A Review of the Relationship between Internal Marketing and Customer Orientation

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The role of internal marketing on customer orientation especially in service industry such as banking cannot be over emphasized. It goes further to substantiate the fact that self-sufficient employees would go extra mile in taking active and pragmatic approach towards contributing to the success and accomplishment of their employers’ businesses and organizations. Thus, when effective Internal Marketing system is operational, the employees tend to reciprocate by not only giving their best to the organization but also reflect in the ways customers are treated. However, a serious concern to most employers is attracting and retaining employees who can deliver superior value to customers. Being a qualitative and library-based research, the present paper applies the content analysis method to unravel the impact of Internal Marketing on Customer Orientation by surveying the extant literature on the subject. In other words, the paper employs library method to gather information and analyze it by way of comparative and inductive methods. The paper establishes that Internal Marketing impacts positively and significantly on Customer Orientation of banking employees.

Keywords: Internal Marketing; Customer Orientation; Banking

1. Introduction

In today’s market where competition has become stiffer day-in day-out, a period where only the one who can play by the rule remains in business, delivering superior value to customers has always been a serious concern and a priority for that purpose for most managers across different industries in the world especially in banking industry (Al-alak et al., 2011; Jemenez et al., 2007). It is a period where only innovative, technological advanced, high quality products and services purposely designed to meet customers’ needs and demands do not count rather how charmingly those products and services are delivered to their eventual users, that is, customers are fast becoming the order of the day. This is in line with the outcome of the study undertaken by Oakley (2012) and Poujol and Tanner (2009). Therefore, Hennig-Thurau and Thuarau (2003) maintained that even though the essence of customer orientation has been to constantly meet customers’ latent needs and also to keep them satisfied, but ultimately, the customer satisfying orientation of the employees who are supposed to deal directly with the customers can sometimes be questionable especially according to Pantouvakis (2013) in circumstances where job satisfaction is essentially not in place. Given the definition of Customer Orientation by Brown et al. (2002) as employees' tendency to meet customer needs and the extent to which they enjoy doing so, it therefore suggests that organizations or employers are obliged to first and foremost regard the
employees as internal customers while doing great things to satisfy them, the failure to recognize this and put the same into judicious use may invariably inhibit the effort of an organization toward delivering customer value (Zaman et al., 2012).

Against the backdrop of the above, there have been a growing contention about the customer orientation of banking employees in general and Nigerian bank employees in particular in spite of many internal marketing mechanisms advanced by managements of banks to make the jobs of their employees more appealingly and welcomed by them.

2. Banking System in Nigeria

Generally speaking, banks are the engine hub for economic stability and growth in every country of the world; they dominate service sector and contribute significantly to the world’s Gross Domestic Product (GDP). In the same vein, they remain the key players in the financial sector promoting and facilitating sound macroeconomic management of other sectors.

The Nigerian banking industry operations changed since 2005 due to regulatory induced consolidation through mergers and acquisitions. The banking sector reform coupled with the global trend in Merger and Acquisitions provided a compelling reason for major structural changes in the financial system that resulted in the emergence of twenty-one (21) stronger and more focused banks from the previous eighty-nine (89).

According to ILO (2001); Alaranta and Viljanen (2003) and Ernest (2013), the resultant effects of reforms in Nigerian banking industry are among others retrenchment, demotion, salary reductions, redeployments and culture conflicts, loss of jobs commitments, redundancy, treating human capital as cost and imbalance pay setting. At the moment, most banking industries in Nigeria are trying in every possible ways, to increase their profitability through satisfying the needs of their consumers. The Nigerian banking sector has had the need to contend with new demands in order to achieve greater efficiency and responsiveness to the needs of the Nigerian economy.

