

Some Reflections of Internal Marketing in the Success of External Marketing: *An Empirical Assessment in Health Care Sector*

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Abstract

Internal marketing is of paramount importance when it comes to satisfy the needs of employees by considering the employees as internal customers. Satisfaction of the organization's employees' needs could be addressed in a best possible manner through internal marketing activities which in turn could lead in forming and improving of employees' extra-involvement behaviors in addition to the improvement of their required organizational performance. This generalized concept holds true for the health care sector as well. Thus, the present paper examines the impact of internal marketing on the success of external marketing in the health care sector of Kashmir province. For this purpose 170 subjects were selected which included physicians, nurses and paramedical staff, and in parallel, 273 patients coded with these hospital employees were selected for the survey. The study reveals that internal marketing has a direct and indirect impact on external marketing success using internal marketing research, empowerment and internal communication as measures of internal marketing and patient satisfaction & institutional image as measures of external marketing.

Keywords: Internal marketing, Organizational performance, Health care, Government hospitals, External marketing.

Introduction

Market dynamics and changes have forced organizations to improve their performance constantly in order to maintain their competitive relevance and excellence. Therefore, it's quite necessary for any organization to work towards improving the organizational performance; especially in case of service organizations it's important to improve the quality of performance of their human resources. Previous researches (Ahmad and Rafiq, 2004; Berry, 2011) have suggested that improvement in quality of human resources' performance of the organization depends on satisfying the needs of employees by considering them as internal customers of the organization. Hence, the concept of internal marketing should be considered by every service organization including the health care settings to redefine their way of working and re-align their activities as per the requirements of modern day health care. It's required for the entire health department to realize the importance of performing like market oriented organizations to remain relevant and at par with rapidly changing health care system of the world.

In the last two decades, internal marketing has attained significant acceptance especially in service

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organizations as a philosophy and as a marketing instrument. Internal marketing is aimed to improve the service performance by directing its efforts on the employees of the organization. Health care department like any other service organization has to realize the importance of internal marketing philosophy and adopt its practices so as to reap its benefits. One of the important pillar of this philosophy is treating “employee as customer” (Ahmad and Rafiq, 2004), and hence satisfying the needs of employees as we do in case of external customers.

This paper seeks to evaluate the influence of internal marketing practices in health care department of Kashmir on both physicians’ and patients’ desired outcome.

Literature Review

The fundamental thought of internal marketing is based on the principle that offering of effective services necessitates having motivated employees who are aware of customers (Gronroos, 1981). People are critical to the success of organizations. Organizations that select, develop, manage and motivate their workforce to produce outstanding business results have an extraordinary competitive advantage that others cannot copy (Nalbantian *et al.*, 2004). The basic crux of internal marketing concept is that employees constitute internal market of the organization. Hence we can say that the organization can satisfy its external customers by satisfying its internal customers (Gounaris, 2010). Internal marketing in service management means applying marketing principles to individuals with a view to motivate and to improve their standards of performance and retain them in the organization (Greene *et al.*, 1994). The basic objective of internal marketing is to attract, develop, motivate and retain qualified workforce (Berry and Parasurman, 1992). To explain this concept in a more simplified manner, internal marketing philosophy views employees as internal customers, jobs as internal products and, therefore, it becomes imperative to design these products to serve customers in a most effective manner as in case of regular external marketing. The concept of internal marketing proposes, by treating both employees and customers with the equal commitment to satisfy their needs, the organization can motivate its employees to do such work which is beyond the call of duty and, therefore, help to build and endure a great organization. Internal marketing can perhaps be defined as an instrument for inculcating a “people” oriented environment within an organization. Having people oriented approach is a must in service organizations as human capitals are the main source of creating a sustainable value for organizations. In fact, the major emphasis of internal marketing is on the issue that the human resources of the organization should be considered as the most valuable asset of that organization (Papasolomou, 2002). Based on the concept of services marketing, Kotler (2000) has stated that internal marketing must precede external marketing. Internal marketing mix may involve a complete set of HRM interventions similar to external marketing mix (Ahmed *et al.*, 2003). However, due to dearth of time, HRM interventions in this study are limited to internal communication, internal market research (necessary for understanding employees’ needs and wants) and empowerment.

