Impact of Internal Marketing on Employee Job Satisfaction: An Investigation of Higher Education Institutes of Pakistan

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Abstract

Quality employee's issue has received much attention in organizations due to high costs associated with them especially in services sectors. Internal marketing (IM) enhances the success of the marketing practices internally towards achievement of objectives. The satisfaction and retention of quality employees is an essential component of organizational success. Hence, the purpose of this study is to examine the impact of IM on employee job satisfaction (EJS) especially in higher education institutions. Data were collected from 116 professional from Business Universities of Pakistan through questionnaire based surveys to investigate the impact of (IM) on EJS for the individual's. The analysis involved linear multiple Regression and mean values. The results show that, overall IM practice has positive influence on EJS. This is the first study to examine the IM practices on EJS in Businesses Universities of Pakistan. The study contributes for both academicians and practitioners.

Keywords: Internal marketing, employee job satisfaction, empowerment, communication

Introduction

The satisfaction and retention of quality employees is an essential component of organizational effort and has been linked to organizational success. The issue of quality employees has received much attention in organizations due to high costs associated with them especially in services sectors.

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Due to turnover of quality employees, organization suffers in terms of recruiting, training and learning cost which, in turn, affects the employee job satisfaction (Brown and Mitchell, 1993). In one developmental study, Jeon and Choi (2012) proved that employee satisfaction leads to customer satisfaction. Therefore, to have satisfied customers, it is necessary to have satisfied employees. It was argued by George, (1997) that the notion of internal marketing advocates that to have satisfied customers, the firm must also have satisfied employees. Similarly, Varey and Lewis (2000) documented that internal marketing can enhance employee creativity, innovation and performance. The introduction of internal marketing practices and employee job satisfaction can improve not only the performance but also the commitment of employees towards delivering the services.

The subsequent proliferation of technology and globalization of businesses has created a sturdy competition among business firms and this competition is significant, not only in manufacturing industries, but also in service industries. Quality employees are served as unique and real differentiating factor for an organization. Today, service organizations focus their attention towards the attraction and retention of their internal customers (Rafiq and Ahmed, 2000). Highly competitive business environment renovates the high quality employees as valuable asset of organizations and makes them differentiating factor and the organization’s competitive advantage.

The educational sector is human/ labor intensive and its financial resources are for the most part committed to their personnel. In services sector, this issue is gaining importance due to the fact that effectiveness of organizations is mostly dependent on their quality employees. The higher education institution’s aims are to give meticulous knowledge of a particular field, educate students, and emphasize for academic development as well as to organize national development demands (Johnes and Taylor, 1990). The Higher Education Institutions are highly interactive sectors where the degree of interaction of employee and customer is high as compared to other service providing organizations. Therefore, satisfaction of the quality employees in higher education is vital element for investigation.

There are two dimensions where contribution of IM concept lies. These are; level of integration and organizational objectives. In higher education institution, both dimensions are long term/strategic orientations; therefore, the contribution of internal marketing (IM) within this industry is vital.
In higher education sector, a vital factor for the satisfaction of external customer depends on core internal customer (as core service providers i.e. lecturers and professors) satisfaction. In higher education industries when teachers are not motivated and satisfied then quality of their services suffers and creates dissatisfaction among students (Zeithaml et al., 1990). Therefore, to improve universities' working environment, to achieve outstanding research & development and to increase teaching performance, teacher's requirements must be satisfied.

The approaches of IM practice incorporate empowerment which authorize employees and gives them responsibility for the quality services. Empowered employees feel satisfied and perform better in their jobs. By allowing them authority they become more responsible towards achievement of organizational objective. The results of some empirical studies have concluded that within organization, employees’ participative decision making improves not only their commitment level but also their job satisfaction (Kim, 2002). When employees involved in decision making, they become a part of overall organization and align their own objectives with organizational objectives.

