CHAPTER-I
INTRODUCTION

1.1 RELEVANCE OF SERVICE SECTOR IN ECONOMY

The service sector is viewed as the lifesaver for the financial as well as socio
development of an economy (Iashmi & Kumar, 2012). The growth of Indian economy
highly depends upon its service industry. It is the leading industry of India’s GDP. It has
also attracted a huge foreign investment, contributed appreciably to export and has
generated a large-scale employment (IBEF, 2018). The Indian services sector with
several sub-sectors like financial, banking, insurance, non-financial/business,
outsourcing, education, research and development, courier and technical test analysis, has
attracted FDI equity inflows in the period April 2000-September 2017 that amounts to
about US$ 62.39 billion which is about 17.46 per cent of the total foreign inflows
according to Department of Industrial Policy and Promotion (DIPP). Further, in the first
half of 2017-18, Net services exports from India has increased by 14.6 percent and the
sector attracted 60.7 percent of India’s total Foreign Direct Investment (FDI) inflows, thus
growing as a highly attractive sector for FDI inflows. Since 1980, there has been a fierce
competition due to deregulation of services, specifically in the sectors like transport,
banking healthcare, telecommunication, insurance, hotels, education and hospitality in
various countries. The sector contributed around 53.8 percent of its Gross Value Added
in 2016-17 and has provided employment to 28.6 percent of the total population (IBEF,
2018). According to Economic Survey 2017-18, Central Statistics Office’s (CSO) first
advance estimates of Gross Value Added (GVA) in FY 2017-18 services sector is likely
to grow 8.3 percent year-on-year (IBEF, 2018). India’s score in the Nikkei/IHS Market
Services Purchasing Managers Index grew from 45.90 in July 2017 to 50.90 in December
2017, supported by growth in Information and Communications, Education, Finance and
Insurance.

1.2 CURRENT STATUS OF HIGHER EDUCATION SECTOR IN INDIA

Being the part of the service sector, the education industry is considered as one of
the main contributors to the Indian economic growth (Gupta & Gupta, 2012; Ijaz, Irfan,
Shahbaz, Awan, & Sabir, 2011). In order to endorse economic and industrial growth in a
country, the indispensable requisite is the ability to develop talent in the nation. 
Currently, the education sector in India is poised to witness major growth in the years and 
expected to be the world’s second largest graduate talent pipeline globally by the end of 
2020. The education sector in India is estimated at US$ 91.7 billion in FY18 and is 

Higher education in India has observed a phenomenal development both in 
quantitative and qualitative terms, since independence. It has undergone speedy growth 
and has grasped a central place in the global education industry. India has a massive 
network of higher education institutions all over the world with 850 universities (as of 
April 2018) and 42,026 colleges. Presently, India’s higher education system has become 
the world’s largest system with enrolment over 70 million students in a short span of two 
decades and has managed to create additional capacity for over 40 million students. By 
2025, the segment is expected to reach US$ 35.03 billion (IBEF, 2018). According to 
Annual Status of Higher Education in States and UTs (ASHE) 2017, India having a 
population of 1.3 billion is at the juncture of a renovation in the higher education sector 
with noteworthy growth observed in the number of institutions and enrolments in its 
Higher Education system (Deloitte, 2017). According to All India Survey of Higher 
Education Report (2017-18), Gross Enrolment Ratio (GER) has shown an amplified 
growth during the last 5 years, from 32.34 in 2013-14 to 36.64 in 2017-18. The 
government also considers education as the main pillar for sustained economic growth 
and social welfare. Therefore, the government has allotted a huge amount of financial 
resources to the education sector in the yearly budgets and successive 5- year plans. 
According to the RNCOS Report, Department of Industrial Policy and Promotion 
(DIPP), Union Budget 2016-17, India has occupied a vital place in the global education 
industry. The country has more than 1.4 million schools with over 227 million students 
enrolled and more than 36,000 higher education institutes. However, there is still a lot of 
potential for further development. India’s IT firms are working with academic institutions 
and setting up in-house institutes to groom the right talent as these companies move to 
Social Media, Mobility, Analytics, and Cloud (SMAC) technologies. According to data 
released by Department of Industrial Policy and Promotion (2018), India’s education
sector’s total amount of Foreign Direct Investments (FDI) inflow stood at US$ 1.67 billion from April 2000 to December 2017. The education and training industry in India has some chief investments and developments in the recent past. According to Press Information Bureau Government of India Cabinet report, a Memorandum of Understanding (MoU) has been signed between India and Australia to enhance cooperation between the two countries in the field of higher education and research, including technical and professional education, schools, vocational education, and training. The Government of India has taken an initiative to open IIT’s and IIM’s in new locations and allocating educational grants for research scholar’s government institutions.

Furthermore, online modes of education have revolutionized the education sector by allowing learning to be individualized (adaptive learning), enhancing learners' interactions with each other (collaborative learning), and transforming the role of the teacher (from disseminator to facilitator) (Ruiz, Mintzer, & Leipzig, 2006). Today, India’s higher education stands amongst the largest in the world with over 799 universities, 39071 colleges, 11923 stand-alone institutions and an enrolment of 345 lac students. Further, the private sector plays a vital role in the growth of the Indian education system. The share of the state private universities has increased from 3.43 percent in 2008-09 to 34.82 percent as of April 2018. As of April 2018, India has 384 state universities, 123 deemed to be universities, 47 central universities and 296 private universities (IBEF, 2018).