The consequence of this transformations, furthermore, has been most challenging to the employees and management alike (ILO, 2001). The banks’ managements are therefore confronted with certain challenges including but not limited to employee’s remuneration, staff harmonization, placement and job security in the banks. To them, planning to attract the best personnel and motivating employees in order to deliver best quality services to the consumers and survive in a fiercely competitive environment has become imperative. This was the view of Rafiq and Ahmed (2000) who added that attraction, retention and motivation of high quality staff is the only real differentiating factors between competitors. As a result, organizations, that is, banks must first and foremost satisfy their employees. Sinčić Ćorić and Pološki Vokić (2009) corroborated this when they held that the needs of customers must of necessity come second to those of employees.

One way of achieving this according to Liao (2009), is for the bank management to shift their passive conservatism to active business orientations. One of the active business orientation approaches adopted by bank management as indicated in extant literature is Internal Marketing (IM). Changes in the Nigerian banking sector have led to the high level of uncertainty, threat and job insecurity among employees (Adenugba and Oteyowo, 2012) since these attitude and behaviour affect the level of employees’ commitment to the organization, it is thought that this will affect the effectiveness of service delivery by employees of the banks to their customers in Nigeria. Most employees are disillusioned about their jobs as a result of job cuts and job insecurity. The advertisement slogan among Nigerian banks is customer satisfaction (Maiyaki, 2011) and understanding customers’ needs (Adeoye and Lawanson, 2012) in order to create a long term relationship so as to have sustainable competitive advantage. This aim could not be achieved by bank managements, unless the employees are satisfied with their jobs and are committed in order to deliver best quality service to
customers. It therefore becomes imperative to focus on internal customers (Bank employees) to get them committed to their jobs (Maiyaki, 2011).

Akpan (2007) found that a critical problem for Nigerian banks after reforms was how to keep their sustained competitive advantage after reforms. To achieve this aim, accordingly, providing needs and development of human resources (Human Capital) in each organization must be regarded as the prerequisite for final success (Amangala and Wali, 2013). This research work argues that gaining satisfaction and loyalty of external customers is an impossible task unless the needs and wants of organization's human force (internal customers) is met. Consequently, external consumer satisfaction cannot be achieved without the fundamental contribution of the employees who provide the service.

3. Internal Marketing

The concept of internal marketing was first made known in service marketing literature (Berry Leonard and Parasuraman, 1991), while the aspects of internal marketing were first introduced by Berry (1981) when he used the 4ps (Product, Price, Promotion and Place) of traditional marketing. Thereafter, for the past decades, researchers have been studying the concept of internal marketing (Ivens et al., 2009; Pardo et al., 2013; Ruizalba et al., 2014). Internal marketing has come to attract attention and become more broadened on the realization that services in an organization are the key differentiating factor that enables organizations to obtain a competitive advantage. Internal marketing has also become the best marketing practices known to improve service orientations and organizational management (Sheth et al., 2009).

In short, globally, there is a growing awareness that internal marketing is becoming a pre-requisite for successful external marketing and a necessary business practice vital in developing successful service, relationship marketing, and promoting customer-minded service employees (Fu, 2013). The overall implication of internal marketing is that when an employee is satisfied by his organization, he is most likely to deliver quality service to the external customers (Ogunnaike et al., 2012).

The goal of internal marketing actually is to make employees as important as the external customers by treating them as internal customers (Grönoos, 1981). In the same thought, Papasolomou-Doukakis (2002) stated that the main assumption of internal marketing is that employees must be viewed as the most invaluable asset of an organization and must be treated as internal customers because these results are gaining competitive advantage by organization and creating a competitive advantage over competitors (Ogunnaike et al., 2012). Still speaking on the goal of internal marketing, Lings and Greenley (2005) advocated that the goal of internal marketing lies in motivating the employees and encouraging them to offer superior services to customers which will improve the customers’ satisfaction of the company services. Internal marketing is also seen as a possible solution to provide quality products to customers (Chen et al., 2012) and make customer conscious employees in order to achieve service excellence and serve customers in better ways (Vazifehdoost et al., 2012; Rainey, 2014).

