

The Integration of Internal Marketing Into the Organizational Culture of Service Firms

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Marketing is a term usually reserved for the process of marketing a product, service, or idea to the final consumer outside the firm. It could be argued, however, that marketing also takes place within an organization. In this instance the "market " is not only the ultimate consumer but also an individual, or a group of individuals, within the organization. These internal "customers " are potentially as important as the external customers due to their impact on the firm's culture. The purpose of this paper is to show how internal marketing can impact the culture of an organization. The role of internal marketing is to develop an organizational culture based on quality customer service at every level of the organization. Customer service both inside and outside the organization is especially important in service firms because the service is often inseparable from the provider.

Introduction

The topic of organizational culture is important to the study of internal marketing and vis versa. For service firms, in particular, the existence of an appropriate culture is a key element (Webster, 1992). A customer-oriented environment often results from an internal marketing endeavor. Internal marketing is more than a strategy; it represents efforts to change the values and beliefs of an organization by promoting the firm and its products and services to employees (George, 1990). Shared values and beliefs within an organization are terms that are often used to define an organization's culture (Deshpande and Webster, 1989). Thus, this paper will discuss the concepts of internal marketing and organizational culture, and propose the integration of these two concepts. The importance of integrating internal marketing concepts into the organizational culture is based upon the customer-oriented perspective inherent in the concept of internal marketing. An enhanced sense of customer-orientation within the firm is a key element leading to successful external marketing, enhanced customer satisfaction, and increased overall performance of the firm, especially service firms.

Internal Marketing

Internal marketing has been described as the implementation of a human resource management philosophy based on a marketing perspective (George and Gronroos, 1989). The internal marketing concept states that the internal market is best motivated for service-mindedness where marketing like activities are used internally, 1990). Greene, Walls, and Schrest (1994) discuss these marketing activities in terms of promotion of both the firm and its products/service offerings. Management in service industries therefore need to market a customer orientation to its employees as a means of impacting the quality of the firm and its service outputs. This is especially important in service firms since they cannot easily differentiate their services on the basis of mere technical quality of the outcome rendered to the customers (Gronroos, 1982). They recognize that as the intangibility of the service offering increases, there is greater need to pay attention to the details of service delivery (Bowen and Schneider, 1988). Given the intangibility of services, management in service industries have a more limited span of control over the services being provided. An internal marketing philosophy which stresses the importance of a customer orientation can help employees to recognize that in many instances they, as the external customers' only contact with the firm's offerings, become both the firm and its service from the

customers' perspective. In other words, the human performance of the employees materially shapes the service outcome and hence becomes part of the firm's "product" (Greene, Walls, and Schrest, 1994).

The assumption of an internal marketing philosophy is that internal exchanges between the organization and its employee groups must be operating effectively before the organization can be successful in achieving goals regarding its external markets (George, 1990). To be more specific, Gronroos (1990) states internal marketing is now considered a prerequisite for successful external marketing to take place. A customer-oriented philosophy could have a more significant impact on a firm's external marketing if that philosophy were permeated throughout the organization. An internal marketing philosophy could be most effective if it were represented as more than a short-term strategy but rather became part of the philosophy of management which could become intertwined with the belief and value structure of a firm, especially a service firm. The aforementioned commonly held beliefs and values represent the basis of cultures.

Organizational Culture

Culture, or more specifically "organizational culture," is a topic that entered the academic literature in the late 1970s (Pettigrew, 1979). Since that time a significant stream of research in both organizational behavior and marketing has brought about a variety of definitions and characteristics for the term.

In the organizational behavior literature there are many definitions of culture. However, several characteristics remain consistent across definitions. Cultures are (1) holistic, (2) historically determined, (3) related to anthropological concepts, (4) socially constructed, (5) soft, and (6) difficult to change (Hofstede et al., 1990). One definition in the organizational behavior literature which illustrates some of these characteristics is that culture is "the patterns of values and ideas in organizations that shape human behavior and its artifacts" (Zammuto and Krakower, 1991).

The marketing literature on culture provides a definition similar to that available in organizational behavior. Organizational culture has been defined as "the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization" (Deshpande and Webster, 1989). The above definition is based on different conceptions of culture. The marketing literature has borrowed various theoretical features of organizational culture paradigms directly from the organizational behavior literature (Smircich, 1983).

Smircich (1983) outlines the theoretical features of organizational culture paradigms. The five paradigms are: (1) comparative management, (2) contingency management, (3) organizational cognition, (4) organizational symbolism, and (5) structural/psychodynamic perspective. Comparative management treats culture as a variable exogenous to the firm, such as a national culture. In contrast, contingency management is seen as an independent variable endogenous to the firm. In this view, culture consists of beliefs and values developed by and within the organization. The contingency management perspective is the approach taken by most popular literature, one example is Peters and Waterman's (1982) popular book, *In Search of Excellence*.

