

# Internal-market orientation and its measurement

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## Abstract

The 1970s introduced internal marketing (IM) as a solution for the companies that sought to offer superior customer service. After 30 years though, IM practice remains limited, probably because their majority lack the proper underlying philosophy. An “internal-market orientation” (IMO), the equivalent to market orientation that is known to precede the effective implementation of marketing strategies. Such an internal-market orientation, if developed, may increase the effectiveness of market-oriented company’s response to (external) market conditions because it allows the company’s management to better align (external) market objectives with internal capabilities. However, before this symmetry is achievable, companies need to be able to assess their orientation towards their internal (employee) market and take, where necessary, corrective actions. This article, while discussing the notion and the importance of IMO, reports the results of a study aimed to develop and empirically validate an instrument for assessing the company’s degree of IMO adoption.

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## 1. Introduction

This article empirically investigates an instrument for assessing the company’s degree of internal-market orientation (IMO) adoption. That is, the extent to which the company commits to produce value for its employees through effectively managing the relations between employees, supervisors and management. Increasing the company’s degree of IMO does not hamper its external orientation or its focus on its customers (Bansal et al., 2001). Quite the contrary, it allows deriving a symmetric orientation (Piercy, 1995) and, thus, enhancing the effectiveness of a company’s strategic response and, eventually, its ability to satisfy customers consistently so that sales and profits can grow.

Many scholars investigate the major antecedents of customer satisfaction. Particularly in the service industries, various authors suggest different antecedents, such as the quality and the value offered by the company (Cronin et al., 2000), the perceived quality (Grönroos, 1983; Parasuraman et al., 1988; Cronin and Taylor, 1992; Anderson and Sullivan, 1993) or complain handling (Homburg and Rudolph, 2001). However, a parallel stream of research, also in services, investigates the

impact of the encounter with service personnel, demonstrating that customer’s experience with the service providing personnel heavily influences customer satisfaction (e.g., Tornow and Wiley, 1991; Mohr and Henson, 1996; Foster and Cadogan, 2000; Donavan and Hocutt, 2001). These findings explain marketing scholars’ emphasis on service personnel as part of the company’s marketing mix (Booms and Bitner, 1981; Berry, 1981; Conduit and Mavondo, 2001) and, consequently, their interest on internal marketing (IM).

However, although the body of knowledge on IM is constantly increasing since the 1970s, this is mainly through normative work as the proportion of empirical studies remains rather slim. Moreover, marketing scholars have not yet derived a single, unanimous, definition of IM. During this period though, IM content has evolved from the company’s effort to satisfy the needs of the “customer-affecting” personnel (Berry et al., 1976; Sasser and Arbeit, 1976; Berry, 1981), to managing the service-value chain and the internal relationships between co-workers more effectively (Gummesson, 1987) and developing a customer priority throughout the entire company (Grönroos, 1983; George, 1990; Ahmed and Rafiq, 1993; Varey and Lewis, 1999).

Nonetheless, the application of IM focuses only on a small number of companies (Rafiq and Ahmed, 2000), despite the increasing interest of scholars on IM and its profound