1.3 IMPORTANCE OF INTERNAL MARKETING IN HIGHER EDUCATION SECTOR

Higher education is felt as one of the most significant tools for social and economic development of a nation (Mukhtar, Anwar, Ahmed, & Baloch, 2015). The key rationale of higher education is to develop the world by creating and distributing the innovative and creative knowledge (Bertolin, 2017). Therefore the chief motive of higher educational institutions is unbeaten achievement and enrichment of students’ education. This constructive growth in higher education confirms the significance of educational institutions by understanding satisfaction among student (Yusoff, McLeay, & Woodruffe-Burto, 2015). According to Naik (2015), in India globalization has a vital impact on
higher education in a multidimensional way. This has widened the competition among higher education institutions. As a result, they have adopted market-oriented approaches to distinguish their products from their opponents. Therefore, higher education institutions have progressively become more customer conscious and are focusing on meeting the needs and expectations of their clients, especially students (DeShields, Kara, & Kaynak, 2005). So, abundant studies have been conducted to identify the factors influencing student satisfaction in higher education. Suleyman and Yildiz (2016) identified academic staff satisfaction as the main factor causative to the performance of higher educational institutions. The performance of the academic staffs can be raised by satisfying and motivating the staff to show extra role behaviour. In the higher education sector, a vital factor for the satisfaction of external customer depends on core internal customer (as core service providers i.e. lecturers and professors) satisfaction. In higher education industries if teachers are not motivated and satisfied then the quality of their services suffers and creates dissatisfaction among students (Zeithaml, Parasuraman, & Berry, 1990). Hence the internal customers i.e. teachers must be satisfied and happy to create a congenial working environment in universities so as to increase teaching performance to satisfy their customers that are students. This different concept of employees as customers by companies has led to the evolution of a concept called Internal Marketing (IM). In service firm, employees play an extremely imperative role in serving clients as they perform as the face of the organization and have a continuous interaction with customers (Bitner, 1990). Thus, the satisfaction among the customers of a firm is considered to be the function of commitment and satisfaction of its workforce (Ahmed & Rafiq, 2003; Akroush, Abu-ElSamen, Samawi, & Odetallah, 2013; Foreman & Money, 1995). According to Flipo (1986), the concept of Internal Marketing is defined as the process of commencing, sustaining and developing relationships between employees, their employers, and the organization for customer’s satisfaction. Further, the internal marketing practice and its implications are found to be sturdily linked with the employee performance (Ballantyne, 2000). The underlying principle of this approach is that enhancement in employee job satisfaction definitely increases the customer satisfaction which is the ultimate objective of the organisations particularly in the services sector (Ahmed, Rafiq, & Saad, 2003). Initially, internal marketing approach was
mostly used in profit-making service organizations. Other than this, Kotler and Fox (1995) viewed internal marketing as an important concept in a university setting. Further, Straughan and Cooper (2002) considered teachers as customers, where “the job experience itself, is a service that is designed and delivered to internal customers – all teachers of an organization – and the internal customer satisfaction derived is a function of the quality of the internal marketing efforts of that organization” (p. 253). Keller (2002) opined that management must equip its teachers so to satisfy its students fully (p. 651). Hence, “the concept of internal marketing becomes equally valuable for schools in a similar way as for the other business and other service firms” (Chien & Chin, 2012, p. 1436). According to Ahmed and Rafiq (2002) in an educational setting, the student should be considered as the customer and teacher as the employee of the institution, whose role is to provide service to the institution customer (the student). To improve the service delivery of the lecturers, the organization has to consider the employee as an internal customer of the organisation. The institute must use internal marketing practices to improve the service delivery to the students. These internal marketing strategies will definitely focus on underpinning the motivation, fulfillment, and customer orientation of lecturers and enhance the communication among them.

1.4 INTERNAL MARKETING

1.4.1 The Concept of Internal Marketing

In 1976, the concept and term of internal marketing brought into light by Berry and his colleagues. They gave importance to address and satisfy employee’s needs for superior customer treatment. Further, Berry (1981) by conducting a study in retail banking firms, suggested that employees should be treated as the internal customers of the organizations. The principle of IM is based on two main things: First is to give importance to internal customer’s need satisfaction, prior to external customer’s satisfaction and, second is to have similar rules of marketing for the internal as well as for external market of the firm (Berry, Hensel, & Bruke, 1976). They speculated that employees can be regarded as internal customers and their jobs could be seen as the organization's products. Another thought of IM is reflected in Berry’s (1984) definition of internal marketing as "viewing employees as internal customers, viewing jobs as internal
products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization" (p.272). Therefore, the concept of the employees as internal customer consists of the supposition that when escalating the satisfaction inside the organisation, the satisfaction outside the organisation will raise as well. When employee needs are fulfilled, the motivation of employee increases, which in turn will lead to the attainment of high service quality (Ahmed & Rafiq, 2003). It has evolved as a strategy to create employee satisfaction within the company (George, 1990). It is concluded that internal marketing approach primarily focused on satisfying and motivating employees. The general idea is that in order "... to have satisfied customers, the firm must also have satisfied employees" (George 1977, p.91). Furthermore, Chen, Lin, and Ho (2006) stated that internal marketing refers to all those actions that an organization has to perform in order to train, develop and motivate its employees, so as to provide quality services to its customers. The main purpose of the internal marketing concept is to make the employees feel that the administration thinks about them and their needs. So, while meeting the needs of employees their motivation increases and in turn secures their staying within the organisation. Thus, the satisfaction of the worker's increases and the satisfaction and loyalty of external customers occur (Ahmed & Rafiq, 2003). So, by meeting employee’s needs, the organisation makes their employees more competent to satisfy their customers, which is very important for any organisation and especially for service organizations.

1.4.2 Development of Internal Marketing Concept

The concept of internal marketing has been developed by different authors and is represented in Table 1.1 below.