It should be noted that despite the abundance of literature on internal marketing, there is no consensus on unified variables on what actually constitutes internal marketing as many of scholars writings remain conceptual in nature (Limpanitgul et al., 2013; Anaza, 2010; Kelemen and Papasolomou-Doukakis, 2004). The reality on ground is that only few organizations (bank) apply it in practice, because of non-understandable nature of Internal marketing and those that apply the concept of internal marketing concentrated only on external customers (Fu, 2013). Unified variables of internal marketing had made research findings on research inconsistent (Narteh, 2012) and this makes it difficult to have a consensus on the theory of internal marketing. Lack of consensus on internal marketing
theory had made the practical aspect of it in reality difficult for organizations (Papasolomou-Doukakis, 2002).

Stauss and Hoffmann (2000) defined Internal marketing as “The planned use of communication actions to systematically influence the knowledge, attitudes and behaviours of current employees” Many researchers describe internal marketing as a process of attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs, “the philosophy of treating employees as customers and the strategy of shaping jobs to fit human needs (Neill and Richard, 2012; Ruizalba et al., 2014). Alajoutsijärvi et al. (2012), also described internal marketing as “a fruitful means of integrating various business functions as production, personnel and technological development, so that marketing really can become an integrative function in the service company

4. Components of Effective Internal Marketing

As regards what actually constitutes internal marketing, the functions of internal marketing and who supposed to carry the function, according to Rafiq and Ahmed (2000), there is a great deal of confusion in literature as there are varieties of interpretations by authors as to what actually constitute internal marketing. These varieties had led to a diverse range of activities being grouped under the umbrella of internal marketing (Rafiq and Ahmed, 2000). Some of these writings are quite old while others are modern. Broady-Preston and Steel (2002), investigated matters that are central to internal marketing, and divided internal marketing into recruiting; training, developing and motivating staff and the authors believed that it is the external marketing impact of each member of the staff that is the essential focus of an internal marketing strategy. Naudé et al. (2003), developed three dormant variables that included person, situation, and person situation. Ha et al. (2007), pointed out that internal marketing as a concept was aimed in organization by management to attract and retain the best employees which enhance the business performance. They identified 12 constructs of internal marketing which include: inter-functional coordination and integration, customer orientation, marketing-like approach, job satisfaction, empowerment, and employee motivation, quality of service, employee development, and vision of the organization, strategic reward, internal communication and senior leadership.

But in the contemporary world, Nartel (2012) has come up with a classification. The author identified internal marketing components or practices as training and development; reward and recognition; internal communication and empowerment. Meanwhile, according to the study of Nartel (2012), these four internal marketing practices were investigated to indicate their impacts on the job satisfaction in the Ghanaian retail banking industry. The outcome of the analysis revealed that empowerment; training and development; and rewards and recognition have positive and significant relationship with job satisfaction while internal communication has no relationship with job satisfaction.

Table 1: Conceptualized Demystified Constructs for Describing and Measuring Internal Marketing

<table>
<thead>
<tr>
<th>Authors</th>
<th>Year</th>
<th>Conceptualization of Internal marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hogg, Carter and Dunnes</td>
<td>1998</td>
<td>Communication, staff training, appraisal and feedback, customer consciousness</td>
</tr>
<tr>
<td>Berry</td>
<td>1976</td>
<td>Employees attraction and selection, employees satisfaction, employee socialization, empowerment, participation in decision making, establishment of accurate and open information between employees and management , service training programmes</td>
</tr>
<tr>
<td>Authors</td>
<td>Year</td>
<td>Employee motivation and satisfaction, customer orientation and satisfaction, inter-functional coordination and integration, marketing and implementation of specific corporate or functional strategies</td>
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</tr>
<tr>
<td>Rafiq and Ahmed</td>
<td>2000</td>
<td>Service training programs, performance incentives, visions for service, Training, administrative support, internal communication, external communication, human resources management, communication, training and development</td>
</tr>
<tr>
<td>Tsai and Tang</td>
<td>2008</td>
<td>Training, administrative support, internal communication, external communication, human resources management, communication, training and development</td>
</tr>
<tr>
<td>Ching and HsinHsin</td>
<td>2007</td>
<td>Employees empowerment, remunerations, recognition, training and development, and internal communication</td>
</tr>
<tr>
<td>Anaza, Nwamaka,</td>
<td>2010</td>
<td>Concern for people, design of work and internal communication</td>
</tr>
<tr>
<td>Mohammendi et al</td>
<td>2012</td>
<td>Reward, improvement and development, Selection and appointment, Organizational Support, incentive and Motivation and retention policy</td>
</tr>
<tr>
<td>Ala’Eddin and Al-Borie</td>
<td>2012</td>
<td>Empowerment, internal communication, training and development, rewards, and recognitions</td>
</tr>
</tbody>
</table>

