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A Study of the Impact of Internal Marketing on Customer Orientation

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Abstract

Internal marketing is one of marketing issues which was proposed as a method of solving the related problems to organizations employees and providing high quality services to them by Berry about 20 years ago. In spite of the the extension of marketing literature conception, it has been used a little practically. Next issues about internal marketing showed this reality that this branch if marketing needs more extensive research. The aim of the present study is to investigate the relationship between internal marketing and customer orientation. Statistical population of this study includes 320 personnel of 25 Organizations in Iran. A questionnaire was used to collect the necessary data. 22 questions of Liao (2009) about perception of Internal Marketing were used to measure perception of internal marketing. Furhter, the 10 questions of Saxe and Weitz (1982) have been used for measuring Customer Orientation. Data analysis by SEM technique shows that internal marketing has a significant positive influence on customer orientations of selected Iranian organizations.

Keywords: Internal Marketing, Customer Orientation

Introduction

In today's world, which allows mass production of goods and services provided to increase supply over demand, producers are left no choice but customer satisfaction and market domains and can no longer be supplied with the limited means defined. Experience has shown, organizations that traditional concepts of customer, product, market, sell, buy, contests, promotions, quality and look and are in addition to the lack of success, their capital is lost have. With the advent of competitive economy concepts such as customer satisfaction and customer satisfaction, business foundation as an organization that does not pay attention and be removed from the market (Baker & Sinkula, (1999).

Each organization has administrative classifications, organizational charts, goals and different parts, manuals and many other items, which admittedly only great for customers and different parts of the organization do not care, but they want someone solve their problems and the needs of encouraged to correct it (Lings and Greenley, 2001).

Customer-oriented organization is an organization that aims to follow on the issues that most value to their customers' requests and customer satisfaction is its capital and guarantee return on investment for the organization (George, 1977).

Customer service is always top priority planning and thoughts and lives and problems keep the customer satisfied for those who are responsible for change and improvement drawn. And organizational performance results based on the expectations and demands of customers is evaluated.

The real measure of value to an organization in terms of community and customer satisfaction is its owners, without any business cannot survive and create jobs or work in the lives of those who serve the people, offering the government funds (Hitt & Ireland, 2000).

A customer-focused organization without proper communication with your customers can be a success and in today's world is the world of quality-oriented, customer-focused, customer-oriented target customer and business activities and economic infrastructure. In this regard attract customer-focused employees who have been prominent features of human communication is essential in terms of their behavior (Kohli et al., 1993).

Literature Review

Definition of customer

Customers, or people that are operational or consume the product or the results of a performance they need and benefit from them. Because every function in an organization certainly has a purpose, therefore, customers (Berry, 1981).

Overall, clients can be divided into two categories: external and internal customers. Foreign customers outside the organization, products, or services purchased it. Against foreign clients, each organization has internal customer number that is important to external customers.

Customer needs and expectations

Kaplan and Norton In assessing the performance of the customer's perspective is considered the most important ideas and Peters and Waterman know the characteristics of successful organizations have expressed our customer's requirements and in view also of reviews and how customer satisfaction and loyalty is considered the most important indicators of health status.

Four aspects of customers ' needs are as following (Helberg, 1999):

Knowledge of the results (objectives of service) and the means or ways to achieve results; determining the precise definition of customer needs;

Customer participation as soon as possible;

Set consumer expectations (customer) service.

If a quality service is provided, the balance between customer expectations and what can be offered, it is essential.

In general, the needs and expectations of customers around the following axes: internal customers:

- Provide timely work;
- Working with acceptable quality;
- Do group work;
- The structure and organizational structure.

Foreign customers:

- Timely delivery of the product or service;
- Price is right for the same product or service (competitive);
- Quality assurance and handed acceptable;
- Product and service delivery and receive according to need (not like that);
- Providing proper service after the sale.

To satisfy customers' needs is essential that these needs will become the product or service that interpretation. Technics for this purpose are mentioned (Gary & McGrath, 2009).

Customer satisfaction:

The manufacturing organizations or services, customer satisfaction is considered as an important measure to evaluate the quality of their work and this trend is increasing. Customer care and satisfaction is what returns to compete globally (Dyer & Reeves, 1995).

