The role of customer contact employees as external customers: A conceptual framework for marketing strategy and future research

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Abstract

Existing streams of literature in marketing, management, and organizational behavior are integrated to propose a conceptual framework that highlights the customer contact employee’s dual role as employee and external customer of the organization. Several iterative “cycles of success” are proposed whereby job satisfaction, the employee’s patronage of the company’s products (i.e., goods or services), and job performance (as customer contact employees) are all enhanced, ultimately leading to long-term relationships (with customers and employees) and profits for the organization. The framework highlights the role of internal marketing as a tool for enhancing the competitive advantage gained by strategically considering the customer contact employee’s role as external customer.
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1. Introduction

In 2006, over 76 million people, representing 57.4% of those employed in the United States, worked in sectors where they could also be customers (Bureau of Labor Statistics, 2007). These sectors include a wide range of services such as retail stores, restaurants, health care providers, and financial institutions, but also include manufacturing firms. Furthermore, most of these organizations employ large numbers of customer contact employees—ranging from cashiers to professional salespeople, and including customer service personnel. Whereas the role of customer contact employees has been examined as a source of competitive advantage (Pfeffer, 1994, 2005), their complex and far-reaching role as “external customers,” i.e., purchasing products from their own organization, has been largely ignored. Understanding this dual role (as customer contact employee and external customer) may provide further competitive advantage through increased profits and long-term relationships with employees and final customers.

In studying the role of employees as external customers, their role as internal customers (c.f., Berry, 1981) must also be considered. Although the importance of employees as internal customers of organizations has been well established in the internal marketing literature (e.g., Foreman and Money, 1995; Gronroos, 1981; Rafiq and Ahmed, 2000), the effect of internal marketing on employee patronage has been largely ignored. The only exception is a study by Lusch et al. (1996), which examined the effects of social controls and socialization on employee patronage. However, the impact of employee patronage on job performance, and ultimately on organizational performance, has not received any scholarly attention.

In fact, although scholars have long suggested that research should integrate human resource management with services marketing and operations management (e.g., Lovelock, 1992; Schneider et al., 1998), no academic research seems to have examined the antecedents and consequences of the dual role that so many employees play—as customer contact employee and external customer. At the same time, Lusch et al. (1996) have pointed out...
that employee patronage (or lack thereof) is a clear signal of a firm’s success (or failure), and therefore deserves scholarly attention. In addition, Babin and Boles (1996) have commented that customer contact employees in general, and retail employees in particular, are critical to retail performance, and yet their role has not been examined in depth.

To fill these gaps in the literature, as well as to address the important substantive issues mentioned, a conceptual framework is proposed to carefully examine the role of customer contact employees as external customers of the organization. A secondary purpose of the framework is to illustrate how internal marketing can be used to create a unique competitive advantage and position in the sector by evaluating its effects on employees in their dual role.

2. Conceptual framework

2.1. A model of customer contact employees as external customers

The proposed model conceptualizes the interrelationships among firm-controlled aspects, employee aspects, customer outcomes, and organizational outcomes (see Fig. 1). It is proposed that firm-controlled aspects contribute to employee aspects, which in turn enhance customer outcomes, and directly as well as indirectly lead to organizational outcomes. This basic model is from a micro-level perspective to capture cumulative effects at the individual level. Furthermore, with the exception of P8–P10, the model applies to all employees who can purchase from their organization, if “job performance” (in Fig. 1) is viewed without the qualifier. But as P8–P10 apply only to customer contact employees, the article focuses on this context.

The loops in the model (e.g., non-financial internal marketing to job satisfaction, to job performance, and back to non-financial internal marketing) are referred to as “cycles of success” (c.f., Schlesinger and Heskett, 1991). From Fig. 1, it is seen that there are several such cycles of success, which take the framework to a macro-level perspective.

2.2. Firm-controlled aspects

There are three types of firm-controlled aspects relevant to the role of employees as external customers: organizational factors, financial internal marketing, and non-financial internal marketing (see Fig. 1). The effect of these aspects on job satisfaction is examined next, and in the case of financial internal marketing, on employee patronage as well.

2.2.1. Effect of organizational factors on job satisfaction

Job satisfaction is defined as “an employee’s overall affective evaluation of the job situation” (Bettencourt and Brown, 1997, p. 42). Numerous organizational factors can facilitate or hinder job satisfaction, including human resource practices (Liao and Chuang, 2004), management practices (Harter et al., 2002), pay policies (Chebat et al., 2002; Lum et al., 1998), physical surroundings (Bitner, 1992), professional development (Ackfeldt and Coote, 2005), service climate (Liao and Chuang, 2004; Paulin et al., 2006; Salanova et al., 2005), and social controls and socialization (Joshi
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