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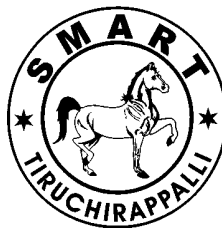
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IMPLICATIONS OF INTERNAL MARKETING STRATEGIES : AN EMPIRICAL ANALYSIS IN MANAGEMENT EDUCATION SECTOR

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Abstract

Internal Marketing (IM), by definition, distinguishes between an organisation and its environment and focuses only on Intra Organizational Affairs. However, globalization and the knowledge-driven environment have produced a global networked economy, with blurred boundaries between global companies and their requirements. The present study was carried out against the background of organizational boundaries becoming obstacles to business success and how companies have responded by establishing networks with permeable and flexible boundaries regarding their employees. The Study was based on primary data collected by using pre-structured questionnaire. ANOVA and Regression Analysis were used to analyse the data. The results indicate positive implications of Internal Marketing Strategies for the Educational Sector, specifically in terms of Retention of Quality Employees.

Keywords: *Internal marketing, strategies, implications, education sector.*

Introduction

The concept of Internal Marketing signifies the effort of the top management in achieving organizational objectives. Employees are a critical resource for any service organisation. Internal Marketing implies that the employees of the organisation are the First Market and the final consumers are the second. It is essential to understand and satisfy the needs and wants of employees in order to serve the consumers better. It is a proven fact all over the world that only satisfied employees can deliver quality service to the customers.

Many service encounters have the potential to be a three-cornered fight regarding the needs of partially conflicting parties: Customers, Servers and Service Firm. If the job is not designed carefully or the wrong people are selected to do it, there is real risk that employees may become stressed and unproductive (Christopher Lovelock 1993).

Employees of the marketing department are not the only human resource in the marketing of services. Quite often, these personnel are considered the most important resource. But during service production and delivery, marketing specialists are often outnumbered by a variety of employees who perform such duties as production, delivery, client handling, technical service and other activities that are traditionally considered non-marketing activities. To perform these activities, employees must be skilled and they must have customer perceptions positively in interactions. Internal Marketing is a management strategy that focuses on how to develop Customer-Conscious Employees. According to Gronroos(1984), the concept of Internal Marketing suggests that the Internal Marketing of Employees is best motivated by an active, marketing-like approach where a variety of activities are used internally in an active, coordinated way.

In this Article, the Authors embarked on a concerted effort which would unveil or rather demystify, the underpinnings of Internal Marketing in the Indian Educational Sector which, of late, demands a lot from teaching faculty and in the bargain, unleashes unbounded stress, capable of upsetting the Quality of Work Life of even the erudite. The way in which this Article differs from the regular stream can be inferred from the approach that elicited responses from the faculty members of high performance B-schools about the Internal Marketing efforts of their own management.

Theoretical Background

There is no universally agreed definition of **Internal Marketing** because it is an emergent area of management theory and practice. A review of some of the key literature on the subject of Internal Marketing over the last two decades or so provides a number of different, but not necessarily conflicting, approaches. These approaches can be viewed as adding different contributions to a growing range of perspectives on Internal Marketing Theory and Practice.

Conceptual Framework

Employee Retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs. How to retain valuable employees is one of the biggest problems that plagues companies in the competitive marketplace. Not too long ago, companies accepted the “Revolving Door Policy” as part of doing business and they were quick to fill a vacant job with another eager candidate. Nowadays, businesses often find that they spend considerable time, effort, and money to train an employee only to have them develop into a valuable commodity and leave the company for greener pastures. In order to create a successful company, employers should consider as many options as possible when it comes to retaining employees, while at the same time securing their trust and loyalty so that they have less of a desire to leave in the future.

Employee Retention involves taking measures to encourage employees to remain in the organization for a maximum period of time. Corporates are facing a lot of problem in Employee Retention these days. Hiring knowledgeable people for a job is essential for an employer. But retention is even more important than hiring. There is no dearth of opportunities for talented persons. There are many organizations which are looking for such employees. If a person is not satisfied by the job he is doing, he may switch over to some other more suitable job. In today’s environment it becomes very important for organizations to retain their employees.

Review of literature

Previous research about Internal Marketing can be divided into four categories:

(1) **Treating the Employee as an Internal Customer:** Many experts (Sesser and Albeit, 1976; Berry, 1981; Greene et al., 1994; Cahill, 1996; Halted al., 2000) believe that the task of Internal Marketing is to view the jobs as products and employees as customers.

