idea of Internal Marketing was presented in some articles like such of Sasser and Arbeit (1976) but without however using such terminology.

There is no acceptable definition from the researchers about «what exactly internal marketing is, what it is supposed to do, how it is supposed to be done, and who is supposed to do it» [Varey (1995), Rafiq and Ahmed (2000)].

Rafiq and Ahmed [Rafiq and Ahmed (1993, 2000), Ahmed and Rafiq (1995)] classify the growth of Internal Marketing in three separate but also closely intertwined strands:

Employees' motivation and satisfaction

Majority of the articles focus on this concept of Internal Marketing. It is based on the perception that to have customers satisfied, one should first have satisfied employees [George (1977), Stershic (1990)]. In order to achieve this, the organization must handle their employees as internal customers.

Marshall et al. (1998) distinguish the concepts Internal Marketing and internal customer service supporting the fact that the first focuses on how the company serves its employees while the latter how employees serve other employees in the same organization. In fact, internal customer is each employee that receives products or services from suppliers within an organization. So, each business consists of a chain of depended functional units, every one of which receives product or services from the previous and supplies the next internal or external customer [Nagel and Cilliers (1990)]. The basic assumption is that if everybody strives to provide better service to their internal customers (internal service quality), then the external customers will receive higher quality service (external service quality) [Vandermerwe and Gilbert (1991), Davis (1991), Dodson (1991), Lusch et al. (1992), Gremler (1994), Hart (1995), Lings (2000)].

Berry (1981,1984)	Viewing employees as internal customers, viewing jobs as internal products, and then endeavouring to offer internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization.
Ballantyne et al. (1995)	Consider to be the process of creating market conditions within the organization to ensure that internal customers' wants and needs are met

The researcher points out that the individuals who buy products and services with the role of consumer are the same persons with those that buy works with the role of employee.

• Customer orientation

Later the researchers focused on customer orientation. Grönroos (1985) supports that if an

organization adopts Internal Marketing then its employees can be influenced most effectively and hence become more motivated to unearth latent needs of customers, market orientation and sales mindedness. This can be done by applying a marketing-like internal approach and marketing-like activities internally.

- **Broadening the internal marketing concept – strategy implementation and change management**

Over the last years researchers began to recognize that Internal Marketing could help an enterprise to implement its strategy. Thus, it is presented as a mechanism for reducing departmental isolation and interdepartmental frictions as well as overcoming resistance to change.

Service quality is defined as superiority or excellence as perceived by the customer (Peters and Austin, 1985). More specifically service quality has been defined as:

The delivery of excellent or superior service relative to customer expectations (Zeithaml and Bitner, 1996). 'Quality ... is behaviour – an attitude – that says you ... will never settle for anything less than the best in service for your stakeholders, whether they are customers, the community, your stockholders or colleagues with whom you work every day (Harvey, 1995).

When we want to be effective – delivering good quality to the customer – we must produce services that meet “as much as possible” the needs of the consumer (Boomsma, 1991). (Quality is) providing a better service than the customer expects (Lewis, 1989).

In services, customer's satisfaction or dissatisfaction takes place during the moments of truth - when customer comes in contact with a front-line employee of the firm [Lewis and Entwistle (1990)]. Actually, at the moments of truth, the quality of provided services is the customer's judgment and the result from the discrepancy between customers' expectations and perceptions [Bitner (1990), Bolton and Drew (1991), Parasuraman et al. (1988), Taylor and Baker (1994)].

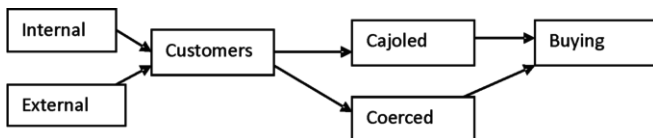
Motivation can be defined as “the development of a desire within an employee to perform a task to his/her greatest ability based on that individual's own initiative” (Rudolf and Kleiner, 1989, p. 1). By analyzing the definition, one can ascertain, motivation to be the level at which an employee will perform a specified activity for the company, an imperative function for success.

Motivation can also mean employees “...strive to reach peak performance every day, ... enjoy the continual challenge of improving results, genuinely care about their peers and their company, and will maintain positive results” (Evenson, 2003, p.21), or as “the willingness to exert high levels of effort toward organizational goals, conditioned by the person's ability to satisfy some individual need” (Robbins, 1993 as cited in Lu, 1999, p. 63).

The definitions of motivation, lead an organization to believe their employees will perform their specified tasks better than the norm and will genuinely wish to do so, while this is important for the business, motivation can also have other benefits. Carlsen (2003) believes a motivated workforce is essential, as the complete participation of employees will inevitably drive the profitability of the organization. Another paramount concern for management is, motivating their employees relates directly to the perceived increase in performance the employees will deliver from managements' participation in the exercising of motivation techniques, therefore, there is a direct result between the levels of motivation and management's participation. (Tyagi, 1982). Certain academics have linked motivation as being a key determinant of job performance and how a poorly motivated force will be costly in terms of excessive staff turnover, higher expenses, negative morale and increased use of managements' time (Jobber, 1994). Therefore, management need to know what exactly motivates their staff so resources are not misallocated and dissatisfaction develops among employees (Jobber, 1994). While motivation is a key determinant of performance, management must not neglect how motivation is the also concerned with

the educating of employees. Darmon (1974) believe motivation is the educating of employees to channel their efforts towards organizational activities and thus Denton (1991) believes a motivated workforce would alleviate disenchantment felt by employees and improve these factors. Denton (1991) also believes a motivated workforce will lead to greater understanding, acceptance, commitment to implementation, understanding of objectives and decision making between management and employees.

