

Understanding the Interface of Interaction between Internal Marketing Practices and Employee Satisfaction. A Study of select branches of State Bank of India

Pankaj Khajuria

Department of Management Studies, Kathua Campus, University of Jammu,
Kathua, J&K- 184104, India

Abstract

The present paper is aimed at analytically studying the relationship between Internal Marketing practices represented by the Management Concern and Job Description on one side and Employee Satisfaction on the other side in State Bank of India. A detailed review of literature of Internal Marketing and Employee Satisfaction has been conducted. The target population of this research was employees of State Bank of India. A random sample of forty employees was selected from this population and survey was conducted through questionnaires framed on the basis of measurement scales adopted from prior studies and by reviewing the literature. The results of the study established that there exists a relationship between two with former having impact on later. Hence, service providers/Banks are suggested to implement the Internal Marketing approach in order to increase satisfaction among the employees.

Keywords: *Internal Marketing, Management Concern, Job Description, Employee Satisfaction, Employees, State Bank of India (SBI).*

1. Introduction

Service industry in general and Banking in particular has operated in a quite certain business environment till recent times but in the present circumstances the said segment is operating under more uncertain and complex environment resulting from the major changes in the worldwide political and economic conditions and the unfavorable effects of economic recessions. Thus due to the aforesaid factors, such sectors including banks are bound to develop pioneering ideas in order to motivate their employees who are backbone of any organisation to deal with and beat out the cut throat competition resulted out of above factors. One of such ideas is the concept of Internal Marketing (IM); comparatively a new approach that has been investigated by researchers

and practiced by organisations to motivate their employees in order to improve the quality of their products and services.

Now a day, banks have realized to look inward towards the internal service quality and have established that it is essential to understand the perspectives of human resources about the company. A paradigm shift has occurred in the attitude of managers as a result of research conducted in this area where businesses are treating their employees as internal customers; the quality of service provided to whom is extremely important for the success of an enterprise. Hence in this paper efforts have been made to examine the implications of Internal Marketing on Employee Satisfaction.

2. Review of Literature

2.1 The concept of Internal Marketing

According to Rafiq and Ahmed (2000) and Bennett and Barkensjo (2005), the idea of Internal Marketing emerged in 1960s as an approach to offer high quality products and services to the customers whereas the actual use of term Internal Marketing was first done by Berry et al. (1976), then by George (1977), by Thompson et al. (1978) and later by Murray (1979). Further, as per the study of Panigyrakis (2009) the thought of the Internal Marketing appeared in 1970s as a way to solve the problems that take place due to the lack of delivering high quality services and the companies must work hard upon improving the ways of delivery of services. The businesses should also put efforts to encourage the employees to love its brand which will in turn persuade the customer to love it as well Drake (2005). Various authors like Grönroos (1985), George, (1990) and Wilson (1990) as cited by Lings (2000) have proposed different definitions of Internal Marketing in the past with some viewing Internal

Marketing as a concept, a management practice or a philosophy. The basic idea of Internal Marketing is that in order to strengthen its human resources, the organisations ought to satisfy its internal customers (employees) and in turn the business houses will be better positioned to satisfy the needs and wants of its external customers (Berry, 1981).

Further, the societal nature of Internal Marketing was put forth by Varey (1995) and he emphasized that the concept is applicable not only to fiscal terms but also includes the development of a work environment of psychological support, cooperation, sociability, responsiveness and respect for the employees (Lings, 2004). It in no way conveys that unrestricted power be given to the employees but simply states that employees are treated with self-respect and refers to the extent to which managers take care of the staff and recognize/consider their needs. (Ewing and Caruana, 1999 and Ahmed and Rafiq, 2002)

The idea of Internal Marketing has developed along three interlinked phases. According to Rafiq and Ahmed (2000), during the first phase in 1970s and the 1980s, the belief of having satisfied and motivated employees for satisfied customers, was the main focus. Developing customer conscious behavior in employees by satisfying their needs was the main stress of the second phase was proposed by Gronroos (1981). In the third and final phase, the concept was considered as a catalyst for implementing any functional or corporate strategy and it was viewed as a medium to accelerate the execution of external marketing strategies by Piercy and Morgan (1991).

