The effect of internal marketing dimensions on organizational commitment of employees: An Investigation among Private Banks in Faisalabad, Pakistan
(A study based on different dimensions of internal marketing)

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Abstract

The Employees are also the customers of a company and they have ability to change the future of organization. The purpose of this paper is to examine the effect of internal marketing on organizational commitment of employees in private banks of Faisalabad. A model was made to examine the factors affecting organizational commitment and it was tested empirically using a sample of 109. All the respondents were employees of different private banks working on different ranks. The questionnaire strategy was used for this research. Descriptive statistics and regression was run to find the results. The paper found Job satisfaction, Understanding and differentiation and Inter-functional coordination and integration to be the most effective components of the internal marketing construct of the research model, making them key influencers of organizational commitment.

This study is confined to two things: one is organizational commitment “Affective commitment” and other is internal marketing. The branches of private banks in Faisalabad were chosen for this research so the research place of this study is private banks of Faisalabad. Microfinance banks, public sector banks and development finance institutions are not under the shadow of this research umbrella. The paper outlines ways to effectively use internal marketing for making employees committed to bank. A marketing manager or policy maker can follow these outlines for making policy for employees.

Keywords: Internal marketing, Integrated Marketing, Organizational commitment, Job Satisfaction, Inter-functional coordination and integration, Motivation.

Introduction

The competition between the companies has enhanced in this world of rapid globalization, hastened product life cycles and immediate diffusion of information. It created ease for every company so that it can enter in the market and deliver products or services according to needs and wants of customer. The marketing is a societal process and from this process individuals and group of individuals can easily get their desired demands by offering, generating and exchanging valued services and products freely with others(Kotler, 2000).The marketing field has developed through time as the society has passed through gigantic economical changes. The development of gradually growing service sector has influenced the way of communication with customers (Eriksson, Hilmersson, & Sjolander, 2009). The movement of marketing activities from a perspective of transaction to a perspective of relation is based on an idea that the quality of service is crucial part to achieve competitive advantage (Gronroos, 1996).Marketing’s process is not only needed outside but it also exists internally in an organization, so in that case the market not merely consists of final customer outside the company but also comprises of individuals or group of individuals within the
organization (Farzad, 2007). Satisfied employees can produce satisfied customers (Pitt, Bruwer, Nel, & Berthon, 1999; Schultz, 2002; Kotler, 2000). The internal marketing shows the importance of marketing concept internally or externally in any firm and it focuses majorly on the employee and helps in providing a source of competitive advantage (Panigyrakis & Theodoridis, 2009). According to Caruana & Calleya (1998) the internal marketing’s objective is to develop such an environment internally where the employees can think about the willingness of customer. The most important factor behind the every successful service firm is the satisfaction of firm’s internal customer (Gremler, Jo Bitner, & Evans, 1994). Banking sector is an example of business where relationship marketing has become very important. Apart from their size, there are some other attributes which differentiate banks from each other (Richardson & Grant Robinson, 1986). To reach the organizational objectives, marketing should be employed externally and internally because it is equally important to handle both customers and employees with the assistance of proactive policies (Ahmad, Iqbal, & Sheeraz, 2012).

In development of effective human resource management there is important role of internal marketing and it connects two separate disciplines: The organizational sciences especially organizational behavior and the marketing especially service marketing (Farzad, 2007). Now employees are not seen by the companies as that they only have a basic function of providing goods or services but they are seen on the basis of their capabilities towards offering service. Companies are getting familiar with the importance of motivated and responsive employees and many companies recognize that they can translate to happy and loyal customers (Liao et al., 2004). Internal customers of organization can be happy if both marketing and human resource management will work together. There is great importance of human capital in industry and now companies are actually getting the worth and importance of human capital. The paradigm about people management is changed by companies because the significance of human capital is increasing day by day in this industrial age (Chand, 2011).

It always has been focused by internal marketing’s concept that the first market of company is their own personnel. The change in service quality and attitudinal change of customer facing staff would make the organization able to compete more effectively in the external market place and this was the main purpose behind the launch of internal marketing within banks (Papasolomou & Kitchen, 2004). Employees are the domestic customers and these customers can change or alter the organization’s future events and organizations cannot deny this fact. Organization should revise the attitude and behavior of its employees in order to make them able to survive in market (Isfahani, Yarali, & Kazemi, 2012). The involvement of organization in both external and internal marketing can be helpful in better implementation of any successful marketing process. It is important for any successful service firm that it should sell job to their own employees before selling customer services (Sasser, 1976). Ahmed and Rafiq (2003) discussed that internal marketing helps in understanding each part of the organization towards its role for success within the company. Internal marketing cannot be neglected in this word which is constantly becoming more complex and it helps to align and create internal relationships that make it clear that what is the importance of every single part of organization and what each part means for the outcome of the next customer line within the supply chain;

“IM aligns the individual into a collective unit, performing in concert to the orchestra of strategic coherence and alignment” (Ahmed & Rafiq, 2003).

