

Role of Internal Marketing in Employee Engagement Leading to Job Satisfaction of Employees in Private Banks of Pakistan

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Abstract: *This study aims to analyze the relationship between internal marketing and job satisfaction with the mediating effect of employee engagement. The data was collected from the Banking sector of Pakistan. The questionnaires were used to collect the data. Convenience sampling was used in this study. The sample size of the study was 400 but we had received only 250. After applying regression and correlation we found that internal marketing have positive relationship with job satisfaction and employee engagement also have positive relationship as mediator.*

Keywords: Internal Marketing, Employee Engagement, Job Satisfaction, Regression. .

I. Introduction

In the present era, services have become key to success in the fiscal progressions of countries worldwide. During the decade of 1980's, many nations had faced abolishment of services specially in banking, insurance, telecommunication, transport and healthcare, which in return ultimately gave rise to a firm competition among various business. At that time many organizations felt the need to diversify and devise different marketing strategies for the satisfaction of customers. Thus in such a varying situation, survival of the fittest was pushed to be the key to sustainability.

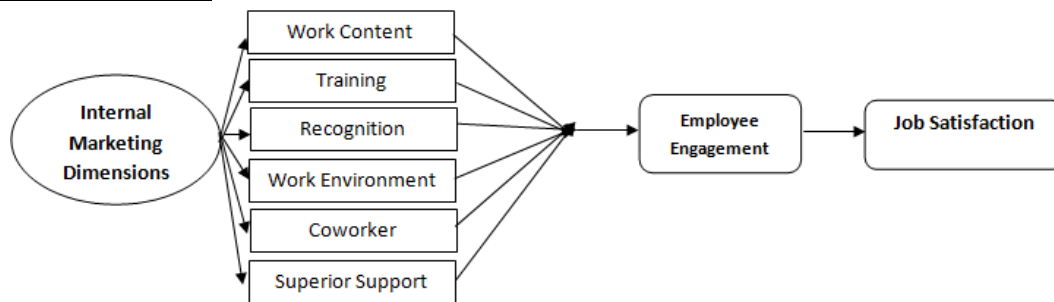
Internal marketing was first proposed as a solution to the problem of delivering high quality service. According to this concept, the human resource of an organization which affects the quality of customer service being delivered. Internal marketing is part of the marketing strategy with the employee's themselves act as internal customers. It is used as a philosophy for managing human resource of the firm by satisfying their necessities so that they work with utmost dedication and devotion and pave way for the company's success. The fifth "P" in services marketing mix is People who are a vital constituent to any service provision. If an organization wants to obtain a form of competitive advantage, it needs to recruit the right staff and train them effectively in their service delivery. Recently more emphasis is lied on providing good services to the employees of the organization than its customers.

Employee Engagement is the level of commitment of employee on both emotional and intellectual grounds fulfilling all the requirements of work place making sure mission and vision of the company are met at all times. It can also be defined as owing the company in such a manner that it will benefit both the external and internal leading to success of the company. The concept was derived by Schmidt et al. (1993), describing it as modern version of job satisfaction. They defined it as "an employee's involvement with, commitment to, and satisfaction with work. Employee engagement is a part of employee retention." It further integrated the concept of job satisfaction with the organizational commitment (Smith et al., 1969) (Meyer & Allen, 1991).

The banking industry is going through drastic revolution worldwide mainly due to the relaxation in economic restrictions, private sector ownerships and growth on worldwide scale. The Pakistani banking industry is part of all this. Banks area pivotal to the fiscal development of present countries. Conventionally, in Pakistan private participation is limited for banks as compared to banks in public sector. During the decade of 1990, circumstances got changed in the banking sector industry. Technological advancements had an incredible impact on the operations of commercial banks in the public sector of Pakistan by pioneering the concept of Mobile banking services in order to fulfill the emerging needs and facilitate clients.

Like other economical service industries, the banking industry is facing some unique challenges including unpredictable market, innovations, financial volatility, furious rivalry and needs and desires of consumers. Banking is included in service industry thus its distinguishing factors are its customers and how they are being served. Employees dealing directly with customers should be acquainted with the basic know how of handling and satisfying their customers.

Theoretical Framework



II. Review of Literature

The perception of internal marketing developed from the thought that employees comprise an internal market within the organization. In order to achieve the objectives of the organization, Che Ha, Abu Bakar & Jaffar (2007) explained that internal marketing is an important concept where effective marketing tools are applied by enterprises to attract and maintain the best employees which augment the overall progress of the business. They identified 12 components of internal marketing, that is: inter-functional synchronization and assimilation, customer direction, marketing like approach, job fulfillment, empowerment, employee inspiration, quality of service, employee development, and vision of the organization, strategic reward, internal communication and senior leadership.