Internal Market Research

Market research is considered as an important and effective instrument in any organization across all industries to understand the mindset of customers. In a similar manner, internal market research is an important tool to understand and analyze the needs and wants of the internal customers i.e.

Employees. As per Rafiq and Ahmad (2003), “if the organizations are not aware of the existence of the different employee segments and their different needs, they will continue to produce messages that hold little or no meaning for the target audience”. Gronroos (1990) stated that every service organization contains internal service function which supports external service; hence if there is a poor internal service, the final service to the customers will be adversely hampered. Therefore, if an organization wants to ensure high levels of service quality to the external customers, it needs to understand how service quality is enhanced within the internal market (Frost & Kumar, 2001). George (1990) also reinforced this philosophy claiming that several support staff members do not come in contact with the customers directly; however they surely influence the customer service indirectly. As per several marketing researchers (Bekkers and Van Hasstrecht, 1993; George and

Grönroos, 1989; Rafiq and Ahmed, 2000) internal marketing is directed towards internal customers; hence, internal marketing research becomes an important element of internal marketing to understand the needs and wants of the employees. These considerations lead us to posit the following propositions:

H1: Internal marketing positively and significantly influences external marketing.

H1a: Internal market research (as perceived by physicians) positively influences patient satisfaction.

H1b: Internal market research (as perceived by physicians) positively influence institutional image (as perceived by patients).

Empowerment

The concept of employee empowerment has been explained in several ways. However, the basic crux of empowerment comprises of giving employees the calculated freedom or discretion over certain decision making. The success of any service organization depends upon the level of customer’s service provided by that organization, and excellent customer service cannot be provided without empowering your employees to a certain degree of decision making. Some organizations operate on the principle of bureaucracy and employee freedom in these types of organizations is very rare. Such environment leads to low organizational loyalty and low employee job satisfaction which leads to compromised customer service to external customers (Bowen & Lawler, 1992). Empowerment is not a one way process, it has two faces. On the one side, it has freedom and respect and, on the other side, it has accountability and expectations. Successful organizations create a fine balance between the two (Costa, 1995). Basically, empowerment encourages an employee to take decisions for solving the problems whether internal or external without any fear of being blamed if results are undesired. It is a calculated license to fail based on trust. Stephen Covey (1994) (Management consultant) said, “Empowerment can’t be installed; it has to be grown. It is a matter of nurturing the conditions that create it. The more these conditions are present, the more empowered the culture will be”. Rafiq and Ahmad (1998) state that the “appropriate levels and the types of empowerment be given to employees depending upon factors like complexity (or variability) of customer needs, and task intricacy (or unpredictability) involved in service delivery”. Hence most of the researchers have supported this philosophy that empowerment should be inculcated in the culture of the organization rather than restricting it to mere statements the result of which would

reflect in the quality of service provided to the customers. These considerations lead us to posit the following propositions:

H1c: Empowerment (as perceived by physicians) positively influences patient satisfaction (as perceived by patients).

H1d: Empowerment (as perceived by physicians) positively influence institutional image (as perceived by patients).

Internal Communication

Several scholars have drawn attention to the importance of internal communication and the benefits which any organization can fetch from the effective management of its (internal) communication processes (Piercy and Morgan, 1995). To build a trustful environment, it is necessary for any organization to work in a transparent way. To achieve such feat, organizations must be ready to share with their employees the information on their strategy, financial performance, and expenditures (Dessler, 1999; Pfeffer & Veiga, 1999; Walton, 1985). Various researchers (Freeman and Varey, 1997; Gummesson, 1987; Piercy and Morgan, 1995; Varey and Lewis, 1999) have concluded that internal communication has an impact on employee development which in turn positively impacts the employee attitude and hence customer satisfaction. One of the other important aspects of sharing organizational information is to make sure that people are better able to make important decisions when equipped with information related to those decisions (Pfeffer, 1995, 1998). John MacKey (CEO, Whole Foods Markets), says, “If you’re trying to create a high trust organization, an organization where people are all-for-one and one-for-all, you can’t have secrets” (in Fishman, 1996, p. 106). Internal communication can’t be termed as a one way process only, it also specifies a feedback process which assist the employees of the organization to observe how their actions are influencing the KPI’s (Key Performance Indicators). It also helps in making an organization a knowledge hub rather than adaptive learner (Robbins & Langton, 1999; Slater & Narver, 1995). Important aspect of information sharing is that the frontline employees can assist the customers with useful information and superior service.