Service organizations can get a lot benefit by retaining their employees and making long-standing relationship combined with organizational commitment with them because profitability of these institutions depends upon efficiency of their employees (Parasuraman & Grewal, 2000). Moreover it helps the organization to secure a huge market share and to create a leading position in
market as compared to competitor. Practices of human resource management in banks are changing because of intense competitive environment (Hunter, 1995). If there is a desire of meeting the needs of banking services, expectations of Pakistani’s and improving human resource management practices in banks, the commitment of employees towards organization should be enhanced through modern internal marketing methods, scientific relationships with employees and enjoyment of technology (Khan et al., 2011). Increasing organizational commitment of employees is one among the most important results of internal marketing (Tansuhaj et al., 1987) and one of the most important strategic goals of the organization is to retain skilled and talented labor (Hosseini et al., 2010).

**Literature Review**

Internal marketing is defined as “A planned effort using marketing-like-approach to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate 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” (Rafiq & Ahmed, 2000). Over the past 20 years the heedful assessment of literature shows the presence of three distinct but closely interlinking chains of internal marketing conceptualization’s theoretical development, namely a customer-oriented phase, strategic implementation/change management phase and employee satisfaction phase (Rafiq & Ahmed, 1995).

**Phase 1: Employee satisfaction and employee motivation**

Internal marketing’s idea was generated in order to ameliorate service quality of organization (Rafiq & Ahmed, 2000). It focuses on employees because of the fact that they are responsible for inconsistent service delivery. So, it can be said that the organizations which struggle to provide continuous service and quality to their customers should focus more on satisfaction and motivation of employees.

*Viewing employees as internal customers*

Internal marketing is defined as presenting employees as an internal customer and viewing employee’s job as an internal product which fulfill the demands of customers like addressing organizational goals (Berry, 1981).

Viewing their employees as customer forces and their job offerings as product:

The devotion of managers should be same towards their jobs as well as towards the customer who purchases any service offered by them (Sasser & Arbeit, 1976).

*Focus on employee satisfaction*

A new approach to employee management the focuses on satisfaction of employee which can widely be credited to the reality that in service marketing much of what customer buy is human or labor acts of performance. Consequently, it becomes critically important to attract, motivate best personnel and also their retention (Thompson et al. 1978; Sasser and Arbeit, 1976).

**Phase 2: Customer orientation**

*Interactive marketing*

Gronroos (1981) undertook the next important step for the development of the IM concept, the initial point of which concern that the service contact employees start involving in what he named or called “Interactive marketing”. It is recognized by him that not merely interaction of buyer or interaction of seller have an effect on repeat buying and buying decisions but also, marketing opportunities for firm is provided by those buyer-seller interactions. There is need of sales-minded and customer orientated personnel to take advantage of these opportunities. Hence it is the goal of
interactive marketing to “get customer conscious and motivated employees”. According to this view employees must be “sales” minded and motivation for better performance is not sufficient. Furthermore, the effective service also needs effective coordination among backroom support staff and contact staff. The IM can integrate the several important functions of service company that are related to customer relations (Gronroos, 1981).

Gronroos (1985) expanded the real definition of IM as a procedure propelling personnel toward sales mindedness and awareness of customers, to involve the application of activities that are marketing like in this regard: making sure that internal marketing of organizational employees can be stimulated most efficiently and thus can be propelled to sales-mindedness, customer awareness and market alignment through the application of “marketing-like activities” and “marketing-like approaches” internally.

Gronroos (1990) accepted the addition of marketing like technique by claiming IM’s belief that employees are “best motivated for service-mindedness and customer oriented behavior by an active marketing like approach, where marketing like activities are used internally”. The definition of (Berry, 1981) become similar to Gronroos as in that every approach among the both sets of approaches emphases the use of “marketing like technique” and the need of employee motivation.

**Phase 3: Change management and strategy implementation**

**Strategy implementation vehicle**

Many authors explicitly identified the IM’s role as a tool for execution of strategy and from this insight the beginning of third phase came into being. Winter (1985) disclosed the potential and important role of IM as method which is used for organizing employees for the achievement of organizational goal. The IM’s role is similar to the role of motivating, aligning and educating the employees towards institutional goals. There is a great potential of IM as a mechanism of cross-functional integration within an organization and this belief supported that IM is an implemented vehicle (Flipo, 1986; Tansuhaj et al (1987)). IM is considered as a general instrument for implementing external or internal organizations strategies because of these extensions. In due courses, IM is observed as reduction mechanism for the isolation of department (Martin, 1992), overcoming change resistance and reducing inter-functional friction (Darling & Taylor, 1989; Rafiq & Ahmed, 1993). Isolation of department, overcoming change resistance and reduction of inter-functional friction widened the application of IM to any type of organization, not only to services. For example the concept to manufacturing firm was applied by (Harrell & Fors, 1992), and (Rafiq and Ahmed (1995) provided it an implementation methodology for change management which is suitable for wide range contexts. It has been suggested by the discussion of phase 3 that the IM activity scope is broader than employee motivation towards consciousness of customer.

