Research Papers

INTERNAL MARKETING IN INFORMATION TECHNOLOGY COMPANIES IN CHENNAI

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Abstract

The concept of Internal Marketing (IM) was first proposed in the mid 1970's as a way of achieving consistent service quality – a major issue in the services area. Its basic premise was 'to have satisfied customers, the firm must also have satisfied employees'. This could be best achieved by treating employees as customers, i.e. by applying the principles of marketing to job design and employee motivation. Since then, the concept has seen a number of major developments and its application today is no longer confined to the services area.

THE IMPERATIVE OF INTERNAL MARKETING

Any type of organization can use Internal Marketing (IM) to facilitate the implementation of its external marketing strategy or other organizational strategies. However, despite nearly 40 years of development the concept has not achieved the widespread recognition amongst managers that it deserves. The major reason for this is that the concept was well ahead of its time.

Internal marketing requires:

¨ The acceptance of marketing techniques and philosophy

¨ A customer orientation and market orientation

¨ A participative approach to management

¨ A strategic approach to Human Resource Management to ensure the alignment of HRM strategy with organizational strategy

¨ The co-ordination of all management activity to achieve customer and market orientation or customer and market –focused management.

The influence of the more recent theoretical developments, such as relationship marketing, a re-emphasis of networking, interaction and total quality management theories, undoubtedly have had an influence on, and contribute to the importance of internal marketing in practice. Although many previous approaches to internal marketing have had considerable success in improving some organizations' external activity, the problem of achieving a holistic, organization-wide, action–oriented implementation of internal marketing still remains.

Gummesson writes that internal marketing can be practiced at different levels within an origination and with it's suppliers and networks.1 For example, it can occur within the customer-supplier relationship; in the application of marketing know-how to personnel; in the activities which focus on encouraging a company to be

marketing-oriented; and in the marketing that takes place between profit centers inside a decentralized company.

THE ROLE OF MARKETING AND HRM IN INTERNAL MARKETING

There is, perhaps, an implicit assumption in discussions of internal marketing that effective use of inwardly directed marketing techniques can solve all employee-related quality and customer satisfaction problems. There are, however, limits to what can be achieved by marketing techniques alone and it is of crucial importance to note that internal marketing requires the involvement of a number of departments working in unison.

This is illustrated by a case study reported by Richardson and Robinson2. Richardson and Robinson report a study on the implementation of internal marketing within a retail bank in which the effectiveness of the internal marketing programme is assessed by using groups of 'shoppers' to evaluate the service provided over a period of 3 months. Although the programme was generally a success, it is interesting to note how some of the problems that arose during the programme were solved. For instance, in one branch, three tellers were found to have performed particularly badly. Their weaknesses were pointed out to them. However, the performance of only one of them improved. Further investigation revealed that these two individuals did not enjoy the customer contact aspect of the job. That is, they were typical of task-oriented people doing people oriented jobs3. They were therefore moved to back office positions and replaced with more suitable staff, and the subsequent performance ratings for the tellers improved markedly.

What this example illustrates is that, in certain circumstances, administrative action by the personnel function is much more likely to be effective than usage of marketing-like devices. The example also illustrates the importance of careful recruitment and selection for the motivation and effectiveness of staff. Another branch suffered a loss in performance when some members were on training courses or on leave, and the replacement staff were from administrative (that is) task-oriented jobs and hence less skilled in dealing with people. Another branch, whilst showing a small improvement in performance, was well below the overall improvement levels achieved.

On investigation, it was discovered that shortage of staff was leading to careless mistakes in one department and consequently lack of satisfaction on the part of customers. The employment of an extra member of staff led to increase in morale and a dramatic improvement in performance. These two examples illustrate the need for training and adequate staffing levels. The simple use of internally directed marketing efforts clearly cannot compensate for lack of training and inappropriate staffing levels.

This example illustrates the differing roles of marketing and the personnel function, and the need for marketing and personnel to work together. Another purpose has been to show that the personnel function already has a wide array of techniques to improve performance and motivation techniques; for instance, job rotation, self-managing groups, career planning. Marketing techniques merely add to that array.

