



Research Article

Internal Marketing Strategies in a Lithuanian Financial Institution

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Abstract

The concept of “internal marketing” has attracted significant attention from researchers. Despite extensive studies on the topic, it remains partially understood, as while attention to external customers is critical, the importance of internal customers—an organization's employees—cannot be overlooked. The development of internal marketing within the organization plays a crucial role in gaining a competitive edge in the market. The goal of internal marketing is to engage employees by prioritizing internal initiatives that need to be developed, sustained, and promoted. This fosters business growth and enhances the company's competitiveness. Different studies show that employees' positive perceptions of internal marketing practices lead to beneficial outcomes. Analysing the components of internal marketing can provide insights into how strategies can be customized for different regions and industries, ultimately leading to more effective internal marketing approaches. Literature reviews indicate that internal marketing serves as a human resource management tool that fosters employee satisfaction and alignment with external customer needs. The authors closely examine the contemporary role of internal marketing strategies and their implementation in a Lithuanian financial institution through an enhanced framework of marketing elements and thus throwing some light on how these strategies impact employee engagement. Empirical research, based on structured interviews within the institution, reveals that the internal pricing element is the lowest rated, while other elements need further strengthening due to differing opinions from managers and employees. Enhancing internal marketing strategies can significantly boost employee engagement, satisfaction, and performance, which in turn positively affects external customer satisfaction.

Keywords: internal marketing, internal product, internal price, internal place, internal promotion

Introduction

In the age of technology, when the environment is constantly changing, achieving and maintaining the competitive position of the organization in the market has become a challenge for managers, forcing them to look for strategies that emphasize the uniqueness of the organization (Qaisar and Muhamad, 2021). As stated by Roberts - Lombard, Burin and Klopper (2016), in the rapidly changing work environment and intense business competition, the most important business success is no longer cash, but human capital. As a result, the researchers Sarker and Ashrafi (2018) emphasized that in order to focus on both external and internal customers (employees), managers must focus on fostering organizational culture through effective internal marketing practices that undoubtedly create and nurture strong customer relationships in organizations in many service industries.

The purpose of the article is to examine the expression of internal marketing elements in a Lithuanian financial institution. Tasks of the article are based on reviewing the concept of internal marketing, analysing the structure of internal marketing and its elements, and empirical investigation of the expression of internal marketing elements on the example of the Lithuanian financial institution.

The Concept of Internal Marketing

The success of the organization depends on the employees and their job satisfaction. According to Berry (1981), the main principle of internal marketing is that in organizations that foster management based on internal marketing, the employee is treated as an internal customer of the organization, and the work he performs is an internal product. Therefore, according to the researchers Berry and Parasuraman (1992), internal marketing can be defined as attracting, developing, motivating and retaining talented (qualified) employees through work products that satisfy their needs. The key of having satisfied customers lies very often on having satisfied employees (Berry and Parasuraman, 2004).

Gronroos (1980) identified internal marketing as a management philosophy that the management of the organization should create and constantly promote to strengthen the understanding of the roles of employees in the organization and their evaluation. This opinion was supported by the

researcher Varey (1995) stating that internal marketing should be seen as a management philosophy, the purpose of which is to increase employee motivation.

Alhakimi and Alhariri (2014) stated that internal marketing is proportional to external marketing – the higher the level of employee (internal customer) satisfaction, the more likely it is to generate external customer satisfaction and loyalty. Lings (2004) supported the connections between external and internal marketing by distinguishing that internal marketing is an organizational activity based on the principle of marketing to satisfy the needs and expectations of employees. As a result, it can be detailed that the main goal of internal marketing is to seek to ensure employee satisfaction with work and high quality of work through the satisfaction of the external customer with the product/service received (Kadic - Maglajlic, Boso and Micevski, 2017).

Summarizing the concept of internal marketing, it can be said that internal marketing is an organization's human resources management tool, based on continuous improvement, internal communication and the promotion of organizational commitment, which ensures employee job satisfaction and orientation to the external customer.