Now a day it’s very much clear that the affordability of companies for maintaining barriers between departments and functions has been vanished. Within the organization, success is driven by functions related to integration- production, services, product planning, sales promotion and distribution, market research and advertising; to achieve the business objectives. Internal marketing has systematic approach of aspiration and needs and because of this it guide all departments, people and functions of organization. This validate and supports “internal customer supply chain” because it is repeated in organizational communication of all employees from top level to middle level management and all related workers who are working at floor of shop (Rafiq & Ahmed, 2003). Internal marketing is an association which builds an organization made of different projects, procedures and networks (Gummesson, 2001). Internal supply chain consists of internal customers and suppliers and the internal marketing is involved in construction of this chain (Foreman & Money, 1995). Throughout the process of value chain many internal exchanges appear and personnel turn out to be a part of value building process. It’s not only the function of customer
Facing employees to endorse the philosophy of marketing infect every employee in an organization should do this (Sincic, 2005). This reality that back employees “see themselves as disconnected from the customer, so they do not think about their performance in terms of customer satisfaction” (Reardon & Enis, 1990, p. 378). The association of internal customer orientation is with the high quality of service delivery to external customers and that better external customer service comes from superior service internally along the supply chain (Lings, 1999; Lings and Brooks, 1998).

The need to manage connections among internal customers and their internal suppliers were identified by Morgan and Hunt (1994) concurrently with the management of relationship between the firm and customers and its suppliers. Gummesson (1987) explored that external supplier and customer connections fall in the discipline of supply chain management. According to him the connection between the customer and its supplier is complex one and it consists of many simultaneous individual relationships among the departments in customer organization which compact directly with each other and departments in the supplier organization. Gummesson (1994) examined these wide reaching and complex relationships existing between the customer and supplier organizations and he noted that all of these marketing relationships are not under the direct effect of marketing section. For instance in the relationship between customer engineering department and supplier. Gummesson (1994) emphasizes that the demand for the firm is decided on a relationship portfolio for it’s business and in making certain that these relationships are being managed with skills. It is the duty of internal marketing to manage and examine the total set interactions and relationships which gave rise to further value. It is not only compulsory for companies or employees to get knowledge of managing and developing such internal relationships among individuals and group of individuals, infect it is compulsory for everyone who is falling in the boundary of internal markets. What marketing has promised externally is delivered by dealing these organizational relationships (Rafiq & Ahmed, 2003).

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Source: (Berry & Parasuraman, 1991)

**Figure 1: Dimensions of customer satisfaction**

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The most important driver in the reinforcement of “employees-customer interaction” is the commitment and this commitment can be seen by loyalty and satisfaction of employee (Jamieson & Richard, 1996). Berry & Parasuraman (1991) recognized the dimensions of customer satisfaction, according to these dimension the understanding of customer satisfaction is the foremost important thing to be considered for customer’s expectations and as a result of these expectations, the delivery of product and services is perceived by them. These factors will lead to word of mouth or dissatisfaction and complaints (to others or ours) or satisfaction recommendations. Figure 1 shows some ideas from which we feel comfortable in external market place settings.

The interrelationship among external markets and internal markets has been illustrated in figure 2.

External market is the first pole: Its behavior influence the behavior of contact personnel (4) and marketing manager define strategy (1). Internal market is the second pole: Its behavior stimulates the customer behavior (3) and marketing manager defines organization’s internal strategy (6), the function of marketing is the third pole: Its strategy stimulates both the external (2) and internal market (5) (Flipo, 1986).

The supervisors want to identify that what can motivates employee to reach at their maximum performance and since when motivation started to influence productivity. It is very difficult task to increase employee motivation because the response of employees varies to their jobs and their organizational practices (Farzad, 2007). Motivation can be defined as a set of processes that are used to move a person towards a goal (Lindner, 1998). To motivate employees in a marketing oriented organization two things are required, one is performance criteria and the other is demonstration of management behavior that is consistent with internal marketing and marketing orientation (Kilburn, 2009; Lam, et al., 2010). Kilburn (2009, p.83) says that “those who are responsible for the implementation of internal marketing program” should must propose ‘an appropriate structure for rewards’ and high levels of ‘internal customer’s orientation’ would be demonstrated by being in place before employees. Hierarchy of need divided needs into five different levels and these can be best seen in the form of hierarchy having the most sophisticated
need at last and most basic need at first (Maslow, 1954). The People lift towards first level of hierarchy at one time and next level of need is achieved when the gratified needs loses their strength. The higher-level needs become operative when lower-level or basic needs are satisfied. We cannot say that the satisfied need is motivator because for employees the most powerful and strong need is only one which has not been satisfied yet. There are 5 levels shown in the Maslow’s hierarchy of need having physiological needs, safety needs, social needs, esteem needs and self actualization need respectively. Additionally the employees who are on higher or top levels of organizations are motivated more with higher level of needs but the lower level needs can satisfy the employees working at lower levels of organizations (Berl et al, 1984). According to Herzberg (1966) the motivation can be examined in the context of job content and also the job contest. The process of motivating employees is based on two steps one deals with providing hygiene and other deals with providing motivators. The range of one or first continuum is from dissatisfaction to no dissatisfaction and the range of other or second continuum is from no satisfaction to satisfaction. Satisfaction arrives from job content or intrinsic motivators as like growth possibilities, recognition in organization, the work itself, responsibility of work, achievement and advancement. Since when the job satisfiers involve job content and satisfaction, the Herzberg started to use term motivators for them (Herzberg, 1966).

