Internal Marketing: Employee Does Matter

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Abstract

Any modern economy gets its contribution mainly from three sectors. The service industry which forms the tertiary sector is now the leading contributor towards GDP of developed economies and most developing ones. This leaves this sector with maximum competition to deal with. The increased development of service sector makes it essential for the companies to go for betterment of service being rendered. Unlike manufacturing sector where quality solely relies on the quality of the product (technical aspect), service quality also takes into account the functional aspect i.e., who delivers them to the customers.

“Placing employees ahead of customers” and treating “employees as customers” are key to attain better service quality and hence enhanced customer satisfaction with the latter leading to customer loyalty and eventually repeated purchase intention and most importantly a positive word of mouth. With every company striving hard to earn a place which is more sustainable in this highly vulnerable environment, little it can do to ignore the fact that employees are the backbone to attain the much needed competent advantage. In this context this article looks at the theoretical background of internal marketing. Finding out the factors which contributes towards increased internal customer satisfaction there by enhancing external customer satisfaction and making them as profitable customers through regular repeated purchases.

Keywords: Internal marketing, customer satisfaction, customer loyalty, repeated purchase.
1. Introduction

Internal marketing – a much spoken topic in recent past has so many definitions originating from different researchers. The term internal marketing was first used by Berry and then by many others [1]. Berry L.L described internal marketing as “The Employees as Customers” [5]. Berry first proposed internal marketing as a solution to the problem of delivering higher quality of service. With the significant growth of service sector and the knowledge-based economy, internal marketing is increasingly important to organizations. The increasing recognition of importance of the employee’s role in the service industry has led organizations to adopt the internal marketing concept and hence, treat their employees as internal customers. In earlier days the internal marketing approach had a Unidimensional focus. Authors such as Gronroos (1990), Vary (2001) and Tsai (2008) came out with an opinion that internal marketing is just a supplementary to Human resources management [7].

In early development phase the majority of the work on internal marketing focused upon the issues such as employee motivation and their satisfaction. The major reason behind these efforts is to improve the customer service quality. Internal marketing requires that everyone in the organization buy into the concepts and goals of marketing and engage in choosing, providing and communicating customer value [3]. In current scenario enhancing customer’s experience with the service offered is a collective effort of each and every employee working in the organization though the degree to which they are associated with the particular service varies. To improve the quality of service rendered by an organization the employee’s contribution towards enhancing it is a must and most important one. From where do the employees get their much needed motivation? A very big part of it relies on the part of management to provide them the necessary intrinsic and extrinsic motivating factors.

2. Internal marketing: a Human Resource Management subsidiary

Human resource policies designed to attract, retain and reward personnel for appropriate behaviors, should advocate market orientation and internal customer orientation [5]. Customer-focused employees are an asset to the organization, therefore, it is critical to retain these employees by maintaining satisfactory human resource policies. Ruekert advocates that instead of recruiting a person and train him to acquire characteristics such as commitment towards a market orientation, it’s more efficient to employ someone who already possess these skills [2]. Canhill too came with a definition which relates internal marketing more towards human resources management. According to him internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees as customer indeed wooing employees and is the strategy of shaping job products to fit the human needs [8].
3. **Internal Marketing: A Branch of Marketing**

Employees who are satisfied does invest more in their performance orientation and can produce productive results. They develop themselves as part-time marketers for the organization they work, ending in increased customer satisfaction and which in turns attract new customers and prospective candidates for employment [11]. Bateson & Hoffman brings out to notice that the internal marketing requires additional dimensions such as understanding internal customers’ requirements in order to fulfill the external customers’ needs and preferences [12].

4. **Internal Marketing as a source of Competitive Advantage**

Internal marketing is any form of marketing within an organisation which focuses staff attention on the internal activities that need to be changed in order to enhance external market place performance [6]. Robert and Patrick D in nordstrom way of customer service excellence speaks out the importance of internal marketing measures in bringing not only a competitive advantage but also to make the advantage a sustainable one in the future. To gain a sustainable advantage the customers should first value the concept [14]. An advantage that is not valued by customers will not result in extra earnings.

5. **Conceptual Model**

5.1 **Determinants of internal customer satisfaction:**

![Conceptual Model Diagram]

Based on theoretical frame work model adopted by (prathibha A & Kristie A, october 2007)
5.2 Internal service quality – Organizational profit flow chart:

Based on theoretical framework model adopted by (prathibha A & Kristie A, October 2007)

There are so many factors which play an important role in employee satisfaction and thereby resulting in external customer satisfaction. Many authors have grouped them mainly under three categories they are 1. Organizational factors 2. Financial factors 3. Non-financial factors. It is the function of these three factors that determine the degree of internal service quality. When the internal customers are satisfied this will lead to the increased performance of employees towards their customers. This will have an impact on the final service quality perceived by the customers.

5.3 Employee Empowerment
As discussed earlier in the literature segment, empowerment of employee in their work is directly linked to their satisfaction. Empowerment is one among the non-monetary motivation tools which can satisfy the employee’s intrinsic quest. Instead of taking each and every decision making situation to the supervisor or to the authorities concerned, if the employees themselves are empowered to decision making based on the circumstances the customer is in, the employee will be able to provide better customer satisfaction. The ability to practice internal marketing is closely linked to employee empowerment. Payne claims that a formal marketing plan for an internal market is of little value if customer contact staff are not motivated and empowered to deliver the level of service quality required [12].

5.4 Supervisor Relationship
The relation with the supervisor is one among the key factors that affects the employee’s behavior [4]. It has been revealed in several studies that an employee who has a smooth relationship with the supervisor tend to be positive and carry the same
energy while dealing with the customer. On the other an employee who has disturbed relationship with the supervisor who often engages in confrontation, who hesitates to have a conversation with his supervisor tend to show his disgust to the most valued partner of the firm i.e., the customer.

5.5 Effect of financial and non-financial measures
Non-financial internal marketing includes recognition programs, motivational practices, and empowerment. Recognition has long been considered a contributing factor for job satisfaction. Financial factors such as monetary benefits, cash rewards, ESOP said to have positive effect on internal customer satisfaction.

5.6 Training
Training can assist employees in developing a holistic view of a service strategy by providing them with an understanding of the role of each individual in relation to other individuals, the various functions within the firm, and the customers [3]. Periodic training about the new developments or change the organization is about to experience put the employees in much better positions to absorb those developments or change and adjust to the necessary requirements.

6. Conclusion
Even though there are difference in view with respect to which stream internal marketing belongs to, many researchers are convinced with the fact that internal marketing should be treated as an integral part in enhancing customer satisfaction. With service quality, customer satisfaction and their enhanced association with the organization are the prime motive of any service organization its internal marketing which plays a huge role in achieving the above mentioned ones. The above discussed dimensions which contributes the internal service quality are generalized things and they vary with respect to different organizations. Internal customer satisfaction continuous to draw more amount of research as it is one of the major tool which helps in achieving sustainable competitive advantage over others.

7. Bibliography


