

Impact of Internal Marketing on Human Resource Management – A Study

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Abstract: *At the present scenario, organizations flourishing in a dynamic, inconclusive and unpredictable situations. Due to these dynamics, organizations confront new difficulties. In this regard they search forward for a new direction to enhance their execution everlastingly to keep their competitive excellence. A standout amongst the most critical elements to retain and catch the attention of new customers is enhancing the organizational execution through the internal marketing concept. Internal marketing sees its employees as its first market. Employees are dealt with as interior clients and most significant resource as indicated by internal marketing. By regarding workforce as "inward clients", internal marketing helps employees carry into line with the company's image and operations. In turn, they furnish their clients with a solid and significant experience. Internal Marketing is a method for associating staff at all levels in effective marketing programmers by empowering them to comprehend their part within the marketing process. Internal marketing programs comprise of training and staff development, efficient internal communications and integration schemes, designed to augment knowledge and understanding of the overall marketing orientation within the organization. The present study focuses on internal marketing strategies and its impact on human resource management of the organization.*

Key Words: *Internal marketing, Human resource management, employee satisfaction, organizational objectives, empowerment of employees.*

I. Introduction

The idea of internal marketing is a device that companies employ within the organization to communicate with their employees. Internal marketing was introduced in the mid 1970's. This was initiated in the service marketing industry as a way of achieving reliable service quality. The intention of this concept was to achieve superior performance from the employees who frequently dealt with customers. Initially this concept was adopted in service oriented organizations but at present it has predominant role in many other companies and organizations. The initiative of satisfied employees for the benefit of satisfied customers is developed through the concept of Internal Marketing (IM).

According to internal marketing employees are the internal customers. Employees get satisfaction with the organization's human resource management practices, internal services and harmonization they receive from co-workers. Thus, organizations use internal marketing activities to build up employees' endeavor, dedication, participation and job satisfaction. Employee's advanced performance contributes to organizational better-quality performance and will persuade external customers' perceptions of service quality. Even though the IM focuses on organizations' employees as internal customers and attempts to meet their needs, the main purpose of internal marketing is to augment services quality for external customers to have a faithful base of satisfied clients which contributes to escalating revenues, declining costs and building market share and etc. The main goal of IM is a company's employees can be seen as their most important marketing tools. These employees are on the front lines, adapting a company's marketing strategies to the needs of each customer they work with.

Objectives Of The Study:

1. To study an overview of internal marketing.
2. To understand the objectives and strategies of internal marketing.
3. To evaluate impact of internal marketing strategies on human resource management.

II. Methodology:

The present study is based on secondary data. The data is collected from sources like journals, articles and internet.

Literature Review

SEYED MEHDI MOUSAVI DAVOUDI AND RAVNEET KAUR in their study “The link between internal management and human resource management” stated that managers have to concentrate on the internal market (employees) as much as on the external market (clients), if they want their strategies to be successfully and effectively implemented. Marketing and Human Resource management departments should be aligned and integrated with each other to provide the appropriate internal environment to reinforce customer-consciousness.

DON E. SCHULTZ in his study “Building an internal marketing management calculus” stated IM has a key role to play in the future success of all types of organizations and some type of managerial calculus is needed to help senior managers identify the investments and returns to be made, which are often substantial.

