

COMPARATIVE ANALYSIS OF STAFFING AS AN ELEMENT OF INTERNAL MARKETING IN PUBLIC AND PRIVATE INSURANCE COMPANIES

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Abstract

Amidst the country, insurance is a prominent financial service, serving people by offering life and non-insurance coverages. The face of it in India before liberalization was in a state of monopoly completely served under the public sector. Meanwhile, based on recommendations of the Insurance Regulatory and Development Authority (IRDA), the sector was encouraged to privatize in 1999-2000. In the post-liberalization period, many life and non-life private insurance companies have been competing with public sector companies in the oligopoly market through captive insurance companies. The survival of an insurer in the present competitive scenario depends on its internal marketing. The concept of internal marketing emphasizes human resource planning, particularly the function of staffing, due to employees being the first customer. As a financial services provider, an insurer's internal marketing effectiveness mainly depends on its employees' staffing function. The researchers have selected one company in the public and private sectors for their study from both life and non-life insurance companies. The study's outcome discloses that public and private insurance companies are well-competent in their internal marketing by strengthening the function of staffing.

Key Words: Staffing, Personnel selection, Recruitment, Internal Marketing, Insurer, Human Resource Planning, Financial Service Sector

INTRODUCTION

The concept of insurance has been around for a while. Earlier, insurance was cooperative and voluntary in nature. Different groups used to be formed by the people to share the loss. Some amount used to be contributed to a common fund by each group member to meet unforeseen losses. Over the years, insurance services have undergone many changes. Insurance has now become a requirement for industry, business, and household. The insurance business has transformed into an organized process. Many companies and multinational corporations entered the business successfully, carrying out their operations. The insurance concept is well promoted in all developed countries and penetrates fast in developing economies. The benefits of insurance to all sectors are well understood. The companies are entering new horizons with their credibility and innovativeness in designing and offering new policies.

This is a descriptive research study established on primary and secondary data analysis. The survival of an insurer in the present cutting-edge competitive scenario is purely based on its internal marketing. As a financial services provider, an insurer's internal marketing mainly

depends on employees' *staffing* functions. In the post-liberalized period, a detailed study of the public and private insurance company's internal marketing based on the above factors will help the sector strengthen its human resources and clear its setbacks. The researchers have selected one company in the public and private sectors for their study from both life and non-life insurance companies.

Review of Literature

Researchers have conducted numerous studies on *the function of staffing in internal marketing*, and their opinions are based on empirical evidence. Here are some of the opinions of researchers on these important functions of an organization that play a key role in determining their efficiency. Internal marketing is the philosophy of handling workforces as customers, and it is the policy of determining job products to fit the human needs of a services firm (page 151, as quoted in Rafiq and Ahmed, 2000). Analogous to this concept of internal marketing, Grönroos (1985, page 42) also stated that motivating the firm's employees (internal customers) by using different marketing-like approaches internally. Japneet Kaur and Sanjeev Kumar Sharma (2015) stated that it can be incidental that the workforces of the service sector, particularly the financial sector, differentiate strategic reward from incentives and consider them two distinct internal marketing components. Saad, Ahmed, and Rafiq (2003) in their study emphasized the significance of the function of staffing, which includes human resource planning, selection, and recruitment. Akroush et al. (2013) study that an organization's internal marketing mainly reflects the selection and succession of human resources; these should be based on the organization's growing needs. Ahmad, Iqbal, and Sheeraz (2012) stated that the foreseeable role of the workforce can be described best in service firms, where staff satisfaction and commitment help the services organization gain the benefits of sales revenue, growth, and long-term sustainability; hence, firms essentially focus on the performs that develop these valuable resources of the organization, and also help retain the best talent. Robert E. Ployhart (2006) stated that the function of staffing sits in a curious position at the dawn of the 21st century in connection with Economic, societal, and cultural changes that make a service firm's success and survival dependent on staffing. Still, many service firms' decision-makers and even organizational scholars fail to know the value of staffing. Based on these research outcomes, the researcher has identified the research gap as follows:

Research Gap

No studies were found in the insurance sector to examine the best practices for *STOS* based on empirical research evidence. Our research gap is how these are key in enhancing insurers' efficiency in the public and private sectors.