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Internal Marketing Concept Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gronroos(1981)</td>
<td>Gronroos stated that &quot;... the objective of internal marketing is to get motivated and customer-conscious personnel&quot;(p. 237).</td>
</tr>
<tr>
<td>Berry(1981)</td>
<td>Defined IM as &quot;viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these...&quot;</td>
</tr>
<tr>
<td>Author</td>
<td>Citation Year</td>
</tr>
<tr>
<td>------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Gronroos</td>
<td>1985</td>
</tr>
<tr>
<td>Winter</td>
<td>1985</td>
</tr>
<tr>
<td>George</td>
<td>1990</td>
</tr>
<tr>
<td>George</td>
<td>1990</td>
</tr>
<tr>
<td>Reardon and Enis</td>
<td>1990</td>
</tr>
<tr>
<td>Berry and Panasuraman</td>
<td>1991</td>
</tr>
<tr>
<td>Author(s) and Year</td>
<td>Definition</td>
</tr>
<tr>
<td>--------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Christopher, Payne and Ballantyne (1991)</td>
<td>“Fundamental aims of internal marketing are to develop internal and external customer awareness and remove functional barriers to organisation effectiveness” (p.30).</td>
</tr>
<tr>
<td>Kotler and Armstrong (1991)</td>
<td>Internal marketing as the building of customer orientation among employees by training and motivating both customer-contact and support staff to work as a team.</td>
</tr>
<tr>
<td>Piercy and Morgan (1991)</td>
<td>They view internal marketing as the &quot;... development of a marketing programme aimed at the internal marketplace in the company ... by using the same basic structures used for external marketing&quot; (p. 84).</td>
</tr>
<tr>
<td>Rafiq and Ahmed (1993)</td>
<td>“Internal marketing involves a planned effort to overcome organisational resistance to change and to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies” (p.222).</td>
</tr>
<tr>
<td>Kotler (1994)</td>
<td>“Internal marketing is the task of successfully hiring, training, and motivating able employees who want to serve the customers well’ (p.22).</td>
</tr>
<tr>
<td>Varey (1995)</td>
<td>He stated that “Internal marketing is a process for incremental culture change” (p.55). It ensures effective responsiveness to environmental changes, continuous performance improvement and flexibility for adopting newly designed administrative arrangements.IM aid the organisation to enhance its capacity continuously by matching its responses to environmental changes.</td>
</tr>
<tr>
<td>Ballantyne, Christopher and Payne (1995)</td>
<td>Their definition of internal marketing is that “It is any form of marketing within an organization which focuses staff attention on the internal activities that need to be changed in order to enhance external marketplace performance”(p.15).</td>
</tr>
<tr>
<td>Joseph (1996)</td>
<td>Defined internal marketing as “the application of marketing, human resource management, and allied theories, techniques and principles to motivate, mobilize, co-opt, and manage employees at all levels of...”</td>
</tr>
<tr>
<td>Author(s) and Publication year</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ballantyne (1997)</td>
<td>“Internal marketing is a relationship development process in which staff autonomy and know-how combine to create and circulate new organisational knowledge that will challenge internal activities which need to be changed to enhance quality in marketplace relationships” (p.354).</td>
</tr>
<tr>
<td>Caruana and Calleya (1998)</td>
<td>“The objective of internal marketing is to create an internal environment in which customer consciousness proliferates among personnel” (p.108).</td>
</tr>
<tr>
<td>Varey and Lewis (1999)</td>
<td>“Internal marketing is the relationship and knowledge management required for the ‘new organisation’” (p.941).</td>
</tr>
<tr>
<td>Ballantyne (2000a)</td>
<td>“Internal marketing is a strategic approach to challenging both the attitudes and behaviour of staff towards an understanding of the centrality of the customer. The term ‘customer consciousness’ is appropriate here” (p.47).</td>
</tr>
<tr>
<td>Ballantyne (2000b)</td>
<td>Internal marketing defined “as a relationship development strategy for the purpose of knowledge renewal” (p.274).</td>
</tr>
<tr>
<td>Hogg, Carter and Dunne (2000)</td>
<td>According to them, IM includes “those activities that improve internal communications and customer consciousness among employees and the link between these activities and external marketplace performance” (p.880).</td>
</tr>
<tr>
<td>Rafiq and Ahmed (2000)</td>
<td>They modified their initial definition which fails to include marketing like approach internally and further, stated that “Internal marketing is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees” (p.454).</td>
</tr>
<tr>
<td>Author(s) (Year)</td>
<td>Definition/Quote</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Varey (2001)</td>
<td>IM is continuous training to enhance the service provider’s knowledge of their services and capabilities, their awareness of market opportunities and their marketing skills (p. 217).</td>
</tr>
<tr>
<td>Varey (2001)</td>
<td>“Internal marketing can be seen as a means of promoting marketing orientation” (p. 218).</td>
</tr>
<tr>
<td>Ahmed and Rafiq (2002)</td>
<td>They defined “Internal marketing is a planned effort using a marketing-like approach directed at motivating employees, for implementing and integrating organizational strategies towards customer orientation” (p. 19).</td>
</tr>
<tr>
<td>Bernstein (2005)</td>
<td>Internal marketing is a communication process, and the purpose is to create the customer-oriented organizational culture</td>
</tr>
<tr>
<td>Longbottom, Osseo-Asare, Chourides, and Murphy (2006)</td>
<td>They summed up that “Internal marketing may be viewed from a series of perspectives developing from an early emphasis on marketing orientation to adopting marketing like approaches to developing employee relationship management, and most recently to a focus on creating value (in this context for both external and internal customers)” (p. 713).</td>
</tr>
<tr>
<td>Joshi (2007)</td>
<td>“IM is the application of marketing tools, techniques and tactics inside an organization to instill customer-focused values” (p. 30).</td>
</tr>
<tr>
<td>Abzarie, Ghorbani, and Madani (2011)</td>
<td>IM is a philosophy of HRM to develop jobs as products.</td>
</tr>
<tr>
<td>Kotler and Armstrong (2015)</td>
<td>“Internal marketing is orienting a motivating customer contact employees and supporting service people to work as a team to provide customer satisfaction”.</td>
</tr>
</tbody>
</table>