Although, numerous studies on employee job satisfaction (EJS) have been conducted, however, a few deal with university teachers in terms of IM. The IM concept is applied in many service organizations other than educational institutions, for instance, “UK-Based services organization” (Naude, Desai, and Murphy, 2003), “hotels and travel services” (Riliang and Christine, 2004), “tourism industry” (Hwang and Chi, 2005), “retail trade, cafes and restaurants” (Lagoon, Herington, and Weaven, approximately, 2006), “banking industry” (Farzad, Nahavandi, and Caruana, 2008; Keller, Scott B, 2006), “local and foreign state-owned enterprises” (Zhou, Li, Zhou, and Su, 2008) and “hotels industry” (Gounaris, 2008) etc.

Surprisingly not much work is done in educational scenario in terms of IM. This study examines the IM concept in higher educational sector in Pakistan. It will help the academics and practitioners to understand the difference in cultural setting of IM practices.

Literature review support the notion of similarities in the concepts of IM with the determinants of teacher’s job satisfaction. Research on IM is particularly in its starting phase.
This study is based on the idea of Gounaris, (2008) who investigated IM dimensions including, communication and empowerment and its influence on EJS. These mechanisms are more related to the professionals and play significant role in enhancing their job satisfaction. Communication and empowerment are also important because faculty in universities entered the phases of their careers where they have surpassed basic job needs and are motivated by other factors other than financial motivations. The significance of the study is that it will contribute on three standpoints, on a country perspective, organizational perspectives and individual perspectives. The universities of every country reflect an image of that country through their quality of educational standard. It attracts at national level and foreign investment and thus it generates economic activity in Pakistan. Furthermore it promotes economy through generating profits.

The study begins with a brief review of relevant literature. The next section outlines research method following the section of results and discussion. Finally, the study concludes and gives implications.

**Literature Review**

There is a hefty extant literature on EJS and most of them conducted on employee and organizational level although most of the marketing scholars considered EJS in terms of sales team management and marketing techniques perspectives only (Brown and Peterson, 1993).

In marketing literature the studies related to examine the impact of EJS are not a new area of study. There are many studies which examine this concept on a employee and organizational-level. Most of the marketing scholars considered EJS in term of sales team management and marketing techniques perspectives only (Brown and Peterson, 1993).

In higher education, the main focus of studies are mostly students therefore mostly teacher’s job satisfaction is neglected. While many studies have been done on the satisfaction of employees but very few concentrated their focus on higher education or university teachers (Ward and Sloane, 1998).
Rewrite it After extensive literature, Kusku (2001) proposed the following dimensions for measuring the satisfaction of university teacher: general satisfaction, supervisor behavior, management satisfaction, colleagues, other working group satisfaction, job satisfaction, work environment and salary satisfaction, hence the mechanism of IM concept is also suitable for education sector because of the relevance of basic determinants of employee satisfaction with these concepts and IM practice based on two dimension i.e. level of integration/level of involvement and long term objectives. Therefore both dimensions are existing in this industry and there is a need of focused value.

Traditionally the focus of marketing emphasized mostly on external customer satisfaction rather than internal customer i.e. employee satisfaction (Caruana and Calleya, 1998; Spitzer and Swidler, 2003). Due to the new business structure development, enhanced marketing effort towards services and high competitive environment, the concept of IM emerged (Varey and Lewis, 2000). The theory behind the approach of IM is basically linked with social exchange theory (Varey, 1995).

The concept of IM is understood as the process of initiating, maintaining and developing relationships between employees, their management, and the organization for the purpose of creating superior value for customers (Flipo, 1986). The practice of IM and its implication has been strongly positive linked with the performance of the employee (Ballantyne, 2000). The rationale of this approach is that IM programs influence employees' performances and when EJS increases then organizations get their objectives i.e. customer satisfaction especially in services sector (Ahmed et al., 2003). Internal marketing is a planned and strategic approach to develop the culture of an organization in which employee's attitude and behavior totally concerned about the importance of customer. One study explained IM as a planned effort using a marketing-like approach to overcome organization resistance to change and to align, motivate and inter-functionally co-ordinate and integrate towards the effective implementation of corporate and functional strategies (Ahmad and Rafiq, 2000).

