

INTERNAL MARKETING PRACTICES IN PUBLISHING INDUSTRIES: A CASE STUDY OF SARASWATI HOUSE PVT. LTD.

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ABSTRACT

Internal Marketing (IM) is a new and emerging discipline. It is meant to align, motivate and empower employees at all functions and levels to consistently deliver positive customer experiences that are aligned with firm's organizational goals. This paper discusses findings from an exploratory study concerning internal marketing in the publishing industry. This study demonstrates to what extent non-monetary incentives are utilized in the public sector and applies the principle to study the impact of such non-monetary incentives in the Saraswati House Pvt. Ltd . The study also focuses on gender-wise effect of non-monetary benefits.

Keywords: internal marketing, monetary benefits, non-monetary benefits, motivation,gender

INTRODUCTION

Internal marketing is all about the relationship an employer forms with its employees. It is said that staff should be seen as internal customers and their needs should be met, as well as external customers. Part of internal marketing pertains to communication and making sure the staff share the overall vision and goals of the firm or similar systems like the intranet and staff newsletters aid in sharing these common values.

The concept of Internal Marketing originally emerged from the services marketing Literature (Berry and Parasuraman, 1992). As consumers, we use service every day. Turning on a light, listening to the radio, talking on the telephone, taking a bus, getting haircut are all examples of service consumption at the individual level. Unfortunately consumers are not always happy with the quality and value of the service they receive.

Suppliers of services, who often face stiff competition, sometimes appear to have a very different set of concerns, many owners and managers complain about how difficult it is to make a profit, to find skilled and motivated employees or to please customers.

Fortunately, some suppliers know how to please their customers while also running a productive, profitable operation, staffed by pleasant and competitive employees.

Service Marketing involves 3 types of marketing (Fig.1):

- a. External Marketing: "Setting the promise", marketing to end-users.
- b. Internal Marketing: "Enabling the promise", marketing to employees, Involves training, motivational and teamwork. Programs and all communication with employees. Performed to enable employees to perform the service. Effectively and keep up the promise made to the customer.
- c. Interactive Marketing: Moment of Truth, Service Encounter

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Fig.1 Service Marketing

1. INTERNAL MARKETING

Internal marketing (IM) is a process that occurs within a company or organization whereby the functional process aligns, motivates and empowers employees at all management levels to deliver a satisfying customer experience. Over recent years internal marketing has increasingly been integrated with employer branding and employer brand management which strives to build stronger links between the employee brand experience and customer brand experience.

According to Burkett and Zealley, *“the challenge for internal marketing is not only to get the right messages across, but to embed them in such a way that they both change and reinforce employee behavior”*.

A growing body of research amply demonstrates there is a link between internal marketing and profitability. The 2006 *Internal Marketing Best Practices* study identified the six key characteristics that drive successful internal marketing programs. Conducted by graduate students of the Integrated Marketing Communications department at Northwestern University, the study shed light on strategies and tactics that align motivate and empower employees — at all functions and levels — to consistently deliver a company’s “brand promise,” which, in turn, helps businesses reach their goals.

The six common characteristics of highly effective internal marketing programs are: (1) senior management participation, (2) integrated organizational structure, (3) strategic marketing approach, (4) human resources partnership, (5) focus on employee engagement and (6) internal brand communication.

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 to internal customers.

Internal customers would be anybody involved in delivering value to the final customer. This will include internal functions within business with which marketing people interact including research and development, production/operations/Logistics, human resources, IT and customer services. A BNET Editorial raises the issue emphatically:

“Why is internal marketing important? Although external marketing remains the most important business development task, it is essential to sell inwardly toward a company’s people. When employees understand and commit to the value proposition of the company and its brands, external marketing becomes more effective, because the employees become product champions.”

Key concepts of internal marketing include:

- Internal Marketing functioning as a continual internal “up skilling process”.
- Alignment of the organization’s purpose with employee behavior.
- Motivation, reframing, empowerment of employee attitude.
- Employees, reframing and empowerment of employee attitude.
- Inside-out management approach.

Companies at the forefront of internal marketing share particular beliefs regarding the role of employees in achieving business success and improve the efficiency of the company’s employees.