Methodology of the Study

The descriptive research study is a mix of primary and secondary data.

The Primary Data was gathered from the employees from the officer and non-officer categories of the chosen insurance companies mentioned above through a structured questionnaire.

Secondary data was derived from previous research outcomes published in companies' reports, periodicals, journals, magazines, and websites. Reports of General Insurance Corporation and Insurance Regulatory and Development Agency (IRDA). **Sample Survey and Size:** The area covered for the collection of Primary data from all the two regions of bifurcated Andhra Pradesh (with 13 districts) based on the company's zonal, regional, divisional, and branch offices with a size of 300 employees were divided equally between the two sectors, two regions, and among the Officers and Non-officer Categories of the four selected companies. **Data Analysis Techniques:** For the tabulation and analysis of data, the appropriate statistical techniques such as Mean, Standard deviation, Coefficient of variation, T-test, F-text, and chi-square test were used. Wherever the Likert scale is used, the data is converted into scores by giving weightage in the reverse order from 5 to 1.

Objectives of the Study

1. To inspect the function of staffing as an element of internal marketing of India's selected public and private insurance companies.
2. To analyze the opinion of our Nation's selected public and private insurance companies' employees concerning *staffing function as an element of internal marketing*.

The Hypothesis of the Study

- The study presupposes that India's public and private insurance companies have yet to exploit their employees' potential. The major reason for the status is the need for more management approaches to *STOS* functions.
- The sub-hypotheses farmed based on the main hypotheses are
 1. H₀₁: The recruitment policy of the company varies based on the grade of the employee
 2. H₀₂: The selection process could be more effective in all company grades.

DATA ANALYSIS AND INTERPRETATION

An attempt is made in the study to elicit the opinion of the respondents of Grade I, Grade II, and Grade III employees of the four selected companies on human resources planning, executive planning, recruitment policy, and selection process. The study reveals that in the opinion of 51.66 percent of respondents, workforce planning is done by the company effectively (Table 1). However, 48.33 percent of the respondents' opinions were otherwise. The data presented in Table 2 reveals the respondents' opinions on the issues connected with the planning and execution of staffing. As many as 219 respondents, representing 73 percent of the total, revealed that the company does not estimate the vacancy positions at the right time. Over 63 percent of respondents revealed that the company does not estimate new positions required at the right time. More than 72 percent of respondents revealed that the company would not fill the positions at the right time, and 71 percent revealed that the company does not fill the positions with the right people. It can be inferred from the table that most respondents have identified the deficiency in policy and organizational systems regarding staffing function. It is suggested, therefore, to focus on staffing functions to ensure all positions are filled with the right people and at the right time.

Table 1: Do you think that manpower planning is done by the company effectively
(Figures in brackets indicate the percentage of the total)

Response	Grade I	Grade II	Grade III	Total
Yes	47 (15.66)	50 (16.66)	58(19.33)	155(51.66)
No	53(17.66)	50(16.66)	42(14.00)	145(48.33)
Total	100(100.00)	100(100.00)	100(100.00)	300(100.00)

Source: Researchers' work in connection to data collection and analyzation

Table 2: Opinion on planning and execution of staffing (Figures in brackets indicate percentage to the grand total)

Particulars	Opinion	Grade I	Grade II	Grade III	Total
Estimate vacancy positions at the right time	Yes	29 (9.66)	30 (10.00)	22 (7.33)	81 (27.00)
	No	71 (23.66)	70 (23.33)	78 (26.00)	219 (73.00)
		100 (33.33)	100 (33.33)	100 (33.33)	300 (100.00)
Estimate new position requirements at the right time	Yes	39 (13.00)	26 (8.6)	34 (11.33)	95 (32.99)
	No	61 (20.33)	74 (24.8)	66 (22.00)	205 (67.1)
		100 (33.33)	100 (33.33)	100 (33.33)	300 (100.00)
Fill the positions at the right time	Yes	20 (6.66)	38 (12.66)	24 (8.00)	82 (27.4)
	No	80 (26.66)	62 (20.66)	76 (25.2)	218 (72.6)
		100 (33.33)	100 (33.33)	100 (33.33)	300 (100.00)
Fill the positions with the right people	Yes	33 (11.00)	27 (9.00)	27 (9.00)	87 (29.00)
	No	67 (22.33)	73 (24.33)	73 (24.33)	213 (71.00)
		100 (33.33)	100 (33.33)	100 (33.33)	300 (100.00)