Internal Marketing Mix and its Elements

As stated by Mudie and Pirrie (2006), the structure of internal marketing consists of elements used by an organization to satisfy and create value for its employees. Mudie and Pirrie (2006) emphasized that in internal marketing, as in the mix of external marketing elements, each element is used to persuade internal customers to find value within the organization. This combination of elements distinguishes a strong internal marketing characteristic - orientation to the internal market, which is part of the internal marketing strategy. The authors Piercy and Morgan (1991), Paliaga and Strunje (2011), linked the components of internal and external marketing and emphasized their similarity and said that, in order to achieve the best organizational results, both internal and external marketing should use the same elements, adapting them according to the context. Therefore, in this article, the elements of internal and external marketing are linked, and it is stated that the structure of internal marketing consists of internal product, internal price, internal place and internal

promotion.

The scientist Yang (2012) defines the internal product as work in which the most important aspects are learning, promotion opportunities, incentives, bonuses for the results achieved and merits that promote employee loyalty to the organization, and employee participation in decision-making (Roberts - Lombard, 2010). Berry and Parasuraman (1992) emphasized that the internal product is the component of internal marketing through which the needs and desires of internal customers are satisfied, creating opportunities for them to improve within the organization and in that way strengthening organizational commitment to achieve the organization's goals. Yang (2012) distinguishes that the essential ingredients of internal product are continuous improvement, employee empowerment and organizational commitment.

As stated by Bon (2019), internal price is the reward for the work done. Wasiu and Adebajo (2014), Nemteanu and Dabija (2021), Muramalla (2021) tend to agree with the theory presented by Bon (2019) and state that the internal price is the reward provided by the organization to employees, which not only rewards them for the work done, but also motivates them to get involved in the organization's activities and encourages them to achieve the best possible work results in the future. Paliaga and Strunje (2011) distinguished that intrinsic price consists of salary, incentives and rewards. Wasiu and Adebajo (2014) concretized the idea presented by Paliaga and Strunje (2011) and attributed praise and thanks to employees, promotion opportunities, salary, health insurance, compensation and bonuses to intrinsic value. Therefore, in summary, it can be stated that the internal price is a reward system that is necessary in order to reward employees for the work they have done and increase their satisfaction and motivation.

According to Kawiana et al. (2021), internal place is the entire work environment surrounding employees, which includes job specifics, working conditions, activity sequencing and monitoring. Kawiana et al. (2021) highlighted the importance of the psychological climate in the organization in the context of internal place and argued that the psychological climate exists in every organization and determines the well-being of employees in the workplace. According to Bon (2019), fostering a

work environment creates a positive working atmosphere for employees, which directly affects work results.

Bruin-Reynolds et al. (2015) present the element of internal promotion as the internal communication carried out in the organization between the members of the entire organization in order to convince them to achieve organizational goals. According to Paliaga and Strunje (2011), the internal communication fostered in internal promotion aims to contact and maintain contact with every employee of the organization. And Gwinji, Chilya, etc. (2020) distinguish that internal communication is the interaction between individuals and employees of various levels of specialization in order to create (or reorganize) the organization and coordinate daily strategic and operational activities.

Summarizing the structure of internal marketing and its elements, it can be said that internal marketing consists of elements: internal product, internal price, internal place and internal promotion, which include organizational management, internal communication, remuneration and other aspects that directly influence the organization's internal customers - employees.

Analysis of Research Results

In order to clarify the expression of internal marketing elements, a study was conducted in one of the financial institutions operating in Lithuania. 38 employees of the organization participated in the study, and a questionnaire was given to them, and a structured interview was used to survey the managers of the organization.

The first block of questions evaluated the expression of the internal product in the "Lithuanian FinServices". The results of the questionnaire survey (see Figure 1) show that about 80 percent agree with the presented statements of employees' organizational commitment. This result shows that the majority of employees feel organizational commitment to their workplace. However, from the employees' point of view, the organization does not make sufficient use of the delegation of managerial tasks and their involvement in decision-making.