Information sharing has various benefits in every organization but still many organizations do not adopt this philosophy and there may be several reasons for not sharing the information. However, Pfeffer (1998) argues that information is power, owning valuable information that no one or few others have signifies a commodity that others depend on, and sharing such information dilutes that power. One more important reason can be the fear of information leakage to the competition. Assuming the observation on trust and commitment, we propose the following:

H1e: Internal communication (as perceived by physicians) positively influences patient satisfaction (as perceived by patients).

H1f: Internal communication (as perceived by physicians) positively influence institutional image (as perceived by patients).

Rationale and Scope of the Present Study

Internal marketing concept has been researched in enormous service setups. However, there seems that not much work has been done around the philosophy of internal marketing in the health care settings. A better understanding of internal marketing and the study of its occurrence in health care sector would be important in safeguarding efficient delivery of services to the end consumers i.e. Patients. There are few studies (Bodha,2017;Atkuri R., Zachariah A. and D’Souza R.,2019) on the health care setup of Kashmir but they are not specific to internal marketing in health care sector especially hospitals. Hospitals are considered as an apex of patient treatmentand, therefore, the standard of the hospitals will form the basis of health care in any state or country. This paper has been prepared by keeping these important criteria in mind that hospitals form the basis of patient care.

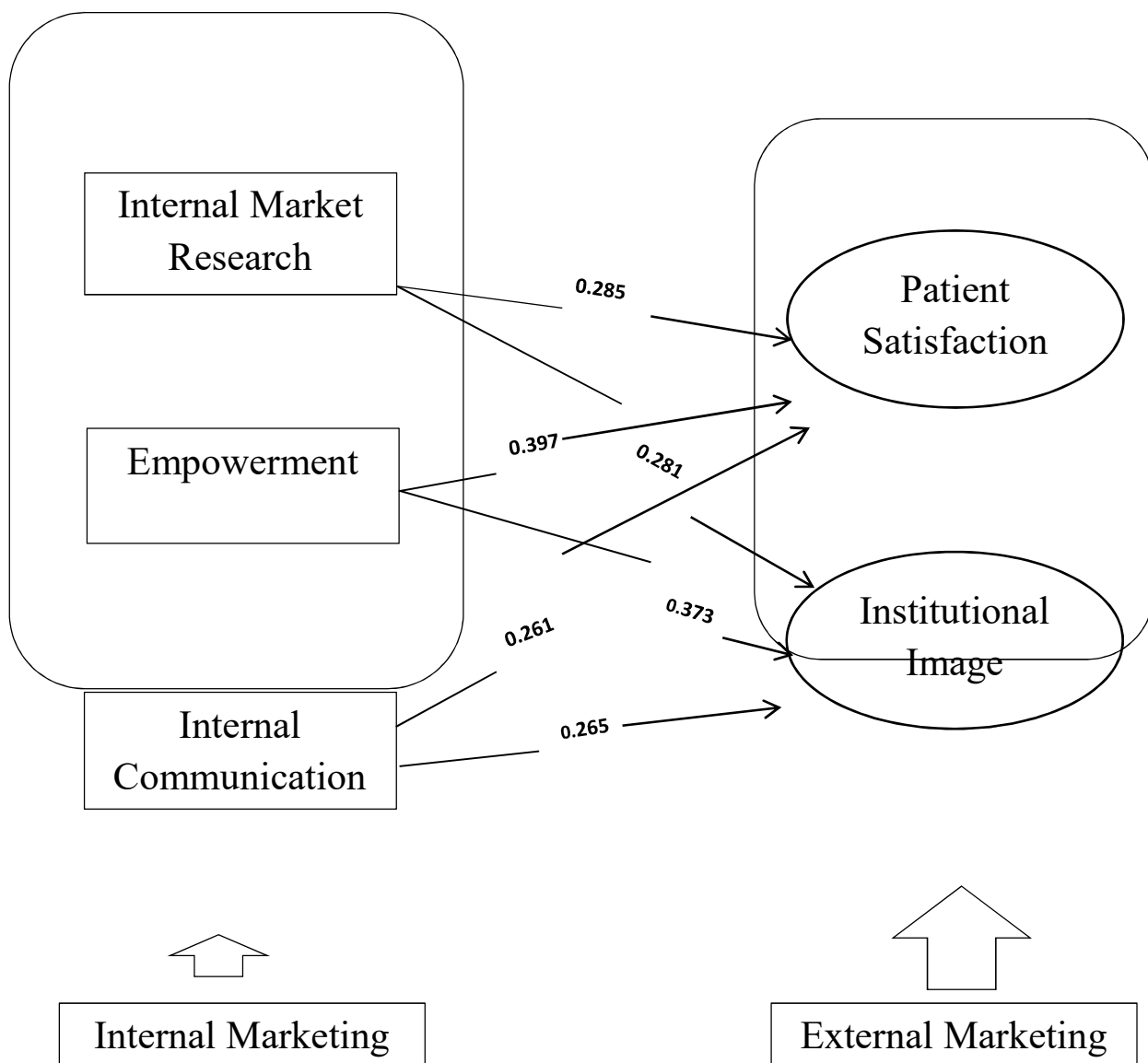


Figure 1: Model of internal marketing developed for the study

Research Method, Sampling and Data Collection

Hospital plays a pivotal role in defining the health care standards and is also considered as a very important sector of service industry especially from last two decades. This is the reason we have selected health care services industry to study the impact of its internal marketing programs. In the study, we have used a Lickert's 5 points scale to analyze the responses. The responses were comprehended in such a way that most favorable was given the highest value and vice versa (Strongly agree: 5; strongly disagree: 1).

