

A Study to Observe Factors of Internal Marketing and its Impact on Employees' Job Satisfaction: Evidence from Karachi Pharmaceutical Industry

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ABSTRACT

This study refers towards the significance of internal marketing (IM) for employee job satisfaction of pharmaceutical industry in Karachi. The backbone are the employees if we talk about any organization for the overall business performance and productivity therefore organization need to maintain its workforce through proper training & development, motivation, attractive salary and compensation & developmental plan and internal marketing plays a vital role in this context. Several studies have already been published about the importance of IM with highlighting the multiple areas for the execution and betterment of whole business performance. To fulfill the purpose of this study a questionnaire was prepared on close ended type with likert scaling approach to collect the data from employees of production, sales and head office management lower to top management staff of different national and multinational pharmaceuticals companies. The collected data from 100 respondents shows that to make a satisfactory job environment, companies have to focus more on practices of internal marketing. Due to limitation of time and cost, this study covered only industry of Karachi and it is recommended to further analysis for pharmaceutical industry of other cities of the Pakistan with special reference to internal marketing.

JEL. Classification: M31; J28; J54.

Keywords: Internal Marketing, Job Satisfaction, Karachi Pharmaceutical Industry.

1. INTRODUCTION

1.1 Background

Organization are changing their thinking regarding the employees and assuming them an important and integral part of the organization in the emerging markets and industrial era. In the past, employees were

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treated on very least level to just complete the required goals and those days have gone. Employees are the core element for the success of organization and it have been realized (Woodruffe 1995).

Conceptual framework for internal marketing is same as per marketing to handle and satisfy the internal customer that are employees to adopt and implement the corporate policy for successful results (Rafiq and Ahmed 2000). IM (Internal Marketing) as just like a concept of marketing to facilitate employees of organization as customers for execution of corporate decisions successfully (Rafiq and Ahmed 2000). Payne is little argued about it that IM is the purpose to develop know how outside and inside clients to erase hurdles in organizational efficiency (Payne 1993).

If the loyalty reduces toward the organization from the employees, it can damage the reputation of organization in broader way. Efficiency will also tend to low with high productive cost. Internal marketing could be the potential response to increase the loyalty of employees (Hogg 1996). IM is the necessary to maintain satisfaction in the employees (Schultz 2004). Marketing practices were only the part for several years to satisfy the external customers and there was nothing to discuss in any concept for the satisfaction of employees as internal customers. Customer loyalty connected to the profitability of the organization and customer satisfaction is the main element for this cause.

The core concept of this idea was to apply the marketing tactics on the internal customers that will finally be resulted for the better satisfaction leads to an end of customers loyalty connected to the bottom line of the income statement because as much as employees will retain with satisfaction they will be more equipped with knowledge and will serve better for the company due to their increasing experiences, effective implementation of information and will worked as the main asset of the organization. Loyal internal customers always do their best and effective internal marketing practices also will avoid the new hiring & training cost, time (Ahmad et al. 2012).

Employees are always plays the main part for the successful journey on any organization therefore it is mandatory to increase their educational level, motivate them and make them happy in any means that is must to make a differential and competitive advantage in the world (Mishra 2010). To build up the business through handsome sale, they are at front to deal directly to the external customers as the back bone of the organizations (Hartline and Ferrell 1996).

If organization point out the importance of the employees and when raise the bar of their recognition and make them to feel that they are the real assets of the organization then it is called internal marketing. IM renews the reputation of the organization (George 1990). To motivate the employees for the efficient and desired objectives is the main cause of IM. Satisfied and happy employees play the strong and valuable role for the reputation of the organization. In the business process, IM is the sensitive part and it counts for the decisions and the development of business (Fisk et al. 1993).

1.2. Justification and Reasons of study

In Internal Marketing several studies have already been done but nobody touched the pharmaceutical manufacturing industry related to the area of the Pakistan that has created the need of this study.

1.3. Research Question

What is the significance of internal marketing on employee's job satisfaction of Karachi Pharmaceutical Industry?