Source: Researchers' Work in connection to data collection and analyzation

The respondents' opinions on the company's recruitment policy have been ascertained, and the data are presented in Table 3. The opinions expressed by respondents include 'the company is identifying the right sources for recruitment,' the company is competing for the best people,' the recruitment policy is open for the entire country,' equal search for quality sources for all the categories,' the recruitment policy is objective' and 'the recruitment policy is fair.' Among them, 'the recruitment policy is fair' secured the highest score of 1026, followed by the 'recruitment policy open for the entire country' (score of 1010) and 'the company competing for the best people (score of 1009).

The chi-square test at a 5 percent level of significance shows that the recruitment policy of the company is the same for all the grades

of employees since the calculated value of χ^2 was 16.059 and the critical value of χ^2 at 10 degrees of freedom and 5 percent level of significance was 18.307. Hence, the null hypothesis (H_{01}) has been rejected.

Table 3: Opinion on the Recruitment Policy

Opinions	Grade I	Grade II	Grade 3	Total Score
The company is identifying the right sources for recruitment	338	317	350	1005
The company competing for the best people	326	315	368	1009
The recruitment policy is open for the entire country	296	347	367	1010
Equal search for quality sources for all the categories	309	328	328	965
The recruitment policy is objective	355	301	342	998
The recruitment policy is fair.	348	350	328	1026

Source: Researchers' Work in connection to data collection and analyzation

The various opinions on recruitment policy concerning age, sex, education, gross salary, and expenditure were calculated. The information is presented in Table 4. By observing the significant value at 0.05, the table reveals that the variables such as age, experience, sex, and education of respondents have shown their influence on the opinion on the recruitment policy of the company (since the signification value of all variables is greater than the significant value at 0.05 level). However, the income of the respondents has not influenced their opinion as the significant values of all variables are less than the significant values at the 0.05 level.

Table 4: Difference of Opinion on Recruitment Policy

(In consideration of Age, Education, Gross Salary, Experience, and Sex)

		N	Score Mean	Std. Deviation	Std. Error	F-value	Sig.
Age	31-40	27	19.667	2.44	varies	1.13	0.334
	41-50	165	19.990	3.43	0.334		
	51-60	108	20.11	2.995	0.333		
Education	SSC	28	19.43	2.994	0.55	0.45	0.668
	Inter	47	20.19	3.1,5	0.46		
	Degree	98	20.006	2.991	0.29		
	PG	75	20.002	3.16	0.339		
	Professional	52	20.332	2.80	0.337		
Gross Salary	Less than 10,000	47	15.55	1.997	0.29	4.46**	0.000
	10,001-15,000	66	15.89	2.18	0.27		
	15,001-20,000	55	15.44	2.661	0.34		
	20,001-25,000	111	14.663	1.997	0.19		
	25,001-30,000	21	16.24	1.22	0.27		
Experience	Below 10	20	20.25	2.41	0.60	1.008	0.336
	11-20	127	20.41	2.85	0.26		

	21-30	141	19.667	3.18	0.27		
	31-35	12	19.82	2.65	0.56		
						t-value	Sig.
Sex	Male	260	20.005	3.003	0.19	0.10	0.992
	Female	40	20.10	2.64	0.42		

*Significant at 0.05 level **Significant at 0.01 level.