The present study takes into account Berry (1981) concept of internal marketing. He defined internal marketing as “viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the firm” (p. 34).
1.4.3 Internal Marketing and Human Resource Management

Sasser and Arbeit (1976) asserted that traditional functions of HR are related to internal marketing. IM is the philosophy for managing the human resources of the organization based on marketing perspectives (George & Gronroos, 1989). George (1990) stressed upon the idea of interdependence between HRM and IM. Furthermore, Gummesson (1990) suggested that internal marketing is extending the ideas of training, information, education and communication inside the organization. Several studies (Berry & Parasuraman, 1991, Collins & Payne, 1991; George, 1977; George, 1990; Glassman & McAfee, 1992; Gronroos, 1985; Kotler, 1991) highlighted the link between IM and HRM functions; and IM as a HRM tool used by organizations (Tansuhaj, Randall, & McCullough, 1991) for successfully attracting, recruiting, developing, motivate and retaining qualified employees so as to ensure better service delivery to its customers. However, the fundamental role of IM is to incorporate marketing and HRM functions to the extent that HRM becomes a resource tool for the marketing function so as to assure effective organisational behaviour (Glassman & McAfee, 1992). Rafiq and Ahmed (1993) concluded that internal marketing contributes to HRM by applying marketing like techniques internally for developing the internal customer’s orientation. They believed that HRM already had a collection of tools to motivate employees, and marketing techniques are only added to that collection. Ewing and Caruana (1999) entailed the subordinate position of internal marketing in relation to HRM. HRM offers tools that can be used in IM, such as recruitment and training and IM offers direction on how these tools can be used to develop interactive marketing performance by customer-oriented employees (Gronroos, 2000). Human resource and marketing work together and results in successful internal marketing (Bowen, Schneider, & Kim, 2000). Varey (2001), and Dunne and Barnes (2000) proposed that human resource would “best be served through the contributions of both the marketing and human resources functions as it reflects the common roots of each discipline within psychological theory”(p.192). Bansal, Mendelson, and Sharma (2001) suggested that essential aspects of IM like, empowerment, equity, and commitment are extensively discussed in HRM literature. Yang (2010) believes that there is a resemblance among IM and those of HRM activities which include education, training, communication, and the provision of information.
More recently, Tsai and Wu (2011) found that the managerial activities used in implementing internal marketing included human resource management activities (e.g. vision, rewards, and development).

In summary, it is observed that several researchers think that internal marketing is synonym with human resources management concept (Foreman & Money, 1995 cited by Preston-Broady & Steel, 2002). On the other side, some researchers (Ewing & Caruana 1999; Gronroos 2000; Rafiq & Ahmed, 2000) support that the internal marketing concept has much in common with HRM concept but they are not similar. Further, according to Ahmed and Rafiq (2002) and Kotler (2003) internal marketing is not the same as HRM as claimed by Sasser and Arbeit (1976). IM mix may involve a whole range of HRM interventions alike to external marketing mix (Ahmed, Rafiq, & Saad, 2003). It is concluded from the above literature that IM is related to HRM.

1.4.4 Internal Marketing and Marketing

Gummesson (1987) argued that internal marketing’s main idea is to apply the marketing concept to the internal customers (i.e. Employees). In the same line, Barnes(1989) stated that IM is the application of marketing principles, within the organization to sell customer service to its staff first, so as to encourage them to provide customer satisfaction. Furthermore, Piercy and Morgan (1990) assumed that “marketing is not confined solely to the external world of customers but must be employed internally also within the organization” (p.4). Several studies (Barnes,1989; Piercy & Morgan,1990; Ahmed & Rafiq,2002) were in favour of the use of the marketing mix (4Ps) within the organization. Moreover, many researchers (Ahmed & Rafiq, 1995; Ahmed & Rafiq, 2002; George, 1990; Gronroos, 1985; Rafiq & Ahmed, 2000; Rafiq & Ahmed, 2003) stated that internal marketing involves applying marketing like techniques internally so as to motivate employees to become customer-conscious. In the similar line, Ballantyne, Christopher, and Payne (1991) also argued that IM is any form of marketing inside an organisation which focuses the attention of staff towards internal activities that require to be altered so as to enhance outside market performance. Moreover, it is the application of marketing as well as HRM, and related theories, principles and techniques internally for continuous improvement in external customer’s service delivery (Joseph, 1996).
Furthermore, Varey (2001) stated that IM is a tool to develop and accelerate marketing orientation within the organization. It is concluded from the above literature that IM is related to Marketing.

Although there are different considerations of internal marketing concept by different researchers, it is concluded that IM is linked to both HRM and Marketing as the practices of internal marketing are embedded in human resources management and on the other hand above literature on IM also sheds light on the use of marketing practices within the organization so as to motivate its employees to develop customer-oriented attitudes and behaviours. The present study considered major HR practices, which are found prevalent in management educational institutions as dimensions of IM.