Blanchard and Galloway, said: "Customer satisfaction is a result of the customer's perception of value in a transaction or relationship so that the price is equal to the ratio of quality to price and cost of customer service."

The definition of customer satisfaction is accepted by many experts is: "customer satisfaction is a result of the comparison prior to purchasing the expected performance with actual performance and pay is perceived to be achieved."

In marketing literature so that customer satisfaction with both exchanges and the next is total.

The concept of customer satisfaction on customer evaluation of each purchase transaction that does care. The general concept of customer satisfaction on customer evaluations and overall feeling about the brand attitudes and their purchases are concerned. In fact, it can be said that the function of the kidneys satisfaction or dissatisfaction overall customer satisfaction in previous exchanges (Gamson, 1994).

Customer satisfaction aggregate (or total) to evaluate overall customer shopping experience and consumption of a good or service is in a prolonged period of time. Whereas the satisfactory exchange of information and experience in dealing with a particular product or service in a particular case in hand, overall satisfaction index, the better the performance of past, present and future of the company. The importance of it is that your customers buying decision again based on their experience with a brand all the time do not buy based on a particular time and place (Gounaris, 2008).

The Conception of internal marketing

Internal marketing is to attract, develop, motivate and sustain quality employees through job as a product and satisfy their requirements. In other words, internal marketing philosophy and treaty relationship between customers and employees (internal customers) organization. In a sense, internal marketing as a recognition of academic, scientific and business is to promote customer satisfaction and employees (Davoudi, 2012).

This branch of science of marketing to a large extent influenced by the importance and need for quality management and quality marketing services that focuses on the entire process of provision of services in this area of marketing science to discuss the organization's internal to create value for customers and suppliers relationship foreign customers pays, it would be a tool for development and value chain quality products and services and interactions between the organization and outside the organization appears . Thus, internal marketing purpose is to ensure the satisfaction of employees and development of quality products and services in order to achieve the organization's external customer satisfaction, which is a process of internal clients to the external customer flows (Davoudi, 2012).

Studies in this area indicate a positive correlation between satisfaction with internal customers (employees) and external customers is job satisfaction. Studies Cohort and Levine (1992) reflect the fact that happy employees (internal customers) have a significant impact on product quality and customer satisfaction is the result. In this context, Morrison five external behavior and the impact of marketing activities within the organization that enumerated outside the organization and their satisfaction has a direct impact. The five treatment areas include (Gounaris, 2006):

- Loyalty and work ethic;
- Altruism;
- Goodness of social ethics;
- Chivalry;

Propriety, these five are crucial in providing services to organizations.

The main principles of internal marketing

Internal marketing is a set of principles that are considered as the main criteria for internal marketing to a principle. These principles include those who have been mentioned below. Any process that stems from internal suppliers, at a later stage should not create value for customers;
You need to supply internal needs and expectations of internal customers (management and employees who provide services employees) to communicate, assess the services provided by internal customers require constant contact with internal suppliers. Satisfaction or non-satisfaction of the needs of internal customers may be interpreted as a reward and punishment.
The purpose of internal marketing process of continuous improvement and continuously provides products and services in the organization (Hafeez, 2002).
Employees should work with managers in the field and contribute to system performance. These principles represent internal marketing process from the customer is internal to external customers.