An Overview Of Internal Marketing

Author	perspective
Berry et al (1976)	IM is a traditional marketing approach focused on basic 4Ps of marketing which includes the employee’s job as the product and used various forms and formats of price, distribution or place and promotion to build that popularity. It is based on communication with employees which results in jobs (internal products) that satisfy the needs of employees while also satisfying the objective of the organization. Outcome: Satisfaction of employee’s needs and organizational objectives.
Sasser and Arbeit (1976)	A behavioral instrumental approach targeted on front line personnel. IM implemented through internal market research and job re-engineering. Outcome: Job satisfaction
William (1977)	A behavioral instrumental approach strategy to deal with the status and pay concerns of front line personnel in order to improve customer service. Outcome: Greater job satisfaction
Berry (1981, 1987)	IM is a strategy for job re-engineering and internal communication aimed at deriving customer minded front line personnel. Outcome: Job satisfaction
Gronroos (1983)	IM is a strategy for developing the required “State of mind” that will allow customer service effectiveness under a broader relationship management paradigm. According to Gronroos each employee should be trained as a marketer as the customer facing employees are key to the firm’s success. Outcome: Customer consciousness.
(1997)	IM should be integrated with the marketing function as marketing is the responsibility of every employee who influences customer’s value. Outcome: Sales and service minded personnel
Tansuhaj et al (1987, 1988)	IM is a behavioral instrumental approach implemented through communication with employees. Outcome: Increased employee’s level of job satisfaction and commitment.
Gummesson (1987)	IM is a mechanical approach implemented through communication with employees and culture change mechanisms. Outcome: Increased level of productivity and efficiency.
George, (1990)	IM is holistic approach is implemented through coordinating human resources and marketing departments to improve the company’s service orientation.
Ahmed and Rafiq (1993)	IM is a hybrid approach implemented through the application of marketing strategies along with human resource management practices towards the implementation of company strategies. Outcome: Alignment of company strategies with marketing techniques and human resource management.
(2000)	IM is a holistic approach implemented to achieve employee satisfaction, customer satisfaction and inter functional coordination through employee empowerment. Outcome: Increased productivity and job improvements.
(2003)	IM is a cultural framework and an instrument used to achieve strategic alignment while building customer service competence by managing internal relations through internal communication. Outcome: Increased productivity and job improvements.
Foreman and Money (1995)	IM is implemented through communication development, participative management, motivation and rewards. Outcome: Targeted to specific departments or to the entire organization.
Varey (1995)	IM results in satisfaction of employees needs through holistic approach. It is implemented through internal communication aiming to “sell” the importance of customer service. Outcome: Satisfaction of employee needs.
Piercy (1995)	IM allows the removal of interdepartmental barriers for developing and implementing the company’s market objectives. Outcome: Strategic alignment
Wasmer and Brunner (1999)	IM is a behavioral instrumental approach implemented through formal and informal internal market research and communication in order to “sell” the company’s objectives internally. Outcome: Alignment of individual employee’s objectives with company objectives.
Varey and Lewis (1999)	IM is the philosophy and the performance that allows quick organizational change in response to the company’s macro and micro environments. Outcome: Change management
Naude, Desai, and Murphy	IM is a mechanic approach perceived implementation is influenced by individual and organization

(2003)	characteristics. Outcome: Increased job satisfaction and market orientation adoption.
Ballantyne (2003)	IM is a mechanic approach influences service procedures and operations facilitating their re-engineering using input from both the external and internal environment. Outcome: Knowledge renewal
Lings (2004)	IM is a cultural approach and three major facets of IMO (Internal-market orientation) namely internal market research, communications, and response. Outcome: Increased levels of job satisfaction.
Lings and Greenley (2005)	IM used interchangeably with internal-market orientation to describe the effort aimed at improving the internal climate. Outcome: Increased levels of job satisfaction.
Gorgani (2010)	IM is implemented with two aspects, namely personnel to customers as internal business and motivation and protect employees in long term emphasize. Outcome: Treating employees as a internal customers.

Objectives Of Internal Marketing

- ❖ The application of the marketing mix to internal customers
- ❖ The main element of the internal marketing is to acquire motivated and customer cognizant personnel at every level.
- ❖ To attract and retain good employees.
- ❖ To develop employee consciousness and encourage them to participate in the marketing or exchange process.
- ❖ To help employee’s in understanding and accepting the mission, strategies, goals, services, systems and external campaigns of the firm.
- ❖ To constantly motivate the employees and inform them about new concepts, goods, services and external campaigns, as well as economic results.
- ❖ The use of marketing training and internal communication methods to promote the staff on their role within the organization
- ❖ The participation and empowering of staff to allow them to make decisions in relation to dealing with customers
- ❖ The development of managers and employee’s role responsibility and cross-functional involvement
- ❖ IM has a role in reducing clash between the functional groups of the corporation by eroding barriers through improved means of communication.

