

## **Internal Marketing: A pre-requisite for Employee satisfaction in Universities.**

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**ABSTRACT:** *Internal marketing is as important an ingredient in keeping the employees of service organizations satisfied. This generalization is applicable to the University setting as well. This paper reviews previous empirical work which establish the relationship between internal marketing and employee satisfaction in service organizations in general and investigates the role and scope of internal marketing in Universities. It finds a lack of research on internal marketing in University setting and calls for increased attention to be paid in filling the gap so as to enhance employee satisfaction eventually leading to enhancement in the quality of service i.e. education provided by Universities.*

**KEYWORD:** *Employee satisfaction, Internal Marketing, Universities.*

### **I. INTRODUCTION**

Globalisation, rapid advancement of competition and the realization of the utility of organizations behaving as market-oriented firms has made Universities globally to redefine their modus operandi and re-align their activities. Universities in developed countries have already successfully adopted the principles of marketing both within the organization and externally so as to improve performance and provide services in conformity with the needs of today's work market. It is important that Universities of the developing countries also realize the value of behaving like market-oriented firms and focus their energies on achieving the same so as to be at par.

Over the past decade, internal marketing as a philosophy and as a marketing-tool has gained considerable acceptance in today's organization. Internal marketing seeks to improve service performance by focusing its efforts on the employees of the organization. It is important that Universities like other service organizations also adopt internal marketing practices within so as to reap its benefits, one of the most important being that of satisfying the employees of the organization. Employee satisfaction eventually goes a long way in determining the success of an organization. The importance of keeping employees satisfied cannot be ignored because of its relationship with organisational outcomes like turnover [1] [2], stress [3], employee attendance [2] and job involvement [4].

This paper seeks to examine as to how internal marketing can be a useful tool in enhancing employee satisfaction in Universities just as in any other service organisation.

### **II. REVIEW OF LITERATURE**

#### **2.1 Internal marketing**

The concept of internal marketing was first derived from the work of Sasser and Arbeit [5] who stated 'personnel is the first market of a service company'. Berry [6] was the first to give a definition of Internal marketing by defining internal marketing as "viewing employees as internal customers, and jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization".

The development of theory on Internal marketing can be broadly caterogised into three phases. This credit of this categorization goes to Rafiq and Ahmed [7], who categorized the three phases as under:

- i) Employee Motivation and Satisfaction
- ii) Customer Orientation
- iii) Strategy Implementation and Change Management

A brief outline of the phases is given here-under:

#### **Phase I: Employee motivation and satisfaction**

Early proponents of internal marketing consider employee satisfaction and motivation as the objective of internal marketing. Berry [6] was amongst the first belonging to this school of thought. He considered internal marketing as "viewing employees as internal customers, viewing jobs as internal products that satisfy

the needs and wants of these internal customers while addressing the objectives of the organization". Berry and Parasuraman [8] mention that "Internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees as customers ..... and it is the strategy of shaping job-products to fit human needs". Bak et al. [9] state that Internal Marketing is to treat employees as customers and to manage human resources through marketing viewpoints to generate satisfied internal customers. According to Papasolomou [10] there is logic of viewing employees as 'internal customers', a firm which first satisfies the needs of internal customers can successfully deliver the quality desired to satisfy external customers. Longbottom et al., [11] indicate that internal marketing is treating the employee as an internal customer, regarding jobs as products, with the intention to satisfy the employee's demands through products.

Rafiq and Ahmed [12] identified certain issues with the 'employee satisfaction approach of internal marketing'. According to them the "product" being offered to the employee may be completely unwanted by them or may in-fact have negative utility. The employees are forced to accept whatever 'product' is offered by the company and have no personal choice in the process. Another major issue is that the cost of having satisfied employees could be considerable taking into account the demands they would make upon the organization and its resources.

A situation can also be created where focusing efforts on satisfying needs of employees would have a negative effect on efforts to satisfy the needs of the customers.

### **Phase II: Customer orientation**

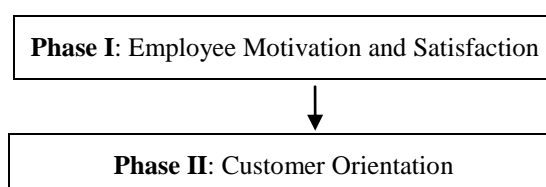
This phase was initiated by Gronroos [13], He stressed that the quality of interaction between customers and employees could be enhanced by having customer-oriented employees. He considered Internal marketing as a means for developing "motivated and customer conscious employees". Gronroos [14] advocated that "an organization's internal market of employees can be influenced most effectively and hence motivated to customer-consciousness, market orientation and sales-mindedness by a marketing-like internal approach and by applying marketing-like activities internally". Johnson and Seymour [15] state internal marketing deals with creating customer-oriented behaviors among employees.