Organizational behavior is the branch of study which is dedicated to explain, recognize and ultimately develop people’s attitudes and behaviors within organization. It is based on applied practice and scientific knowledge (Kaifi & Noori, 2011). Internal marketing comprises of two distinct disciplines which are organization behavior and marketing. Organizational behavior is the branch of study which draws methods, to acquire capacities of learning theories and rules from different fields while working within organization or in groups and to examine external environment effect on organization and its strategies, aims, missions and human resources (Farzad, 2007). “Today, when we describe organizations as systems, we mean open systems. An organization takes inputs (resources) from the environment and transforms or processes these resources into outputs that are distributed in the environment” (Robbins & Coulter, 2005, p. 35). This multidisciplinary definition of organizational behavior demonstrates various points. First it is indicated by OB that behaviors and attitudes of people operate at group, individual and organizational level. Second, organizational behavior utilizes theories, principles, methods and models from various other disciplines so it is multidisciplinary. Third, with in these organizational people behavior there is distinctly humanistic orientation, their feelings, attitudes, goals, learning capacity and perceptions are important the organization. Fourth the organizational behavior field is performance oriented. Manager faces important issues such as; can training enhance the performance of job? How to improve performance? Why the performance is low or high? Fifth it is seen that there is significant effect of external environment on organizational behavior. Sixth, while studying variables and relationships, scientific method is of much importance as the field of organizational behavior which mostly depends upon many recognized disciplines. With the application of modern scientific method on the study of organizational behavior, principles and guidelines have evolved which play an important role in best research (Gibson et al, 2005). The commitment of employees and/or their loyalty towards firm can be said as organizational commitment if they feel that staying with bank and working there in future as their obligation (Cha, Kim, & Cichy, 2009). Meyer and Alleh (1997) made a structure having three dimensional components by focusing on the similarities and differences existing in “organizational uni-dimensional concepts”. Their discussion was generally on organizational commitment that it combines together the individual and organization and decreases the turnover (Meyer &
Herscovitch, 2001). They differentiated commitment in three types: 1) Affective commitment: In a particular organization the organizational commitment includes the potency or ability of individual and recognition involvement. Here it is seen that emotions of employee are attached with organization and he become committed to pursue organizational goals; such type of commitment is known as affective commitment (Meyer & Allen, 1984). The organizational commitment has one more dimension which is named as continuance commitment and according to this, employees are less efficient but extra calculative having more focus on cost (Security & pension) (Becker, 1960). Now a day an individual who wants to study in an organization has eye only on pension (Mullins, 1995). 2) Continuance commitment: Continuance commitment is related to staying in an organization for the sake of expenses of leave or compensation. Such type of commitment is occurred when an employee thinks that he or she is not having ability to compete in market or in area of interest. Employees like this have a feeling that they are dependent on organization. These are two infrastructure of this type of commitment. One infrastructure is based on extent of person’s willingness towards leave and other infrastructure differentiates available positions in the organizations leave and expenses (Awwad & Agti, 2011). 3) Normative commitment: This type of commitment shows that employees feel their responsibility or objective to stay in an organization and its in their mind that staying there is a correct option (Allen & Meyer, 1997).

The turnover cost is very low in the case of committed employees and also they require less suspension because they are less expected to quit current job and accept new one. The process of rigid monitoring and close supervision are cost and time consuming. The connection between internal marketing and market orientation is that; internal marketing leads towards marketing orientation by organizational commitment as marketing orientation cannot be visible in the absence of firm commitment (Awwad & Agti, 2011). The lack of commitment will lead towards low performance and as a result the cost will increase and quality of services will decrease (Caruana & Calleya, 1998). There is a great impact of organization’s business performance on internal marketing and it helps in maintaining the highly motivated and highly satisfied workforce (Dunne & Barnes, 2000). Among all the five dimensions of internal marketing the employee’s satisfaction towards job and understanding and differentiation has more effect on bank employees’ organizational commitment (Ramos, 2015).