Elements of internal marketing

All marketing activities done in any organization to attract, retain, and promote customer loyalty within organizations takes place. In addition to this, human resource management seeks to achieve internal customer commitment, job satisfaction, and winning the trust of the managers that it would have been associated with marketing activities within the organization. In general, the basic elements of internal marketing can be examined from several different aspects.
1 - Job security- Job security is considered as one of the key elements of internal marketing. This aspect of the internal marketing employees in the field of occupational safety covers acceptable. Any decrease in productivity or profitability may transfer, retraining and job rotation lead. As a way to prevent the loss of employees and re-use them in other sectors is possible. Studies indicate the fact that increasing levels of job security, satisfaction, loyalty and trust in the management increases (Gronroos, 1981).
2 - Training varies widely: in an economy of the developed world, the development of one of the most important factors to achieve competitive advantage in the global arena. Generally, employees training in relation to identifying and solving problems, making the necessary changes in work processes and practices and after-sales service products. The investigations determined that investing in education will bring tangible results to the results improve attitudes, skills in relation to improving the quality of services and satisfaction and loyalty in its employees.
3 - Offering generous rewards: providing benefits and paying higher than average industry level commensurate with performance and efficiency, one style of this work. Studies have found that employees rights and benefits higher than average levels of satisfaction and commitment to the organization.
4 - Information sharing: to build communication and information sharing organizations should be using different methods, establish the flow of information within the organization. The importance of the flow of information to facilitate the decision-making and create a suitable mechanism for feedback is. As well as improve the capabilities of its existing.
5 - Empowerment: empower the two aspects that include the discretionary power of expectations and responsibilities on the one hand and on the other side.
6 - Reducing the gap among employees: reducing the distance the working classes, they can easily express their ideas and thus creativity, honesty, trust and job satisfaction increases. Reduce the difference between the two methods, reducing the difference in salary levels within the organization and establish institutional symbol of corporate communications in order to develop a culture based on integrity and trust and organizational justice (Gronroos, 1981).
Studies indicate a positive correlation between all elements of internal marketing with job satisfaction, loyalty to the organization and self-management is excellent. As stated at the beginning of this article studies “Cohort and Levine” a positive relationship between job satisfaction and quality of products and services that it was their internal marketing elements that affect the external customer satisfaction and ultimately customer loyalty there are external to the organization (Davoudi & Allahyari, 2013).

Steps of internal marketing

Several steps in the implementation of internal marketing concepts to develop and evaluate internal marketing concept done. In a divided these steps are classified into three parts. (From the article, Bansal - refer to Bansal model explanation)

Step 1- employee motivation and satisfaction - the first step internal marketing, most focus on is employee motivation. This step internal marketing consists of two parts, namely: according to the employees as internal customers. Focus on their job satisfaction.

Step 2 - Customer focus - at this stage of internal marketing and service employees accounting for conflicts of interest are in relation to external customers. The primary aim of marketing is to create a positive interaction between employees and customers. Effective service delivery requires effective coordination between direct employees with customers on the one hand and on the other hand is ranked employees (Greene et al., 1994).

Step 3 - the development of internal marketing concept - at this stage the use of internal marketing strategies and change management in the organization is concerned. Generally at this stage internal marketing as a tool for implementing strategies and managing clients in order to achieve organizational goals.

Research Model

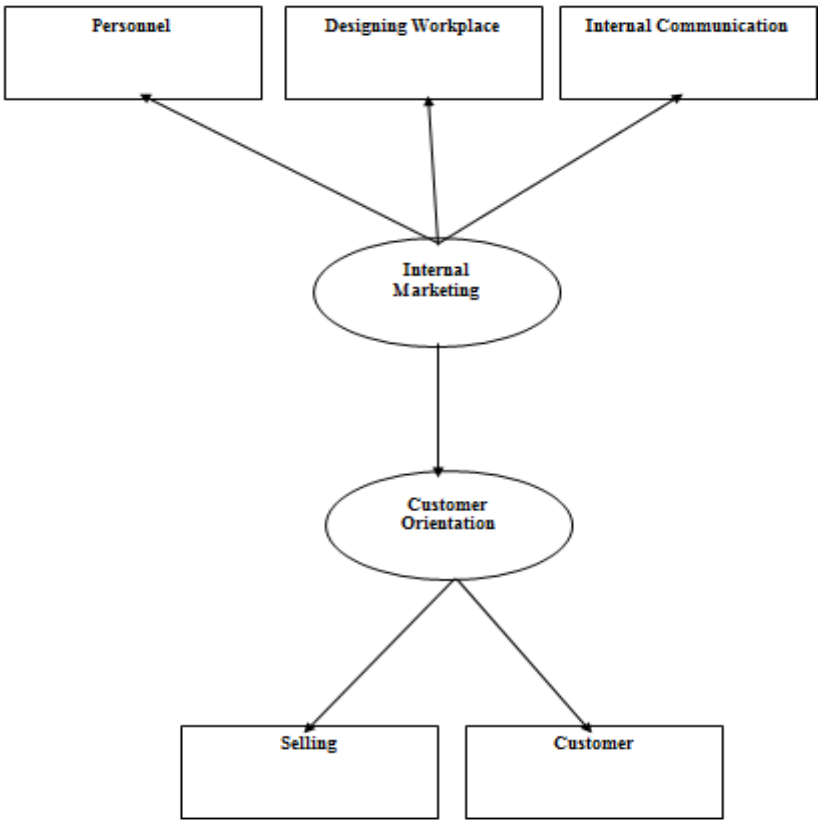


Figure 1. Research Conceptual Model

Hypothesis: There is a significant relationship between Internal Marketing and Customer Orientation.