1.4. Statement of Problem

For job satisfaction effective practices of internal marketing need to be checked if organization needs to retain their employees for long time and to decrease the turnover.

1.5. Objectives of the Study

The core objective is to observe the significance of Internal Marketing for job satisfaction in the industry of Pharmaceutical with special reference to Karachi, Pakistan. And specific objectives are transformed in to hypothesis.

1.6. Hypothesis

To observe Internal Marketing Importance for Job Satisfaction in Employees of Karachi Pharmaceutical Industry the following hypothesis are developed in relation to research question:

H₁: Cleanliness and decoration of Company is important for Job Satisfaction

H₂: Great numbers of employees are important for Job Satisfaction

H₃: Up to date IT Services are important for Job Satisfaction

H₄: Corporate social responsibility is important for Job Satisfaction

H₅: Job Security and promotions are important for Job Satisfaction

H₆: Stability in service delivery methods is important for Job Satisfaction

1.7. Scope of the Study

This study will show the current scenario of job satisfaction in Karachi Pharmaceutical industry with adopting the practices of internal marketing and also will helpful for future improvements in the satisfaction level of employees.

1.8. The Delimitation

Several reasons of short time and limited cost, this study is representing only the area of Karachi pharmaceutical but for future, if we further research about internal marketing in areas of other manufacturing industries then we will be able to know that how much internal marketing is important and effective for other manufacturing industries as well because in past, research for this topic have been done normally for service industries.

1.9. Organization of paper

Structure of this paper is as follows: section 1 introduction section 2 literature review of internal marketing section. 3 methodology section 4 results and findings section 5 discussion and conclusion.

2. LITERATURE REVIEW

The first were the Berry (1976) who has introduced IM as solution of the problem of standardized service to the internal customers that are associates. He analyzed and delivered that peoples are the main factor to provide service and if they are not satisfied they cannot offer high quality service to the external customers (Berry et al. 1976).

Gronroos (1981) proposed a suggestion that every associate who is handling external customer should be developed as promoter of the Company and it would be helped to establish Organizational image in the mind of customers. The other non-handling external customer employees can support these employees who are at front to handle externals. This idea will also help to boost top line and bottom line of income

statement. The base of the concept is by making own associates as internal customers and to satisfy them through IM standard practices company can be more market oriented with effective sales force. IM is the objective to recruit best fit to provide services to customers and motivate them timely (Kotler 1991). It emphasized more to HRM.

Rafiq and Ahmed (2000) established a Hybrid attitude and suggested that IM was characteristically typical to apply due to inter-structural different opinion and hence the concentration was on overcoming company inactivity by detecting the particular behavior alteration employees required to make. IM was justified as a designed struggle for marketing tactic to reduce resistance to change and to coordinate, match inter-structural support and connect associates in the direction of efficient application of organizational policies to provide customer satisfaction with the way of making energetic and customer focused employees.

IM concentrates on employees and focuses to satisfy their requirements (Ahmed and Rafiq 2003). Davis (2001) shared his views that IM could be connectivity among the different internal population and creating collaboration between them. At the same way, Ballantyne (2003) highlighted that IM is a connection making tactic. Currently the thought is discussing rapidly in the writings that IM is an important device for fulfilling the increasing the customer's hopes (Lings 2004; Papisolomou 2002; Mudie 2003).

More information about employee worth in company strategies and its application has contributed to the acceptance of IM. Therefore internal marketing may be seen as a method of handling the contacts between company's members that are need to complete the work for external customers (Gronroos 1994; Papisolomou 2006; Varey and Lewis 1999).

2.1. Rationale for the Adoption of Internal Marketing

The concept of internal marketing is important because of its clear to treat employees as customer or more than a customer. Organization must have to prepare developmental programs for the employees for their development and future growth. It is also important to retain them on long term basis as the assets of the organization. It is also important for the job satisfaction of the employees because as much as employees are satisfied, they will work better with more satisfaction. It is also important for the motivation of the employees, as much as employees will be motivated their performance will automatically refine. It will impact on the overall performance of the organization. To build healthy relationship between employees and organizational management, internal marketing plays an important role (Budhwar et al. 2009).