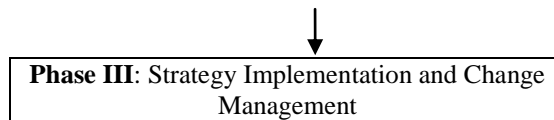
Kotler [16] mentions that internal marketing is about building customer orientation among employees by training and motivating both front-line and support staff to work as a team. Cahill [17] states "employees should treat each other as customers, so that they can then provide better services to external customers through continuous instillation of customer orientation". Internal marketing seeks to develop client-consciousness among employees *via* the application of marketing methods, the aim is to "create an internal environment wherein customer consciousness proliferates among employees" (Caruana and Calleya) [18].

The key difference between the theory of the two phases is that "Gronroos' customer orientation conceptualization focuses attention on creating customer orientation in employees through a process of influencing, rather than satisfying and motivation employees *per se*" (Rafiq and Ahmed) [7].

### **Phase III: Strategy implementation and Change management**

Winter [19] was the first to give direction to the third phase of development of internal marketing theory; he recognized the role of internal marketing as a technique for managing employees towards achievement of organizational goals. Winter [19] mentions that the role of IM is that of "aligning, educating and motivating staff towards institutional objectives ... the process by which personnel understand and recognize not only the value of the program but their place in it". George [20] states that internal marketing is a holistic management process which can be used to integrate the multiple functions. Internal marketing is a planned effort to overcome organizational resistance to change and to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies according to Rafiq and Ahmed [12]. Christopher et al. [21] mention the objective of internal marketing is to improve cross-functional co-ordination and co-operation. The role of Internal Marketing is to integrate the function of marketing and human resources and to view personnel as a resource for the marketing function (Glassman and McAfee) [22]. Piercy [23] states that internal marketing is a critical tool which can aid in the implementation of strategic change. Roberts-Lombard [24] considers internal marketing as an excellent tool which helps in the implementation of strategic plans.





**Figure 1: Phases in development of Internal marketing theory.**

Taking into account the above-mentioned three phases and the concepts related to it (employee motivation and satisfaction, customer orientation and strategy implementation and change management stating), Rafiq and Ahmed [7] propose an all inclusive definition of internal marketing:

“Internal marketing is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees”.

Rafiq and Ahmed [7] present a model of internal marketing which was in alignment with all the parameters of their above stated definition on internal marketing:



**Figure 2: A model on internal marketing; Source: [7]**

## 2.2 Employee satisfaction

Employee satisfaction has been widely researched [25]. Employee satisfaction was first presented as a theoretical construct by Hoppock [26] in his book *Job satisfaction*; he termed employee satisfaction as the subjective reaction or satisfaction of an employee with the physical and psychological aspects of his work environment. Locke’s [27] definition is most often cited by scholars, he describes it as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences".

Employee satisfaction is the employees’ attitude towards the enterprise, work, his colleagues and the work environment according to Beer [28]. Vroom [29] mentions employee satisfaction as the affective orientations of employees towards their work roles.

It is more likely that satisfied employees will provide better services to their internal and external customers as compared to unsatisfied employees; also the chances of them remaining with the organisation for a longer period are greater [30]. Low employee satisfaction has the potential of causing low-quality service performances by the employees [31].

There are greater chances of customer needs being met when employees are satisfied with their jobs [5], [6], [32], [33], [34]. Employee satisfaction is also a pre-requisite to recognition, income, promotion, and the achievement of goals that lead to a feeling of fulfillment [35].

Overall, three conceptual frameworks on the job satisfaction are prominent from the different theories on it [36]; content theory framework, process theory framework and situational theory framework.

Content theory on job satisfaction states that job satisfaction occurs when one’s desire for growth and self-actualization are met by the individual’s job [27]. Process theory explains job satisfaction by looking at the dynamics of how the job meets one’s expectations and values [37]. Situational theory proposes that job satisfaction is a product of the interaction between an employee’s personal characteristics and the characteristics of the organization he works in [38], [39].

