

Evaluation of Internal Marketing Techniques; Case Study, Private Banks of Urmia City

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Regarding The banking systems role in providing financial services and economic dynamics of each community, the main aim of this study is to evaluate the effective internal marketing techniques in banks to deliver reliable service to the customers. This research is applied in terms of its nature and aim and descriptive and survey in terms of data collecting method. Research's population was the employees of Urmia city branches of private banks. The data has collected directly from respondents, using a standard questionnaire that contained 16 questions. One sample t-test statistical technique has been used to test the hypothesis. The findings indicated that the Attitude of employees toward Marketing techniques presented in this study was higher than mean value. So the chief executive managers in the private bank can adopt suggested guidelines to enhance employee satisfaction, meet customer needs and achieve their satisfaction to finally reach great benefits.

JEL Codes: M31, G21 and M50

1. Introduction

In this century, new developments have led to a high-speed service improvement. So that the quality of service providing is the important challenges of this century in service organizations (Lovelock, 2008). In the past for several reasons, including increased demand, limited supply and competition in various fields, it was not much attention to the wants and needs of customers, and they had to get any quality of goods or services needed to them. In recent years, due to increased supply, competition and awareness, manufacturing and service organizations for survival, profitability and market share increasing have forced to provide their customers with richer and more quality goods and services, consistent with wishes, desires and tastes of the customers. One of the most important tools to satisfy customer needs and faithfulness of services organizations is quality of services. The most important factor in determining an appropriate service quality is the party of service providers i.e. employees (Amiri, 2009). In service organizations, employees have vital role in customer providing service, and are key factor for the success of the organization (Mishra, 2010).

Since the original task of any economic enterprise is sales, therefore good or service selling should be planned. Marketing as the science of needs recognition, is too broad, as that will take all of human life. Considering that the product means anything meets a

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need or desire, implies that a person, organization, idea, location, service and any commercial or non-commercial business can be considered a product. As a result, each of them needs to have a complete and broad-scale marketing concept. Today's characteristic in terms of complexity, specialization and also being more competitive makes the growth of the services. As in most societies, approximately seventy-five percent of non-agricultural employment is in service industries, that has about sixty-six percent of GDP. During the recession and downturn, service jobs are more active than manufacturing jobs, and about fifty percent of the money spends for services by consumers. This figure represents an increase in the use of services and employment to services work in different communities (Rosta et al. 2005). Thus, the importance of services requires that marketing managers be active in this field. And put their projects and programs based on service marketing mix, to be thriving of economic activities of community.

Among the various service agencies, banking system as one of the major pillars of the economy in each community to help develop the industry has considerable importance. Through making money by deposits this agencies would protect money and capital owners against risks. Marketing of banking services in the area of marketing expertise has been developed due to growth of marketing knowledge and differentiation, specialization and development of marketing services. Concept of banking services marketing has developed by increasing in importance of the financial and banking sector with focus on new competitors, market capacity and intense competition.

The paper is organized as follows; Section 2 provides a concise literature review on the internal marketing. In section 3, the paper methodology is presented. Section 4 presents the findings. Finally, concluding remarks and suggestions are provided in section 5.

2. Literature Review

Modern marketing goes beyond the first definition and has, and continues to evolve to a more humanistic and interactive approach where companies offer capabilities and make propositions but is the customer that creates value. The first conception has been eclipsed and the big talking point today could be co-creation and service dominant logic (Gummesson et al. 2010). Due to the intangibility and inseparability of services, front-line employees have a determinant role in satisfying customers and building strong relationship with them. This reality was the framework for integrating customer orientation with employee orientation, defined as internal marketing (Domitrescu and Apostu, 2009).

since internal marketing is used to determine the behavior of employees, it is important and should be planned and implemented like other management processes. According to Gronroos(1991) the implementation of internal marketing requires five steps: the analysis of the internal and external situation, a strategic planning of internal marketing, an operative planning of internal marketing, implementation of internal marketing and control. Since this study evaluates internal marketing from the three techniques of marketing, and respecting that the situation analysis, is the starting point of the internal marketing process, the objective of this study was to evaluate the level of job satisfaction of employees as an internal analysis of banks, which is the basis of internal marketing and in this way one of the most effective marketing techniques of sources and uses of bank will be scrutinized to be useful tool to capture and use the resources of the bank and ultimately an important step in direction of economy dynamics.