Finally, motivation can also be used as a tool to develop further, the high performers and ensure they are satisfied with their work activities. Green (2000) envisages motivation to be proactive in the sense of; in dealing with employees who are high performers, motivation is essential, otherwise their performance will decline or they will simply leave the job. In the area of dealing with low performers, motivation is a prerequisite, otherwise these employees will drag results down, lower productivity and certainly won't leave the organization, as they will have nowhere else to go.



The Model

The rigorous perennial question for the stalwarts to answer is diagrammatically posited as follows. Both internal and external customers are made to buy products ('jobs as products' for internal customers) but do they buy out of habit, ambition, prestige, or that there doesn't exist an option? Are your employees enforced for compliance to organization's culture or do they enthusiastically volunteer to be available for all programs targeted to achieve vision and demands of the enterprise?

Organizations especially in the service sector require its employees to be agile and sensitive to respond to the escalating and dynamic expectations which can be efficiently achieved with emotionally intelligent and

customer-conscious employees. Thorsten (2004) believed that an employee with customer orientation tends to develop more stable relationships with customers. IM focuses on engendering marketing-oriented management and if you intend to retain your customers, gripping commitment and trust from employees is equally important. Staw (1984) found that the Japanese model of motivation emphasizes attachment, cooperation, achievement of organizational goals, extending extra effort on behalf of the organisation, and loyalty and service to the long-term interests of the organization. Internal customers are considered to be both torchbearers and touchpoints to guide and facilitate satisfaction for themselves and external customers. Competition is intense and no organization would want either its employees or customers to abscond from the revenue generation lists.

Consistency in service quality drives the success of the organization which is dependent on the ability and the motivation that its employees bring to their jobs. Over the last years researchers began to recognize that Internal Marketing could help an enterprise to implement its strategy. Thus, it is presented as a mechanism for reducing departmental isolation, inter-departmental frictions as well as overcoming resistance to change.

Objectives

The specific objectives of this preliminary study were as follows:

- To characterise internal marketing activities currently undertaken within the institutions studied.
- To identify employee motivational levels towards such activities
- To identify opportunities for the further development and refinement of internal marketing activities against the backdrop of change taking place within the banking sector.

Hypotheses

Hypothesis Result

Hypothesis	Result
H1 Employees' high levels of motivation cause significant positive influence on internal marketing awareness	Accepted
H2 High levels of implementation of internal marketing practices cause significant positive influence on employee motivation	Accepted
H3 The difference in the demographic profile has a significant influence on the level of employee motivation	Accepted
H4 The difference in the demographic profile has a significant influence on the level of internal marketing	Rejected

Methodology

The details of the study are reported below

Banks covered: Employees of nineteen banks have been surveyed with 8 private sector banks and eleven public sector banks in the area of Delhi and NCR.

Sample of employees: Questionnaires to 63 bank employees both at Managerial level and Employee level were circulated. However, only 60 were found usable.

Instruments / Scales used for measuring IFC, IC with reliability and validity

The primary study

The primary research focused on eliciting responses from the bank employees in both public and private sector banks. The study covered 18 bank branches in total out of which 6 had been private and 12 had been public sector banks. For reasons of confidentiality, the names of these banks have been kept anonymous.

Two sets of structured questionnaires were used for the

study. The first set of the questionnaire aimed at obtaining responses from the managers. 11 constructs of internal marketing including inter-functional coordination, internal communication, management commitment to service quality, application of marketing tools, employee training and development, strategic leadership, vision awareness, customer-orientation, management philosophy, strategic rewards, employee empowerment and employee motivation. The second set of questionnaire aimed at gauging responses from the employees who are in direct contact with the employees. This questionnaire included the above set of elements in addition to ten traits of personality analysis by Gosling, S. D., Rentfrow, P. J., & Swann, W. B. (2013) and the Employee Motivation Scale by Dr. A.K.Srivastava.

Methods used for data analysis and testing of hypotheses

SPSS 17.0 version was deployed for data analysis and testing of hypotheses. .7 had been the measure of reliability of cronbach alpha. The questionnaire withstood the test of reliability and is valid as a measure of the two concepts.

Findings

The study found that banking industry is increasingly getting complex and dynamic. The human resources are working untiringly towards achieving organizational goals. Though the concept of 'internal marketing' and its practice is implemented in small measures yet there remains a scope of implementing employee motivation practices through internal marketing activities. The managers do call upon meetings for clear internal communication of the changing norms, policies and plans, etc. Banks' vision had been well cited through banners placed both inside and around the branch. Employees are made to be increasingly empathetic to the customers' needs and investment options.

Conclusions and Discussion

Today, intangible assets play a major role in the competitiveness of a business; as such assets are more sustainable and less capable of being imitated. Human capital can be considered as one of the most important intangible assets that includes knowledge, skill and attitudes of employees. As a result, management of the capital is needed to attain competitiveness. A major approach to this is internal marketing, which treats the employees of a typical organization as customers whose needed should be supplied. Managers must understand that their employees' satisfaction is as much-sometimes more-important as satisfaction of external customers. Internal marketing is of an interdisciplinary nature. The philosophy of internal marketing is that employees of an organization constitute its internal market, which has customers and suppliers and as a result, a chain of value if formed inside the organization which must be intended to supply the needs of both the internal and external customers. When the internal customers of an organization are satisfied they will perform better and maintain better interaction with the customers. As a result, the customers will get more satisfied, which will bring about their faithfulness in the long run and ultimately a competitive advantage will be obtained from the internal customers. Internal marketing influences the customers' understanding of the quality of services and, on the other hand, can influence both the quality of services and the customers' satisfaction. An irate consumer tends to bristle with righteous rage and is not known to mince words or sugar coat a putdown. Thus, it is important to balance both the external and internal orientation (Lings, 1999).

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