

The Effect of Internal Marketing Determinants on Employee Satisfaction

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ABSTRACT: *This research aims to study the impact of internal marketing on employee satisfaction. It was conducted on several administrative levels employees from banking sector. The research also aims to find out the impact of independent variables namely, in-house training, hiring, rewards, internal communication, salaries and motivation of the organization, on the dependent variable, which is the employee satisfaction. 322 copies of the designed questionnaire were distributed to employees from various levels in Sudanese banks. However, 250 copies of the questionnaire were recovered, and this is 77.6 % of the total number of the distributed copies. The results show that the organization culture has a strong impact on the employee's satisfaction. This variable came first among other variables, followed by the variables about incentives and rewards regarding the impact on the dependent variable employees. On the other hand, the rest of variables showed a weak impact on the dependent variable either due to lack of employee's interest, or the lack of their awareness regarding the importance of these variables and the need to apply them in order to improve the performance of employees and increase their efficiency and effectiveness at work. Convenience sampling technique was used to collect data from various Sudanese bank customers in Khartoum; Data was analyzed using SPSS.16.*

KEYWORDS: internal marketing, internal training, motivation and rewards, internal communication, empowerment, organization culture, performance employees.

INTRODUCTION

Internal Marketing is a modern concept in the world of holistic marketing, the concept relies on the relationships an employer form with employees. IM said that staff should be perceived as internal customer and their exceptions should be satisfied and fulfilled. Any organization that concentrates merely on satisfying external customers and ignore internal customers will struggle.

Employee satisfaction is one aspect of an overall human resource planning strategy that works in accordance with other strategies such as performance management, rewards and recognition, recruitment and retention to build a healthy and conducive work environment.

IM creates the atmosphere and environment where employees are motivated to create and co-operate to enhance the whole business process.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Internal marketing is orienting a motivating customer contact employees and supporting service people to work as a team to provide customer satisfaction. Internal marketing is one of the most complicated forms of marketing there is. It involves creating persuasive and informative messages that resonate with every department and employee within a company. The best way to conduct internal marketing in an effective way, is to create a comprehensive plan (Hwang, S., & Der-Jang, 2005).

The logic behind any business is to make money for the shareholders who provide the required capital, and the employees who satisfy the requirements of customers who provide the business income in return.

Internal marketing is inward facing marketing. Internal marketing is used by marketers to motivate all functions to satisfy customers. With internal marketing the marketer is really extending and developing the foundations of marketing such as the marketing concept, the exchange process and customer satisfaction to internal customers. The theory of internal marketing is that customers' attitudes toward a company are based on their entire experience with that organization, and not just with the products. Thus, everyone who has any contact directly or indirectly with the customer helps to shape that customer's experience. Therefore, customer satisfaction is deeply dependent on the performance of a company's workforce.

Internal marketing is one of the most challenging kinds of marketing because employees have more information about companies and their products than any customer does. Their insider's perspective makes them particularly shrewd when claims are made about products or services. Convincing this population takes a thoughtful and comprehensive marketing approach. A degree in marketing is vital for carrying out effective internal marketing efforts (Kotler and Armstrong 2010).

Over the last 25 years, the subject of internal marketing has become a hot issue in marketing programs. As companies have grown larger, they have had to find new ways to spread their culture through huge workforces. The professionals who teach in marketing schools have examined companies large and small from around the world who have carried out internal marketing efforts. They know from experience what works and what doesn't work. Learning from this experience is the best way for internal marketers to gain the skills they need to make an impact within their company.

When internal marketing is talked or written about, it is usually considered to be a process for selling or promoting the company and its objectives to the employees. The purpose of this process is to align every aspect of a company's internal operations to ensure they are as capable as possible of providing value to customers. While that may be a laudable theory, the flaw lies in that while creating an internal selling process to employees, a divisive, "them and us" mentality can develop. Ideally, internal marketing should be seen as being the integrated internal management of all those activities that directly and indirectly support the satisfaction of customer requirements.