Internal Marketing must have to come first to external marketing because if IM is not effective then external marketing will also not be effective because internal customer are the main force to execute the strategies for the external customers (Prasad and Steffes 2002).

3. RESEARCH METHODOLOGY

A close ended questionnaire was design with likert scale approach to collect the data from employees of production, sales and head office management, lower to top management staff. The qualification of respondents comes under intermediate to masters of different national and multinational pharmaceuticals companies and samples size of 110 was selected. To strengthen the feedback from all respondents, a cover letter attached with the questionnaire to brief the cause of this research. Internal marketing and its other related sub variables were collected from studies on Pakistani and Iranian Banks and modified as per behavior of pharmaceutical industry (Farzad et al. 2008; Ahmad et al. 2012).

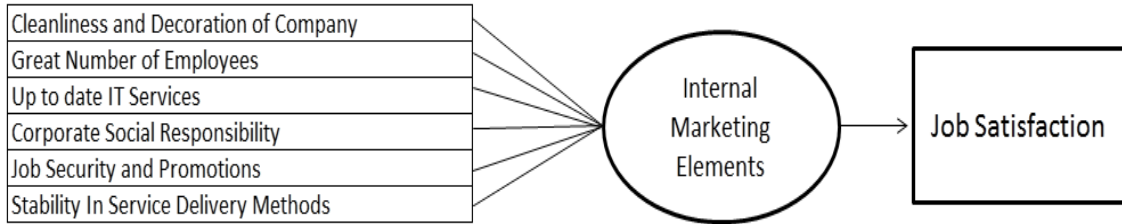


Figure 1: The Model for the Internal Marketing Elements of Job Satisfaction

4. RESULTS AND FINDINGS

Total 100 filled questionnaires received in return as total from 110 respondents. The response rate was 91% for this activity that is sufficient. A breakup view of total 100 respondents in demographic way and analysis are mentioned below:

Table 1: A Breakup View of Total 100 Respondents in Demographic Way

Marital Status		Gender		Education			Total Experience In Years			
Married	Un Married	Male	Female	=< Inter	Graduate	=>Master	<=5	<=10	<=15	>15
45	55	85	15	20	50	30	45	30	17	8

Table 2: Summarized status of all 100 filled questionnaires for 5 following categories:

Sr.no.	Questions	Very Poor	Poor	Acceptable	Good	Very Good
1	Cleanliness and Decoration of Company	1	4	33	35	27
2	Great Number of Employees	0	4	44	39	13
3	Up to date IT Services	2	23	29	23	23
4	Corporate Social Responsibility	4	20	28	26	22
5	Job Security and Promotions	7	15	26	34	18
6	Stability In Service Delivery Methods	0	13	40	40	7
	Total out of 600	14	79	200	197	110
	Percentage	2.3%	13.2%	33.3%	32.8%	18.3%

As per above result in tabulated form few results and finding mention below:

- Results are showing that Up to date IT Services received the maximum number of Poor and 2nd maximum Poor received for Corporate Social Responsibility.
- Very Poor ticked from total 14 out of 600 that is 2.3%.
- Out of 5 categories, majority of people ticked option of Acceptable which is 200 out of 600 (33.3%) and high score related to Great Number of Employees.
- 15.5% containing the category of Poor and Very Poor.
- Cleanliness and Decoration of Company selected from 35 for Good and from 27 for Very Good that is 62% of all respondents.
- Great Number of Employees selected from 39 for Good and from 13 for Very Good that is 52% of all respondents.
- Job Security and Promotions selected from 34 for Good and from 18 for Very Good that is again 52% of all respondents.