Indian Banks have its small branches in Muslim majority area of sub-continent, which later become Pakistan. These banks shifted their branches and also headquarter back to India after creation of Pakistan. At the independence time two major banks including Comila Bank Corporation and Punjab National Bank were working. The numbers of bank offices were reduced from 631 to only 195 between 30th June, 1918 and 14th August 1947. The total number of Imperial Bank of India branches in area of Pakistan was more as compare to Habib Bank during early part of 1949 (Tanveer, 2012). The government of Pakistan in early days worked hard in order to make and strengthen the banking system of Pakistan. The Establishment of State Bank of Pakistan was result of these efforts. SBP was inaugurated by the hands of Quaid e Azam Mohammad Ali Jinnah in 1948 and especially to grace the occasion he moved from Quetta to Karachi (Tahir, 2003). First it was scheduled to make State Bank in September 1948 but the governor of State Bank “Zahid Hussain” contributed and devoted his energy and time for streamlining the working of the State Bank and completed in July 1948. In normal conditions when the commercial banks start working efficiently, the Central Bank of a country is established but government was forced by circumstances to establish Central Bank and after that the State Bank was also assigned task of stabilizing the commercial banking, which it really did. In the banking history of Pakistan, establishment of the NBP “National Bank of Pakistan” in late 1950 on Imperial Bank of India’s pattern was another milestone (Baig, 1999).
The historical background of Pakistani banks can be separated into three phases: first phase since 1947 to 1974 can be named as Pre Nationalization phase, since 1974-1991 is Nationalization phase and from 1991 to onward can be called privatization phase (Khan, 2005).

Privatization gives the authority to private sector so that it can access and use the public domain (land, radio spectrum and etc) in order to make or operate a network industry (Higgins, 2009). The wide ranging definition of privatization deals in putting some legal mechanisms and regulatory mechanisms in place in order to ensure that private service providers are not ignoring the public service dimensions for which they are specialized or licensed and also to make sure that they are not failing to meet pre announced objective policy (Shehadi, 2002).

The Act of Bank Nationalization (1974) nationalized all domestic banks of Pakistan and significantly changed financial sector completely in the era of 1970’s. The purpose behind the establishment of Pakistan Banking Council was to work or act as nationalized commercial bank’s holding company and to exercise supervisory control on it (Imran, 2009). Deterioration of quality of assets, financial sector’s inefficiency, financial repression and crowing out of private sector was contributed by the public sector’s dominance in non-banking financial institution and banking institutions along with instruments of direct monetary control. The existence of Pakistan Banking Council weakened the role of State bank of Pakistan (SBP) as central bank. The enforcement and regulations of State Bank of Pakistan over nationalized commercial banks was diluting by duplication of its supervisory role (Khan, 2005).

In 1972, with nationalization of insurance sector and entire banking in Pakistan, five nationalized commercial banks (NCBs) were setup after merger of some nationalized banks and these NCSs maintained their dominance in country from 1972 to 1990 by providing financial intermediation services. Five banks of public sector dominated the scene with their holding of 92% shares in total assets of banking by this time while the remaining share was in hands of foreign commercial banks (SBP, 2003).

In 1970s all domestic banks in Pakistan were nationalized. This act met the certain objectives as like mandatory credit allocation to the agriculture and public sector, nationwide branch expansion and mobilization of deposit via scheme of NSS which is known as National Saving Scheme, it turned out the political distortion, overstaffing and over branching of national financial institutions. This system of banking was inefficient and because of this the government of Pakistan undertook a restructuring program for financial sector by collaborating World Bank, IMF and other donor agencies (Imran, 2009).

The era from late 1980s to early 1990s is called first phase of bank reforms and in this phase the marketing of private banks was liberalized as initial task. Secondly the privatization of nationalized banks as like ABL and MCB was occurred. The economization of major DFI’s and NCD’s in term of branches and employees was occurred thirdly. At the level four loan rate caps and credit ceilings were eliminated. Fifthly, the banking courts and standardization of classifying loansmade the process of loan recovery stronger. At last, the SBP which is central bank of Pakistan, was given the full autonomy (Iimi, 2004). The program of Nationalization has main objective of making industry able to compete in market, adopting a market based monitoring system related to portfolio management, suspension of State Bank of Pakistan (SBP) and strengthening corporate governance of bank (Abbas, 2003).

The reforms of financial market were initiated in late 1980s. The administered interest rate system was streamlined and loosened, starting in 1989-1990. The credit share for particular sector was reduced in 1989 and credit ceilings of banks by banks eliminated in start of 1992. After the introduction of new prudential regulations in 1989 these regulations were strengthened in 1992 and
SBP enhanced its supervising capacity. The government securities, long term bonds and six-month bills were auctioned by a system established in 1991 (Hardy, 2000).

In 1990s the financial sector grew for service primarily politicians, government, large corporate and business. There was no trend of independent appointment of BOD’s and CEO’s. Billion of rupees were unsurprisingly funneled out as “bad loan” form financial system and decisions of lending were not commercially motivated always. The amendments in the “Act of Bank Nationalization” were done in 1991 and under this 23 banks were established out of which merely 10 banks were given domestic license. After the privatization of Muslim Commercial Bank in 1991 its management received the majority of Allied Bank’s ownership by 1993 and by 1997 still there were four major state-owned banks that were facing competition from 27 foreign banks and 21 domestic banks (Imran, 2009).The most important thing is that the administered rates of interest were streamlined, an auctioning government securities system was established and bank-wise credit ceilings removed, forcing the government for borrowing at market determined rates. After privatization the transformational reforms where boomed up. The amendments in the “SPB Act (1956)” and “Banking Companies Ordinance (1962)” restored the regulatory power of central banks as it is their key role. In post reform ear, from 2006- present the landscape of sector has changed significantly beyond by the liberalization spirit. By 2010 there were 4 specialized banks, 25 domestic banks, five public commercial banks and six foreign banks. In Pakistan there are now nearly 28 million deposit account holders and their strength is increasing. In order to fulfill the needs of these account holders there are 9348 branches of different banks which are spread in whole country(Khalabat, 2011).