Internal marketing strategies:

Educating employees on company’s objectives: Once the goals have been identified, plans can be developed to meet those goals. Before the plan implemented employees needs to be educated on its aims and goals. Everyone in the company must know what the goals of the plan are and how they are going to be achieved. Companies will use departmental meetings, newsletters, corporate retreats and blogs to help broadcast this information. The plan should be accessible to any employee at any time. Employees should feel like they are participants in the plan and their feedback and ideas should be respected. This step is essential because internal marketing focuses on creating awareness and focusing efforts.

Comprehensive Training and Development Programs: Human Resource Manager has to arrange comprehensive training programs to existing and new employees at every level to enhance their efficiency or skills and to enable them to work according to new procedures, methods and with new technology. These programs help the manager to engage employee with the organization for longer period as well as increases job satisfaction for employees. Designing and conducting of executive development programs like skill development and knowledge development programs helps to develop managerial and human relations skillsof employees.

Development of effective corporate culture: A few key elements of effective company culture are core values, companionship, celebrations, community, interactions and uniformity. Organizations should develop effective corporate culture in which every employee can share their views with others, even with the higher authority. Each and every employee must comprehend the core value of the organization. Cultural background of an organization attracts the imminent employees to join and to give their best to organization development. Satisfied and excited employees whole heartedly render their services which will be displayed to customers and potential customers.

Organizing Departmental Competitions: To encourage collaboration between departments and to instigate teamwork among members of a particular department organization needs to create a healthy competitive environment. Contests or competitions between departments break up the usual routine, build companionship and provides the chance for members of departments to interact and share their views with unfamiliar members.

The most effective department competitions build relationships within a department and create enthusiastic environment inside the organization, as well as create an opportunity to market the company externally. By rewarding the most excellent employee performance initiates an optimistic competition among the employees.

Organizing Events: Human resource manager can conduct some interesting events for employees to motivate them and to showcase their talents internally as well as externally. This is one of the internal marketing tools may create positive attitude among the employees and serve the dual purpose of rewarding employees and elevating the image of the brand in the eyes of consumers. For example McDonald's conducted Voice of McDonald's competition, wherein McDonald's employees from all over the world compete to sing at the company's annual trade show conference and win a \$25,000 grand prize.

Use of Technological tools: Human Resource Managers can go for installing tools like blogs, message boards, Newsletters, In house radio's and Wikis to provide employees with information about the current projects, growth and initiatives of the company. Newsletters should educate team members on new products, services or customers, furnish them with required information to do their jobs professionally and remind them of the expectations and goals of the company. Highlight success like new contracts awarded or sales targets met and performance based incentive schemes like bonuses, commission and vacation payments to motivate the employees.

Internal surveys and employee feedback cards: After the plan has been implemented, professionals has to directly track and assess outcome to conclude whether the plans and programs were successful or not. Human resource managers use surveys and employee feedback cards to track employee's feelings towards company policies, methods, procedures and technology adopted and their attitudes about loyalty, job satisfaction, remuneration and incentive schemes. This strategy helps the manager to develop plans and policies according to employee's feedback.

Integrated management calculus approach: This approach is based on the external integrated marketing and communication programs and horizontal integrating processes that bring the organization together. It also includes initial research among the firm's customers to conclude which or what customer-employee situations need to be improved. Those improvements are then quantified and a financial value placed on them. That provides the guidelines for an investment and return model for managing.

Participative Decision making process: Instead of Autocratic/ centralized decision making process employees from bottom to top to bottom invited to participate in decision making. Appropriate decisions is the outcome and it enhances employees enthusiasm towards the work will have a deeper commitment towards organization.

Internal marketing communication system: Internal communication is a communication between organizational leaders and one of its key publics i.e. employees. Effective communication system motivates employees to provide better-quality service to customers and develop trust between the employees and superior which leads to a greater employee engagement with the company.

Employee culture handbook: Organizations can design and issue culture books to acquaint employees with the organizations culture and traditions.

Employee relations officers: These officers are the intermediary persons appointed to support employees by listening to their issues on behalf of the manager or organization. Changing the attitude of employees by proper counseling and providing feedback to management regarding improvement of leadership, training, development and brand.