After analysing the aspects of employee empowerment and promotion of organizational commitment from the managers' point of view, the

managers' negative attitude towards these components became clear. Managers in the component of the internal product singled out

improvement of employees in the organization,

only continuous improvement, which the organization aims to foster by ensuring the

and it is stated that, in the financial institution in question, continuous improvement means both work and additional time devoted to the development of competences.

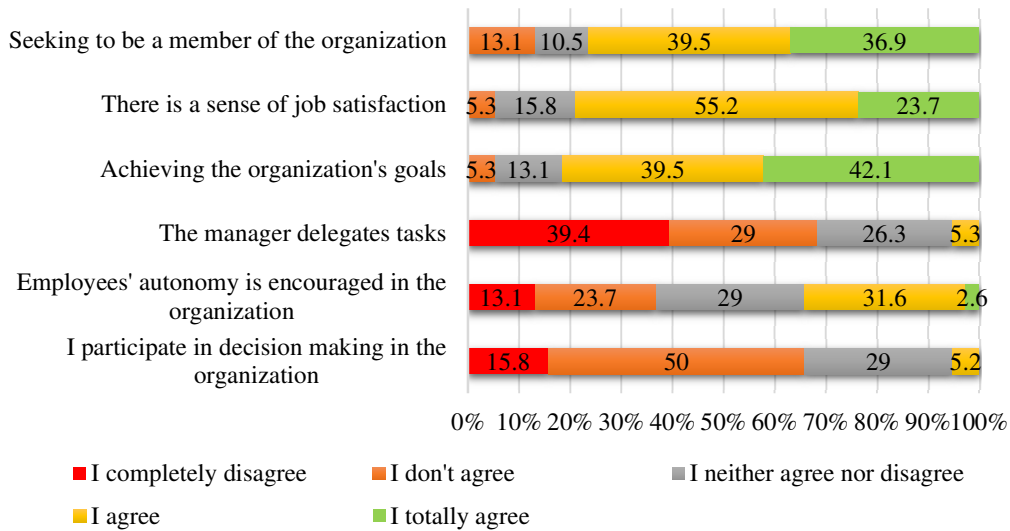


Fig. 1. Manifestation of the internal product in the organization

Summarizing the expression of the internal product in the organization in question, it can be observed that this element is evaluated quite similarly from the point of view of employees and managers, but the expression of this element in the organization can be strengthened. Continuous improvement as a component of the internal product is the most valued of the remaining two components. Both managers and employees identify the expression of continuous improvement in the organization, appreciate the importance of continuous learning and see the benefits it creates for the organization and

employees. The expression of other components - employee empowerment and organizational commitment - is weak in the organization.

The second block of questions assesses the expression of the internal price in the organization under consideration. As can be seen in Figure 2, employees are not satisfied with the wages they receive - 44.8 percent of employees do not agree with the statement that "the salary I receive meets my needs". Promotion opportunities are also negatively evaluated - only 31.5 percent of employees agreed that "promotion opportunities in the organization increase my job satisfaction."