2.2 Employee Satisfaction

Employee Satisfaction is amongst the most repeatedly studied construct in the organizational sciences (Schneider and Brief, 1992). Various approaches have been propounded by different researchers towards the idea of Employee Satisfaction (Vroom, 1964; Spector, 1997; Statt, 2004; Armstrong, 2006). Employee Satisfaction (sometimes referred to as job satisfaction or employee job satisfaction) has been defined as “a pleasurable or positive emotional state resulting from the appraisal of ones job or job experiences” (Locke, 1976). Further, Cranny et al. (1992) described Employee Satisfaction as the comparison of what an employee wishes to get from the organisation and what he/she actually gets. In other words, Employee Satisfaction according to Moyes et al., (2008) may be defined as how contented an employee is with his or her position in the organisation. Furthermore, the study of Dole and Schroeder (2001) concluded that the satisfied employees result into better outcomes and more effectiveness which is validated by the fact that improved morale and reduced employee turnover is an effect of higher levels of satisfaction.

Therefore, one must aim to move toward considering and fulfilling employee expectations in order to attain employee satisfaction and in this process; emotional state of the employees must also be taken care of. A satisfied employee causes to increase the organizational citizenship as explained by Organ and Ryan (1995) and the organizational citizenship behavior is the byproduct of Employee Satisfaction (Ozdevecioglu, 2003). In nutshell, a satisfied employee work more devotedly and add towards the effectiveness of their firm. To identify the factors by which the employees are satisfied and measurement of Employee Satisfaction is very important towards the success and profitability of the organization (Kelley, 2005).

2.3 Internal Marketing and Employee Satisfaction

Although there is a large volume of literature available on Internal Marketing and Employee Satisfaction and many researchers have also studied the impact of Internal Marketing on Employee Satisfaction (Rajyalakshmi and Kameswari, 2009), yet there is limited empirical evidence on the impact of former on later in banks. These said researchers have verified that an organization is able to improve Job Satisfaction for its employees if it is able to implement Internal Marketing practices successfully, that will further lead towards the enhancement of the performance of the organization (Tansuhaj et al. 1991; Rafiq & Ahmed, 2000; Conduit and Mavondo, 2001). Further, Rajyalakshmi and Kameswari (2012) cited that the study of relationship of Internal Marketing with Job Motivation and Job Satisfaction in the retail stores established that working conditions, hours of work, hygiene & sanitation, rest rooms, support from top management and attitude of colleagues have a significant impact on Job Satisfaction and Motivation. In another study by Al-Borie (2012) conducted in teaching hospitals in Kingdom of Saudi Arabia, it was concluded that there is a significant positive impact of Internal Marketing on Job Satisfaction and Organizational Commitment on Saudi teaching hospitals physicians' Job Satisfaction and Organizational Commitment. In the aforesaid study, Internal Marketing factors were kept independent and were represented by factors like selection and appointment, training and development, organizational support, incentives and motivation, and retention policy whereas Job Satisfaction and Organizational Commitment were kept dependent. Also, the research conclusions of a study carried out on staff of hospital in Northern Greece by Efthymios and Constantinos (2011) illustrated that Internal Marketing practices have a positive impact on the Job Satisfaction.

3. Research Methodology

Thus in the above stated literature, it is argued that Internal Marketing has an impact on Employee Satisfaction but the said study is still very limited in banks. Thus, to verify the same and based upon that, hypotheses were formulated as follows:

H1. Internal Marketing practices positively impact Employees Satisfaction.