1.5 EMPLOYEE/FACULTY JOB SATISFACTION

Theoretically, Hoppock (1935) first presented the concept of employee satisfaction in his book ‘Job satisfaction’. He termed it as a subjective reaction or an employee’s physical and psychological work environment satisfaction. According to Beer (1964), it is the employee’s attitude towards its organisation, his co-workers, work, and the work climate. Further, Vroom (1964) stated employee satisfaction as the emotional orientations of employees towards their jobs. On the same line, several authors (Amerasinghe, 2014; Eslami & Gharakhani, 2012; Locke, 1976; Mathis & Jackson, 2003; Mohanty & Rath, 2014) described it as a pleasant or optimistic emotional state, which is resulted from one's job or job experiences assessment. Job satisfaction is the degree to which an employee thinks positively or negatively about his or her job (Odom, Boxx, & Dunn, 1990). It signifies a person’s assessment of his or her job and work context (Weiss & Cropanzano, 1996). McNamara (1999) defined job satisfaction as one’s opinion or state of mind concerning the nature of their work. Weiss (2002) defined it as a congenial emotional state of the evaluation of one’s job, an effective reaction and an attitude towards one’s job. According to Robbins (2003, p.72), job satisfaction refers “to an individual’s general attitude toward his or her job”. It is “a positive feeling about one’s job resulting from an evaluation of its characteristics” (Robbins & Judge, 2009, p. 31). Teacher job satisfaction has been defined by Evans (1997) as a state of mind which is determined by the level to which the person sees his/her job-related requirements being
met. It is a function of the perceived relationship between what one needs and what one perceives from teaching and an emotional relation to his/her teaching role (Zembylas & Papanastasiou, 2004). According to Herzberg (1966), Job satisfaction is frequently measured in terms of intrinsic and extrinsic factors. In addition to this, several researchers (Hirschfeld, 2000; Spector, 1997) have shown that different aspects of job satisfaction can be organized according to two dimensions, intrinsic and extrinsic. Intrinsic factors are those which include opportunities for advancement and growth, achievement, recognition, and responsibility. These factors encourage job satisfaction, whereas extrinsic factors include pay, supervision, working conditions, policies, interpersonal relations, and security. They prevent job dissatisfaction (Szymanski & Parker, 1996). Spector (1997); Buitendach and Rothmann (2009) also defined intrinsic job satisfaction as how people feel about the nature of the job tasks themselves and extrinsic job satisfaction as how people feel about aspects of the work situation that are external to the job tasks or work itself. Ryan and Deci (2000) focused on both intrinsic (self-motivated) and extrinsic (externally-defined rewards such as pay, promotion, and advancement) factors. In the present study, the faculty was considered as employees of the institutes and both intrinsic and extrinsic aspects were used to measure their job satisfaction.

1.6 CUSTOMER/STUDENT SATISFACTION

Previous definitions of customer satisfaction revolve around the concepts like expectations, perceived value, experience or quality of service, and consequent appraisal of service (Ali & Amin, 2014). For example, Hunt (1977) defined satisfaction as “a consumer’s post-purchase evaluation of the overall service experience (process and outcome)” (p. 459). It is a position felt by an individual who has experienced performance or an outcome that has full filled his or her expectations (Arif & Ilyas, 2013; Kotler & Clarke, 1987). In a higher education context, students are the prime customers (Sultan & Wong, 2013) of the institution. Considering students as customers of the institution is not new. Various researchers have recommended that in the higher education sector, students are the prime customers and partners as they deliberately pick and obtain services (Kuh & Hu, 2001). Their satisfaction is defined as a short-term attitude which is a resulted from an evaluation of their experience with the educational
services and facilities received (Elliott & Healy, 2001; Carey, Cambiano, & De Vore, 2002) and also as “a concept that reflects outcomes and reciprocity that occur between students and an instructor” (Thurmond, Wambach, Connors, & Frey, 2002, p.176). Further, Elliot and Shin (2002) also defined it is as a student’s assessment of educational outcomes and experience. On the same line, Mukhtar, Anwar, Ahmed, and Baloch (2015) stated that it is a function of the relative level of perceived performance and experiences about educational services. It plays an important role in determining the accuracy and authenticity of the services being provided (Sapri, Kaka, & Finch, 2009). Further, Wu, Tennyson, and Hsia (2010) define student satisfaction as “the sum of a student’s behavioral beliefs and attitudes that result from aggregating all the benefits that a student receives from using the blended system” (p. 157).

There are many ways to explain the aspect of student satisfaction but it is considered that factors related to faculty such as teaching quality, teacher’s expertise, teaching-learning methodology, teaching aids, support facilities, skill-based curriculum, quality of lecturer, lecture delivery, quality of feedback, lecturer-student relationship and interaction are the highest contributing factors in judging overall student satisfaction (Ahmed, Ahmed & Anwar, 2000; Butt & Rehman ,2010; Kashan, 2012; Kroncke,2006; Kuh & Hu ,2001; Hill, Lomas, & MacGregor, 2003; Majid, Mamun, & Siddique, 2000; Martirosyan, 2015; Peng & Samah, 2006; Thornton, 2006). So, the aspects related to the faculty were taken in the present research to measure student satisfaction.

1.7 CONCEPTUAL FRAMEWORK OF THE STUDY

1.7.1 Internal Marketing Dimensions

(i) Vision

Vision has been defined differently by different authors. Snyder and Graves (1994) defined vision as a thought of the future, an image, and a strongly felt hope. It is the long-term and the short-term goals of the company; and a process of giving employees organizational values, purpose, and direction that they can believe in (Foreman & Money, 1995). In addition, vision also communicates with employees about their guidance, positive behaviour and creates strong culture (Berry & Parasuraman,
1991). Furthermore, it evolves employee satisfaction and influence to inspire them (Tichy & Devanna, 1986). Internal marketing programmes include organisational vision in order to develop sense of purpose, establishing behavioural standards, and direction to employees (Bart, 1997; Grönnroos, 1981; Ireland & Hitt, 1992; Klemm, Sanderson, & Luffman, 1991; McGinnis, 1981; McGivern & Tvorik, 1998). Internal marketing practices offer vision and also communicate the vision to employees (Foreman & Money, 1995). Further, Berry and Parasuraman (1991) stated vision as an important element of internal marketing which helps to enhance customer service, a greater degree of marketing orientation and finally leads to employee satisfaction. Several studies (Kirkpatrick & Locke, 1996; Nanus, 1992) stated the understanding and acceptance of organisational vision by employees as an important element of internal marketing which enhance their job satisfaction, commitment and performance towards the job.