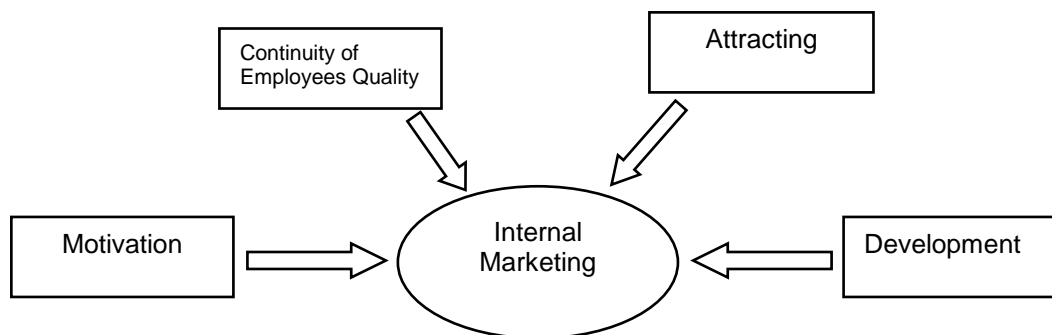
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In “internal marketing and performance in service organizations”, Benea (2008) concluded that in the context of customer orientation internal marketing considers the attraction, retention and motivation of service-minded employees. Internal marketing is a technique implemented by the organization in an attempt to ensure the provision the excellent service. He has focused the fact that the service organization’s performance is fundamentally based on the way the manager leads the employees using their creativity, imagination and competence.

Rafiq and Saad (2003) by evaluating service organizations in UK have used internal communications and information sharing, human resource training and empowerment, team-building and group activities, dynamic organizational structure and participation in organization's vision definition as indicators of internal marketing. In another study by them, internal marketing has presented as an introduction to the implementation of the strategies and have used the term internal marketing mix. Price or payments, promotion or advancement (training, empowerment and communication), place or working environment and processes (job products) have been used as the internal marketing indicators in this study.

Internal marketing is to attract, develop, motivate, and keep quality of employees through their jobs as a product to satisfy their needs. In other words, internal marketing is the philosophy of relationship and shared covenant between customers and employees (internal customers) in an organization. In other words, internal marketing has been developed as academic, scientific and business recognition in the field of raising the level of satisfaction of customers and employees.

Figure 2: Internal Marketing



This field of marketing science is strongly affected by the management quality and services marketing which emphasize on importance and necessity of quality in the whole process of service providing. This area of marketing science discuss about the relationship between internal customers and suppliers to create value for external customers, that it can be a value chain and tool for quality development of products, services and internal and external interactions in an organization.

Kotler believes that a marketing system is effective if it focus on his customers and competitors. Since both competitors and customers located in the environment of organization, it can be claimed that an effective marketing organization is the environment-centered one. Deshpande and Webster also believe that customer oriented can be considered as a specific set of ideas that puts customer's interests above all other interests of stakeholders (such as owners, managers and employees).

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These ideas can be considered as organizational culture in a broad level. Harris and Mossiokomer (1996) in relationship between internal marketing and marketing orientation have been sought to focus on the needs and wants of customers or market orientation.

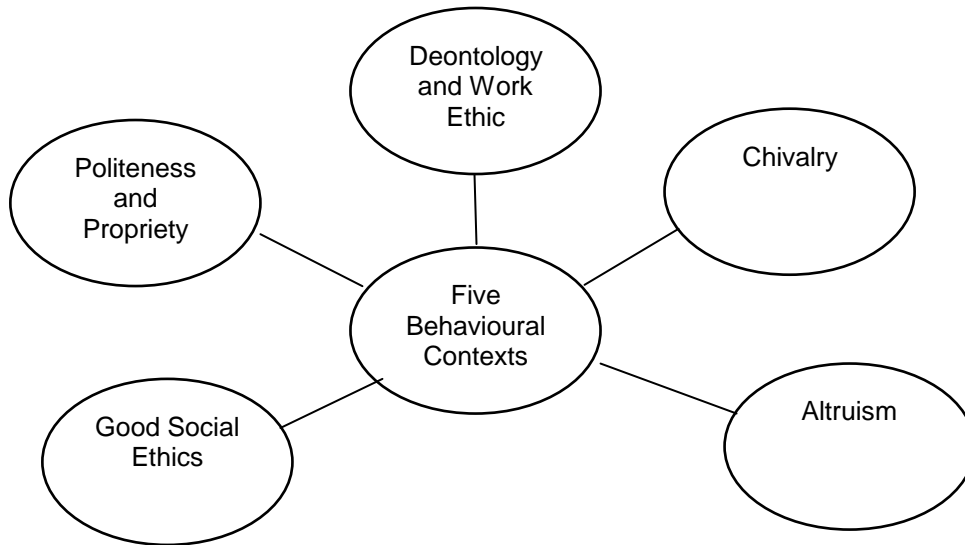
Day (1994) has done a separate study on the relationship between internal marketing and market-orientation level of organization and indicated that human resources activities, especially in the topic of organizational culture management will lead in market orientation of organization and will affect organizational performance.