3.1 Sample

The population of the present study was the employees working in State bank of India. In this survey, the identity of the employees who responded the questionnaire has been kept closed. A total of fifty (50) survey questionnaires were sent to the employees personally or through mail and out of the 50 questionnaires so mailed/sent/posted, a total of forty two (42) filled-in questionnaires were received back. After scrutiny, it was found that about two (2) questionnaires were having mostly omitted values and thus dropped. Hence, the response rate was 80 percent (40/50), which was considered to be quite good for carrying out the study.

4. Data Analysis

The scales and questionnaire used in the study have been formulated by using measurement scales adopted from earlier studies but some amendments have also been done to the scale in accordance with the plan of the study. Five-point Likert scale with anchors strongly agree (= 1) and strongly disagree (= 5) has been used.

4.1 Measures of Central tendencies

Table -1

Factors	Mean	SD (Standard Deviation)	Variance	Reliability (Cronbach's alpha)
INTERNAL MARKETING				
Management Concern	2.33	0.38141	0.145	0.742
Job Description	2.04	0.38972	0.152	0.742
EMPLOYEE SATISFACTION				
General Satisfaction	2.25	0.383487	0.147062	0.774
Employee Relationships	1.96	0.268524	0.072105	0.706
Remuneration, Benefits and Organizational Culture	1.96	0.242063	0.058594	0.626
Employee Loyalty.	2.35	0.284763	0.08109	0.551

The factors of Internal Marketing have been adopted from the earlier studies of Berry et al. (1976), Lings and Greenley (2005), Hogg et al., (1998), Tsai and Tang, (2008), Rafiq and Ahmed (2000), Ahmed et

al., (2003) and Gounaris (2008). For this study, the factors of Internal Marketing used are Management Concern and Job Description whereas the dimensions of Employee Satisfaction are General Satisfaction, Employee Relationships, Remuneration, Benefits and Organizational Culture and Employee Loyalty and have been adopted from the previous studies of Auer and Antoncic (2011).

The results in the table above indicate that most of the employees in State Bank perceive Management Concern as the most important dimension of Internal Marketing whereas Job Description is considered as the least important factor. Similarly, according to the employees, Employee Loyalty is the most important and Employee Relationships and Remuneration, Benefits and Organizational Culture, both are the least important aspect of Employee Satisfaction.

4.2 Correlation analysis: relationships between the factors

A correlation matrix has been created by using the dimensions in the questionnaire in order to express the relationship among them. A correlation matrix is a set of correlation coefficients between a numbers of factors. (Kline, 1998).

The below mention correlation matrix specifies the correlation coefficients amongst various variables of Internal Marketing practices and Employee Satisfaction.

Table -2

	MC	JD	GENSAT	EMPREL	REMR	EMPLOY
MC	1	0.59	0.114	0.298	0.105	0.052
JD	0.59	1	0.267	0.666	0.63	0.118
GENSAT	0.114	0.267	1	0.621	0.452	0.441
EMPREL	0.298	0.666	0.621	1	0.636	0.324
REMR	0.105	0.63	0.452	0.636	1	0.435
EMPLOY	0.052	0.118	0.441	0.324	0.435	1
INTMAR	0.333	0.116	0.492	INTMAR	0.333	0.116

Then in the next step, a regression analysis was carried out to further analyze and understand the degree of relationship between various independent and dependent variables of the study.

4.3 Descriptive statistics analysis

Regression analysis: The hypotheses framed in this paper test two practices of Internal Marketing as the independent variables to determine if they have an impact on Employee Satisfaction and regression analysis was used to test the impact of Internal Marketing practices on Employees Satisfaction.

Model Summary
Table -3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792 ^a	.242	.213	.20582

a. Predictors: (Constant), INTMAR

ANOVA(explanation of hypothesis)
Table -4

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.351	1	.351	8.290	.008 ^b
Residual	1.101	26	.042		
Total	1.453	27			

a. Dependent Variable: EMPLSAT

b. Predictors: (Constant), INTMAR

Coefficients (Quantification of model)
Table -5

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.354	.264		5.134	.000
INTMAR	.333	.116	.492	2.879	.008

a. Dependent Variable: EMPLSAT

Regression Summary of the impact of Internal Marketing practices on Employees Satisfaction.