The banking industry of Pakistan has very high potential. Here there is a large and more population of young generation (69.5 million having less than 19 years of age) so banking sector is expected to receive an impulsion (Akhtar, 2006).Over the period of 61 years since independence, the banking sector of Pakistan has observed many drastic changes. Initially this sector suffered severe shortage of resources and uncertainty because of prevailing socioeconomic and political conditions. Poor quality of services and products was result of lacking trained human resource and professionals (Ahmad, 2009).

Pakistani Banking industry is facing many problems and these problems are affecting the loyalty of employees and loyalty of customers. Today the retention of employees and their satisfaction is critical to conduct business in highly competitive market place and banks are also facing this. Thus the commercial banks started to focus more on management strategies which promote job satisfaction and thus retention of employee (Khan, Ahmad, Rehman, Rehman, & Ahmad, 2011). The Pakistan’s financial system is under the influence of politics so the appointment of managers and lending decisions are made politically (Husain, 2005). According to Ahmad (2009), the nationalized banks have loose their performance as employees are protected by government and as a result they provide poor services and inferior products. It is shown by study that the pressure from increasingly intense competition has changes human resource management practices in banks. There are many issues of human resource form the process of recruitment to selection of employee and from the performance management to development carrier pattern. These issues should be focused by successful human resource professional in the industry of financial and services because there is a great impact of human resource functions on institution’s productivity and bottom line activities (Wilkinson, 1993). The change in links and strategies between employees and business is caused by technological innovations, customization, intense competition and deregulation in financial sector. Among the main concerns of every bank the one of the important issue is of human resource. There is a direct effect of banking nature’s modifications (including remuneration policy, relation with industries, training and etc) on relations of employees as bank
became market driven organization by considering its staff as an important resource rather than cost (Wilkinson, 1990).

The industry of retail banking is highly labor intensive for the transmission of funds. Total operating expenditure consists of 70% labor cost and this much cost is used for clerical staff whose majority is not involved in marketing of bank’s products or business enhancement activities instead they deals in processing of accounts. Employees should be regarded as the resource of bank but they are regarded as an overhead (Morris, 1986). In the tradition of banking, employees are developed and recruited for the administration and technical abilities instead of customer centric skills (Burns & Stalker, 1961).

It is recognized that there is a great need of managing employee’s relations and human resource more effectively or efficiently and it was considered necessary to alter the staff’s attitude toward customers of organizations, encourage staff to get more identification with organization and to create profit awareness among employees. At the top level corporate implications there is a main issue of little consideration of employee relations because historically employee relations are not fully integrated into overall business strategies instead they have been regarded as purely facilitative and second order strategy (Tiniperley, 1980; Purcell, 1983; Wilkinson, 1990). So it can be said that today bank is facing issue of culture change and there is great need of it. A senior manager should be responsible for driving change forward instead of merely focusing on cost control, need of change and development of staff. The policies of management having origin form efforts of controlling labor cost at on hand are different from policies of sustaining motivation and commitment at other hand (Morris, 1986).

**Methodology**

In this research the organizational commitment of employees “Affective Commitment” in banks is dependent variable and dimensions of internal marketing are independent variables which include: Employee motivation, understanding and differentiation of employees, job satisfaction, training and inter-functional integration and coordination from the view point of male employees of private banks in Faisalabad, Pakistan.

This study is quantitative in nature. The data was gathered through questionnaire and the statistical population of this research consists of male and female employees from private banks in district Faisalabad. The Likert scale was used in questionnaire in order to investigate and check the attitude and the way of thinking of respondents. On the basis of our research collection method probability sampling is suitable and thus it is used.

**Sample Size:** According to data collected there are 393 branches of different private banks in district Faisalabad. As the population is limited so the sample size is:

\[ n = \frac{NZ^2\text{at}pq}{d^2(N-1) + Z^2\text{at}pq} \]

P is the effect of internal marketing on organizational commitment, Q is the no effect of internal marketing on organizational commitment and N is the size of population. Knowing the fact that the size of population is 393 branches then the sample size is equal to

\[ n = \frac{393* (1/96)^2 * (0/25)^2}{(0/04)^2 * (392) + (1/96)^2 * (0/25)^2} = 109 \]

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We calculated that our sample size would be 109 so the findings of study were based on 109 questionnaires which were returned by respondents of different branches of 18 private banks.

In order to check the reliability of data, Cronbach’s coefficient alpha was used. The Cronbach’s alpha of our research has value of 0.723 it means that our research is acceptable. The construct validation of the questionnaire was confirmed by principal component factor analysis. Variables having value above 0.30 were considered valid for the final analysis and they are shown in table 1.