## III. RELATIONSHIP BETWEEN INTERNAL MARKETING AND JOB SATISFACTION.

From the review of literature, it is implicit that employees are the objects of internal marketing. Internal marketing is treating employees as internal customers satisfying their needs [6]. Bak et al. [9] state internal marketing is to treat employees as customers in an effort to generate satisfied internal customers. Berry and Parasuraman [8] define internal marketing as the process of “attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs.”

Berry's [6] "employees as customers" concept in IM is that just like external customers, internal customers also have a desire to have their needs satisfied. Fulfilling employee needs enhances employee motivation and retention, and as a consequence there is a higher degree of employee satisfaction [40].

Studying the relationship between internal marketing and job satisfaction has been a concern of many researchers [41].

As internal marketing treats employees as customers and their works as products in order to satisfy internal customer's demands and needs [42], it is reasonable to accept that internal marketing could lead to job satisfaction [43]. Researchers mention that internal marketing upgrades employees' job satisfaction [44], [45], [7], [46], [47].

In an empirical study Tansuhaj, Randall, and McCullough [44] found out that internal marketing enhances employees' job satisfaction. Ahmed et al. [48] investigated the impact of Internal marketing practices on employee satisfaction. The findings revealed a positive relationship between the Internal marketing practices and employee job satisfaction. Hwang and Chi's [49] research on international hotels in Taiwan also support internal marketing's positive impact on employees' job satisfaction. Chang and Chang [50] in their study on hospitals observe that internal marketing has a positive influence on employees' job satisfaction. Gounaris [51] in his study on observes that employee job satisfaction is partially a function of internal-marketing actions like empowerment, participative decision making and informality of communication. Iliopoulos and Priporas [52] also observe a positive effect of internal marketing on job satisfaction in their study on hospital staff. An empirical study on retail stores in India, by Nitalla Rajyalakshmi and Kameswari [41], showed a strong impact of internal marketing factors on job motivation and job satisfaction. Ahmad and Al-Borie [53] studied the impact of internal marketing on job satisfaction in hospitals in Saudi Arabia; his research findings revealed that internal marketing had a positive effect on job satisfaction. Al-Hawary et al. [54] with their study on banks in Jordan empirically proved that internal marketing practices were positively correlated with job satisfaction.

#### **IV. INTERNAL MARKETING IN UNIVERSITIES.**

Despite internal marketing being researched in other service settings, there does not appear to be much work on internal marketing in the university setting. A better understanding of internal marketing and the study of its prevalence in Universities would go a long way in ensuring efficient delivery of services to the end consumers i.e. students.

Sihombing and Gustam [42] in their work studied the impact of internal marketing on job satisfaction and organizational commitment in the university setting in West Java. Siddiqui and Sahaf [55] in their study observe how elements of internal marketing, i.e. training and development, organizational communication and employee motivation, need to be focused on for improving performance. They concluded from empirical findings that faculty members were not satisfied with the state of existence of internal marketing in Indian university setting. Schuller and Chalupsky [56] analyze how internal marketing communication activities are managed at public universities in the Czech Republic and identify best practice solutions in this sphere.

These studies indicate the scope and necessity of further study on internal marketing in the university setting. Further study on internal marketing in university setting will aid in validating generalization of results of prior empirical studies on internal marketing in other service settings. More importantly, it will also help in identifying what elements of internal marketing Universities needs to focus attention on and how employee satisfaction can be achieved through it.

Policy makers would also derive cue from these works by understanding the significance and applicability of internal marketing in universities; it would eventually lead to focusing attention and resources on establishing internal marketing systems in universities. This would be of benefit to all stakeholders of the university service setting, the most important being the students.

#### **V. CONCLUSION**

This paper discussed the position of internal marketing vis-à-vis the university service setting of today. A brief review of literature of internal marketing and employee satisfaction was then presented. Previous empirical work on the relationship between internal marketing and job satisfaction in different service settings was discussed. This was followed by description of the few studies on internal marketing in university setting and the future need of further studies. Taking cue from this research paper it is evident that there is a great scope in implementing internal marketing systems in Universities; effective utilization of internal marketing techniques in universities could go a long way in achieving employee satisfaction and eventually enhanced performance. Previous empirical work has indicated a positive relationship between internal marketing and employee satisfaction. Employee satisfaction in education industry could eventually lead to enhanced quality of education provided by the service providers. Case studies on internal marketing of other service industries could be thoroughly studied to emulate similar strategies in the university service setting. There is a lack of research on internal marketing and its effect on job satisfaction in university setting. Further study in this direction could

be of benefit in better understanding of the scope and significance of internal marketing in university set-up and its eventual implementation for enhanced services.

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