Importance of Internal marketing

Internal marketing concept is increasingly being deployed world across by various firms as such practices:

- Encourages the internal market (employees) to perform better.
- Empowers employees and give them accountability and responsibility.
- Periodic evaluation of employee performance.
- Integrates business culture, structure, human resource management, vision and strategy with the employee:



Fig 2: Internal Marketing

The 2012 Workplace Benefits Report found that nine out of 10 employers believe that financial benefits — which include 401(k) plans, health savings accounts (HSA) and financial advice and education — are equally or more important to potential hires today than five years ago, with half believing such benefits are more important than ever.

Employee benefits go beyond the individual. Family benefits are important to potential employees when choosing where they will work. Laws such as the FMLA help individuals when it comes to being there for themselves and their families.

Direct compensation refers to monetary benefits offered and provided to employees in return of the services they provide to the organization. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, PF/Gratuity, etc. They are given at a regular interval at a definite time.



Fig 3: Direct Compensation

When recruiting employees, it's easy to fall into the trap of thinking that money is what brings in the best and the brightest. After all, employees tend to receive paychecks a bit beefier than other professionals with similar levels of experience and education. But at the end of the day, it is often the non-financial rewards that attract the top employees— and that are almost always what keeps them on staff. Here are some ways to entice and hold onto first-class employee talent. Non-monetary compensation can equal 20-60% of the value of the cash compensation that an employee receives. For the current job seeker, starting salaries have barely increased, frozen or actually dropped. To find non-monetary benefits in an offer can be essential when an employee evaluates it. These added perks can sweeten (and seal) the deal.

There are a host of benefits that companies can offer to attract and retain top talent. Here is a list of a few for employers to consider.

- On-site childcare
- Flex-time schedules
- Free or discounted parking
- Free or discounted food and drinks
- Gym membership discounts
- In-office massage or yoga
- Casual Fridays
- Mentoring programs for career advancement

- Free or discounted educational and training opportunities
- Work opportunities in multiple locations
- Cross-training in other areas of the business
- Annual or quarterly company parties

Rahul Sharma, Senior Vice President (Human resources), India Info line Ltd explains,

“Monetary rewards have very short-term benefits as opposed to non-monetary ones. Also, it’s been observed that employees often complain after receiving monetary gains and usually aren’t satisfied with the benefit given. Therefore, it is better to move from monetary forms of benefits to intangible ones,”

Saraswati House Pvt. Ltd is an innovative, vibrant, creative and energetic organization where each one of the employee strives wholeheartedly to serve students and make every learning moment a joyful, effective and meaningful one. Their objective is to create and distribute exceptional publishing material, that’s instantly recognizable, with creativity and valuable information. This paper discusses findings from an exploratory study concerning internal marketing in the Company in order to enhance efficiency and provide motivation to employees. The purpose of this study is to demonstrate to what extent non-monetary incentives are utilized in the publication house and whether non-monetary incentives have the potential to increase the motivation of employees as much as the monetary incentives. Incentives is any means that makes an employee desire to do better, try harder and expand more energy. Non-monetary incentives such as participation in decision-making verbal or written recognition of good work etc. are the kinds of incentives that do not in value direct payment of cash.

2. LITERATURE REVIEW

A concept of Internal marketing (IM) is a new management philosophy that organizations regard its organization member as internal customers (*Berry, 1981*), as it should be internal marketing is also subject to development of customer-oriented employees (*Gronroos, 1985*). According to *Johnson, Scheuing and Gaida (1986)*, internal marketing is to allow employees within organizations to be aware of mission, objectives and vision of organization and to achieve the expectation of the organization through education training, incentives and performance evaluation for employees. According to *Parasuraman, Berry, & Zeithaml (1991)* internal marketing is attracting, developing and retaining qualified employees through job(products) that satisfy staff needs. It is also the philosophy of treating employees as customers and it is the strategy of shaping job (products) to fit human needs. Over the last years researchers began to recognize that Internal Marketing could help an enterprise to implement its strategy. Thus, it is presented as a mechanism for reducing departmental isolation and inter-departmental frictions as well as overcoming resistance to change.