Commercial managers are responsible for producing and maintaining the levels of necessary profitable income for the continued development of the business. They should also ensure that all the workforce understand that individually and collectively, their actions affect customer perceptions and satisfaction, which ultimately effects the level of income on which they all depend. Instilling enthusiasm, motivation creativity and expertise is not simply a matter of communication, but of effective management and leadership (Ilan, 2010).

Employee Satisfaction

In human resource terms, employee satisfaction means employees are contented with their work and position. To be contented, they likely enjoy much of their work, they feel management is fair and cares about them, and they are comfortable in their work environment - both with other staffers, and with the resources they have available to complete their jobs. It ties in closely with employee turnover, since unhappy staffers are more likely to seek positions elsewhere. It is expensive to replace employees, so many HR departments have a goal of keeping employee satisfaction at a high level so turnover stay low. Employee satisfaction, also known as job satisfaction, is the extent to which an individual is happy with their job and the role it plays in their life. Employee satisfaction or job satisfaction is, quite simply, how content or satisfied employees are with their jobs. Employee satisfaction is typically measured using an employee satisfaction survey. These surveys address topics such as compensation, workload, perceptions of management, flexibility, teamwork, resources. and These things are all important to companies who want to keep their employees happy and reduce turnover, but employee satisfaction is only a part of the overall solution. The extent to which employers' priorities' employee satisfaction depends on the employer and the industry – the Hawthorne studies and the work of George Elton Mayo in the 1930s put the link between employer satisfaction and productivity on the radar.

Satisfaction researchers tend to differentiate between affective satisfaction and cognitive job satisfaction – affective satisfaction is the sum total of pleasurable emotions and feelings associated with the job and its place in the individual's life, whereas cognitive satisfaction refers to rational satisfaction over particular facets of the job e.g., pay and day- to-day responsibilities. There are a wide variety of theories surrounding employee satisfaction. Dispositional theory, for example, argues that individuals are predisposed to a certain level of job satisfaction regardless of the job or industry. Range of Affect Theory, put forward by Edwin A. Locke in the 1970s, is a theory based on expectations – satisfaction depends on the gap between what an employee expects from a job and what they actually get.

Employee attitudes typically reflect the moral of the company. In areas of customer service and sales, happy employees are extremely important because they represent the company to the public. Satisfaction, however, is not linked solely to compensation. Sure, a raise or benefits will probably improve employee contentment, at least temporarily, but small, inexpensive changes can have a long-term impact. Employee satisfaction can be measured two ways: indirectly, by watching trends in employee turnover; and directly, by asking employees about their level of satisfaction via surveys, interviews, and focus groups.

In indirect measurement, management watches the trends in employees leaving the organization, and assumes that satisfaction levels are adequate when turnover levels are at or below industry norms. They may also drill down to watch for specific departments or functions

with higher-than- average or higher-than-usual turnover, and implement direct measurement actions in those areas to determine causes for the increase in separations (Grönroos, 1995).

Direct measurement methods involve asking employees about their level of satisfaction. For example, an anonymous survey could be mailed or emailed to all employees asking for their level of satisfaction with different aspects of their jobs. Interviews and focus groups might also be conducted, in which staffers are questioned in person. Surveys and interviews may be conducted by company personnel or outside consultants may be brought in so that employees feel freer to share their opinions, knowing that information will remain anonymous when presented to management. Once the results are in, information will be analyzed, and various breakdowns (such as by department or by type of question) may be reviewed to see if there are specific areas that need to be addressed. This information would then be presented to senior management, along with any specific recommendations for change based on the results. The specific impact of job satisfaction can be hard to quantify, but a higher level of employee satisfaction would be expected to result in or fewer employees voluntarily leaving the company for new positions. Experienced employees staying with the company longer, which helps control hiring and training costs and avoids dips in productivity while training new staff (Piercy, 1991).

An easier time filling open positions, since the company will have a reputation of being a good place to work and more people will be interested in working there.