(ii) Academic Staff Development

Foreman and Money (1995) defined development as “a strategic investment by the organisation in training its members”. It refers to the extent to which organisations view the development of knowledge and skills in employees as an investment, rather than a cost, and happens as an ongoing process in the organisation (Foreman & Money, 1995). In addition to this, employee development is a joint initiative of the employer as well as employee to improve the existing knowledge and skills of an individual. It is important for employees to keep themselves updated with the latest development in the industry so as to survive in today’s tough competition (Kozaric, 2015). If employees have the sufficient skills, knowledge, and abilities they will be more motivated and interact more effectively with customers and being able to satisfy their needs better (Nickson, Warhurst, & Dutton, 2005; Chapman & Lovell, 2006). At the heart of IM is the notion of viewing employees as an internal market within a firm, and this internal market needs to be informed, motivated, educated and developed so as to accomplish the organizational objectives (Berry & Parasuraman, 1991; Papasolomou-Doukakis, 2002). Employees should be developed and trained to know the required tasks to do their job well which work with the organizations objectives to get the job well done (Piercy, 1991). Piercy and Morgan (1991) say that for proper implementation of internal marketing, employees must
be properly trained and developed to fulfill their service role. With a well-developed workforce, an organization can use the full potential of its employees, thus improving business performance. A number of researchers (Berry & Parasuraman, 1991; Foreman & Money, 1995; Gummesson, 1990) suggested that internal marketing includes employee training and development. Training and development of employees can enhance every sub-goal of internal marketing: attracting, developing, motivating and retaining superior employees. Therefore, it is considered an essential element of internal marketing (Berry & Parasuraman, 1991). In addition to this, Foreman and Money (1995), and Varey (2002) also argued that employee development is one of the main elements of internal marketing. Furthermore, findings of several studies (Ahmed & Rafiq, 2003; Lee, Huang, & Zhao, 2012; Tsai & Wu, 2011) has confirmed training and development as a core component of IM.

(iii) **Rewards**

Hale (1998) defines rewards as a system designed to motivate behaviours, actions, and activities that help to proceed the organizations towards specific business goals. In addition to this, Reward is an employee benefit that employees receive from employers for their work (Schermerhorn, Hunt, & Osborn, 2005). In this regard, Mitchell, Terence, Dowling, Peter, Kabanoff, Boris, and Larson (1988) stated that employee benefits are considered an important element of internal marketing as it helps managers to retain their valued employees and also aid in achieving the organisational goals and values that it needs in employees. A good strategic reward can help the company to satisfy the needs and wants of the internal customers, and in doing so can also improve the possibility of satisfying the needs and wants of its external customers (Lai, 2006). In internal marketing, employees need to be informed, educated, rewarded and motivated to meet external customer’s needs and expectations (Varey & Lewis, 2000). Ahmed, Rafiq, and Saad (2003) believe the inclusion of strategic reward in implementing internal marketing is important as it will help in accomplishing other goals of internal marketing such as motivation and employee satisfaction. They add that in order for the strategic reward to work within the ambit of internal marketing, employees must be informed about how and
why they are rewarded. The reward is found to be one of the most important dimensions of internal marketing (Janjua, Ahmad, & Afzal, 2014).

(iv) Internal Communication

Internal communication has been defined by various authors in different forms. Several researchers (Dougherty, 1992; Griffin & Hauser, 1992; Piercy & Morgan, 1990) stated that internal communication act as a dialogue intended to convey feelings, perceptions and intentions of managers and employees regarding different organizational issues which can reduce departmental isolation and inter-functional friction, enhance cross-functional integration and can reduce language barriers between functions. In addition to this, Papasolomou (2002) defined internal communication as “a management process through which an organization enters into a dialogue with its various internal audiences” (p.90). It is about the sharing of ideas in order to contribute to organizational progress (Gilmore & Carson, 1995). An effective internal communication can have a positive impact on employees by motivating them to work harder (Argenti, 1998). Further, Dunmore (2002) defined internal communication as the process by which people interact, exchange ideas and share information in order to increase their awareness of their job objectives. Internal marketing includes providing information and communication with employees (Gummesson, 1990). Moreover, communication or the transfer of information between employees is one of the most important functions in any organization and is a tool of internal marketing that affects employees’ satisfaction more than business performance (Ahmed & Rafiq, 2003). Ahmed & Rafiq (2003) further stated that “one of the most common IM applications is the crafting of internal communication strategies” (p.1183). Additionally, Yang and Coates (2010) also stated that effective internal communication is a very important tool for the internal marketing; it helps the management to ensure service delivery with high satisfactory level.