**Research Objectives and questions:**
Determining the effect of different aspects of internal marketing on organizational commitment of employees among commercial banks in Faisalabad, Pakistan:

1. To determine the effect of integration and inter-functional coordination on organizational commitment of employees.
2. To determine the effect of training on organizational commitment of employees.
3. To determine the effect of motivation on organizational commitment of employees.
4. To determine the effect of job satisfaction on organizational commitment of employees.
5. To determine the effect of understanding and differentiation on organizational commitment of employees.

The main research question behind this study is:
Which aspects of internal marketing effect organizational commitment of employees among commercial banks in Faisalabad, Pakistan?

In order to find answer of this question some hypothesis are made which are written below:

- **H1:** There is positive effect of inter-functional coordination and integration on organizational commitment
- **H2:** There is positive effect of training on organizational commitment
- **H3:** There is positive effect of motivation on organizational commitment
- **H4:** There is positive effect of understanding and differentiation on organizational commitment
- **H5:** There is positive effect of job satisfaction on organizational commitment

**Results**
The descriptive analysis of this study showed that among total population of 109 there are 17 female (15.6 %) respondents and 92 male (84.4 %) respondents. After that the respondents were classified on the basis of their educational level including, diploma, technician, Bachelor, Masters and PHD. Results showed that According among population of 109 employees, 35 employees (32.1 %) have Bachelor and 74 employees (67.9 %) have Master degree. At last it was found that among the population of 109 employees, 48 employees (44 %) have less than 5 years, 41 (37.6 %) employees have 5 to 10 years, 18 (16.5 %) employees have 11 to 15 years and 2 employees fall into the category of 16-20 years experience. Table 2 given below shows the result of regression.
Table: 1 Rotated component matrix for internal marketing criteria (Values below 0.3 are not taken)

<table>
<thead>
<tr>
<th>Questions</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Job satisfaction</strong></td>
<td>0.834</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cleanliness and decoration of bank</td>
<td></td>
<td>0.423</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Great number of branches</td>
<td></td>
<td></td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upto date services</td>
<td></td>
<td></td>
<td></td>
<td>-0.429</td>
<td></td>
</tr>
<tr>
<td>Cooperation of bank in social welfare</td>
<td></td>
<td></td>
<td></td>
<td>0.580</td>
<td></td>
</tr>
<tr>
<td>Stability in service delivery methods</td>
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<td></td>
<td></td>
<td></td>
<td>-0.826</td>
</tr>
<tr>
<td>Lower bureaucracy</td>
<td></td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security and variation of services</td>
<td></td>
<td></td>
<td></td>
<td>0.831</td>
<td></td>
</tr>
<tr>
<td><strong>Understanding and differentiation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adequate number of employees</td>
<td></td>
<td></td>
<td></td>
<td>0.842</td>
<td></td>
</tr>
<tr>
<td>Offering services according to employees preferences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.874</td>
</tr>
<tr>
<td>Reception and attention to criticism</td>
<td></td>
<td></td>
<td></td>
<td>0.814</td>
<td></td>
</tr>
<tr>
<td>Offering services to employees based on education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.312</td>
</tr>
<tr>
<td>Offering services to employees based on experience</td>
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<td></td>
<td></td>
<td></td>
<td>0.374</td>
</tr>
<tr>
<td>Friendly contact with employees</td>
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<td></td>
<td></td>
<td>0.685</td>
<td></td>
</tr>
<tr>
<td>Equity of salaries and fringe benefits</td>
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<td>-0.385</td>
</tr>
<tr>
<td>Gratitude of the personnel’s attempts</td>
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<td>0.852</td>
</tr>
<tr>
<td>Involving of employees in decision making</td>
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<td></td>
<td></td>
<td>0.888</td>
<td></td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive employee training</td>
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<td></td>
<td></td>
<td>0.823</td>
<td></td>
</tr>
<tr>
<td>Capable and experienced instructor</td>
<td></td>
<td></td>
<td></td>
<td>0.412</td>
<td></td>
</tr>
<tr>
<td><strong>Motivation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job security</td>
<td></td>
<td></td>
<td></td>
<td>0.821</td>
<td></td>
</tr>
<tr>
<td>Sense of job importance</td>
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<td></td>
<td></td>
<td>0.562</td>
<td></td>
</tr>
<tr>
<td>Task variation</td>
<td></td>
<td></td>
<td></td>
<td>0.713</td>
<td></td>
</tr>
<tr>
<td>Freedom in job</td>
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<td></td>
<td></td>
<td></td>
<td>0.810</td>
</tr>
<tr>
<td>Sport facilities</td>
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<td></td>
<td></td>
<td></td>
<td>0.394</td>
</tr>
<tr>
<td>Challenging work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.371</td>
</tr>
<tr>
<td>Arranging junket</td>
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<td></td>
<td></td>
<td></td>
<td>0.412</td>
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<tr>
<td>Clear advancement path</td>
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<td></td>
<td></td>
<td>0.874</td>
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<tr>
<td>Considering employees as the main asset</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Responsibility of a similar purpose activities</td>
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<td>0.331</td>
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<tr>
<td>Inform employees their performance results</td>
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<td></td>
<td></td>
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<td>0.654</td>
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<tr>
<td>Clarity of tasks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.348</td>
</tr>
<tr>
<td>On time salaries and benefits payment</td>
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<td></td>
<td></td>
<td></td>
<td>0.426</td>
</tr>
<tr>
<td>Suitable insurance facilities</td>
<td></td>
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<td></td>
<td>0.529</td>
</tr>
<tr>
<td>Coordination between personal life and job</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.371</td>
</tr>
</tbody>
</table>
### Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
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<td>Gratitude of the personnel’s attempts</td>
<td></td>
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<td>Friendly contacts with personnel</td>
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<td>0.394</td>
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<td>Involving of employees in decision making</td>
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<td></td>
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<td>0.62</td>
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</table>