Berry (1981) is also of the view that firstly the requirements of employees should be met. Gronroos (1985) advocated that the scope of internal marketing should constitute such a work environment that encourages employees to act in response to the demands of management. He further opined that the internal product consists of a job and a work environment, which is the source of motivation for the employees to counter positively to management’s demand for customer orientation.

Masroor and Fakir (2009) investigated the intensity of job fulfillment and turnover intentions among nurses of Malaysia. They suggested that the nursing staffs were reasonably contented with their manager, job sharing, job rotation, closure, reimbursement and benefits, colleagues and HRM/management policies and therefore show a perceived lower level of their intention to leave the hospital and the job.

Panigyrakis and Theodoridis (2009) examined a synthesis of Internal Marketing and investigated its effect on business performance in a retail context and developed a Structural Equation Model that indicated five dimensions of the Internal Market construct: formal interaction, reward systems, feedback, internal procedures and policies and internal customer orientation (ICO). Karthikeyan et al. (2010) assessed the effectiveness of the various aspects of training i.e. employee’s attitude towards training inputs; quality of training programs; application of training inputs to the actual job. Findings indicate that effective training has a direct and positive impact on growth & result of the banks.

The recruitment, development, internal communications, incentives and demographic factors (gender, age, experience and education) have impact on job satisfaction (Ibrahim et al. (2010). Khan et al. (2011) established a relationship between perceived internal service quality practices with employee retentions in mediating environment of employee job satisfaction. They identified employee selection, training and development, work design, job description, rewards and compensation have positive and significant dimensionality to internal service quality.

Some empirical evidences explain the relationship between the employee engagement and internal marketing. In 2000, Mitchell explained that organization must create some employee commitment because once the employees are emotionally connected to the organization the value of their company’s brand will be high. Das (2003) concluded that HR managers must be focused to achieve the employee engagement because if the employees are engaged/ committed then they will speak positively for their work and organization; this will leads to the positive internal marketing. In 2001 Czaplewskim et, al argued that internal marketing is the core tool to motivate, and retain the employees and to create strong employee engagement in them.

Moreover, Welbourne (2003) explained that to make the organization successful employee engagement should be measure frequently through different ways. Performance management is another tool that is mentioned by Philpott and Sheppard in Armstrong (2000) that continuous improvement of individual is very important because if individual and collective have good skills then in return they will satisfy with their jobs and performed well. Mullich (2003) augment the Philpott and Sheppard that by continuous evaluation of the employees will leads to greater performance and higher job satisfaction.

Hypothesis:

H1: Internal Marketing is positively related with the Employee engagement.

H2: Employee engagement is positively related with the customer satisfaction.

H3: Internal Marketing is positively related with the Job satisfaction.

H4: Employee engagement mediates the relationship between the internal marketing dimensions and the Job Satisfaction.

Data Collection and Analysis

The data was collected from different private banks of Pakistan like; Standard Chartered Bank, Silk Bank, Summit Bank, Allied Bank, United bank. Convenience sampling technique was used to conduct the study. The data was gathered from different branches located in Rawalpindi and Islamabad. The sample size of this study was 400 but after the questionnaire floated to the branches 250 questionnaires were received. The response rate was 62.5%. The questionnaire was divided into two parts. In first part all the demographic, occupation, income, age, gender, qualification and tenure in the bank was asked. In Second part the questions were related to their job, training, working conditions and support from supervisor and colleagues etc. The statistical tool used for the analysis of the data was SPSS 20. The data was analyzed by using multi mediated regression and correlation.

Demographic Profile of the Respondents

The frequency of the employees with respect to age, gender, income, marital status, occupation, and job tenure are shown in table 1.

Table 1

	Frequency	Percent
Age		
20-30 years	45	0.18
31-40 years	57	22.8
41-50 years	102	40.8
>50 years	46	18.4
Gender		
Male	105	0.42
Female	135	0.58
Marital Status		
Married	192	0.768
Unmarried	58	0.232
Educational Qualification		
Bachelor Degree	79	0.316
Masters Degree	125	0.50
Professional Courses	46	0.184
Monthly Income		
<Rs 25,000	150	0.6
Rs. 25,001-35,000	57	0.228
Rs. 35,001- 45,000	25	0.1
Rs. 45,001 – 55,000	13	0.052
>Rs 55,000	5	0.02
Job Tenure		
<1 Year	29	0.116
1-5 years	63	0.252
6-10 years	43	0.172
11-15 years	45	0.18
16-20 years	25	0.10
21-25 years	20	0.08
>25 years	25	0.10