As it emerged from the above definitions, some researchers conceive the Internal Marketing as a concept, while others as a philosophy and others as a management practice [*George (1990), Wilson (1991)*]. Moreover, some relate it to human resources management to service or to change management.

However, researchers agree that Internal Marketing could contribute in the improvement of quality provided from service business [*George (1990), Berry and Parasuraman (1991),Piercy (1995)*]. This justified the initial stance of *Gummesson (1987)* who proposed the Internal Marketing as a solution for high quality of services provided to the customers in a continuous base. *Greene et al, (1994)* support that Internal Marketing is important to all Industries but it is even more important to services.

Some scholars suggest alternative classification of internal marketing. *Bekkers and Van Maastricht (1993)* identify three approaches to Internal Marketing: hierarchical exchange Process, internal supplies and exchange process organization/employee. In addition *Money and Foreman (1996)* provide a matrix that presents four different aspects of the concept of Internal Marketing depending on who is the customer and who is the marketer:

Type 1: the marketer is a department and the customer is another department

Type 2: the marketer is the organization and the customer is the department

Type 3: the marketer is a department and the customer is the organization

Type 4: the organization is both the marketer and the customer.

This paper deals with the fourth type where the organization is both the marketer and the customer and Internal Marketing helps business to keep both markets (internal and external) satisfied.

Motivation Theories

Many theories of motivation implicitly assume that effort, while a function of many things, is positively correlated with the predicted utility of the award earned for that effort. For example, expectancy theories hold that effort exerted in pursuit of a reward is positively related to the value of the reward offered for performance (Bandura, 1986, 1997; Porter & Lawler, 1968; Vroom, 1964). Consistent with this and many other valence based theories of motivation, the propositions put forward in this paper will assume that employees exert effort to maximize their “*expected utility*” (Naylor, Pritchert, & Ilgen, 1980). There has been extensive research in both economics and management regarding different types of incentives. Much of this work concerns whether the use of an extrinsic reward will reduce intrinsic motivation to perform a task (Banker, Lee, Potter, & Srinivasan, 1996; Bloom & Milkovich, 1998; Deci 1971; Deci & Ryan 1985; Deci, Koestner, & Ryan 1999; Eisenberger, Rhoades, & Cameron, 1999; Gerhart & Trevor, 1996; Jordan, 1986; Kruglanski, 1975). Research has also been done on how extrinsic rewards interact with other motivational tools such as goals (Jessup & Staehlski, 1999; London & Oldham, 1976; Tolchinsky & King 1980), job design (Futrell, 1979; Gallagher & Einhorn, 1976; Kelly, 1992), and job challenge (Radhakrishnan & Ronen 1999). In addition to work on extrinsic incentives and performance, a large body of research exists on psychological interventions and their impact on performance (See Guzzo, 1985 for a review). Economists would claim that money is always better (or at least no worse) than any non-monetary incentive of equal market value because cash has option value (List & Shogren, 1998; Waldfogel, 1993, 1996). The economic argument continues by stating that if a firm were to choose a non-cash incentive, it could do no better than matching exactly what a person would have chosen for himself or herself. Understanding why and when to use tangible non-monetary incentives is an important endeavor, since U.S. firms spent over \$20 billion on tangible non-monetary incentives in 1999 (*Incentive Federation, 2000*). According to Nelson (2001), positive reinforcement is most effective when it is ‘directly reinforcing of the desired behavior’, ‘is immediate’, ‘is valued’ by the individual and is ‘frequent’. Recognition is one such positive reinforce which when used on the lines of reinforcement theory, increases the frequency of desired behavior.

1. *Varey and Lewis (2000)* indicate that internal marketing was “invented” in the 1970s, as a managerial approach to build and inculcate service delivery competence. At the context of the manufacturing industry the operations management as long ago as the 1950s (*Ishikawa, 1985*).