Below stated is the bar chart for the review that which option is taking the maximum feedback from all 5 categories for asked questions:

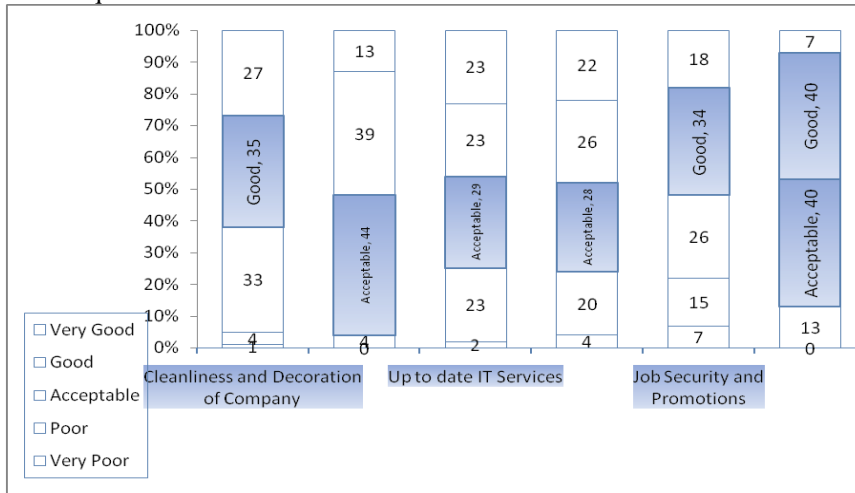


Figure 2: The Bar Chart Representing the Received Responses

We saw in deep down analysis as per below picture that maximum “Poor” which is 23 (29% of total 79 Poor) received for Up to date IT Services and it is surprising that newly joined employees who are working in their 1st pharmaceutical company are ticked 48%.

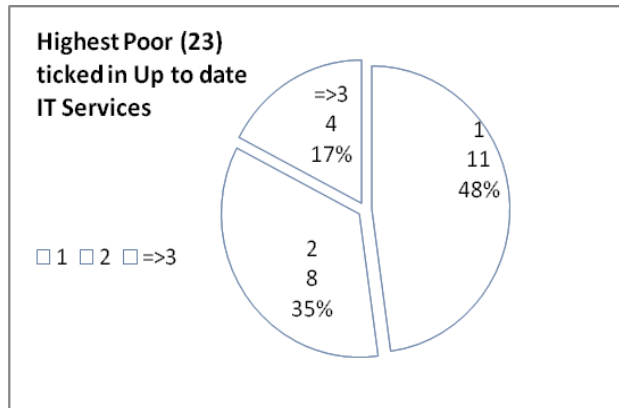


Figure 3: The Pie Chart Representing the Received Responses from Employees Worked in 1, 2 or 3=>Pharmaceutical Companies

5. DISCUSSION AND CONCLUSION

After analysis of all figures, tables and charts it is concluded that the internal marketing has a strategic importance for the job satisfaction in employees of Karachi Pharmaceutical Industry and if we down to Very Good or at least to Good category then it means alarming situation is not far.

Some observations are as follows in light of developed hypothesis:

- The weakest area among all variable is the Up to date IT Services and need lot of improvement as it is received maximum Poor and the main population is newly joined graduate un married male employees.
- Second focused area will be the Corporate Social Responsibility due the containing the 24 % in Poor and Very Poor category.
- Great numbers of employees having the 44% that need to transfer at least in Good category otherwise anytime it can be reduce.
- Cleanliness and decoration of Company is capturing the 62% which is not bad however we can't avoid the remaining 38% lying in the Acceptable, Poor and Very Poor category.
- In job security and promotions, 48% is outside of Good and very Good category. Therefore to considering this an important factor, we more need to refine policies of job security and promotions.
- Stability in service delivery methods is also need to improve more as it has 53% results outside to Good and very Good category.

6. RECOMMENDATIONS AND IMPLEMENTATIONS

It is recommended on the basis of above suggestion for more effective internal marketing and to explore the industry of the Pakistan pharmaceutical also in the other cities. Also identify that the how much internal marketing practice are effected for job satisfaction or if there is any room for improvement than what further actions need to take with above and other sub categories of variables.

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