(v) Empowerment

Most of the definitions of empowerment approved that it is concerned with giving employees more autonomy, power and judgment to execute their everyday jobs. For example, Aaner, Lind, Toldi, and Berger (2007) defined empowerment as authorizing
and enabling employees to act, behave, think and make their decision to get the job faster and easy to make. It is a strategy set by management that enables employees to make decisions about their jobs (Mahmood, 2013). Carlzon (1987) viewed empowerment as releasing employees from tight control by directions, policies, and orders, and providing them the freedom to take liability for their ideas, decisions, and actions. It also refers to employee’s permission to make decisions relating to everyday situations (Bowen & Lawler, 1992; Conger & Kanungo, 1988). On the other hand, Leitch, Nieves, Burke, Little, and Gorin (1995) described employee empowerment as giving staff both ability and responsibility to take actions to identify problems and to deal effectively with them which affect service quality. In addition to this, Baron and Harris (1995) suggested that employee empowerment “involves releasing control to the service employee at the crucial moment of contact with the customer, giving them autonomy to make decisions flexibly in response to the customers’ demands as and when they occur” (p.13). Further, Conger and Kanungo (1988) stated that it involves sharing formal and informal decision making power between managers and their subordinates so that employees can exercise good judgment to make day to day decisions about job-related activities. Moreover, it also enables employees to think, behave, take action, control work and decision making in autonomous ways which are an important factor of job satisfaction (Fosam, Grimsley, & Wisher, 1998). It helps employees to own their work and take responsibility for their results (Payne, Holt, & Frow, 2001). Gilmore and Carson (1995) argued that involving and empowering employees to make decisions of their own while dealing with customers is a part of the internal marketing activities that have been used by many organizations. Empowered employees are more satisfied with their job and therefore are more enthusiastic about serving customers well (Bowen & Lawler, 1992). It is one of the essential elements of internal marketing (Berry & Parasuraman, 1991). Payne (1993) claimed that a formal marketing plan for internal marketing is of little value if customer contact employees are not empowered to deliver the level of service quality required. Moreover, internal marketing model developed by Ahmed and Rafiq (2002) also considered employee empowerment as an important internal marketing element. They further stated that empowerment impacts job satisfaction (Rafiq & Ahmed, 2000). Several researchers (Rafiq & Ahmed, 2000; Ahmed et al., 2003; Boshoff & Allen, 2000)
regarded empowerment as one of the internal marketing element that can affect employee satisfaction.

Thus, from the above literature, it is concluded that Vision, Academic Staff Development, Rewards, Internal Communication and Empowerment are the important elements of internal marketing.

1.7.2 Internal Marketing and Employee/Faculty Job Satisfaction

Internal marketing is a concept which emphasizes that employees are a first market (Ewing & Caruana, 1999; Gronroos, 2000). Berry (1981) viewed employees as internal customers of the organisation and jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization. He further stated that just like external customers, the needs of internal customers have to be satisfied. The idea of satisfied employees for the benefit of satisfied customers is developed through the concepts of internal marketing. Internal marketing should be taken as precedence before external marketing (Kotler, 2000). Furthermore, it is a management philosophy that focuses on the satisfaction of internal customers as a prerequisite for external customer satisfaction (Nickels & Wood, 1997). Moreover, the logic of IM states that employees are the internal customers of their organizations who had needs to be satisfied; and those needs were closely connected to their jobs. Therefore, internal marketing relates to job satisfaction and an employee’s ability to influence and satisfy the needs of others inside the organisation is considered an antecedent to external customer satisfaction (Gummesson, 2000, p.28). Keller (2002) laid stress on the internal marketing mix, the elements which include strategies and techniques that are needed to satisfy internal customers’ needs. According to Gounaris (2008), the key intent of IM programs is to strengthen employee job satisfaction. Tansuhaj, Randall, and McCullough (1991) designed a study to indicate that an employee’s job satisfaction is affected by internal IM practices. On the same line, Conduit and Mavondo (2001) found that a company that is applying IM practices to meet the expectations of its internal customers will have a positive impact the level of job satisfaction among its employees. Qayum and Sahaf (2013) explored internal marketing as a pre-requisite for employee satisfaction in a University setting. In the same way, Esfahani, Amirosadat, Rahimi, and Marandi (2013)
examined the positive impact of internal marketing on staff job satisfaction. A study by Martey (2014) showed the implementation of internal marketing can significantly enhance employee’s satisfaction with their jobs. Besides, the results of Huang and Rundle-Thiele (2014) study indicated that there is a strong evidence for the effect of IM on employees’ level of satisfaction. Sarker and Ashrafi (2018) also augmented that internal marketing is the precursor to higher job satisfaction. Stronger the internal marketing practice, better will be the level of employee satisfaction. Thus, it can be concluded that the satisfaction of employees (i.e. faculty), can be achieved by implementing internal marketing practices.

1.7.3 Employee/Faculty Job Satisfaction and Customer/Student Job Satisfaction

Personnel of an organisation play an imperative role in serving its customers, as they act as the face of the organization and interaction with the customers on continuous bases (Bitner, 1990). Thus, the satisfaction and commitment of the employees are considered as the predictor of the satisfied customer (Ahmed & Rafiq, 2003; Akroush, Abu-ElSamen, Samawi, & Odetallah, 2013; Foreman & Money, 1995). In addition to this, Keller (2002) points out that “if management wants its lecturers to do a great job with customers, then, it must be prepared to do a great job with its lecturers”(p.651). The competition in higher education institutions becomes more competitive than ever. To win the competition, the institutions need to satisfy the customer (i.e., students). A satisfied customer can be achieved if the employees are satisfied (Kotler, 2000; Pitt, Bruwer, Nel, & Berthon, 1999; Schultz, 2002). It is expected that satisfied employees deliver better services (Schmit & Allscheid, 1995) which affect customer confidence positively and contributes to achieving customer satisfaction and loyalty. Schneider (1980), and Hartline and Ferrell (1996) argued that only satisfied employees deliver better services. Gounaris (2008) also stated that satisfied and motivated employees will positively influence customer satisfaction. Consequently, having a loyal base of satisfied customers within such a competitive environment increases revenues decrease costs and builds market share (Nadiril & Tanova, 2010). Further, Agrawal and Nagar (2013) augmented that satisfied faculty is a source of student satisfaction. Thus, to have satisfied customers (i.e. students), the satisfaction of employees (i.e. faculty) is necessary.
This research aimed to explore various dimensions of internal marketing, its role in developing satisfaction among employees (i.e. faculty) and further, the relationship of faculty satisfaction on student satisfaction in management education institutions. Therefore, the researcher developed a conceptual framework to focus on the link between internal marketing and faculty satisfaction; and the link between faculty and student satisfaction. To achieve this, firstly the researcher identified a set of important internal marketing dimensions, namely Vision, Academic Staff Development, Rewards, Internal Communication and Empowerment. Second, the link between internal marketing and faculty job satisfaction is established and finally, the link between faculty job satisfaction and student satisfaction is established. The figure below represents the conceptual framework of the study, developed on the basis of a literature review.