The relationship between internal marketing and employee satisfaction

Internal marketing was originally defined as making internal products (jobs) available to satisfy the needs of internal market (employees) so that it satisfies organizational objectives (Berry, et.al., 1976). The authors go on to add that a firm has to successfully hire, train and motivate employees to serve external customers since the needs of external customers can be satisfied partly because the needs of the firm's internal customers (employees) are satisfied. Marketing aimed at internal customers is called internal marketing (Gronroos, 2001). However, since then, there have been a number of definitions of internal marketing and there is no unifying notion (Rafiq & Ahmed, 1993). For instance, (George, 1977) and (Berry, 1980) state that in order to keep external customers happy and satisfied the company's internal customers (employees) should be happy in their jobs. Internal marketing's goal is to hire, train and motivate employees so that they serve their customers well (Kotler, 1991), and to treat employees as customers (Berry & Parasraman, 1991). A firm should be considered as a market and marketing inside the firm is internal marketing and therefore marketing tools that are used for external customers might be used for internal customers and the field of human resource management has started adopting appropriate marketing tools (Foreman & Money, 1995). Internal marketing has also been defined as a marketing technique within an organization which creates and communicates corporate values (Hogg & Carter, 2000) and it should be considered as part of the broader market orientation concept which was originally developed for marketing to external customers, however, the same concept can also be used for marketing to internal customers (Nude, et.al., 2002).

Internal Marketing's Effect on Employee Satisfaction

Internal marketing's goal is not just to attract, retain and reward employees, but also to compensate more those who are more effective and efficient by providing economic incentive

plans that encourage the long-term perspective (Berry, et.al., 1976), which in turn raises employee satisfaction (Heskett, et.al., 2002). Internal marketing has been linked to job satisfaction (Ahmad, et.al., 2003; Hwang & Chi, 2005; Mukherjee & Malhotra, 2006; Shiu & Yu, 2010), work motivation (Bell, et.al., 2004), service quality (Bell & Mengue, 2002; Bell, et.al., 2004), cooperative behavior, organizational citizenship behavior and customer service (Riketta, 2005), customer satisfaction (Homburg & Stock, 2005; Koys, 2001; Wangenheim, et.al., 2007) and loyalty (Ahmed & Rafiq, 2002; Bergstrom, et.al., 2002; Hallam, 2003; Sartain, 2005). Based on the above, the following hypotheses are proposed.

P1: Organizations that spend more on internal marketing (as a % of their revenue) will have higher employee satisfaction than firms who do not spend as much in internal marketing

P2: Organizations with high levels of employee satisfaction will attract more new employees (acquisition).

P3: Organizations with high levels of employee satisfaction will retain more employees (Journal -internal marketing affect, Pueblo2016).

Possible Determinants of internal marketing

There are many view points from different authors who argue that how internal marketing can be measured and identifying the variables that may influence the level of employee satisfaction within an organization. Salary, Training, Reward system, Motivation, Communication and Hiring.

Problem Statement

There's a shortage of research in this area and not fully adopted in many organizations. Recently, in today's business organizations began to concern about marketing its products (people) by providing them with a suitable workplace, designs programs to develop their overall competencies. So, the workers will be motivated and then can provide an excellent service to external customer. In Sudan there is not fully an understanding about the internal marketing effect.

Research Objectives

The main aim of this research is to find out the relationship between internal marketing and employee job satisfaction

- To examine the impact of the bonus and incentive in employee satisfaction.
- To examine the impact of the training and incentive in employee satisfaction.
- To evaluate the impact of internal communication in employee satisfaction.

Significance of the Study

This research will provide a conceptual framework for the internal marketing reinforces and enriches the scientific knowledge to interested researchers, particularly in the Islamic banking sector. Internal marketing is one of the modern concepts that research is still little compared with the other marketing topics. Internal marketing helps managers to set a good strategic planning to achieve the overall objectives.

Hypotheses Development

H1: There is positive significant statistical relationship between training and employee satisfaction.

H2: There is positive significant statistical relationship between salary and employee satisfaction.

H3: There is positive significant statistical relationship between motivation and employee satisfaction.

H4: There is positive significant statistical relationship between incentives and reward system and employee satisfaction.

Conceptual Model

Figure 1. A Model reflecting the relationship between the study variables

<u>Independent Variable</u>		<u>Dependent Variable</u>
Internal marketing 1-Motivation 2-Training 3-communication 4-Reward system 5-Salary 6-Hiring		Employees job satisfaction

Source: Modeling Illustration based on reviewed literature.