Source: Researchers' work in connection to data collection and analyzation

The respondents' opinions on the selection process were collected, and the data are presented in Table 5. The table reveals that 'selection by professional agencies will be better to get quality people' secured the highest rating (score 1233), followed by 'the company is adopting changes in selection criteria as per the changing requirement (score 1230) and 'the company following systematic selection process' (score 1197). The Chi-square test at a 5 percent level of significance shows that each opinion on the selection process is effective in all grades of employees since the calculated value of χ^2 was 6.93 and the critical value of χ^2 at 6 degrees of freedom and 5 percent level of significance was 12.59. Hence, the null hypothesis (H_0) was rejected, and the alternative hypothesis was accepted.

Table 5: Opinion on Selection Process

Opinion	Grade I	Grade II	Grade III	Total Score
The company follows a systematic selection process	413	393	391	1197
The selection process ensures quality outcome	382	391	381	1154
The company is adopting changes in selection criteria as per the changing requirements	400	413	417	1230
Selection by professional agencies will be better to get quality people	372	412	449	1233

Source: Researchers' Work in connection to data collection and analyzation

The difference in the opinion of the section process considering age, sex, education, gross salary, and experience is calculated, and the data is shown in Table 6. It can be understood from the table that the opinion of the respondents on the selection process was influenced by the variable educational qualification at a 0.05 significant level. The variables, including age, gross salary, and experience, did not influence the opinion at a 0.05 significant level. Therefore, the null hypothesis was rejected (H_0).

Table 6: Difference of Opinion on Selection Process

(In consideration of Age, Sex, Education, Grass Salary and Experience)

	No. of Years	N	Mean	Std. Deviation	Std. Error	F-value	Sig.
Age	31-40	27	15.89	1.997	0.24	3.15*	0.003
	41-50	165	15.001	1.998	0.19		
	51-60	108	15.57	2.007	0.23		

Sex		N	Mean	Std. Deviation	Std. Error Mean	t-value	Sig.
	Male	260	15.18	2.17	0.13	3.89**	0.000
	Female	40	16.48	1.993	0.331		
Education	Qualification	N	Mean	Std. Deviation	Std. Error	F-value	Sig.
	SSC	28	15.996	2.332	0.44	0.992	0.46
	Inter	47	14.998	2.27	0.333		
	Degree	98	15.339	2.11	0.21		
	PG	75	15.29	2.12	0.26		
	Professional	52	15.336	2.24	0.330		
Gross salary	Income	N	Mean	Std. Deviation	Std. Error	F-value	Sig.
	Less than 10,000	47	15.55	1.997	0.29	4.46**	0.000
	10,001-15,000	66	15.89	2.18	0.27		
	15,001-20,000	55	15.44	2.661	0.336		
	20,001-25,000	111	14.663	1.997	0.19		
	25,001-30,000	21	16.24	1.22	0.27		
	Experience	No. of years	N	Mean	Std. Deviation		
Below 10		20	15.19	1.17	0.29	2.990*	0.004
10-20		127	15.66	2.335	0.21		
20-30		141	15.28	1.996	0.16		
30-35		12	14.23	2.669	0.60		

*Significant at 0.05 level **Significant at 0.01 level.

Source: Researchers' work in connection to data collection and analyzation

FINDINGS AND SUGGESTIONS

Staffing

- The study reveals that the company effectively does 51.66 percent of respondents' workforce planning, and the recruitment policy is fair.
- As many as 219 respondents, representing 73 percent of the total, revealed that the company does not estimate the vacancy positions at the right time. More than 72 percent of respondents said the company doesn't fill the positions at the right time.
- Most respondents opined that professional agency selection would be better for getting quality people.

CONCLUSION

The study's main findings revealed how the employees felt about the aforementioned organizational roles, which impacted the effectiveness of the company's organizational structure. The workforce planning and recruitment practices of insurance businesses in the public and private sectors align with employee expectations and do not change depending on the employee's grade. In the respondents' opinion, bosses are impartial in how the work is distributed and have enough authority to manage the work given to them. The corporation isn't providing the assistance needed for employees to perform well because its infrastructure may be more suited for assisting work performance. The study opens the door to recognizing public and private insurers' challenges when employing, educating, planning, and offering supported services to increase organizational effectiveness.

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