Impact Of Im On Hrm

Increases employee Retention Rate: Due to employee turnover organizations incur heavy expenditure on recruitment and training of new employees. Internal Marketing is a key strategy helps the human resource manager to find out the reasons for employee turnover and to establish constant dialogue with employees in order to better understand them to offer them a product that corresponds to their need and to their expectations. It is optimal to revise the organizational structure to keep excellent employees than it is to repeatedly recruit and train new ones. Proper implementation of internal marketing strategies results into retention of valuable employees in the organization for the long time and organizations saves their cost of replacing by increasing employee retention.

Helps to build strong relationship between employees: Internal marketing strategies such as training and development of employees, internal communication, empowering employees, supportive work environment and coordination among the employees helps to build strong relationship between employees in a business, their management and the different functions of that business.

Allow to Develop best Recruitment Techniques: By adopting internal marketing strategies organizations can optimize the chances of welcoming the most excellent candidates in to the organization. These strategies help HR manager to study target clients and their needs which enables him to develop best recruitment techniques for attracting target candidates.

Increases Personnel's sense of belonging: According to internal marketing organization is treating employees are the integral part of commercial strategy, best advocates and they are important factors in achieving organizational objectives and success. Employees are important clients, in this respect HR manager introducing internal marketing techniques which are contributing to increasing personnel's sense of belonging.

Encourages employees to perform better: To adopt internal marketing strategy organization is not required to revise all its operations but only needs to change the way of perceive it. By implementing internal marketing strategy, HR manager can establish a respectful and trustful working environment among the different teams of employees to reduce inefficiencies due to misunderstanding and non-cooperation among the members and departments.

Enables employees to understand goals of organizations: By applying many of the principles and strategies of external marketing in the organizations internally like, Promoting brand awareness amongst employees helps better understanding of goals and objectives of organization which leads to better service to customers .

Empower employees by giving them accountability and responsibility: Employees feel more motivated and experience higher job satisfaction. They feel empowered to make decisions within certain procedure and begin to feel more esteemed and appreciated for their contributions. This feeling leads to a greater sense of belonging to the "team," as well as responsibility and answerability to employers. Staff conflicts disappear and people have better dispositions at work. Openness, flexibility, and a desire to do things are required for achieving better results.

Helps in achieving customer loyalty: Satisfied employees deliver enhanced services, which affects customer assurance positively, and contribute to achieve customer loyalty. Consequently, having a loyal base of satisfied customers within such a competitive environment, increases revenues, decreases costs and builds market share. Thus, to have satisfied customers, the satisfaction of employees is necessary.

IM as a precondition for satisfaction of external customers: In this perspective, IM pave the way to external marketing because for satisfaction of external customers, satisfaction of internal customers (employees) is necessary. Employees play vital role in organizations; they will meet the requirements of external customers through their dedication to organizational objectives.

IM as a source of competitive advantage: Rather than focusing on end customers and their needs, internal marketing assumes that employees and their requirements and activities are what really drive successful, ongoing businesses. As a result, the best place for the firm to start consistently to build a more profitable business model is with employees and other stakeholders. Thus the belief follows that organizational success starts with an increased focus on how and why and in what manner employees can be turned into the firm's supporters, advocates and customer-service providers. This enables the firm to develop sustainable differential competitive advantage.

Organizations save money: Organizations benefit from higher employee satisfaction, and retention. Recruitment and training cost comes down if employees stay longer, and are more satisfied with their jobs, leading to increasing profits and decreasing cost intern organizations save money.

III. Conclusion

Companies need to concentrate on survival due to changes in the economy. Employee motivation is extremely important, especially due to the recession and the increasing pace of change in the workforce. ". Internal marketing supports and suggests that through staff empowerment employees will drive for better understanding, they will have a deeper commitment to the relationship they hold with the organization and as a result there will be greater involvement from the staff. This strategy helps employee to develop trust in management and built internal customer loyalty. The role of IM is to produce effective human resources which implied that IM and HRM are mutually connected. Employee retention is end-goal of IM. IM provides way to retain employees in the organization for longer period. IM and Employee retention is related to each other and improves organizational performance and growth.

Internal marketing should "create an internal environment which supports customer consciousness and sales-mindedness". Internal marketing allows maintaining stronger relationship between the staff and the organization. It also highlights the fact that by building good relationship organization can enhance the service quality and also their relationship with their external markets. It is necessary to have market oriented HR managers and also" Marketing and HR departments "should be integrated with each other.

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