**Inter functional coordination**

<table>
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<th>Question</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Rapid and synchronized flow of information</td>
<td>0.911</td>
<td></td>
</tr>
<tr>
<td>Adoption between structure and strategy</td>
<td>-0.423</td>
<td></td>
</tr>
</tbody>
</table>

### Table 2 (Results of regression)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.112</td>
<td>.814</td>
<td>3.823</td>
<td>.000</td>
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<tr>
<td></td>
<td>UnderstandingC</td>
<td>1.033</td>
<td>.497</td>
<td>.369</td>
<td>2.080</td>
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<tr>
<td></td>
<td>MotivationC</td>
<td>.041</td>
<td>.426</td>
<td>.014</td>
<td>.097</td>
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<tr>
<td></td>
<td>JSC</td>
<td>-.659</td>
<td>.228</td>
<td>-.378</td>
<td>-2.886</td>
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<tr>
<td></td>
<td>TC</td>
<td>.166</td>
<td>.244</td>
<td>.108</td>
<td>.679</td>
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<tr>
<td></td>
<td>IFCC</td>
<td>-.676</td>
<td>.290</td>
<td>-.354</td>
<td>-2.333</td>
</tr>
</tbody>
</table>

|       | a. Dependent Variable: Affective commitment |

Table 2 shows all the variables which are used in model. The significance column shows the significance level of variables. To check the significance we consider values below 0.05. Three out of five constructs including "understanding standing and differentiation", "job satisfaction" and "inter-functional coordination and integration" meet this standard and are significant predictors. Finding of table # 4.11 provide support for only three hypothesis. In significance level less than 5% we can say with 95% confidence that "understanding standing and differentiation", "job satisfaction" and "inter-functional coordination and integration" have positive effect on organizational commitment. Our findings fail to support two hypothesis which are motivation and training because their significance level was below 0.05. The prediction of variables for organizational commitment is directly proportional to absolute value of beta. So in this case our most important predictors are Job satisfaction (0.378), understanding and differentiation (0.369) and inter-functional coordination and integration (0.354).

The results of our study showed that according to employees “job satisfaction" has the first priority and then "inter-functional coordination" and "integration and understanding and differentiation", therefore they are most important. "Motivation" and "Training" have the lowest rank and because of this they are less important for the enhancement of organizational commitment among private banks in Faisalabad. It is very much important to note that job satisfaction is the most important criterion. According to respondents if job satisfaction would be more then it would lead to more organizational commitment.
Managers and policy makers should make such a policy which would focus on job satisfaction as it will increase the organizational commitment. In order to make employees committed to organization manager should focus on several aspects which make the job of employees satisfied. These aspects include suitable place of bank, work hours of branches, reputation of bank, equipment of banks (suitable tables, chairs, water cooler, A.C and Parking), lower bureaucracy in operations, security and variation of services, adequate number of employees for service delivery and stability of methods of delivering services. Another important criterion is inter-functional coordination and integration. It can be explained as the existence of having cohesive relations between different business areas of the firm (Nicholas, 2001) and integration refers to extent to which interdependent and distinct organizational components constitute a unified whole. The role of organizational structure is too much important as it determines the people's power in organization. In a successful marketing strategy good inter-functional coordination and integration acts as basic ingredient(Kohli, 1990). Private Banks can achieve it if they have coherent and consistent management of internal systems. A manager should have a knowledge that inter-functional coordination and integration depends upon internal communication. If internal communication will be effective then there would be perfect inter-functional coordination and integration.

The third most important criterion is understanding standing and differentiation of employees. Private Banks must focus on this so that they can make their employees committed. Understanding standing and differentiation of employees means that employees should be provided services according to their preferences, age, type of job, education, past record and capabilities.

**Conclusion**
In this study the importance of internal marketing and its criteria is shown. Moreover, this study shows the effect of internal marketing criteria on organization commitment of employees in private banks of Faisalabad. The research highlighted the effect of "Job satisfaction", "Understanding standing and differentiation" and "Inter-functional coordination and integration" on organizational commitment. Managers can allocate their resources efficiently, make effective policies and wise marketing plans by following the criteria of internal marketing shown in our research.

**Future Recommendations**
Our research was based on private banks in Faisalabad but further research can be conducted on public sector banks within Faisalabad or any other city of Pakistan. This research can also be conducted in the perspective of other countries.

**References**


UK: Addison Wesley Longman Ltd.