The proposed model was adequate as the F-statistics (p-value = 0.000) was significant at the 5 percent level (p ≤ 0.05). This indicated that overall model was statistically significant relationship between Internal Marketing practices and Employee Satisfaction. So this means that there exists a relationship between Internal Marketing practices and Employee Satisfaction.

This may be expressed as follows:

$$\text{Employee Satisfaction} = 0.492(\text{Internal Marketing Practice}) + 1.354 + \mu (\text{error})$$

The equation above indicates that with a single unit change in Internal Marketing practice, the Employee Satisfaction will undergo a 0.492 unit change.

5. Discussion and Implications

This study is intended to analyse the impact of two dimensions of Internal Marketing like Management Concern and Job Description in State Bank of India.

H1. There exists a relationship between Internal Marketing practices and Employees Satisfaction.

It is concluded from the results of the study that Internal Marketing Practices with dimensions Management Concern and Job Description have an impact on Employee Satisfaction in State Bank of India. Thus the focus of the Bank must be to frame Internal Marketing tools in such a way so as to consider human resources as the most important part of the organisation. Thus for satisfaction of the employees, a solid Internal Marketing System (Management Concern and Job Description) must be put in place.

6. Limitation and scope for future research

Some limitations do exist in the study which needs to be identified and can overcome by future research. This present paper has adopted only three dimensions of Internal Marketing, whereas the future researchers can undertake many other dimensions such as; leadership, motivation, employee selection, healthy work environment etc. Also the sample size in the study is small and again the future research can have a larger sample. Further the sample is pertaining to only northern states of India and as such the results are difficult to generalize for the employees working across the cross-section of the whole country. Also the study has been undertaken in State Bank of India only and one can undertake a study involving the comparison of impact of Internal Marketing practices on Employee Satisfaction in different banks.

References

- [1] Ahmed, P. K., & Rafiq, M. (2002). Internal marketing: tools and concepts for customer focused management. Oxford, UK: Elsevier Butterworth-Heinemann.
- [2] Armstrong, M. (2006). A handbook of human resource management practice (10th ed.). London: Kogan Page Publishing.
- [3] Bennett, R. & Barkensjo, A., (2005). Internal marketing, negative experience and volunteer's commitment to providing high-quality service in a UK helping and caring charitable organization. International Journal of Voluntary and Nonprofit Organization, 16 (3), 251-274.
- [4] Berry, L.L., Hensel, J.S. & Burke, M.C. (1976). Improving retailer capability for effective consumerism response. Journal of Retailing, 52 (3), 3-14.
- [5] Berry, L. (1981). The Employee as Customer. Journal of Retail Banking, 3, 25-28.