Most of the respondents are (40.8 Percent) in the age group of 41-50 years, 18.4 are above 50 years of age and 22.8 are falling in the age category of 31 to 40 years. In this study the male respondents are 58% while the female respondents are 42%. Further the 76.2 % respondents are married and 24.8% respondents are unmarried, With regards to the educational qualification the 50 % respondents are having master's degree and 18.4 are having professional courses. The table showed the values that 60% of the employees having the income of 25000 or below, while the twenty two percent of the respondents have the income of 25001 to 35000. Last but

not the least 25.2% of the respondents have job tenure of 1-5 years while only 10% employees are committed or loyal to that organization because have job tenure of more than 25 years.

Correlation Analysis

Table 2

	Job Satisfaction	Work Content	Training	Work Environment	Supervisor Support	Co-Worker Support	Recognition
Job Satisfaction	1.000						
Work Content	.224**	1.000					
Training	.365**	.280**	1.000				
Work Environment	.445**	.447**	.219**	1.000			
Supervisor Support	.116*	.450**	.164**	.113*	1.000		
Co-Worker Support	.711**	.707**	.107	.393**	.543**	1.000	
Recognition	.632**	.590**	.212**	.257**	.326**	.632**	1.000

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

* Correlation is significant at the 0.05 level (2-tailed).

Table 2 suggests that the correlation between independent variable and dependent variable is significant. After applying the reliability and validity test the values for different facets of internal marketing are as follows:

Table 3

S. #	Variable Name	Cronbach Alpha
1	Coworker Support	0.7890
2	Work Content	0.7330
3	Recognition	0.7243
4	Training	0.6258
5	Supervisor Support	0.8011
6	Work Environment	0.7988

Regression Analysis

Table 4

S.No.	Model	R ²	□	T	Sig.
1	WC → EE	0.031	0.175	2.039*	0.019
2	T → EE	0.15	0.218	2.54	0.02
3	R → EE	0.332	0.582	7.19*	0.01
4	WE → EE	0.54	0.821	9.11**	0.000
5	C → EE	0.34	0.601	8.01**	0.000
6	SS → EE	0.22	0.478	6.15*	0.002

- a. Predictor: (Constant) WC,T,R,WE,C,SS
- b. Dependent Variable: EE

All the internal marketing dimensions show the strong significant relationship with employee engagement. In table 4 the work content is showing positive relation with the significance of 0.019, training shows 0.05, recognition shows 0.01, Work Environment and coworker’s shows 0.000 and Supervisor support shows 0.002 significance level.

Table 5

S.No.	Model	R ²	□	T	Sig.
1	EE → JS	0.210	0.501	5.91*	0.000

- a. Predictor: (Constant) EE
- b. Dependent Variable: JS

In table 5 the results shows that the mediating variable (i.e, employee engagement) has a significant relationship with job satisfaction. The results indicate a significant level of 0.000.

Table 6

S.No.	Model	R ²	□	T	Sig.
1	WC → JS	0.045	0.255	2.29*	0.021
2	T → JS	0.21	0.30	3.14*	0.041
3	R → JS	0.390	0.620	7.35**	0.002
4	WE → JS	0.591	0.86.2	9.51**	0.000
5	C → JS	0.39	0.642	8.21**	0.000
6	SS → JS	0.30	0.533	6.33*	0.001

- a. Predictor: (Constant) WC,T,R,WE,C,SS
- b. Dependent Variable: JS

All the internal marketing dimensions show the strong significant relationship with job satisfaction. In table 6 the work content is showing positive relation with the significance of 0.021, training shows 0.041, recognition shows 0.002, work environment and coworker’s shows 0.000 and Supervisor support shows 0.001 significance level.

Table 7

Model	β	R Square	Change Statistics		
			R Square Change	F Change	Sig. F Change
1	0.196	.203	.203	34.521	.000

- a. Predictor: (Constant) , EE
- b. Predictor: (Constant): EE, WC

In table 7 the results explains the direct relationship of work content (dimension of internal marketing) with job satisfaction gives a significance change in β as shown by significant F change which is 0.000. So Employee engagement mediated with work content and job satisfaction.

Table 8

Model	β	R Square	Change Statistics		
			R Square Change	F Change	Sig. F Change
1	0.260	.293	.193	24.522	.000

- a. Predictor: (Constant) , EE
- b. Predictor: (Constant): EE, T

In table 8 the results shown the direct relationship of training (dimension of internal marketing) with job satisfaction gives a significance change in β as shown by significant F change which is 0.000. So Employee engagement mediated with training and job satisfaction.