Methodology

Statistical Population

Statistical population of this study includes 320 personnel of 25 Organizations in Iran. Table 1 illustrates the descriptive statistics of the respondents.

Table 1: Description of the Respondents

Item	Description	Frequency	Percentage
Gender	Male	263	82%
	Female	57	18%
Age	Under 30	112	35%
	31-40	121	38%
	Above 41	87	27%
Education	Collegian	168	52%
	Bachelor	113	35%
	Master	39	13%

Instrument

A questionnaire was used to collect the necessary data. The questionnaire consists of three sections. The first section consists of three questions which relates to demographic information of the respondents (As shown in Table 1). The second section consists of 22 questions of Liao (2009) about perception of Internal Marketing. Furhter, the 10 questions of Saxe and Weitz (1982) have been used for measuring Customer Orientation.

Reliability & Validity

For reliability evaluation we utilized Cronbach's alpha. The Cronbach's alpha reliability of all the variables were more than 0.7 ($\alpha > 0.7$), which indicates that all the scales demonstrated good reliability.
For evaluating the validity of the questionnaires, we used content validity and construct validity. In order to test the content validity, after devising a framework for the questionnaire, we asked 20 experts to modify it if needed. These experts evaluated all the implemented criteria in the questionnaire and confirmed it. Moreover, in this research we used factor analysis for considering the structure of research. Confirmatory factor analysis was used to investigate the construction of the questionnaire. Factor analysis depicted that all the mentioned criteria have been measured in these questionnaires. It is important to note that for our X model (internal marketing) and both of our Y models (job satisfaction and job performance) the fitness indices were as follows: Chi-square/df < 3, RMSEA < 0.1, and P-value < 0.05 which show that the selected indicators are good representatives for each dimensions of research variables.

Table 2. Cronbach's Alpha

Variable	Indices	Number of Questions	Cronbach's Alpha
Internal Marketing	Personnel	11	0.85
	Designing Workplace	6	0.82
	Internal Communication	5	0.81
Total	---	**22**	**0.93**

Customer Orientation	Selling	4	0.78
	Customer	6	0.80
Total	---	**10**	**0.89**

Results

In this study, the Authors tried to invesigate the relationship between Internal Marketing and Customer Orientation. Further, the conceptual model was tested using the SEM technique. The results of the Structural Model can be seen in Figure 2 and 3.