5. **Employee Customer Orientation**

The concept of ‘Customer Orientation’ has been widely used in both most strategic human resources management literature (Thoumrungroje and Raclea, 2013; Poujol and Tanner, 2009; Hennig-Thurau and Thurau, 2003) as well as in many customer satisfaction studies (Kibbelig et al., 2013; Dunn and Dahl, 2012; Oakley, 2012). The concept refers mainly to the marketing principle that addresses the significance of considering customer needs and wishes throughout the organization (Ruizalba et al., 2014). Customer Orientation is ordinarily the principle of readiness to meet and respond promptly to customers’ needs and wants (Awwad and Agti, 2011). In short, it is the total packages of external customers’ welfare in an organization.

When a customer orientation approach is taken, there is likelihood of higher performance and quality delivery services by employees (Brady and Cronin, 2001). The earliest advances on the topic examined the overall customer orientation of entire organizations, usually referred to as market orientation (Chen et al., 2012; Ruizalba et al., 2014). Academic researchers and scholars have hence, defined the concept of Customer Orientation as ‘the set of behaviors and beliefs that places a priority on customers’ interests and continuously creates superior customer value’ (Deshpande’, Farley and Webster, 1993; Narver and Slater, 1990). Most customer-oriented firms would ‘stay close to the customer’, as a means of identifying, understanding and monitoring customer needs. Some researchers refer to these activities as market-driven behavior (e.g. Narver, Slater, and MacLachlan, 2004). Thus, understanding the needs of customers requires strong market sensing and customer-relating capabilities (Day, 1994), customer-oriented firms foster direct customer contact, rely on focus groups and customer surveys to collect information about customer desires and perceptions of current products and services, and use customer-supplied information to design and deliver products and services (Schneider and Bowen, 1995). Furthermore, customer-oriented firms attempt to develop close relationships with customers to gain greater insights of their needs.

However, a company may be said to be customer oriented when their employees are customer oriented (Neill and Richard, 2012; Stock and Watson, 2003). This point has given
rise to a branch of research on customer orientation at the individual worker unit of analysis (Bellaouaied and Gem, 2012). The definition of employee customer orientation usually brings two perspectives into focus: one focuses on the attitudes and beliefs of the employees, and the other focuses on actual behaviour (Stock and Hoyer, 2005). By considering the attitudinal and belief perspective, Zablah et al. (2012), described customer orientation as “an employee’s tendency or predisposition to meet customer needs in the job context.” Other researchers also present customer orientation as a belief (Kirca et al., 2005) or value (Wieseke et al., 2007) held by an employee concerning the importance of satisfying customer needs. Riketta and Dick (2005), asserted that customer oriented beliefs and attitudes are regarded as an antecedent to some related behaviours. In Stock and Hoyer's (2005) study, it was discovered that both customer oriented attitudes and customer oriented behaviours of employees influenced customer satisfaction, but the behaviour-satisfaction link was the strongest. Based on these foregoing however, employees’ beliefs and attitudinal dispositions can be said to make differences in terms of their nature and quality of services delivery (Kirca et al., 2005; Bellaouaied and Gem, 2005). In fact, organizational barriers such as lack of empowerment may prevent an employee with customer oriented attitudes from behaving in a customer oriented way (Kralj and Solnet, 2010).