METHODOLOGY

The study adopted the exploratory and descriptive research type which is characterized by its flexibility. Purposive and convenient sampling methods were conducted in this study as a form of non-probability sampling to be able obtain a gross estimate of the results in less time and effort. 322 sets of questionnaires were distributed to the sample selected; however, only 250 (77.6 %) sets of questionnaires were successfully collected and completely answered. In testing the several hypotheses, multiple regression analysis and hierarchical regression analysis are used. Furthermore, it was imperative to apply statistical tools of analysis such as SPSS to ensure accuracy and consistency when expressing the results in quantitative form and when carrying out various analyses. After getting done with data collection, cleaning of the data will be performed so as to avoid any empty or missing data. Then the accepted data will be entered into a computer software package specially designed for statistical analysis called the Statistical Package for Social Science (SPSS). Indeed, many statistical techniques will be used in this stage to present the results from the quantitative analyses of data.

ANALYSIS AND RESULTS

Demographic characteristic

This part mainly presents the frequency of distributions for sample demographics which include gender, age group, educational level, duration as a banker.

From The descriptive analysis sample, it is clear that the majority of the sample size is (68.9%) male, while (31.1%) female, (58) % age group between (20-30) and (3.8) % (more than 50 year). (94.6) % educational level (university, post graduate) and (5.5) % (high school or below). 17.8% of the study sample was the experience of less than 5 years, and the proportion of 26.7%

between 5 - 10 years old, and the ratio of 26.7% as well as between 10 - 15 years, and the rate of 28.8% higher than 15 years.

Correlation between Dependent and Independent variables

Table (1) Shows the relationship between Training and Job Satisfaction

Correlations				
			Training	Job Satisfaction
Spearman's rho	Training	Correlation Coefficient	1.000	.277
		Sig. (2-tailed)	.	.065
		N	250	250
	Job satisfaction	Correlation Coefficient	.277	1.000
		Sig. (2-tailed)	.065	.
		N	250	250

Decision: While the correlation coefficient $R = .277$ and significant level $(.065) > (0.05)$ then do not reject the Null hypothesis.

Report: there is positive relationship between training and job Satisfaction and there is no statistically significant relation between training and job satisfaction.

Table (2) Shows the relationship between Salary and Job Satisfaction

Correlations				
			Job satisfaction	Salary
Spearman's rho	Job satisfaction	Correlation Coefficient	1.000	.091
		Sig. (2-tailed)	.	.551
		N	250	250
	Salary	Correlation Coefficient	.091	1.000
		Sig. (2-tailed)	.551	.
		N	250	250

Decision: While the correlation coefficient $R = .091$ and significant level $(.551) > (0.05)$ then do not reject the Null hypothesis.

Report: there is weak positive relationship between salary and job satisfaction and there is no Statistically Significant relation between salary and job satisfaction.

Table (3) Show the relationship between Communication and Job Satisfaction

Correlations				
			Job satisfaction	Communicati On
Spearman's rho	Job satisfaction	Correlation Coefficient	1.000	.401**
		Sig. (2-tailed)	.	.006
		N	45	45
	Communicatio n	Correlation Coefficient	.401**	1.000
		Sig. (2-tailed)	.006	.
		N	250	250

** . Correlation is significant at the 0.01 level (2-tailed).

Decision: While the correlation coefficient $R = .401$ and significant level $(.006) < (0.05)$ then reject the Null hypothesis.

Report: there is a positive relationship between communication and job satisfaction and there is statistical significant relation between communication and job satisfaction.

Table (4) Show the relationship between Motivation and Job Satisfaction:

Correlations				
			Job satisfaction	Motivatio N
Spearman's rho	Job satisfaction	Correlation Coefficient	1.000	.123
		Sig. (2-tailed)	.	.448
		N	250	250
	Motivation	Correlation Coefficient	.123	1.000
		Sig. (2-tailed)	.448	.
		N	250	250

Decision: While the correlation coefficient $R = .123$ and significant level $(.448) > (0.05)$ then do not reject the Null hypothesis.