BOUNDARY BETWEEN MARKETING AND HRM

The discussion above raises the question as to where the boundary between HRM and Marketing lies, and inter-functional co-ordination can be achieved in the face of inter-functional conflict. This is important because some internal marketers have argued that activities that have traditionally been thought to be the preserve of the personnel functions should be undertaken by the marketing function. For example, Berry and Parasuraman extend the limits of internal marketing to include activities that are traditionally associated with the personnel function:

'Internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees as customers. . . and it is the strategy of shaping job-products to fit human needs' 4

Compare this with Willman's definition of human resource management:

'Human resource management is concerned with the set of decisions and policies through which the organizations attract, recruit and motivate, reward and develop their employees. In addition it is concerned with the ways in which employment is terminated.'5

In fact, George goes much further than Berry and Parasuraman and suggests that:

'It is time to replace the personnel department in service firms with product managers who can implement a marketing approach to service employment management.'6

The underlying reason for such an assertion is the fact that there is still relatively little

recognition in the HRM literature that the nature of services requires different types of HRM practices to those required in the production of physical/manufactured goods. The services marketing literature has highlighted this and also the fact that it is imperative to have the right personnel at the point of delivery, because of their impact on the perception of the quality of service delivery and as it also provides a marketing opportunity, as well as the fact that the actions of the personnel themselves form part of the product that customers are buying.

Because of the nature of the service delivery process, it is essential that employees have the right training and attitudes. In particular, customer contact employees need to be more people oriented rather than task oriented. Furthermore, where the personnel and the services that they perform form a large part of the product being offered (high contact services), then marketing needs to be as closely involved as the HRM/ personnel function in the recruitment, training and rewarding of employees. Motivation of these employees constitutes an essential element in the success of these services.

A useful definition of the boundary between marketing and HRM is provided by Kotler, who states that marketing consists of non-coercive actions to induce a response in another social unit 7. That is, the use of force or formal authority is not considered to be a marketing solution to a problem. This is an important distinction, in that in many cases the persuasive tactics employed by internal marketing are likely to be unsuccessful, and in these instances 'formal' mechanisms that personnel management is empowered to use (by the contractual nature of employment) would need to be employed in order to achieve the implementation objectives.

METHODOLOGY

Happy workforce would mean higher productivity for the company and consecutively higher revenue for the country. So a study was made to evaluate the internal marketing efforts taken by the top IT companies in Chennai, and the perception of employees towards internal marketing initiatives undertaken by the IT companies.

Descriptive Research Design was adopted. Primary Data was collected from 500 employees of 15 major IT companies in Chennai. Structured Undisguised Questionnaire was used to collect data using the Convenience Sampling Method. Several statistical tolls such as Factor analysis,

Mann Whitney U Test, Kruskal Wallis Test, Gamma Test, Chi-Square Test, Correlation, Multi-Nominal Regression Analyses, etc., were used to analyse data. The objectives of the study were:

Ø To evaluate the various Internal Marketing programmes, currently pursued by different Information Technology organisations.

Ø To ascertain employees awareness and perception with regard to the value system prevalent in their organisation.

Ø To study the extent of employee involvement in the setting up and attainment of organisational objectives.

Ø To suggest measures for further landscaping internal marketing initiatives by the IT companies.

KEY EMPIRICAL FINDINGS

— 71% had stated that the extent of Internal Branding was high in their organisation and there was a strong association between Level of Motivation and Internal Branding.

— There was a strong association between Accessibility to Management and the Employees Willingness to Recommend Employees.

— There was a strong association between Grievance Redressal and the Employees Willingness to Recommend Prospective Employees to their workplace.

— There was a strong association between Grievance Redressal and the Employees Accessibility to Management.

— Customers are considered as most important to the organisation followed by shareholders and employees. So the employees perceive that the company puts the customers before them.

— It was found that there was a strong relationship between Internal Branding and Induction Programme.

— 67.4% take pride in the core values. Among this 67.4%, only 19.2% stated that they would grab a job offer when it was offered to them.

— There was a strong association between Morale and Pride in Core Values. 67.4% take pride in the core values among this 67.4%, 54.3% claim that the morale is high.