In the conceptualization of IM, there are three phases, namely, an employee satisfaction phase, customer orientation phase and strategy implementation/change management phase (Ahmad and Rafiq, 2000). All three phases are interrelated and can be treated as an independent dimension of IM.
The rationale of this study based on the employee satisfaction phase only because the roots of the IM concept lie in efforts to progress quality of services to deliver consistently high quality service (Ahmad and Rafiq, 2000).

The extant literature gives the several dimensions and definitions of IM. One study says that IM is viewed as consisting of development, reward and vision dimensions (Voola, Casimir, and Haugen, 2003) Another study gives motivation, training, job satisfaction, inter-functional integration and coordination as dimensions of IM (Farzad, Nahavandi, and Caruana, 2008). Because of its significance, socialization, employee participation in decision making, commitment, accuracy and openness of communication are aspects of an IM program (Naude et al. 2003).

Professionals desire to be able to make their own decision. They highly value being able to make decisions about the work and being free of external pressure that might influence their decision and work behavior. Organization focuses on participative management ultimately decreases the stress and conflict among management and customer as well, therefore employees level of satisfaction increases (Jong et al., 2004). Employee’s participation improves their role clarity and enhances job commitments. When organization gives their quality employees a sense of ownership then employees feel more accountable towards job performance.

Based on the idea of IM practices, the conceptual framework applied to and guided this study was designed to determine specific association with EJS. To create conceptual framework of IM mechanism and EJS, this study focused on two approaches. The first approach that focused on the view that internal Marketing may enhance employee creativity, innovation and performance (Varey and Lewis, 2000). The second approach that focused on three mechanisms of IM (empowerment, participative decision management and communication), therefore according to literature review, participative decision making improves job satisfaction (Kim, 2002). Greater ambiguity in communication may also affect negatively job satisfaction (Gregson and Wendell, 1994).
These approaches were dominant mechanism in making EJS concept and served as the theoretical framework for this study. To identify the level of association/influences of IM mechanism from the abovementioned approach, this study also used three IM mechanisms separately to examine their impact on EJS within higher education industry.

In line with conceptual framework and supported by the extensive literature review, the following hypotheses were formed to test for this study

**Hypothesis 1**: Internal marketing has an influence on employee job satisfaction.

**Hypothesis 2**: Empowerment has an impact on employee job Satisfaction.

**Hypothesis 3**: Communication has influence on employee job Satisfaction.

**Research Method**

**Data**

The study used questionnaire based survey. The collected data used to test the research hypotheses were gathered from three metropolitan cities (Faisalabad, Lahore and Islamabad) in Pakistan through a structured questionnaire. The questionnaires were distributed to the sample of 150 business professional (males and females) from management sciences department of higher education institutions. A total of 150 questionnaires were distributed and 130 questionnaires were returned, self administered survey for a response rate of 87 percent approximately. After eliminating all incomplete questionnaires, 116 were used for analysis.

The questionnaire included 23 numbers of items and responses to these items were measured using seven point Likert scale from “Strongly Disagree” (1) to “Strongly Agree” (7). First of all this questionnaire was consisted of several parts according variables, i.e. EJS, IM empowerment and communication and last part was consisted of demographics i.e. gender, age, university category and working experience.

Employee job satisfaction was represented as primary variable (i.e. dependent variables) and five items representing this variable. Job satisfaction is measured with the scale by Hartline and Ferrell (1996).
IM practice was represented as the second variable (i.e. dependent variable). A total of fourteen items representing IM within three components (empowerment, employee job satisfaction, internal marketing and communication). Empowerment is concerned, it was assessed based on the measure suggested by Hartline and Ferrell (1996), while the degree of employees’ participation management was measured using the scale suggested by Oliver and Anderson (1994) and communication mechanism was measured using the scale suggested by Johlke and Duhan (2001).

Procedure

In hypothesis testing, Regression analysis and mean values were used. The results of these tests exposed several interesting and unexpected results. The first hypothesis was the investigated to find out the relationship between IM and EJS. The remaining hypotheses were the investigated to find out the relationship between all three mechanism of IM and EJS.