A field study with minimal researcher interface was conducted among 2 leading Government hospitals of the valley namely Sher-e-Kashmir Institute of Medical Sciences (SKIMS, Soura) and SMHS Hospital. Due to time and cost constraints, convenience sampling technique was used for data collection from physicians, paramedics and patients coded with these departments of the hospitals. 200 questionnaires were distributed to the sample members of the hospital and 170 of them were collected (85%). These include 98 from SKIMS and 72 from SMHS. Paralleled 300 questionnaires were distributed among coded patients of those health care specialists who were studied earlier and 273 of them were collected (91%).

Result Analysis

Statistical Analysis of Study Hypotheses

In order to test the hypotheses of the study, the researcher has reviewed the results of the statistical analysis of the data composed through the questionnaires characterized in tables (1.1), (1.2) and (1.3).

Table 1.1: Descriptive statistics, Inter-item correlation and alpha values of the variables

S.No	Variables	Arithmetic Mean	Standard Deviation	Correlation coefficients				
				1	2	3	4	5
1	Internal Market Research	3.67	0.734	1				
2	Empowerment	3.92	1.054	0.39*	1			
3	Internal Communication	3.28	0.862	0.27*	0.12*	1		
4	Patient Satisfaction	3.89	0.821	0.26*	0.22*	0.38*	1	
5	Institutional Image	3.72	0.631	0.38*	0.16*	0.28*	0.18*	1
Cronbach Alpha				0.73	0.76	0.83	0.74	0.69

Source: Survey data collected by the scholar for the study.

Note: * All correlations are significant at <0.5

Table 1.1 shows that the level of internal market research was moderate (3.67), however, the level of employee empowerment was good (3.92). It also shows that the level of internal communication among the employees of the hospital including the physicians was medium (3.28). This probably refers to providing of timely and appropriate communications by the organization which shows that the patient satisfaction was good (3.89) in all dimensions of the health care which include concrete physical aspects, reliability, response, safety and empathy. It also shows that the institutional image was above average (3.72) in all the aspects of imagery, prestige, professionalism, health care programs and recommendations by friends and family.