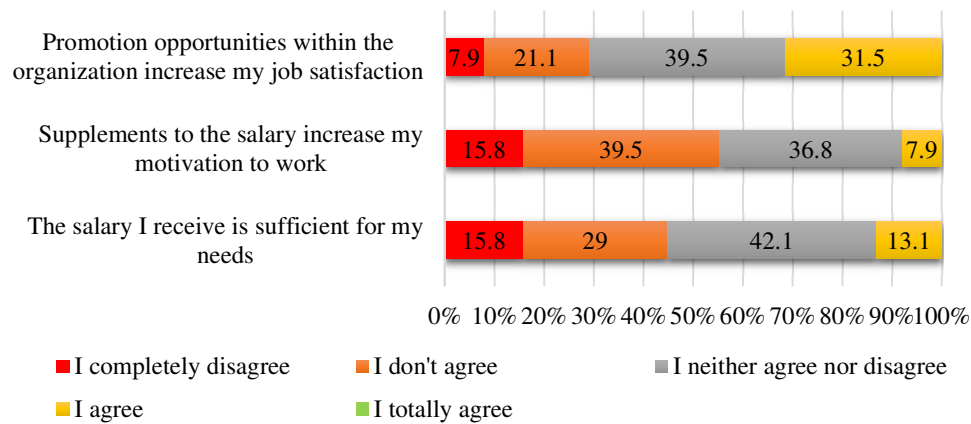


Fig. 2. Internal price expression in the organization

Looking at the components of the internal price from the managers' point of view, the weakness of the definition of this element is noticeable. Managers do not make internal price a priority, although it is one of the most important means of motivating employees and promoting their satisfaction with their work. The managers of the organization said that, in the organization, wages and bonuses are regulated, and promotion opportunities are not encouraged by the managers themselves in order to retain and develop employees within the organization.

The analysis of the internal price leads to the conclusion that the expression of this element of internal marketing is weak in the organization. Employees are not satisfied with the salary they receive, and bonuses to the salary do not

encourage motivation to work and achieving better results. During the interviews, the managers highlighted that the employees are not encouraged by financial means in the organization, and the managers themselves do not personally provide the employees with the promotion opportunities without the expression of wishes of the employees themselves.

The third block examines the expression of internal place in the organization. The diagram in Figure 3 shows that 39.5 percent of employees said they could not focus on customers as much as possible, and 21.1 percent of the respondents did not agree at all and 36.8 percent disagreed with the statement: "I assess the working conditions in the organization positively, because there are no extraneous disturbances in the work environment that would prevent concentration".

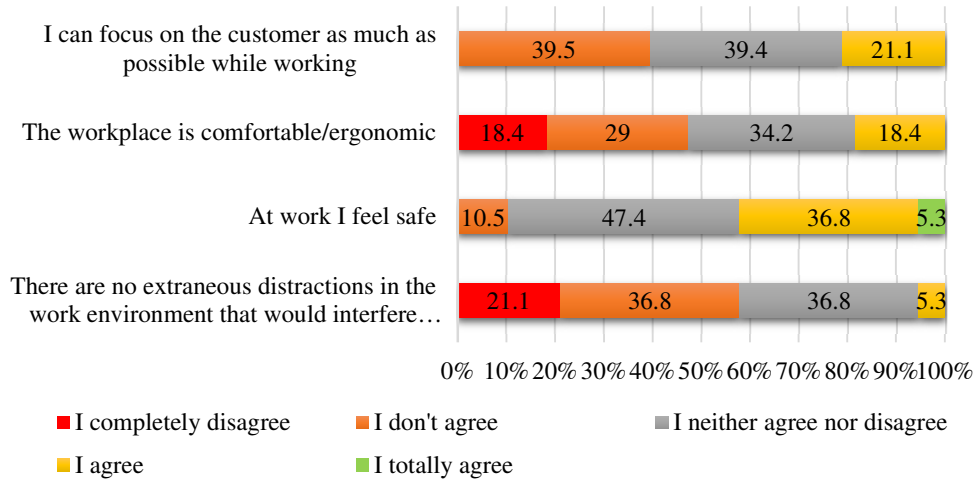


Fig. 3. The resolution of the internal place in the organization

During the interview, it became clear that managers see a rather strong expression of the internal place in the organization. According to managers, the organization strives to ensure a positive environment and create favorable working conditions. In the work environment, managers value and strive to foster a psychological environment that, depending on the specifics of the work, causes even a small amount of tension and stress felt by the average employee.

In summary, the internal place analysis revealed a discrepancy between the opinions provided by managers and employees. According to the managers, the working conditions in the organization are nurtured, a positive working environment is created, disturbances at work are promptly resolved, and the aim is to maintain a positive psychological atmosphere. However, the results of the employee survey revealed that the

majority of employees do not feel safe in their workplace, and they cannot focus on their work and customers as much as possible due to extraneous noise or other distractions.