- [6] Conduit, J. & Mavondo, F. T. (2001), How critical is internal customer orientation to market orientation? *Journal of Business Research*, 51 (1), 11-24.
- [7] Cranny, C.J., Smith, P.C., & Stone, E.F., (1992). *Job satisfaction: How people feel about their jobs and how it affects their performance*. New York: Lexington.
- [8] Dole, C. & Schroeder, R.G., (2001). The impact of various factors on the personality, job satisfaction and turnover intentions of professional accountants. *Managerial Auditing Journal*, 16 (4), 234-45.
- [9] Drakes, S. M., Gulman, M.J., & Roberts, S. M.(2005). *Light their Fire*. Dearborn, Chicago.
- [10] Efthymios, Iliopoulos & Constantinos-Vasilios Priporas (2011). The effect of internal marketing on job satisfaction in health services: A pilot study in public hospitals in Northern Greece. *BMC Health Serv Res.*,11, 261.
- [11] Ewing, M.T. & Caruana, A., (1999). An internal marketing approach to public sector management: The marketing and human resources interface. *International Journal of Public Sector Management*, 12 (1), 17-29.
- [12] George, W. R. (1977). The Retailing of services: a challenging future. *Journal of Retailing Outono*, 85-98.
- [13] George, W.R. (1990). Internal marketing and organizational behavior: A partnership in developing customer-conscious employees at every level. *Journal of Business Research*, 20, 63-70.
- [14] Gounaris, Spiros., (2008). Antecedents of internal marketing practice: Some preliminary empirical evidence. *International Journal of Service Industry Management* 19 (3), 400-434.
- [15] Gronroos, C., (1981). Internal marketing-an integral part of marketing theory, In Donnelly, J. H. and George, W. R., (Editors.), *Marketing of Services*, American Marketing Association Proceedings Series, 236-238.
- [16] Grönroos, C. (1985). Internal marketing – theory and practice, In Bloch, T.M., Upah, G.D. and Zeithaml, V.A. (Editors.), *Services Marketing in a Changing Environment*, American Marketing Association, 41-47.
- [17] Kelley, T. (2005). Employee satisfaction results in improved profitability, retrieved April 4th, 2008 from http://www.indiangaming.com/istore/Nov05_Kelley.pdf.
- [18] Lings, Ian N. (2000). Internal marketing and supply chain management. *Journal of Services Marketing*, 14 (1) 27-43.
- [19] Lings, I.N., (2004). Internal market orientation constructs and consequences. *Journal of Business Research*, 57 (4), 405-413.
- [20] Locke, E.E. (1976). The nature and causes of job satisfaction, In Dunnette, M.D. (Ed.), *Handbook of Industrial and Organizational Psychology*, 297-349.
- [21] Moyes, G. D., Shao, L. P., & Newsome, M. (2008). Comparative Analysis of Employee Job Satisfaction in the Accounting Profession. *Journal of Business & Economics Research*, 6 (2), 65-81.
- [22] Murray, J.G. (1979). The Importance of Internal Marketing. *Bankers Magazine*, 38-40.
- [23] Panigyrakis, G., & Theodoridis, P. (2009). Internal Marketing Impact on Business Performance in a Retail Context. *International Journal Retail and distribution management*, 37(7), 600– 628.
- [24] Rafiq, M. & Ahmed, P.K., (2000). Advances in internal marketing concept: Definition, synthesis and extension. *Journal of Service Marketing*, 14 (6), 449-462.
- [25] Rajyalakshmi, Nittala & Kameswari, A. Vijaya (2009). Internal Marketing for Customer Satisfaction in Retail Sector. 3(3), 207-220.
- [26] Rajyalakshmi, Nittala & Kameswari, A. Vijaya (2012). Role of Internal Marketing in Job Satisfaction of Employees in State Bank of India. Ninth AIMS International Conference on Management.
- [27] Schneider, B. & Brief, A.P. (1992). Foreword, In Cranny, C.J., Smith, P.C. and Stone, E.F. (Editors.), *Job Satisfaction*, Lexington Books, New York, NY.
- [28] Spector, P. (1997). Measurement of human service staff satisfaction: Development of the job satisfaction survey, *Amer J Com Psyc*, 13, 693-713.
- [29] Statt, D. (2004). *The Routledge Dictionary of Business Management* (3rd ed.). Detroit: Routledge Publishing.
- [30] Tansuhaj, P., Wong, J. & McCullough, J. (1987). Internal and external marketing: Effect on customer satisfaction in banks in Thailand. *International Journal of Bank Marketing*, 5 (3), 73-83.
- [31] Thompsom, T. W.; Berry, L. L.; Davidson, P. H. (1978). *Banking Tomorrow: Managing Markets through planning*. Nova York, NY: Van Nostrand Reinhold Company.
- [32] Vary, R.J., (1995). Internal marketing: A review and some interdisciplinary research challenges. *International Journal of Service Industry Management*, 6 (1), 40-63.
- [33] Vroom, V.H. (1964). *Work and Motivation*. New York, NY: John Wiley and Sons.
- [34] Wilson, R. & Fook, N. (1990). Improving marketing orientation. *Marketing Business*, 22-30.