The final three paradigms--organizational cognition, organizational symbolism, and structural/psychodynamic perspective--all view culture as a metaphor for some aspect of the

organization. For instance, the organizational cognition paradigm sets out to understand the organizational knowledge systems of shared cognitions, values and beliefs, and member organizational techniques. From the perspective of any of these three paradigms, culture is not something the organization "has" but rather what it "is" (Deshpande and Webster, 1989).

The approach taken here is the contingency management perspective. It is the most appropriate paradigm to show the integration of internal marketing into a firm's culture. According to Smircich (1983), researchers believe that cultural artifacts "can be used to build organizational commitment, convey a philosophy of management, rationalize and legitimate activity, motivate personnel, and facilitate socialization" (p. 345). Additionally, the contingency management perspective focuses on the role of the Chief Executive Officer (CEO) in creating and disseminating a customer orientation. From this perspective, the CEO is the individual that conveys the philosophy of management to the rest of the organization and sets the tone for the integration of internal marketing philosophy to become a part of the organizational culture. Thus, the idea of internal marketing must originate at the top and be communicated down to the very bottom of the organization (Greene, Walls, and Schrest, 1994).

Integration of Internal Marketing into the Culture

To successfully integrate any management philosophy into the organizational culture, management must show that it is aware that the health of the enterprise depends on the degree to which core groups of employees subscribe to and share a common set of belief; and values and are served by the company's activities. The integrative elements of such an inner-directed vision include positioning of a service concept, which it is hoped will lead to low turnover, low training costs, and the opportunity to develop shared goals and values (George, 1990).

The CEO, as the leader of the organization, has the responsibility of integrating the management philosophy of internal marketing into the overall culture of the organization. To be successful the CEO, and other top level management, must fully embrace it (Green, Walls, and Schrest, 1994). Most organizational culture literature treats integration as a top-down phenomenon with a critical role being played by the CEO in overseeing the diffusion of cultural norms in the firm (Schein 1984). This is not necessarily as simple as it sounds. Making a cultural change is more difficult and takes longer to implement than simply changing a strategy (Gronroos, 1990). In spite of the level of difficulty, this change is necessary for the development of a new and more customer-oriented organizational culture.

It is the responsibility of the CEO to begin the process. The diffusion of culture norms, such as a service-orientation, can be enhanced by treating employees as "partial customers" (Bowen, 1986). The treatment of employees as customers should serve as a mechanism to enhance and develop the level of communication that takes place within the organization leading to participation at every level of the organization.

In addition to the CEO, the actual service provider is a critical participant in the organizational culture (Wasmer and Bruner, 1991). It is the service provided that actually interacts with the external customer and as such has the responsibility of dealing with the external customer. This interaction is central to the performance of a service firm (Tansuhaj, Randall, and McCullough, 1988) and informs management of the potential rewards of an internal marketing philosophy through such measures as customer satisfaction and profitability. While research focusing on the

link between internal marketing and overall performance are beyond the scope of this work, enhanced customer satisfaction, increased revenue, and increased profitability are viable consequences to a customer-oriented service firm.

In between the CEO and the service provider there are a wide variety of employees, both management and non-management, that impact, and are impacted by, the organizational culture. The employee's rank within the organization notwithstanding, it is critical that top management is successful in making everyone in the organization a customer in his/her relations to others either inside or outside the firm (George, 1990). It is still important that each of these individuals recognize that they too have a "partial customer" beyond the ultimate consumer as is the philosophy of internal marketing. Gummesson (1987) suggests that:

... everybody should see himself as a customer of colleagues, receiving products, documents, messages, etc. from them, and he should see himself as a supplier to other internal customers. Only when the customers are satisfied--it is the satisfied customer that counts irrespective of whether he is external or internal--has a job been properly executed.

In addition, it is as important to deliver high quality services to the internal customer as it is to deliver them to the external customer (Gummesson, 1987). Again, it is the responsibility of the CEO to establish this cultural value.

Conclusion

Internal marketing can be successfully incorporated into the organizational culture of a service firm. For this to take place the firm's top management must lead the way toward instilling the values and beliefs that an "internal customer" exists at every level of the organization. Internal communication of belief; that customers exist both inside and outside the firm establishes an organizational norm which all employees can share. Employees now have norms for behavior in the organization which can bring about a change in the organizational culture. In sum, internal marketing with its focus on managerial implementation via marketing like activities, such as product and service promotion, will allow the firm to integrate a customer-centered philosophy into the organizational culture.

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