Studying the effect of internal marketing on the performance of Tehran Large Taxpayer Organization (TLTO)

Parva Mohammadi
Master Degree Student Marketing Management Islamic Azad University Central Tehran Branch, Iran

Mahmood Dahgan*
PhD Associate professor in Governmental Management Azad University Central Tehran Branch, Iran

Abstract
Today, the importance, and the key role of within organization customers (employees) in success of external marketing program have become clearer than ever before. In this regard, TLTO needs to develop organizational capabilities in order to provide suitable services with high quality. Therefore, in this study, the effect of internal marketing on the performance of this organization is studied. To conduct this research, five indices (techniques) of internal marketing (including senior management, strategic encouragement and rewards for employees, suitable internal communications, training, and staff development, staff empowerment) have been considered to review its role on the organization performance. The present study is applied regarding purpose, and regarding the method and type is cross-sectional. The population in this study is the managers and experts of TLTO. Time realm of the study is 2015, and the samples chosen are 196 subjects. To collect information for analysis and hypothesis testing, questionnaires were used. The results of hypothesis testing showed that five indices (technique) of internal marketing have a significant role on the performance of the organization. Moreover, these indices that have been prioritized by the TOPSIS technique, according to the results, it became clear that the index of senior management has the highest priority and staff empowerment index has the lowest priority that should be taken into account while implementation and deployment of internal marketing, and try to implement in terms of priorities determined.

Keywords: internal marketing, performance, TLTO.
Introduction:

Internal marketing is one of the issues of marketing that was put forward by Barry (1981), about 30 years ago, as a way to solve problems related to staff and to provide high quality services [1]. Thinkers and marketing professionals over more than three decades have had the belief that business performance will be affected by market orientation. According to Narver and Slater, marketing is the beating heart of modern marketing and business management, and the business that increases its market orientation will improve its market performance. Achieving excellent performance for an organization depends on creating sustainable competitive advantage and delivering stable superior value for the customers [2]. Organizations face with more than one market (employees as the domestic market and customers as foreign market) and success is a function of the organization's ability to effectively manage the relationships that exist between them. According to Rinso, employees are the domestic customers of an organization and their satisfaction is a mirror image of the external customer satisfaction. In research related to marketing, the concept that focuses on employees and their satisfaction or in another word uses a marketing perspective to manage their human resources is internal marketing. Market orientation is important not only for outside, but also within the organization, and not only in domestic markets but also in international markets of a country [3]. Marketing is seen more as a strategic approach that can improve organizational performance. This expression can also be applied to service organizations, because they face fundamental changes [4]. Organizational performance is one of the most important structures discussed in management research projects and is undoubtedly the most important measure of success in businesses. However, in general, there is no complete agreement among the experts on what the variables and indicators of organizational performance are. Overall, organizational performance index is divided into two categories: objective and subjective. Objective indicators of organizational performance are indicators that are realistic and measured based on objective data. Among objective indicators of organizational performance, indicators of profitability such as return on assets, return on equity, return on investment, return on equity and earnings per share can be noted. Subjective indicators of organizational performance include criteria formed based on the judging of the organization shareholder groups. Among these indicators customer satisfaction, employee satisfaction, success in delivering new products and so on can be noted [5]. In general, it can be said that implementation of internal marketing in service organization equips these organization with competence and capabilities that while taking advantage of environmental opportunities, improves their performance.

In service organizations, the critical factor in order to provide better service is competent and service-oriented staff. Thus, for better offering of service and ultimately external customers' satisfaction, employees (internal customers) must be committed to the goals of the organization and have customer-orientation behaviors. As a result, organizations must focus their efforts on developing and strengthening an organizational culture that gives importance to satisfaction of internal customers (employees) as well as external customer satisfaction. In fact, the main sources of excellence and success in service organizations are service quality and the staff providing the service because the quality leads to customer satisfaction, improved efficiency, better and profitable performance. Moreover, providing appropriate services is one of the
fundamental strategies to achieve organizational goals. In service organizations staff is in direct relationship with the customer. Thus, skills, attitudes, and behavior of employees are important in this regard, because their behavior has a direct impact on customer attitudes towards the organization. Today, the importance, and the key role of within organization customers (employees) in success of external marketing program have become clearer than ever before. Due to this importance, some studies have been conducted on internal marketing and its impact on various organizational factors, some of which are mentioned below:

Younisifar et al examined the effect of internal marketing components on improving the performance of personnel working in Shahid Sadoughi Hospital [6]. Sarmad Saeedi and Jamshidian have studied the effect of internal marketing on market orientation and performance of Refah Bank branches in Arak [7]. Nasr Esfahani et al have studied the effect of internal marketing on the effectiveness of teamwork in higher education at Isfahan University [8]. Bonyadi Naini et al have studied the impact of internal marketing and internal branding on the quality of services in a service organization [9]. Atefatdust et al have studied the effects of internal marketing on organizational performance with respect to the intermediate variables of organizational commitment and organizational entrepreneurship in Isfahan Mobarakhe Steel Firm [10]. Safari and Radi have studied the effect of internal marketing on quality of service, taking into account the mediator role of citizenship behavior and organizational commitment [11]. Rahimnia and Aref, in a study entitled "The effect of Internal Marketing and job rotation on turnover intention of nurses in specialized government hospitals in Mashhad [12]. In foreign research, the research by Keyfo that has studied the effects of use of internal marketing by airlines in customer-oriented behavior can be mentioned [13]. Rodriguez and Pintou have studied the effect of internal and external marketing on the performance of local public organizations in local public agencies in Portugal (members of the Municipal Executive Board) [14]. Tove et al have studied the effect of management's commitment to internal marketing on staff attitude in four-star and higher Hotels in Macau, China [15]. Therefore, the tax affairs office, besides attention to factors affecting the performance of intangible assets (employees) such as job skills, job satisfaction, and job security can play an important role in promoting communication capability and performance of the organization. In this regard, TLTO needs to develop organizational capabilities to offer high quality appropriate services. Therefore, in the study, the impact of internal marketing on organizational performance is evaluated to determine what impact internal marketing has on the performance of TLTO.

The concept of internal marketing

Internal marketing is to attract, develop, motivate, and sustain quality of employees through job as a product and to satisfy their requirements. In other words, internal marketing is the philosophy of the relationship shared between customers and employees (internal customers) of the organization (Kyle, 1995). In a sense, internal marketing is discussed as an academic, scientific, and business recognition to promote customer satisfaction and staff [16].
Elements of internal marketing

All marketing efforts in an organization are done to attract, retain, and promote customer loyalty. In addition to this, human resource management seeks to achieve internal customer commitment, job satisfaction, and winning the trust towards managers that has been associated with marketing activities within the organization. In general, the basic elements of internal marketing can be examined from several different aspects.

1- Job Security, 2- varies and extensive training, 3- providing generous rewards, 4- information sharing, 5- enabling staff, 6 - reducing the gap among workers [17].

Steps for internal marketing

In using internal marketing concepts, various steps are taken to develop and evaluate internal marketing concept. In a division these steps are classified in three categories

Step 1 - employees' motivation and satisfaction – in the first step to internal marketing, the biggest focus is on employee motivation. This step of internal marketing consists of two parts, namely:

Attention to the staff as internal customers;
Focus on staff job satisfaction.

Step 2 - Customer focus - at this stage of the internal marketing, employee involvement with the service and their accountability towards external customers are the focus. The primary aim of internal marketing is to create a positive interaction between staff and customers. Effective service delivery requires effective coordination between direct employees with customers on the one hand and on the other with the next level employees.

Step 3 - the development of internal marketing concept - at this stage, the use of internal marketing strategies and change management in the organization are concerned. Generally, at this stage, internal marketer is as a tool to apply strategies and managing clients in order to achieve organizational goals [18].

Research Methodology

As the purpose of this study is to study the impact of internal marketing on the performance of TLTO, descriptive-analytic method is used. In this method, survey method is used to gather data, so it may be placed among field research. Research population is all managers, assistants, and staff in TLTO. The number of population is 400. Taking into account the acceptable error rate 0.05 or 95% confidence level according to Cochran relationship, the sample needed for the study was determined as 196 people, and simple random sampling was used in the study.