Rafiq and Saad (2003) have taken a study on the relationship between internal marketing and market-orientation and its impact on organizational performance in a sample of service organizations in Malaysia. In this study indirect effect of internal marketing on organizational performance has been confirmed and market-orientation has been identified as a mediating variable. In this study market-orientating as an organizational culture, has measured through the Narver and Esleter indicators namely, consciousness of customer needs and the capabilities of competitors.

In another study in UK by Berry (1994), the relationship between market orientation and organizational performance has been confirmed. This researcher has used customer orientation components of organization, competitiveness and coordination of tasks (market-orientation culture) in his study to measure the market orientation of an organization. In this study, the intensity of competition and size of organization are presented as moderator variables. Leyland and Albert (1996) have done a study in the effectiveness and market-orientation of organization in U.S in this study to measure market orientation market information has been emphasized rather than focusing on the elements of the market. Market data production, distribution of that across the organization, and accountability to that in organization are used as measures of market-orientation, that's the same aspects of behavioral or market intelligence in orientation presented by Kohli and Jawworsky. Therefore, the goal of internal marketing is to ensure satisfaction of employees and quality development of goods and services to achieve organization's external customer satisfaction, and it flows as a process form the organization's internal customers to external customers.

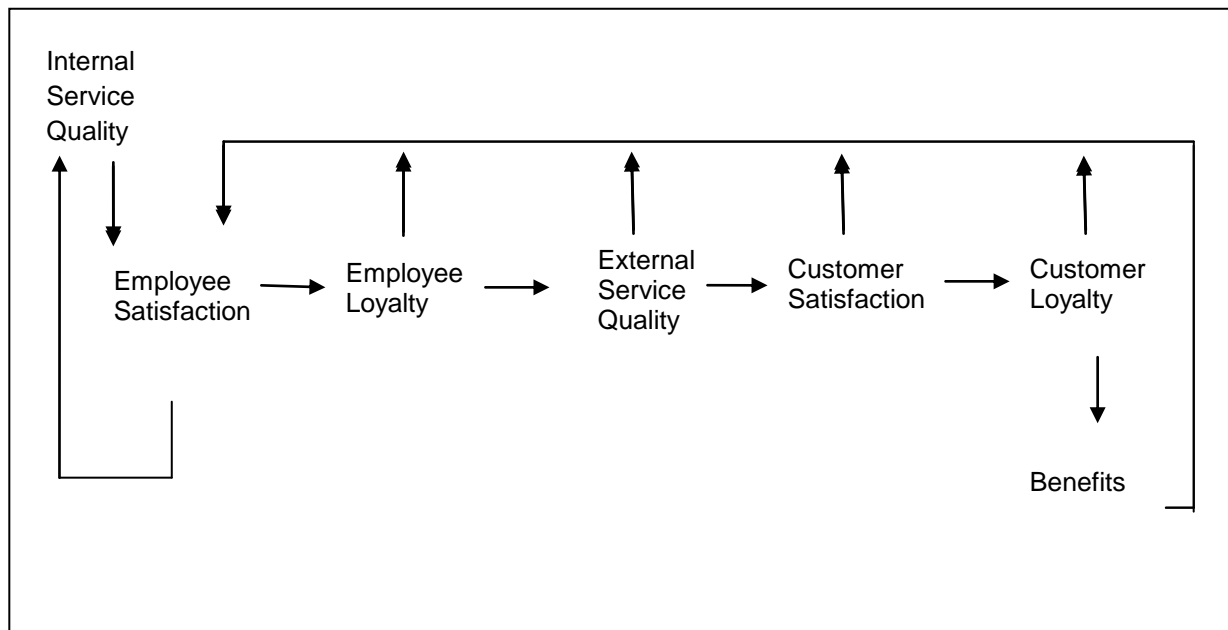
The above mentioned studies suggest a positive association between internal and external customers (job satisfaction for internal customers). Kurt and Levin (1992) studies indicated the fact that employee satisfaction (internal customers) has a significant impact on product quality and thus leads to external customer satisfaction. In this context, Morrison has listed five external behavioral aspect influenced by internal marketing activities of organization, which has direct impact on external customers and their satisfaction. These behavioral contexts are as:

Figure 3: Five Behavioural Contexts



According to berry and Parasuraman (1991), Bruhn (2001) and Kotler (2008), internal marketing has three major factors: internal marketing is a systematic planning process, a simultaneous orientation towards customer and employees and a generalized internal vision. The primary objective of internal marketing is to develop employee awareness of their roles, so that the company can establish lasting relationships with customers (figure 4).

Figure 4: From Employee Satisfaction to Customer Loyalty and Profit Growth



Source: "Harvard business review"

Internal marketing is based on the philosophy that employees are the "internal customers" of the company, their satisfaction affecting the customer's satisfaction and the company's productivity. In this context, the service climate affects the attitudes and behaviors of employees, and consequently affects customers' perception of the service quality (Schneider and Bowen, 1993). According to this model, the objective of this study was to evaluate the effective techniques of internal marketing process in Urmia city branches of private banks. The main hypothesis of the study is as follows: Mean

scores of internal marketing techniques presented in this paper in Urmia city branches of private banks are more than mean value; which is as research hypotheses.

3. The Methodology and Model

This research is applied in terms of its nature and objective and descriptive and survey in terms of ways of data collecting. 96 questionnaires were distributed among managers and employees of Urmia city branches of private banks and the number of 69 questionnaires were received. And five of them were identified as incomplete and unusable and finally the analysis was performed on 64 complete questionnaires as it can see, the research's variables scale is qualitative. Due to variables characteristics in terms of provided scale and spectrum data can be analyzed using appropriate descriptive statistics. To test hypotheses and relationships between variables, one sample t-test Statistical technique has been used. This research is cross-sectional study in terms of the time, applying in terms of the results, synthetic in terms of the research process, descriptive (and a case study) in terms of the objective and inductive in terms of the study of logic. For data analysis Statistical software (SPSS) has been used.

One sample t-test statistical formula is as equation (1):

$$T = \frac{x - M}{s/\sqrt{n}} \quad \text{equation (1)}$$

Where x is the mean sample, m is mean, s is standard deviation, and n is a random sample volume. Research population is frontline staff of Urmia city branches of private banks that have been a total of 96 patients. Statistical sample volume has been selected with a size of 64, according to Bartlett, Kotrlik and Higgins (2001) table for continuous data. The scope of research has been summer of 2012. Required data for this study data are primary that questionnaire method is used for data gathering. For evaluating staff satisfaction level Liker scale has been used. Descriptive statistics of central and dispersion indices including maximum, minimum, mean, median, mode, standard deviation, Skewness, and the strain have been used to describe research variables.

Table 1: Research Variables Descriptive

Component	Internal marketing techniques	Number of respondents	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
1	Respondents' opinion regarding the definition of tasks and objectives	64	17%	70%	8%	5%	0%
2	Respondents' opinion regarding the flexibility in customer serving	64	25%	58%	10%	7%	0%
3	Respondents' opinion regarding information and internal communication	64	33%	52%	12.5%	3%	0%
4	Respondents' opinion about feeling of involvement in decision-making process	64	14%	47%	28%	6%	5%
5	Respondents' opinion regarding the promotion policies clarity	64	11%	45%	27%	14%	13%
6	The degree of satisfaction with the access to courses and trainings	64	19%	47%	15%	14%	5%
7	The degree of satisfaction with the promotion opportunities	64	22%	38%	28%	6%	6%
8	The degree of satisfaction with the amount of work	64	19%	53%	14%	11%	3%
9	The degree of satisfaction with the salary	64	22%	59%	7%	4%	1%
10	The extent to which the salary corresponds with the respondents efforts	64	22%	58%	16%	3%	1%
11	The degree of satisfaction with the existing reward system	64	26%	58%	16%	0%	0%
12	The degree of satisfaction with the other colleagues	64	14%	50%	28%	6%	2%
13	Respondents' opinion on the effectiveness of communication between departments	64	9%	44%	33%	4%	11%
14	Respondents' opinion on the existence of discussions on a regular basis, with the manager in order to establish objectives to be achieved	64	11%	52%	25%	11%	1%
15	Respondents' opinion on the received managers' support when needed	64	19%	56%	17%	6%	2%
16	Respondents' opinion towards the possibility to express their ideas to the top management	64	20%	49%	22%	6%	3%

One sample t-test has used for statistical inference. This test has used to determine the mean value of internal marketing techniques. This hypothesis has tested with one sample t-test, whether internal marketing techniques mean scores in branches of private banks in the sample are more than 3 (spectrum mean) or not?