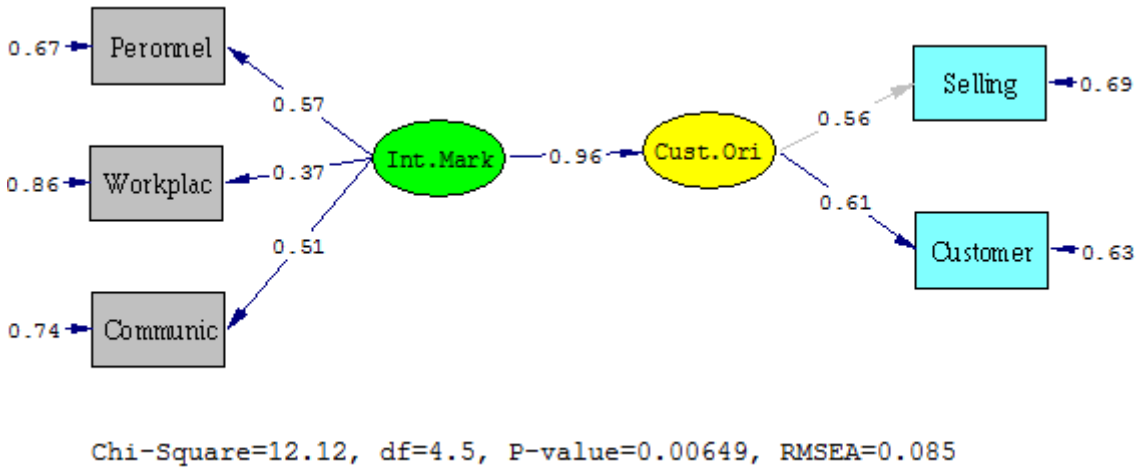


Figure 2. Standardized Solution Model

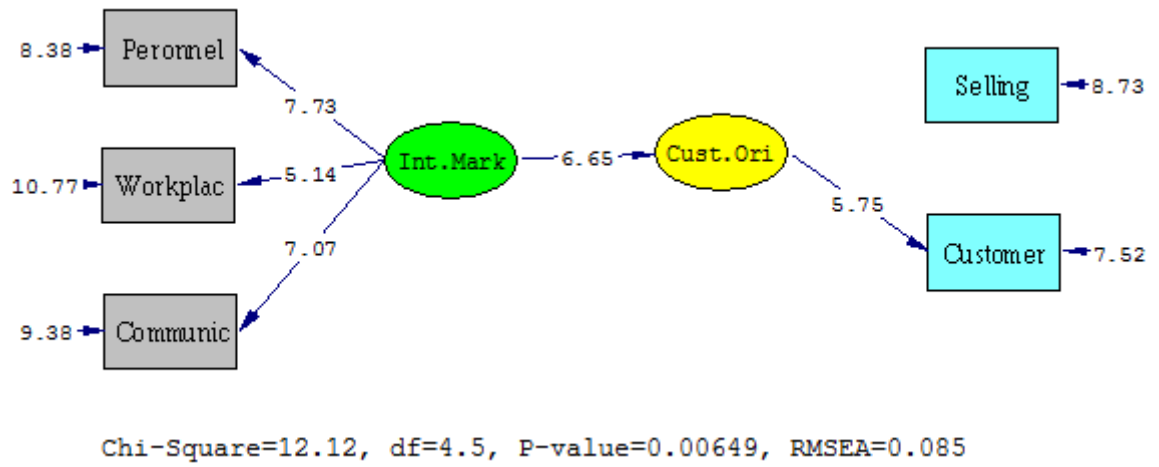


Figure 3. Output of T-value Test

Fitness's indices also show good fitness of the structural model, as shown in table 3.

Table 3. The Structural Model Fitness Indices

Fitness indices	Measure of index	Principle
Chi-square/df	2.6933	< 3
P-value	0.006	< 0.05
RMSEA	0.085	< 0.10

Based on the results of SEM analysis, the main hypothesis is confirmed. Table 4 summarizes the hypothesis test results in terms of path coefficients (standardized) and t-value as follows:

Table 4. The Results of the Hypotheses Test

No	Path coefficients	t-value	Results
$\mathbf{H_1}$	0.96	6.65	Accepted

Discussion and Conclusion

According to the changes and developments in various fields of business organizations need to increase the quality of products and services has increased. So that it therefore requires the development of organizational capabilities in order to provide organizations with high quality products and services. Employees as internal customers have the fundamental role. So attract development, motivation and capabilities quantitative and qualitative increase value creation, continuous improvement of service delivery and raise the quality of work as a product and their participation in the process to help manage the organization in order to provide high-quality products and services leads that result in increased satisfaction levels among foreign customers will have the organization. In order to achieve organizational goals through marketing mechanisms within organizations need to improve the quality of employees through increased job enrichment, training, compensation, job security and capacity, communication, and administration employees.

The aim of the present study is to investigate the relationship between internal marketing and customer orientation. Statistical population of this study includes 320 personnel of 25 Organizations in Iran. A questionnaire was used to collect the necessary data. 22 questions of Liao (2009) about perception of Internal Marketing were used to measure perception of internal marketing. Furhter, the 10 questions of Saxe and Weitz (1982) have been used for measuring Customer Orientation. Data analysis by SEM technique shows that internal marketing has a significant positive influence on customer orientations of selected Iranian organizations as path coefficient is 0.96; and t-value is 6.65.

Future studies can expand the model of this study by considering the effect of other variables on the relationship between internal marketing and customer orientation.

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