(2) **Developing Employee Customer Orientated Behavior:** Percy and Morgan (1991) address the application of Marketing Skill in the Internal Marketing of a company. They argue that the company should adopt a framework similar to that of its external marketing and develop a marketing program aimed at the Internal Market. The goal would be to stimulate service awareness and customer oriented behavior. Many other experts share the same viewpoint (Gronroos, 1985; Heskett, 1987; Gronroos, 1994; Plefferand Vega, 1999; Conduit and Movado, 2001).

(3) **Human Resource Management (HRM) Orientation:** According to Joseph (1996), Internal Marketing should be incorporated with HRM theories, technologies and principles. Cooper and Cronin (2000) believe that Internal Marketing is comprised of efforts

within organizations to train and encourage employees to provide better services.

(4) **Internal Exchange:** Bacabal (1994) proposes that allowing efficient operation of an exchange relationship between the organization and its employees is the first move to arrive at the organization's objectives in the external market. Cahill (1996), Pitt and Foreman (1999) share similar comments.

Increasingly link has been established between staff and customer satisfaction which is the bottom line. A recent study by the Institute of Employment Studies has identified that in one retail chain store where the staffs were more satisfied, generated \$200,000 more in sales per month than in other stores. Other research demonstrate a correlation between progressive studies in the management of employee, including good internal communications, and increased organizational performance. (Farrant, 2000)

Some organizations have made Employee Satisfaction a key priority because of the importance of internal service quality and employee satisfaction to external service quality, revenue growth and profitability. According to Richard Branson, "We give top priorities to the interests of our staff; second priority to those of our customer; third to our shareholders. This is not only a reflection of the importance of our people but it is also the most positive way of fitting together these three priorities. Working backwards the interests of our shareholders depends on high levels of customer satisfaction ...which depends on high standards of service from our people, which depends on happy staff who are proud of the company they work for". (macramé et al, 1996; Ind, 2001).

At this stage, Internal Marketing meets traditional 'Change Management.' Firstly, you should identify your internal customers. As with your external customers, they will have their own buyer behavior, or way of 'buying into' the changes which you are charged to implement. The similarities in differing groups of internal

customers allow you to segment them. As Jobber (1995) explains, you can target three different segments, namely, 'Supporters,' 'Neutral,' and finally 'Opposes.' Each group requires a slightly different Internal Marketing Mix in order to make your Internal Marketing Objectives to succeed.

For example, if the change proposed was that a company was to relocate closer to its market, you could target 'supporters', with a tailor-made relocation video explaining about the lower property prices in the new location; 'neutral' internal customers could be targeted with incentives such as pay increases; and 'opposes' could be coerced, or forced to accept the change regardless.

Internal Marketing Process

Internal Marketing Process is a lucid interface between HR and Marketing Disciplines which would ultimately result in profit as a consequence of improved productivity and performance of employees at all levels, as depicted in **Figure - 1**.

Research Method

Objectives

- a) To identify the components of Internal Marketing Strategy(IMS)
- b) To determine the impact of IMS on Employee Commitment
- c) To find out the different influence of IMS based on the years of experience.

Hypotheses

H1: IMS has a positive influence on Organizational Commitment.

H2: There is significant difference in the perception of IMS influence based on experience of employees.

Data Collection

Out of 70 staffs contacted for data collection purpose, 61 staffs nodded positively. All the 61 staffs, who gave their consent for

responding to interviews, were approached for data collection. Upon careful scrutiny of filled in questionnaires, nine were rejected in view of too many missing data as some of the respondents did not respond to certain portion of the interview schedules, and therefore, the final number of responses considered were 61, yielding a response rate of 87.1%.

Data Analysis and Results

The collected data, analyzed through SPSS and the Simple Regression Results (**Table-1**), suggest that there is a significant influence of IMS exerted on the Organizational Commitment. Since the 'F' value was significant at 0.05 level and adjusted R² values of all items were above 60%, it can be deduced that the model fit is well explained. Therefore, the Alternate Hypothesis set for the study, that is, 'IMS has a positive influence on organizational commitment', is well supported. The H2 hypothesis was analyzed using the ANOVA (**Table - 2**). Since the Levene's Statistic was > 0.05, the assumption was accepted and the significant 'F' value revealed that the Alternate Hypothesis, 'There is a significant difference in the opinion of IMS influence on effort commitment based on experience', can be accepted for the study.

Implications

Internal Marketing Vis-a-Vis Employee Retention

The Process of Employee Retention will benefit an organization in the following ways.