2. *David (2003)* mentioned that the internal marketing in knowledge-based era should be defined as strategy for relationship development that organizations would like to achieve knowledge renewal on his “medium theory that effects internal marketing”.
3. Increasingly, organizations look for ways to improve their marketing orientation and effectiveness through internal marketing, which is part of the Holistic Marketing Concept (*Kotler, 2008, p.10, 24; Little & Little, 2009*). Some companies are focusing on marketing orientation because they want to increase service quality (*Little & Little, 2009*). Ultimately, all companies want to gain competitive advantage, which research has shown is closely linked to being marketing oriented (*Schlosser & McNaughton, 2007*)

Kotler's (2008) internal marketing theory, which is part of the ‘**Holistic Marketing Concept**’, was used as the basis for understanding the internal marketing concept. *Kotler* writes:

“ Holistic marketing incorporates internal marketing, ensuring that everyone in the organization embraces appropriate marketing principles, especially senior management. Internal marketing is the task of hiring, training, and motivating able employees who want to serve customers well. Smart marketers recognize that marketing activities within the company can be as important as or even more important than marketing activities directed outside the company. It makes no sense to promise excellent service before the company’s staff is ready to provide it “ (Kotler, 2008, p.24).

Kotler's theory on internal marketing has been broken down to look at the four components more closely (as listed below). It has to be kept in mind while considering the mechanism of Internal Marketing that hiring, training and motivating employees could be considered as three separate components themselves, but for the purpose of this report these have been bundled as human resources activities and looked through different perspective. Herein is the four compnents in *Kotler's* conception:

1. Hiring, training and motivating employees;
2. All marketing functions must work together and be coordinated from the customer’s point of view;
3. There must be vertical alignment with senior management and employees.
4. Horizontal alignment with other departments.

According to *Mosley (2007)*, service-mindedness and customer-oriented behaviors focusing staff attention on the internal activities that need to changed in order to enhance market place performance and creating motivated and customer-oriented. *Gaunaris (2008)* indicates that “*marketing has an additional, internal, role that is to ensure that service employees are customer conscious and also satisfied with their job*”. *Mcclure (2010)* mentioned that the internal marketing through improving innovative and supportive culture have direct influence on marketing effectiveness.

Brand is the incorporation of all impressions received by consumers which will lead to a distinctive position in their mind based on perceived emotional functional benefits (*Raj and Jyothi, 2011*)

3. RESEARCH METHODOLOGY

3.1 Statement of Research Problem

Whenever we look into any Publication house, the Turnover Ratio always appear very high. But Saraswati House Pvt. Ltd has a low turnover . In spite of this constraint, the employee retention period is quite prolonged which calls for elaborate reasons to explain seemingly peculiar circumstance.

3.2 Objectives of the present study

The present study aims to demonstrate to what extent non-monetary incentives are utilized in the publication house and whether they have the potential to motivate employees as much as monetary incentives.

The term internal marketing is defined as the policy of treating employees as internal customers of the organization, responding to employee's needs or wants and promoting the organization and its policies to the employees. Customer Service is one of the most crucial aspects of an organization's competitive advantage and it is the critical element which internal marketing influences. The retention in Saraswati House Pvt. Ltd. is very high and the turnover ratio is very low. One is required to explore and understand the perspectives of both the employees and the employer to understand this unique positioning. The study has been conducted to seek out the ways employer deploy to motivate his employees and make them comfortable in the company for prolonged period.

The main objective of our research is to:

- To understand employer's perspective
- To understand employee's perspective
- To identify best practices in the industry
- To identify reasons for employee's satisfaction level as the retention in company is very high.

3.3 The scope of the present study:

This research has been carried out in the company related to Publication house .

3.4 MEHTODOLOGY

• Research Design

A research design is a framework or blueprint for conducting the marketing research project. Research Designs may be broadly classified as exploratory or descriptive research. My Research work is descriptive in nature as we are studying the current practices in company. Sample is large and representative. Data analysis is qualitative. There are 3 types of Research Design:

- Exploratory Design
- Descriptive Design
- Causal Design

My research is descriptive in nature as the research work is qualitative. As we want to know the employee's satisfaction level and their efficiency through monetary and non-monetary benefits given by employer and the company, we can get this information through the qualitative work rendered by employees in the company.