Report: there is a positive relationship between motivation and job satisfaction and there is no statistically significant relation between motivation and job satisfaction.

Multiple Linear Regression Model:

The below tables show the result of multiple regression analysis between internal marketing and employee's job satisfaction.

The adjusted squared multiple correlation coefficient (adjusted R^2) clearly explains 5.9% of the variance associated with the job satisfaction. The F statistic is also significant ($F = 1.617$). We also observed that the most important variable was communication, which had the highest

Beta value (.354) and highest t-value (1.981) this result shows a positive relationship between communication and job satisfaction. The second most important variable associated with the job satisfaction was training, the Beta value of this variable was (.120) with t-value (1.190).

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.395 ^a	.156	.059	1.861
a. Predictors: (Constant), Communication, Salary, Training, Motivation				

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.394	30	5.598	1.617	.192 ^b
	Residual	121.206	200	3.463		
	Total	143.600	244			

- Dependent Variable: Job satisfaction
- Predictors: (Constant), Communication, Salary, Training, Motivation

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.036	1.353		1.505	.141
	Training	.120	.101	.202	1.190	.242
	Salary	-.036	.143	-.040	-.248	.806
	Motivation	-.022	.114	-.035	-.192	.849
	Communication	.354	.179	.322	1.981	.055
a. Dependent Variable: Job satisfaction						

Hypothesis Tasting

H1: There are statistical relation between training and employee satisfaction

Depend on my study result $R=0.277$ and significant level 0.65 has positive relation between training and employee satisfaction the questioner result supports my hypothesis.

H2: There are statistical relation between salary and job satisfaction: Depend on my study result $R=0.091$ and significant level 0.551 has week positive relation between salary and employee satisfaction the questioner result supports my hypothesis.

H3: There are statistical relation between communication and job satisfaction

According to the study result $R=0.401$ and significant level 0.006 has positive relation between communication and employee satisfaction the questioner result support my hypothesis, also the communication is heart of the internal marketing.

H4: There are statistical relation between Motivation and job satisfaction: Depend on my study result $R=0.123$ and significant level 0.448 has week positive relation between salary and employee satisfaction the questioner result support my hypothesis.

CONCLUSION

The research study was conducted by quantitative and qualitative approaches and combination of two variables internal marketing and job satisfaction for determining the best way for employee satisfaction in banking sector in Sudan. Adoption of internal marketing determination will enhance the bank moves towards employee satisfaction in order to have a highly effective internal marketing determination, the bank must be equipped with the all six determination factors: training, salary, motivation, communication, reward system and hiring. The implementation of effective internal marketing determination can result in employee satisfaction and lead to better productivity.

This study has provided a theoretical model to show the bank relationship between internal marketing determinations and employee satisfaction. It provides comprehensive framework that used for explaining the impact of the internal marketing determinations on employee satisfaction. In addition, the purpose of this study in also raising awareness among managers to give more attention to internal marketing, customer satisfaction and assist them in improving organization performance and competitiveness. Also, it hopes that this research study result will enable to support managers within banking sector facilitate their internal marketing process in order to improve and enhance organization performance. The employees are playing the most important role in the bank success, for this reason managers need to be recognized internal marketing polices and apply them in an efficient way.

Recommendations

Recommendation depending on the findings of the research:

Frist, the approach used in this research could be extended to other banks and organizations for further research.

Second, any bank or company in world want to build position in global market place, must build capacity for internal marketing practices and apply them in an efficient manner in order to achieve employee satisfaction.

Third, there is a need to direct the administration at all levels to have more interest in all dimensions of internal marketing, which employees can apply as internal marketing has clear impact on their performance and on the success of bank sector in Sudan.

Fourth, concentration of the Sudan bank sector development program should be on the internal market which can improve the performance of their employees to serve customers effectively.

Fifth, a culture within the organization characterized by creativity and innovation must be built, and it should be different from traditional ones so that the level of employees' performance is raised.

Sixth, attention to incentives and rewards offered to workers in the Sudanese bank sector should increase since it influences the performance at work.

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