Results

To test validity and reliability of scale, SPSS is used; the reliability of the scales was evaluated by calculating as Cronbach’s α for all variables was 0.94.

H1, It was hypothesized that there is a significant relationship between IM (as independent variable) and EJS (i.e. dependent variable). Multiple Linear Regression analysis supported this hypothesis. R Square value showed the relationship between variables that respondents who were more job satisfied were more likely to accept practice of IM.

**Table 1: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.630(a)</td>
<td>0.397</td>
<td>0.381</td>
<td>0.92407</td>
</tr>
</tbody>
</table>

Predictors: (Constant), totimcom, totimemp, totalimo
Table 2: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>62.927</td>
<td>3</td>
<td>20.976</td>
<td>24.564</td>
<td>0.000(a)</td>
</tr>
<tr>
<td>Residual</td>
<td>95.638</td>
<td>112</td>
<td>0.854</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>158.566</td>
<td>115</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), totimcom, totimemp, totalimo
Dependent Variable: totalejs

Table 2 depicts that F value is 24.564 which shows that overall model is significant. Thus, the data supported the first alternative hypothesis. So Ho was not accepted and Ha was accepted. This showed that approximately 39% EJS was dependent on overall IM practices and has positive relation with each other.

Table 3: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.828</td>
<td>0.540</td>
<td>1.532</td>
<td>0.128</td>
</tr>
<tr>
<td>totalimo</td>
<td>0.439</td>
<td>0.155</td>
<td>0.285</td>
<td>2.827</td>
</tr>
<tr>
<td>totimemp</td>
<td>0.367</td>
<td>0.089</td>
<td>0.382</td>
<td>4.129</td>
</tr>
<tr>
<td>totimcom</td>
<td>0.100</td>
<td>0.129</td>
<td>0.065</td>
<td>0.778</td>
</tr>
</tbody>
</table>

Dependent Variable: totalejs

H2. It was hypothesized that there is significant relationship between empowerment (as independent variable) and EJS (as a dependent variable). Linear Regression analysis supported this hypothesis. R square value shows that empowerment has positive association with EJS. The model resulted in an $R^2$ of 0.33(table 4), accounting for 33 percent of the variance in EJS. In development of EJS there is approximately 33% contribution from Empowerment of Employees. Thus, the data supported the second alternative hypothesis. So Ho was not accepted and Ha was accepted.
**Table 4: Linear Regression Analysis (Empwr and EJS)**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.575(a)</td>
<td>0.330</td>
<td>0.325</td>
<td>0.96507</td>
</tr>
</tbody>
</table>

**Table 5: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.165</td>
<td>0.347</td>
<td>6.230</td>
<td>0.000</td>
</tr>
<tr>
<td>totimemp</td>
<td>0.553</td>
<td>0.074</td>
<td>0.575</td>
<td>7.500</td>
</tr>
</tbody>
</table>

Dependent Variable: totalejs

**H3**, It was hypothesized that there is significant relationship between Communication (as independent variable) and EJS (as a dependent variable). Linear Regression analysis supported this hypothesis. R square value showed the communication has positive relationship with EJS. The model resulted in an $R^2$ of 0.128 (table 6), accounting for 13 percent of the variance in EJS. In development of EJS there is approximately 13% contribution from Participation of Employees. Thus, the data supported the third alternative hypothesis. So Ho was not accepted and Ha was accepted.

**Table 5 Linear Regression Analysis (P.Mgt and EJS) Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.321(a)</td>
<td>0.128</td>
<td>0.11</td>
<td>1.11687</td>
</tr>
</tbody>
</table>

Predictors: (Constant), totimcom

**Table 7 Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.671</td>
<td>0.565</td>
<td>4.727</td>
<td>0.000</td>
</tr>
<tr>
<td>totimpart</td>
<td>0.491</td>
<td>0.136</td>
<td>3.622</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Dependent Variable: totalejs

Predictors: (Constant), totimpart
Discussion

The results from the analysis explain the upcoming insights regarding the practice of IM concept and explain the impact of establishing an IM practice with three mechanisms for the marketing function on EJS. This research study examines the significant impact of IM on professional's job satisfaction. After examining the mean value of all facets of variables, the result determined the tendency of employees' attitude towards IM practice, professionals' job satisfaction showed the mean values (4.68) having more than 4.5 mean approximately. Their responses in terms of EJS are towards "Slightly Agree", but from IM concept, all three facets response, empowerment (4.55), and communication (4.1), showed that employees act in response towards "Slightly Agree", these particular results give track that there is need to improve more systematically and effectively therefore these issues to better implementation of IM practices.