— The study revealed that there was a strong association between Level of Motivation, Pride in Core Values, Energy Levels and Recommending Prospective Employees.

— There was an association between Designations and Emotional Attachment towards the Vision & Mission statements. 89% said they were emotionally attached. Among this 89%,

65.2% are Associates at the first level, 16.2% are Team Leaders and 8.6% are Project Heads. The emotional attachment was high at the lower levels due to the induction programmes and waned away with time due to lack of Internal marketing initiatives.

— There was an association between Contribution towards formulation of objectives and Emotional attachments towards vision & mission statements. 91.1% said that they were attached to the vision & mission statements. In this 91.1%, 48.7% said that they have contributed towards the formulation of objectives of the organisation.

— It was found that if the employees had contributed towards the formulation of objectives it increased their level of motivation.

— Around 53% have assigned the top two ranks for Target Attainment as their top most priority. Comparatively, only 42% have assigned the top two ranks for Redressal of Customer Complaints as their top most priority.

— There was a strong relationship between Internal Branding and Level of Motivation.

— There was a strong relationship between Level of motivation, grievance Redressal, accessibility to management and ease of conveying views to the management.

— 77.9% agreed for the need for training to deal with non-routine activities. It is very clear that training is imperative.

SUGGESTIONS

o It was found that there was a strong association between Level of Motivation and Internal Branding. It was also found that only a handful IT companies had popular Internal Branding programmes. It's high time that all the IT companies devote management's time and attention in developing and implementing Internal Marketing initiatives.

o There was a strong association between Accessibility to Management and the Employees Willingness to Recommend Employees. So, if their referral programmes need to be more attractive then these IT companies would have to ensure accessibility to their managements. Town-hall meetings, intranet interaction, blog communications are gaining prominence. Other IT companies can also pick these cues.

o There was also a strong association between Grievance Redressal and the Employees Willingness to Recommend Prospective Employees to their workplace. Those companies that listen to this can expect more response in their referral programmes.

o Employees perceive that the company puts the customers before them. Elevating employees by empowering them is to serve the customer better.

o It was found that there was a strong relationship between Internal Branding and Induction Programme. If the Induction Programme is carefully thought out, well formulated and effectively delivered in a satisfactory manner then the Internal Branding measures would be high.

o The study found that there was a strong association between Employee loyalty and Pride in Core Values. Thus, the IT companies would have to herald their core values and follow them staunchly so that their Employee loyalty also remains high.

o There was association between Contribution towards formulation of objectives and Emotional attachments towards vision & mission statements. The IT companies can benchmark the Japanese practice of formulating the vision & mission statements from the grass root level, which is further refined by the higher levels.

o Only 42% have assigned the top rank for Redressal of Customer Complaints. This shows the current Internal Marketing programmes adopted by the IT companies need to be overhauled to ensure that the customers get the top priority.

o There was a strong relationship between Internal Branding and Level of Motivation. So, if the Internal Branding is high then the level of Motivation will also be high. This brings out the importance of Internal Branding programmes in IT companies.

o There was a strong relationship between Level of motivation, grievance redressal, accessibility to management and ease of conveying views to the management. So, this shows that prompt grievance redressal, accessibility to management and ease of conveying views to the management will increase the level of motivation.

FUTURE SCOPE FOR RESEARCH

§ The current study relates to the Internal Marketing initiatives in Indian IT companies, the study can be conducted in ITES and BPO companies.

§ The problem of attraction and retention of talent has become a perennial challenge among companies all over the world and especially in

India, the problem of attrition is especially more pronounced in the knowledge sector and hence can be conducted across industries such as Pharmaceuticals, Biotech, Consultancy services, etc.

§ With the view to identify benchmark practices, future research can be conducted with regard to the effectiveness of Internal Marketing initiatives across companies to identify the most influential factor. Such a study will help in the creation of a template, which can then be tested and recommended for implementation in companies.

CONCLUSION

People the fifth 'P' in the marketing mix are strategic resource for the profitability and sustenance of any organisation. Therefore let further research bring out the significance of Internal Marketing and its imperativeness in Information Technology Industry in particular and all other industries in general.

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