Space realm of the study is TLTO, and the time period is 2015. Interviews and questionnaires are the tools to collect data. The questionnaire is five-item Likert-type. Content method was used for measuring validity and reliability was assessed by Cronbach's alpha that is equal to 0.742, which shows the high reliability of the questionnaire. The values obtained from the questionnaires with five-option Likert scale were analyzed and quantified and by getting the average of the values obtained, the variables have been calculated. In the present research, data normality was
evaluated by Kolmogorov-Smirnov test. According to data normality, normal Z test was used to test one range-right test. TOPSIS was used to rank the factors for internal marketing techniques. To determine the reliability of questionnaire and descriptive analysis of the data, Excel and SPSS software is used.

Results

After a researcher identifies his research method and using the appropriate tools collected the required data to test his hypotheses raised, it is the time to classify and analyze data using appropriate statistical techniques, consistent with research methodology and the type of variables. Finally, the hypotheses that have guided him until this stage of the research are tested, so that he is finally able to find an answer (solution) to the question asked in the research (a systematic effort to obtain it).

At first, using descriptive statistics, it was tried to show an image of the characteristics of the population such as gender distribution, education, and work experience. According to the results of statistical analysis of the sample, 63 percent of the sample is male and 37% are women. Education is classified in three levels (Diploma, Bachelor, Master and higher), and according to the results, undergraduate degree (71 percent) has the highest prevalence and individuals with diploma (12 percent) have the lowest frequency. Five classes (zero to five, five to ten, ten to fifteen, fifteen, twenty, twenty years) are considered for work experience of the sample, where the most frequent is in people with work experience between five to ten (36 percent) and the lowest prevalence is in class of twenty years and above (7 percent). In terms of organizational positions, the population was classified in three levels (top managers, intermediate, and experts), where the lowest frequency was for senior managers (6%) and the highest was the experts (70 percent).

Analysis Steps

Determining the internal market indices

The researchers studied the impact of internal marketing on organizational performance and to identify these indicators, the sources (library, field, internet, guidance of advisor and supervisors, etc.) were assessed. Finally, five indicators 1- Senior management (leader). 2- strategic encouraging and bonuses, 3- internal communication, 4- staff training and development, 5- employee empowerment) have been determined.

Assessment and analysis of the indices and determining their numerical value

To investigate the role of each set of indicators on the performance of the organization, these indicators should be tested. To test the effect of these indicators, at first a questionnaire is designed. The overall make-up and form of the questionnaire and the designing process are as a general overview of hypotheses and research questions, and was designed to assess the attitudes of managers and supervisors on the impact of internal marketing and was given to the sample.
According to the evaluation and initialization to the items on the questionnaire, the Likert of each item in the questionnaire completed by managers is initialized, the mean and variance of all questions in the questionnaire were calculated and then the overall mean and variance of the whole population are calculated (Table 1).

Table 1: Overall mean and variance

<table>
<thead>
<tr>
<th>No.</th>
<th>Index</th>
<th>Average</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Internal Communications</td>
<td>3.67</td>
<td>0.2026</td>
</tr>
<tr>
<td>2</td>
<td>Staff Training Development</td>
<td>3.54</td>
<td>0.1838</td>
</tr>
<tr>
<td>3</td>
<td>Empowering the Staff</td>
<td>3.61</td>
<td>0.2111</td>
</tr>
<tr>
<td>4</td>
<td>Rewards &amp; Encouraging the Staff</td>
<td>3.71</td>
<td>0.1617</td>
</tr>
<tr>
<td>5</td>
<td>Senior Management</td>
<td>3.7</td>
<td>0.158</td>
</tr>
</tbody>
</table>

Checking data normality using Kolmogorov – Smirnov test:

To use statistical techniques, at first it must first be determined whether data collected has a normal distribution or not, because in the case of normal distribution of data collected, parametric tests, and in case of abnormal distribution, non-parametric tests can be used to test the hypotheses.

At this stage, we analyze the results of the mentioned tests on each of the variables described above and based on the results choose the appropriate test to verify the hypotheses. According to the results in Table (2), as the significance-level for all components is larger than 0.05 error value, so the variables are normally distributed.