Table 1.2: Standard coefficients indicating impact of internal marketing on patient satisfaction

	Internal Marketing	Dependent Variable
		Patient Satisfaction
Independent Variable	Internal Market Research	0.285**
	Empowerment	0.397**
	Internal Communication	0.261*
	R ²	0.39

Source: Survey data collected by the scholar for the study.

Note: * <.001 , **<.01

Table 1.2: The summary of the relationships between the variables:

Among all the three components of internal marketing, the empowerment with $\beta_2 = 0.397$ and $p < .01$ is seen to have the strongest impact on patient satisfaction. The value of coefficient $\beta_2 = 0.397$ means that increasing the employee empowerment with the value of one unit leads to a change in the level of patient satisfaction by 0.39 unit. Internal market research with $\beta_1 = 0.285$ and $p < .01$ is seen to have good impact on patient satisfaction. The positive coefficient indicates that the relationship between employees' internal market research and the level of patient satisfaction is a positive one, in the sense that increasing the employees' internal market research leads to an increase in the level of patient satisfaction. Internal communication with $\beta_3 = 0.261$ and $p < .001$ is seen to have medium impact on patient satisfaction.

Table 1.3: Standard coefficients indicating impact of internal marketing on institutional image

	Internal Marketing	Dependent Variable
		Institutional Image
Independent Variable	Internal Market Research	0.281**
	Empowerment	0.373**
	Internal Communication	0.265*
	R ²	0.37

Source: Survey data collected by the scholar for the study.

Note: * <.001 , **<.01

Table 1.3: The summary of the relationships between the variables:

Data on table 1.3 clearly shows that empowerment has strongest impact ($\beta_2 = 0.373$ with $p < .01$) on institutional image. The value of coefficient $\beta_2 = 0.373$ means that increasing the employee empowerment with the value of one unit leads to a change in the level of institutional image by 0.37 unit. Again, internal market research with $\beta_1 = 0.281$ and $p < .01$ is seen to have good impact on institutional image. The positive coefficient indicates that the relationship between employees' internal market research and the level of institutional image is positive. Internal communication in case of this table also is seen with $\beta_3 = 0.265$ and $p < .001$ to have relatively low impact on institutional image.

Results and Recommendations

The results of the study show that patient satisfaction and institutional image both are directly and indirectly influenced by internal marketing plans and measures which focus towards human resources through employee perception of internal marketing strategy in health care sector of Kashmir. According to the research findings, internal marketing has a greater impact on patient satisfaction indirectly through empowerment in comparison with the indirect impact of internal communication. Moreover, internal marketing has a good impact on patient satisfaction indirectly through internal market research of the employees. Furthermore, internal marketing has a greater impact on institutional image indirectly through empowerment in comparison with the indirect impact of internal communication.

Recommendations

The researcher recommends the following:

- Hospital administration should conduct a regular assessment of the quality of health care services provided to the patients in all magnitudes in order to safeguard patient satisfaction
- Hospital administration should create such forums which help to increase interaction between employees and patients during the delivery of health services and also a requirement of information flow for employees to feel how important their roles are.
- The hospital administration should conduct regular surveys among the physicians and other medical staff of the hospital to identify and understand the needs and wants of the employees and hence design the employees' welfare programs accordingly. This practice will fetch more results in comparison to management's designed programs without consultation of employees.
- The Front line health care providers from different departments and different specialties represent the first target audience which the hospital management should pursue to achieve high levels of job satisfaction for them. Therefore, the management of these government hospitals must implement the philosophy of internal marketing by acquiring knowledge about the factors affecting internal marketing.
- There is an urgent need to find a process by which two-way communication between the staff and hospital management is possible in a more convenient way. The communication should be such which allows solving work related problems quickly and implement the workable suggestions timely.

Directions for Future Research

Future research is warranted to examine the impact of internal marketing further. These studies should evaluate factors influencing internal marketing and hence the quality of service provided by service organizations. These studies should be conducted in all the units of health care services such as dispensaries, sub district hospitals and private hospitals. The studies should also be conducted at other service organizations such as tourism, banking, telecom and education sectors to confirm the findings.

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