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Table 1

Previous work on internal marketing and key points

Author(s), date	Key points	Type
Berry et al., 1976	<ul style="list-style-type: none"> <li>•Internal marketing (IM) results to jobs (internal products) that satisfy the needs of employees (internal market) while satisfying the objectives of the organization</li> <li>•Targeted to front-line personnel</li> <li>•A behavioral–instrumental approach</li> <li>•IM is a strategy. A marketing program based on communication with employees. The development of their potential and motivating—remunerating those who offer excellent service</li> </ul>	Normative
Sasser and Arbeit, 1976	<ul style="list-style-type: none"> <li>•IM results into job satisfaction</li> <li>•Targeted to front-line personnel</li> <li>•A behavioral–instrumental approach</li> <li>•IM is implemented through internal market research and job re-engineering aimed at developing jobs that attract and retain excellent service providers</li> </ul>	Normative
William, 1977	<ul style="list-style-type: none"> <li>•IM results to greater job satisfaction</li> <li>•Targeted to front-line personnel</li> <li>•A behavioral–instrumental approach</li> <li>•IM is a strategy to deal with status and pay concerns of front-line personnel in order to improve customer service</li> </ul>	Normative
Berry, 1981, 1987	<ul style="list-style-type: none"> <li>•IM results in job satisfaction</li> <li>•Targeted to front-line personnel</li> <li>•A behavioral–instrumental approach</li> <li>•IM is a strategy for job re-engineering and internal communication aimed at deriving customer-minded front-line personnel</li> </ul>	Normative
Grönroos, 1983	<ul style="list-style-type: none"> <li>•IM results in customer consciousness</li> <li>•Targeted to the entire organization and all employees</li> <li>•A behavioral–instrumental approach</li> <li>•IM is a strategy for developing the required “state of mind” that will allow customer service effectiveness under a broader relationship management paradigm</li> </ul>	Normative
Tansuhaj et al., 1987	<ul style="list-style-type: none"> <li>•IM results to increased levels of job satisfaction and commitment to the organization</li> <li>•Targeted to front-line employees</li> <li>•A behavioral–instrumental approach</li> <li>•Responsibility of the company’s marketing specialists (marketing and sales departments)</li> <li>•IM is implemented through communication with employees</li> </ul>	Empirical
Gummesson, 1987	<ul style="list-style-type: none"> <li>•IM results to increased levels of productivity and efficiency</li> <li>•Targeted to all employees involved in the service value-creation chain</li> <li>•A mechanic approach</li> <li>•IM is implemented through communication with employees and culture change mechanisms</li> </ul>	Case Study

Table 1 (continued)

Author(s), date	Key points	Type
Tansuhaj et al., 1988	<ul style="list-style-type: none"> <li>•IM results to increased levels of job satisfaction and commitment to the company</li> <li>•Targeted to front-line employees</li> <li>•A behavioral–instrumental approach</li> <li>•Responsibility of the company’s marketing specialists (marketing and sales departments)</li> <li>•IM is implemented through communication with employees</li> </ul>	Normative
George, 1990	<ul style="list-style-type: none"> <li>•IM in effective internal exchanges</li> <li>•Targeted to all employees</li> <li>•An holistic approach</li> <li>•IM is implemented through coordinating human resource and marketing departments to improve the company’s service orientation</li> </ul>	Normative
Ahmed and Rafiq, 1993	<ul style="list-style-type: none"> <li>•IM results to increased marketing strategy effectiveness by aligning, motivating and integrating the employees towards the implementation of company strategies</li> <li>•Targeted to all employees</li> <li>•A holistic approach</li> <li>•IM is implemented through the application of marketing techniques along with human resource management practices to facilitate the implementation of the company’s market objectives</li> </ul>	Normative
Foreman and Money, 1995	<ul style="list-style-type: none"> <li>•IM may have various objectives depending on who is targeted (specific groups of employees or the entire organization)</li> <li>•Can be targeted to specific departments or to the entire organization</li> <li>•A behavioral–instrumental approach</li> <li>•IM is implemented through communication, development and participative management and motivation and rewards.</li> </ul>	Empirical
Varey, 1995	<ul style="list-style-type: none"> <li>•IM results to satisfaction of employees’ needs, both as individuals and service providers</li> <li>•Targeted to front-line personnel</li> <li>•A holistic approach</li> <li>•IM is implemented through internal communication aiming to “sell” the importance of customer service</li> </ul>	Normative
Piercy, 1995	<ul style="list-style-type: none"> <li>•IM results to strategic alignment</li> <li>•Targeted to those who can influence the implementation of the marketing strategy</li> <li>•A behavioral–instrumental approach</li> <li>•IM allows the removal of interdepartmental barriers for developing and implementing the company’s market objectives</li> </ul>	Normative
Grönroos, 1997	<ul style="list-style-type: none"> <li>•IM results to sales- and service-minded personnel</li> <li>•Targeted to all employees, regardless of job description and hierarchy</li> <li>•A behavioral–instrumental approach</li> </ul>	Normative

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