Table 2: The results of Kolmogorov-Simonov test

<table>
<thead>
<tr>
<th></th>
<th>Senior Management</th>
<th>Rewarding the Staff</th>
<th>Internal Communications</th>
<th>Staff Training Development</th>
<th>Empowering the Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>1.215</td>
<td>1.126</td>
<td>1.005</td>
<td>1.004</td>
<td>1.117</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>0.136</td>
<td>0.159</td>
<td>0.265</td>
<td>0.266</td>
<td>0.165</td>
</tr>
</tbody>
</table>
Testing research hypotheses

Based on the values of the answers of respondents and by using the average quantity of the answers ($\mu_0 = 3$), hypotheses were tested. $Z = \frac{\bar{x} - \mu_0}{s/\sqrt{n}}$ statistic was used for a one-range right domain and test hypotheses test for each option are as follows:

$$\begin{align*}
H_0 &= \mu_0 \geq \mu \\
H_1 &= \mu_0 \leq \mu
\end{align*}$$

In essence, the null hypothesis shows the unsuitability of the variable status and hypothesis one (the opposite hypothesis) expresses the suitability of variable conditions. All five hypotheses are tested at a significance level $\alpha = 0.05$, whose results are provided in Table (3):

**Table 3: Results of the analysis using the normal test**

<table>
<thead>
<tr>
<th>No.</th>
<th>Index</th>
<th>Average</th>
<th>Variance</th>
<th>Z Statistic</th>
<th>One-range Criticality Amount $Z_\alpha &lt; Z$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Internal Communications</td>
<td>3.67</td>
<td>0.2026</td>
<td>1.64</td>
<td>8.9</td>
</tr>
<tr>
<td>2</td>
<td>Staff Training Development</td>
<td>3.54</td>
<td>0.1838</td>
<td>1.64</td>
<td>7.6</td>
</tr>
<tr>
<td>3</td>
<td>Empowering the Staff</td>
<td>3.61</td>
<td>0.2111</td>
<td>1.64</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Rewards &amp; Encouraging the Staff</td>
<td>3.71</td>
<td>0.1617</td>
<td>1.64</td>
<td>10.62</td>
</tr>
<tr>
<td>5</td>
<td>Senior Management</td>
<td>3.7</td>
<td>0.158</td>
<td>1.64</td>
<td>10.6</td>
</tr>
</tbody>
</table>

According to the results of hypotheses testing, the results are provided in Table 4.

**Table 4: Summary of results of testing hypotheses**

<table>
<thead>
<tr>
<th>No</th>
<th>Hypotheses</th>
<th>Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Internal Communications effects big tax payers Taxation Affairs organization</td>
<td>Verifies</td>
</tr>
<tr>
<td>2</td>
<td>Staff Training Development effects big tax payers Taxation Affairs organization</td>
<td>Verifies</td>
</tr>
<tr>
<td>3</td>
<td>Empowering the Staff effects big tax payers Taxation Affairs organization</td>
<td>Verifies</td>
</tr>
<tr>
<td>4</td>
<td>Rewards &amp; Encouraging the Staff effects big tax payers Taxation Affairs organization</td>
<td>Verifies</td>
</tr>
</tbody>
</table>
Variable ranking with TOPSIS

After testing the hypotheses, it was found that five indices set could have a significant impact on performance of TLTO. In the meantime, it should be noted that, creating the necessary conditions for the adoption of all the parameters needs a lot of time and cost, and planning and hardware and software changes, and all the variables do not have the same priority indicator and have a different degree of impact.

Thus, our attention should be focused on indices that have more effective role organizational performance. Thus, by ranking indices by TOPSIS model, indices with a high rank are put in priority for application. The results of this ranking are given in Table 5.