• Sample Design

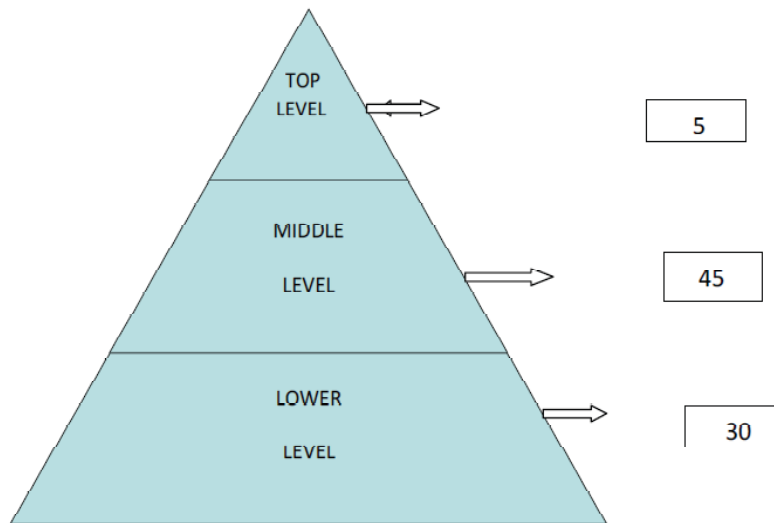
There are 2 types of Sample Design:

- Probability sampling
- Non-Probability sampling

Sampling is one of the components of Research Design. A Sampling Frame is a representation of the element of the target population. We have used probability Sampling as the population is finite.

- **Sample Technique**

My research is based on Stratified Random Sampling because we are covering the hierarchy in the organization. The Sample Size is 80.



Data collection strategy:

Primary: We will be using Survey Method through questionnaire

Secondary: Journals, Books, E-journals: DELNET, EBSCO

3.5 Limitations of the present study:

We are limiting ourselves to only Delhi branch (NCT) of the company. The employees surveyed in the study completed the questionnaire accurately and honestly. In order to get the reliable information regarding the efficiency in internal marketing interview schedule of survey method is being used as a main tool of study. The questionnaire is framed which would clearly indicate their meaning to the respondents, relevant to the objectives of the study.

4. FINDINGS AND RESULTS

The research incorporated interactive variables between non-monetary benefits and major occupation level of the employee. Satisfactory working conditions are associated with a slightly improvement in productivity in three occupation level: senior officials and managers; middle level professions; technicians and elementary occupation level (bottom most). These findings are consistent with several possible interpretations. *First*, satisfactory non-monetary benefits may be associated with an improvement in productivity among workers in the three occupations mentioned.

Second, employers may selectively guarantee better non-monetary working conditions to their more productive employees in those occupations. *Third*, the association between productivity and non-monetary working conditions may be positive across all occupations.

For the sample of men (Sample size = 47), the table exhibits significantly variable values of coefficients (in the scale of 1-5 indicating 1 for “*strongly disagree*” and 5 for “*strongly agree*”) for three level of job profile. For the sample of women (sample size = 33), all interactive variables (except top level service workers) are significant and positive. Thus, we find wide and distinct gender-based effects of non-monetary work benefits.

The findings suggest a clear cut distinction of females falling into the consideration of non monetary benefits at a lower and middle level of occupation thus making these benefits an important factor and value drivers in the organization.

5. CONCLUSIONS

Although non-monetary measures are increasingly important in decision-making and performance evaluation, companies should not simply copy results and measures used by others. The choice of measures as well as benefits must be linked to factors such as corporate strategy, value drivers, organizational objectives and the competitive environment. In addition, companies should remember that performance measurement choice is a dynamic process - measures may be appropriate today, but the system needs to be continually reassessed as non monetary strategies and competitive advantages evolve. The philosophy of internal marketing is that employees of an organization constitute its internal market, which has customers and suppliers and as a result, a chain of value if formed inside the organization which must be intended to supply the needs of both the internal and external customers. When the internal customers of an organization are satisfied they will perform better and maintain better interaction with the customers. As a result, the customers will get more satisfied, which will bring about their faithfulness in the long run and ultimately a competitive advantage will be obtained from the internal customers. Internal marketing influences the customers' understanding of the quality of services. On the other hand, Internal marketing can also influence both the quality of services and the customers' satisfaction.

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