The fourth block of questions aims to identify the expression of internal sponsorship in the "Lithuanian FinServices". The analysis of the results of the employee survey revealed that the employees agree or completely agree with the statements: "the information received from the manager is understandable" and "the employees know the organization's vision, mission and goals". 55.3 percent of those interviewed agree that the organizational culture in the organization in question influences the work results, and 79 percent of employees' personal values match the organization's values. Therefore, it can be said that the organization mainly conveys the organizational culture to the employees through a value prism.

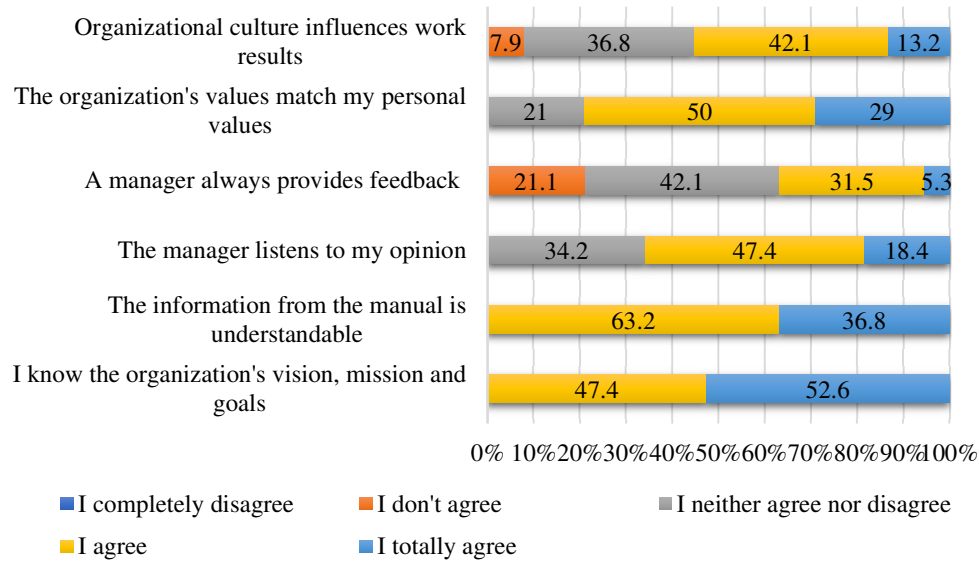


Fig. 4. Expression of internal promotion in the organization

The element of internal promotion is singled out by managers as one of the strongest elements of internal marketing. The components of internal communication and organizational culture are discussed by the informants as the most cherished objects in the organization; therefore, these components are evaluated positively and their importance and significance for the entire organization can be seen.

Reviewing the emphasis of the element of internal promotion in relation to managers and employees, it can be said that the expression of internal promotion in the organization is the strongest of all the elements of internal marketing. Managers and employees positively assess the component of internal communication, distinguish the dissemination of information, the ability of managers to properly convey to employees the direction of the organization's activities. Employees say that cooperation and clear communication allow them to solve problems faster and provide better services to customers. In the context of organizational culture, managers and employees distinguish values, their connections with the employees' own personal values, as well as the desire to convey the organizational culture to all employees and create a positive image of the organization in society.

Conclusions

1. The analysis of the scientific literature made it

possible to form a definition of internal

marketing, which states that internal marketing is an organization's human resources management tool, based on continuous improvement, internal communication and the promotion of organizational commitment, which ensures employee job satisfaction and orientation to the external customer.

2. Internal marketing strategies consist of elements of the marketing mix that are adapted accordingly within the organization: product – internal product, price – internal price, place – internal place, promotion – internal promotion. Each of these elements of internal marketing includes specific components, which as a whole form the structure of internal marketing.

3. Empirical research carried out in a Lithuanian financial institution from the point of view of both managers and employees revealed that the expression of internal marketing elements in the organization can be strengthened. During the research, only one element of internal marketing was identified as having a strong expression in the organization - it is internal promotion, other elements of internal marketing in the organization remain to be strengthened. Therefore, it can be said that in the studied organization, internal marketing as a tool for managing the human resources of the organization is not well used, and its applicability would create opportunities to

motivate employees to achieve the organization's goals and operational efficiency.

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