Table 9

Model	β	R Square	Change Statistics		
			R Square Change	F Change	Sig. F Change
1	0.216	.224	.066	20.421	.001

- a. Predictor: (Constant) , EE
- b. Predictor: (Constant): EE, R

In table 9 the results shown the direct relationship of recognition (dimension of internal marketing) with job satisfaction gives a significance change in β as shown by significant F change which is 0.001. So Employee engagement mediated with recognition and job satisfaction.

Table 10

Model	β	R Square	Change Statistics		
			R Square Change	F Change	Sig. F Change
1	0.672	.453	.213	102.521	.000

- a. Predictor: (Constant) , EE
- b. Predictor: (Constant): EE, WE

In table 10 the results shown the direct relationship of work environment (dimension of internal marketing) with job satisfaction gives a significance change in β as shown by significant F change which is 0.000. So Employee engagement mediated with work environment and job satisfaction.

Table 11

Model	β	R Square	Change Statistics		
			R Square Change	F Change	Sig. F Change
1	0.546	.360	.213	66.521	.000

- a. Predictor: (Constant) , EE
- b. Predictor: (Constant): EE, C

In table 11 the results shown the direct relationship of coworkers (dimension of internal marketing) with job satisfaction gives a significance change in β as shown by significant F change which is 0.000. So Employee engagement mediated with Coworkers and job satisfaction.

Table 12

Model	β	R Square	Change Statistics		
			R Square Change	F Change	Sig. F Change
1	0.362	.723	.323	144.521	.000

- a. Predictor: (Constant) , EE
- b. Predictor: (Constant): EE, SS

In table 12 the results shown the direct relationship of supervisor support (dimension of internal marketing) with job satisfaction gives a significance change in β as shown by significant F change which is 0.000. So Employee engagement mediated with supervisor support and job satisfaction.

III. Discussion

In analyzing the results of mediating multiple regression models it is concluded that proposed relationship received strong support of all hypothesized paths mentioned in theoretical framework. Results of linear regression shows that work content, training, recognition, work environment, coworkers and supervisor support (($\beta=0.175$, $t=2.039$, $p=0.019$, $R^2=0.031$), ($\beta=0.218$, $t=2.54$, $p=0.02$, $R^2=0.150$), ($\beta=0.582$, $t=7.19$, $p=0.01$, $R^2=0.332$), ($\beta=0.821$, $t=7.19$, $p=0.000$, $R^2=0.54$), ($\beta=0.601$, $t=9.11$, $p=0.000$, $R^2=0.34$) and ($\beta=0.0478$, $t=6.15$, $p=0.02$, $R^2=0.22$)) respectively, has a significant positive relationship with employee engagement. From these results H1 hypothesis is accepted, which tells us that internal marketing has a positive significant relationship with employee engagement. Similarly Employee performance has a significant relationship with customer satisfaction so H2 accepted.

By checking the relationship between internal marketing and job satisfaction the result concluded that there is a positive significant between the variable which accepted the H3 hypothesis.

The internal market dimensions have the strongest influence on employee's job satisfaction mediating the employee engagement, hence H4 also accepted as shown by the results mentioned above. When employee gets recognition from the bank management, and gets recognition work that will be the good motivator of the employee motivation and job satisfaction. Work content, supervisor support and coworker support are also the good motivator of the employee's job satisfaction towards their job. The only factor that is lesser effective to the job satisfaction is the training that the employee received.

This study has two main contributions to the internal marketing in the aspect of banking. First, the study suggest the bank managers to re-examine the internal marketing strategy for the development of employees and as well as the employee retention to the bank. Secondly, this will tell the managers to improve the service quality of the internal services which will improve the skills of the employee and then it will turn to customer satisfaction and increased customer loyalty.

IV. Conclusion

In this study we have found that relationship between the internal marketing and employee job satisfaction on the banks of Pakistan. The result explained that there is significant relationship between internal marketing dimensions and employees jobs satisfaction (Paulin et al, (2006) and Sergeant and Frenkel (2000); only the training which the employees received have lesser significant result. The model has significantly supported with the hypothesis. This result has some empirical evidence from the previous studies which tells us the same results. So from the previous empirical evidence we can argue that our results are generalize-able, but there are few restrictions or limitation which can be place as a future research direction. This study is basically conducted on the few banks of Pakistan and (Twins Cities of Pakistan), so in future it can be further studied on all banks of Pakistan or dome other sector as well.

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