The Cost of Turnover: The cost of employee turnover adds hundreds of thousands to a company's expenses. While it is difficult to fully calculate the Cost of Turnover (including hiring costs, training costs and productivity loss), industry experts often quote 25% of the average employee salary as a conservative estimate.

Loss of Company Knowledge: When an employee leaves, he takes with him valuable knowledge about the company, customers,

current projects and past history (sometimes to competitors). Often much time and money would be spent on the employee in expectation of a future return. When the employee leaves, the investment can not be realized.

1. Interruption of Customer Service:

Customers and Clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that employee built for the company over a period of time, are severed, and it could lead to potential customer loss.

2. Turnover Leads to More Turnovers:

When an employee leaves, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.

3. Good Will of the Company: The Good Will of a Company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.

Major Tools for Retention

The set of major tools suggested for Employee Retention are; Communication, Include Employees in Decision Making, Allow Team members to Share their Knowledge with others, Shorten the Feedback Loop, Balance Work and Personal Life, Provide Opportunities for Growth and Development, Recognize Team members for their Hard Work and let them know they are appreciated, Clearly Define what is expected of team members. Quality of Supervision and mentorship, Fair and Equitable Treatment of all employees, Best Employee Reward Programs, Career Development Program, Performance Based Bonus, Employee Referral Plan, Loyalty Bonus, Giving Voice to the Knowledge Banks, Employee Recreation, Gifts on some occasions, Accountability,

Surveys, Fun and Laughter at workplace, help Employee Retention.

Conclusion

No doubt dwindling retention levels are proving to be a serious problem for organizations. Concerted efforts to keep attrition on tight leash will definitely help and in turn, will lead to fewer operational problems, greater productivity and soaring morale and huge cost saving to the organization. In this context, Attrition Management has become the strategic focus and compelling necessity of businesses today.

In other words, ignoring the problem of mounting attrition level can have devastating consequences for the business. Organization can afford to ignore the problem at its own peril. Authors of this Article have made an attempt to assess the strategies which are being deployed by organisations in the Indian context, that too in the Higher Education Setting which offers Business Education. (Collected from the faculty fraternity of B-school). The data were analysed through the SPSS Software for deducing the inferences from the primary data (collected from the faculty fraternity). It produced intriguing results regarding Internal Marketing, which has a direct bearing on the attrition rate, high morale, satisfaction, loyalty and on Employee Retention.

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Figure 1: Internal Marketing Process

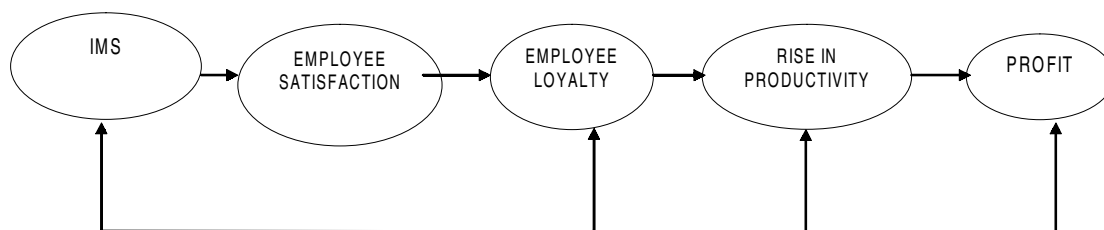


Table - 1: Regression Results

Factor	VARIABLES	N	MEAN	SD	Levene Statistic	F
Effort commitment	EXTRAEFF	32	1.9063	0.64053	0.040	0.260*
	OVERCOME	32	1.6875	0.59229	0.042	0.020*
	EXPEPASS	32	2.0938	1.17389	0.011	0.008*
	HELPCOLL	32	1.9063	0.96250	0.118	0.205*
	PROMFUT	32	2.7813	1.12836	0.000	0.912*
	ATACHMENT	32	2.3125	1.14828	0.166	0.058*
	WILLSTAY	32	2.8125	1.15452	0.000	0.156*

* Significant at 0.05 level

Table - 2: One-Way ANOVA Results

Factors	Variable	R	R square	Adjusted R square	F
Organizational commitment	Strosens	0.672	0.451	0.471	0.12*
	Wilserve	0.724	0.524	0.527	0.42*
	Proudprt	0.741	0.549	0.552	0.41*
	Ftureclg	0.624	0.389	0.441	0.58*
	guiltfee	0.648	0.419	0.461	0.26*

*Significant at 0.05 level