Table 5: Ranking indicators of research

<table>
<thead>
<tr>
<th>Index</th>
<th>Variant rank</th>
<th>( c_{i}^{-} )</th>
<th>Index weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>1</td>
<td>0.597</td>
<td>0.25</td>
</tr>
<tr>
<td>Rewards &amp; Encouraging the Staff</td>
<td>2</td>
<td>0.55</td>
<td>0.2</td>
</tr>
<tr>
<td>Internal Communications</td>
<td>3</td>
<td>0.445</td>
<td>0.2</td>
</tr>
<tr>
<td>Staff Training Development</td>
<td>4</td>
<td>0.403</td>
<td>0.2</td>
</tr>
<tr>
<td>Empowering the Staff</td>
<td>5</td>
<td>0.403</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Conclusion and discussion

In service organizations, employees are in direct contact with customers. Thus, skills, attitudes, and behaviors of employees in are important in this regard, because their behavior has a direct impact on the attitudes of consumers towards the organization. Today, the importance, and the key role of within organization customers (employees) in success of external marketing program have become clearer than ever before. Thus, tax affairs office must focus on their employees as their most important intangible asset. Attention to factors affecting the performance of intangible assets (staff) such as job skills, job satisfaction, job security, and communication capabilities can play a role in improving the performance of the organization.

In this regard, TLTO needs to develop organizational capabilities to offer high quality appropriate services. Therefore, in the study, the impact of internal marketing on organizational
performance is evaluated to determine what impact internal marketing has on the performance of TLTO.
The study, examines the relationship between five indices of internal marketing affecting the performance of TLTO. According to the results, it was showed that all these indices with 95 level of confidence have moderate and higher impact on organizational performance and these results can be reached:
1. According to the results, the effect of senior management index on the performance of tax office is average and above and has ranked first in effectiveness among other indicators. Therefore, special attention should be paid to this index and activities related to it. Thus, it should be tried to: A) optimize the technology needed by the staff, B) pay special attention to the occupational safety and health issues of the employee, C) manage the staff activities as a process, D) enhances the public image of the organization in terms of staff.

2. According to the results, the effect of rewards and encouragement index on the performance of tax office is average and above and has ranked the second in effectiveness among other indicators. Therefore, it should be tried to: A) create better environment and working conditions for the staff, B) praise the staff for carrying out their tasks, C) promotes the staff properly and fairly.

3. According to the results, the effect of internal communication index on the performance of tax office is average and above and has ranked the third in effectiveness among other indicators. Therefore, it should be tried to: A) have a clear staff job description, B) create and improve office automation for proper communication of employees, C) create areas of teamwork among the staff.

4. According to the results, the effect of developing staff education index on the performance of tax office is average and above and has ranked the fourth in effectiveness among other indicators. Therefore, it should be tried to: A) increase staff expertise and skill and pay attention to the needs of employees and involving them in the organizational affairs so that organizational commitment among employees increases, B) use e-learning to enhance staff.

5. According to the results, the effect of employee empowerment index on the performance of tax office is average and above and has ranked the last in effectiveness among other indicators. Therefore, it should be tried to: A) increase employee skills and job flexibility by training and job rotation, B) carry out moving career and succession planning of staff properly, C) create sense of freedom and independence in the staff.

Suggestions

1. As the implementation and application of all aspects need plans and have high, so simultaneous implementation of all these indices may not be possible to implement all aspects, and for the implementation of indices priorities and ranks should be taken into account and the indices be selected for implementation by their ranks.

2. Getting the support of senior managers and planners, creating appropriate beliefs and mental models about the usefulness of internal marketing tool, and the creation of integrated systems for using them are necessary that while using internal marketing should be considered.
3. Creating a steering committee for careful planning and reducing the cost of internal marketing in TLTO could be a very practical tool for the implementation of internal marketing.

4. It should be tried to study the effect of other indices of internal marketing in future studies so that by comparing the impact of other indicators on internal marketing identify the indices that have the greatest impact and introduce them to the organization.

5. Tax has branches in all provinces, it should be tried to conduct the present study in different branches (at least in some provinces) and the result obtained be compared so that with a closer look, general indicators applicable to all organizations be identified to improve performance.

6. By exact identification of the environmental conditions, characteristics of human resources, and organizational environment, appropriate management style for the organization should be selected to increase the effectiveness of internal marketing.
References


Rahimmia, F. Aref, M. "Effect of Internal Marketing and job rotation on turnover intention of nurses". (2014), Iranian Journal of Nursing, Volume 27, Number 89.