6. Components of Employee Customer Orientation

In most marketing literature, the concept of Customer Orientation is referred to as a 'marketing concept’ philosophy which reflects 'customer satisfaction' as the dominant driving force in all the marketing activities of a firm (Bellaouaied and Gem, 2012; Poujol and Tanner, 2009). It practically involves adoption of relationship marketing strategies through the front-desk employees so as to maintain a lasting relationship with the customers (Saxe and Weitz, 1982; Dunn and Dahl, 2012). Customer orientation is widely acclaimed to include both ‘attitudinal’ and ‘behavioural’ dispositions of the employees toward helping customers in making their purchasing choices and decisions. Through this assistance service, the employees help their firm to satisfy the customers’ long-term needs (Thoumrungroje and Racela, 2013). While this meaning may be contrasted with the meaning and practice of Customer Service, the attitude and behaviour disposed by the employees determine largely their orientation toward the customers.

Turban et al. (2002) describes customer service as a series of activities carried out by employees (usually the frontline employees) to enhance the level of customer satisfaction. Substantively therefore, an employee that is customer oriented can be described through his/her behavioural intentions and readiness to carry out some sorts of customer services satisfactorily, that is, the service that would give customers the feeling or sensation that the product or service offered to them meet their expectation. Similarly, Saxe and Weitz (1982) describe a customer oriented employee as one who is committed to behaviors which lead to the long-term satisfaction of the customer rather than short-term self-interest. Such employee would demonstrate malleability in his service to the customer so as to offer what is best suited to meet and satisfy the customer’s needs.

Based on the foregoing, we can realize that a customer oriented firm is one whose employees demonstrate some kind of customer satisfying behavior and attitude while serving the firm’s customers. To idealize the basic components of such behavior and attitudes, Saxe and Weitz (1982) opined that customer orientation is made up of seven components as follows: (i) a desire to help customers make satisfactory purchase decisions, (ii) helping customers assess their needs, (iii) offering products that will satisfy those needs, (iv) describing products accurately, (v) adapting sales presentations to match customer interests, (vi) avoiding deceptive or manipulative influence tactics, and (vii) avoiding the use of high pressure.
7. Summary

Invariably, this paper avails us the opportunity of appreciating the impact of Internal Marketing on Customer Orientation especially in the modern age where there is a stiff competition in Nigerian banking industry thereby making only the fittest to survive. Principally, the practice of Internal Marketing encourages employers to recognize their employees as their internal customers and thus satisfies their yearnings and aspirations; the consequence of this is that the employees will in turn reciprocate the gesture through quality service delivery to the customers. Therefore, a holistic analysis of the extant literatures reviewed in this paper reveals that effective utilization of Internal Marketing mechanisms is capable of making employees give their best to their organizations while contributing meaningfully to the realization of the goals and objective of their organizations.

8. Concluding Remark

This paper attempts to provide a comprehensive review of the impacts of Internal Marketing on Customer Orientation in Nigerian banking industry. In a nutshell, in the course of our review several authors have proved beyond any iota of doubts either through empirical studies or theoretical analysis that the Internal Marketing impacts significantly on Customer Orientation of Nigerian banking industry. This paper therefore concluded that Internal Marketing impacts greatly on Customer Orientation in Nigerian banking sector. In other words, the stakeholders vis-à-vis bank managers, bank employers, Board of Directors should appreciate the overall role of Internal Marketing in their conduct and management style so that through being responsive to the basic expectations and interest of the employees in terms of their welfare package; promotion; training and development; reward and recognition; and empowerment the result will be robust quality service delivery to the customers performed under not only a friendly environment but also an atmosphere that enhances customers satisfaction.

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References