Mean scores of internal marketing techniques presented in this paper are less than or equal to 3 from employees view.

$$H_0 :$$

Mean scores of internal marketing techniques presented in this paper are more than 3 from employees view.

$$H_1 :$$

To test designed questionnaire reliability, the views of experts and university professors in the field of research subject have been used. Cronbach's alpha reliability coefficient has used to measure the reliability of the questionnaire, and was equal to 0.9 for research questionnaire.

4. The Findings

The first stage of data analyze, is describing or summarizing the data using descriptive statistics. In descriptive analyzing, we survey employees satisfaction based on different components. Descriptive statistics used in this study are the relative position of the percentile rank. With T-test at the 95% confidence level "p-value" was 0.000, since this

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value is less than 0.05 (p-value <0.05), therefore the research hypothesis is confirmed by the SEM= 0.05. i.e. city branches of private banks employees attitudes toward the effectiveness of internal marketing techniques on their job satisfaction which is the main subject of this research, In order to increase their satisfaction and loyalty has been evaluated above the mean value.

Table 2: Results of Hypothesis Testing

Variable	Number	Mean	Difference with the mean	SD	Standard error	T-test	P-value
Internal marketing techniques	64	3.7664	0.76615	0.59762	0.07470	10.256	0.00

5. Summary and Conclusions

The research subject has been the evaluation of internal marketing techniques in Urmia city branches of private banks, and a questionnaire with Liker scale is used for that purpose. One sample t-test statistic indicates that internal marketing techniques status presented in this study from the viewpoint of respondents is above than 3 (mean of scale). Therefore, this technique can be used to increase or decrease the liability of employees of private banks for the internal marketing process, which includes providing appropriate services to employees, as a product, and creating satisfaction and loyalty in them and thus ensure customer satisfaction and loyalty, and ultimately the profitability of banks.

5.1 Suggestions for Managers of Private Banks

Based on the results of this study suggest that CEOs of private banks with planning in internal marketing techniques discussed in this paper, increase commitment of their staff to provide high quality products and services to foreign customers. In this context, they can use internal training courses to improve knowledge management and enhance experience and thoughts level of customer attracting of employees in Urmia city branches of private banks. The result of the above is staff capabilities development to deliver high-quality goods and services. So attracting, develop, motivating and developing qualitative and quantitative capabilities, valuing, continuously improving their services and raising the quality of a product and employees participation in the process with managers helping will lead bank to provide high quality goods and services, to positive interaction be established between bank employees as internal customers with companies and institutions, industries owners and individuals and entities as external customers, and with external customer needs meeting, banks profitability be ensured. Therefore, in order to fulfill these goals through internal marketing techniques, Urmia city branches of private banks needs to increase transparency of objectives and task works, flexibility and freedom of action in dealing with customers, access to information and internal communication with colleagues, be active in banks decision making process, clarity and fairing of work policies and procedures, quality and time of training courses holding, the amount of work done (in time), reward increasing, provide opportunities to enhance, job security and enhancing communicating and leadership skills of employees as effective internal marketing techniques in increasing employee satisfaction with an emphasis on training courses holding.

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It is suggested Managers and officials of private banks in Urmia city to apply followings to improve bank performance and achieve their goals.

- Identification of tasks and objectives
- employee Flexibility and freedom in customer serving
- employee Access to information and internal communication with colleagues
- feeling of involvement in decision-making process
- clarity of promotion policies
- satisfaction with the access to courses and training
- satisfaction with the promotion opportunities
- satisfaction with the salary
- satisfaction with the amount of work
- salary correspondence with the employee efforts
- employee satisfaction with the other colleagues
- satisfaction with the existing reward system
- effectiveness of communication between departments
- existence of discussions on a regular basis, with the manager in order to establish objectives to be achieved
- managers' support when needed
- possibility to express ideas to the top management

5.2 Suggestions for Future Research

It is suggested future researches to identify other mediating variables and to examine them and the model in other cities and to compare findings to present study. Since in this study only private banks are considered as the population, therefore, in generalization phase, the findings can't be generalized to governmental banks and financial and credit institutions.

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