![Conceptual Framework of the Study](source: Based on Literature Review)

**Figure 1.1: The Conceptual Framework of the Study**

1.8 Justification for the Study

This research can be justified on these their grounds as follows: (1) the importance of internal marketing in higher education specifically, in management education institutions (2) the interdisciplinary approach to assess the relationship between internal marketing, faculty job satisfaction and student satisfaction; and (3) limited research of internal marketing in higher education institutions. Caruana and Calleya
(1998) stated that both external and internal marketing can lead to successful marketing of the organisation. External marketing concentrate on people outside the company, while internal marketing focuses on internal customers (i.e. employees) need satisfaction so as to serve customers well (Kotler, 2003). Internal marketing impacts employee job satisfaction (Sarker & Ashrafi, 2018) and employee job satisfaction have an impact on customer satisfaction (Sohail, & Jang, 2017). As the concept of internal marketing is related to other concepts like job satisfaction and customer satisfaction, it is considered important for every organisation. It can be stated that researching and understanding the relationship between internal marketing, faculty job satisfaction, and student satisfaction would support institutions of higher education to formulate appropriate strategies. The institution can better understand the factors that have an influence on an employee’s job and student satisfaction. The present research employs an interdisciplinary approach to study the relationship between the three constructs. This approach focuses on studying the behaviour of people more carefully and is used as a means to develop social science research (Deshpande 1999; Horton 1984; Murray & Evers 1989). Less of the research on internal marketing is found in higher education. Although internal marketing has been examined in management fields such as public sector (Ewing & Caruana 1999), airlines (Fu, 2013), insurance (Ferdous & Polonsky, 2014), manufacturing and services companies (Ahmed et al., 2003), there exists a gap in higher education sector. Specifically, the lack of internal marketing research in management institutions triggers the researcher curiosity. Since, the aim of a university is to prepare students for the real world (Comm & Mathaisel, 2003) and this can be achieved through satisfied faculty and satisfaction of faculty is affected by IM practices. “Therefore, the concept of internal marketing might be valuable for schools as well as it for other service organizations” (Logaj & Trnavcevic, 2006, p.86).

1.9 THESES STRUCTURE

The main body of this research study is divided into six chapters, along with tables and annexure to support the analysis and findings of the study. A brief overview of the contents of all the chapters is given below:
Chapter I: Introduction

Chapter 1 gives an overview of the relevance of service sector in Economy and Current status of the Higher education sector in India. The Importance of Internal Marketing in Higher Education is also discussed in detail. Further, the key constructs which have been used to conduct the study have also been deliberated upon i.e. Internal Marketing, Faculty Job Satisfaction and Student Satisfaction. The conceptual frameworks of the study and justification of the study were also discussed in this chapter.

Chapter II: Review of Literature

The second chapter focuses on the existing literature in the area of Internal Marketing, Faculty Job Satisfaction and Student Satisfaction. Linkages between Internal Marketing and Faculty Job Satisfaction; and Faculty Job Satisfaction and Student satisfaction have been explored. The extensive review of the literature identifies the research gap and provides a direction for the present study. The review has been prepared by studying the various research papers and articles published in the journals, published books, industry reports, thesis, and dissertations, from authentic websites on the internet and other miscellaneous articles.

Chapter III: Research Design and Methodology

In this chapter detailed discussion on the research methodology adopted for the study is given, followed by deliberation on the formulation of research hypotheses, the scope of the study, research area, sampling, questionnaire design, pilot survey, final data collection and tabulation. The chapter also highlights the various statistical tools used for the analysis and interpretations of the data for the study.

Chapter IV: Internal Marketing Practices in Management Education Institutions

This chapter talks about the select management institutions profile and the recent trends in management education institutions.
Chapter V: Data Analysis and Interpretation

This chapter is about analysis and interpretations of the results derived from applying various relevant statistical tools and techniques to the data. The main tools used in the study were Factor Analysis, Reliability analysis using Cronbach’s Alpha method, Correlation and Regression and SEM.

Chapter VI: Findings, Conclusion and Suggestions

In chapter VI, an attempt has been made to present an overall assessment in the form of findings and conclusions. Conclusions and suggestions have been drawn on the basis of findings of the present research study. The chapter summaries the recommendations and suggestions generated by the present research work. Further, the limitations and future scope of the study have also been mentioned in this chapter.
REFERENCES


Carey, K., Cambiano, R., & De Vore, J. (2002). Student to faculty satisfaction at a Midwestern university in the USA. *HERDSA, 93-97.*


Kozarić, N. (2016). *Internal Marketing and Job Satisfaction, Implications for Human Resource Management: The Case of BH Telecom* (Master's Thesis). The Ohio State University, Columbus, USA.
Kroncke, K. A. (2006). *Correlation between faculty satisfaction and student satisfaction in higher education.* The Ohio State University, Columbus, USA.