Through building a behavior towards IM practices, these mechanisms such as empowerment and communication are essential. Therefore, it becomes visible that satisfied professionals contribute in developing quality students, which ultimately may convert to a high quality and profitable organization. So that's why this rationalizes an internal task for the marketing role (Berry et al., 1976). What this study has shown is that by adopting these aspects of IM, the universities can develop and implement the internal marketing programs to retain their faculty even more effectively. This will help these universities potentially empower their faculty members and enhance their performance resulting into a competitive advantage.

One implication from these findings is that proper implementation of internal marketing practices result into satisfied faculty member who perform well and want to stay with the university resulting also into competitive advantage. An important implication for practitioners is that employees' job satisfaction is an important (internal) marketing priority and consequently, as this study shows, there is a need to develop and adopt the IM concept and particularly those universities seeking differentiation through quality service excellence. Several internal and external consequences of IM practices are apparent in the literature. Internally, it is well established that the overall managerial consideration influences the attitudes and behaviors of their service providers (Ahmed and Rafiq, 2003).
Externally, the satisfaction and retention of quality employees are reflection to influence student’s satisfaction, developing talent, enhance performance of both internal and external customers. Naturally, higher levels of student’s satisfaction should lead towards achievement of their objectives, and consequently, IM influences profitability (Bansal, Mendelson, and Sharma 2001).

A truly satisfied employee will identify with the organization, putting all his efforts and will thus become a path to organizational goal attainment. Employee job satisfaction is as critical as customer satisfaction and influences overall organizational performance. In this services sector, dissatisfied teachers as core service provider’s outcome will be dissatisfied customer. According to the (Caruana, 2000), service quality has strong effect on customer satisfaction and ultimately this customer satisfaction will persuade loyal consumers.

Conclusion

Quality employee’s issue has received much attention in organizations due to high costs associated with them especially in services sectors. Internal marketing (IM) enhances the success of the marketing practices internally towards achievement of objectives. The satisfaction and retention of quality employees is an essential component of organizational success. Hence, this examined the impact of IM on employee job satisfaction (EJS) especially in higher education institutions. Data were collected from 116 professional from Business Universities of Pakistan through questionnaire based surveys to investigate the impact of (IM) on EJS for the individual’s. The results posit that, overall; IM practice has positive influence on EJS. This is the first study to examine the IM practices on EJS in Businesses Universities of Pakistan. The study contributes for both academicians and practitioners.

The study contributes for both academic literature and enriches it and provides practical implications for the practitioners, however like many studies this study also has limitations, which can be addressed in future research can easily address. A first limitation is the sample of the study and overall there are three issues are of concern. The first issue which is a limitation is the profession of the respondents. By focusing on core service providers i.e. lecturers only the study excluded all other staff employees and all other employees of the universities although this concept applies to them too.
A second issue arises when the structure of the sample is identified which leads to another limitation of the study which is the industry. Research could be done in other industries other than higher education industry. This study focuses only on the higher education industry. Yet, many other service industries (e.g. education industry at junior level) have same characteristics. This research exclusively is focused on a single research sample and tries to avoid some pitfall related to complex sample size but in doing so also lacks the ability to generalize. The sample was consciously confined to include only Management sciences universities. Therefore the majority of the universities in this industry are thus excluded from the sample size.

Another limitation of the study refers to the university's internal marketing program. This study focuses on three specific aspects of the universities faculty's internal marketing efforts. Other aspects, such as compensation criteria, performance appraisal, motivation, training, rewards etc should also be examined and part of a broader investigation because they could explain other aspects and proportion of professional's job-satisfaction variance.

References


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