

Review the main affecting factors on internal marketing in organizations (case study: customer relationship management, IKCO, Tehran, Iran)

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Abstract: This research aims to analyze the affective factors on internal marketing in organizations (case study: Customer Relationship Management, Iran Khodro Company). This study is descriptive- survey and falls into the category of practical studies. 53 top experts, experts and supervisors, comprise the population in this research. After the selection of the sample size, the validity and the credibility of the questionnaire were evaluated using the cranbach alpha coefficient and the result was satisfactory. Afterwards, to study level of the main effective factors, the T-test (Binominal) was carried out and Kolmogorov-Smirnov test was utilized. The findings based on the conceptual model of the research and testing the hypotheses depict that affective factors on internal marketing (Customer Relationship Management, Iran Khodro Company) are abnormal. And according to one sample T-test, there is a relationship between the independent and dependant variables and the 5 hypothesis of the research are tenable and thus proved. Ranking the main factors analyzed in the conceptual model was based on the Friedman test.

Key words: *Review; Internal marketing; Organization; IKCO*

1. Introduction

Internal marketing first emerged in the services marketing literature and later in other domains such as service management and relationship marketing (Voima, 2000). Grönroos (1998) outlined three basic sub-processes and purposes of service marketing; external, interactive and internal marketing. First, external marketing entails giving promises to customers that are accepted by them. Second, interactive marketing concerns keeping promises that have been given to customers so that they are satisfied with the perceived service quality. Finally, internal marketing involves enabling promises by preparing employees to keep them. Internal marketing can be considered as a mechanism for enabling the delivery of promises to customers by external marketing (Zeithaml and Bitner, 2000).

The concept of internal marketing emerged from the idea that employees within organizations should be considered as internal customers and jobs as products (Berry, 1981). Pitt *et al.* (1999) suggested that the most important view of internal marketing is that all employees are internal customers who must deliver excellent service to external customers. The ability of employees to satisfy the needs of others inside the organization is considered an antecedent to external customer satisfaction (Gummesson, 2000). Employees must be satisfied

with their job, work environment and their relationship with colleagues and management, before they are able to provide excellent customer service (Foreman and Money, 1995).

Moreover, internal marketing has evolved as a strategy in order to create customer orientation within the company (Grönroos, 1981; George, 1990; Woodruffe, 1995; Barnes *et al.*, 2004; Pappasolomou, 2006). In this way, internal relationships between employees, departments and processes can be enhanced in the drive to develop strong external relationships with customers (Grönroos, 2000). In this regard, Payne (1993) pointed out that one dimension of the internal marketing concept is that every employee and department is viewed as an internal customer and supplier. Consequently, the alignment of internal and external marketing will ensure strong relationships with customers (Payne, 1993).

Customer relationship management is the process of developing and maintaining profitable relationships by delivering superior value (Kotler and Armstrong, 2004). Investing in employees is an essential element of customer relationship management (Donaldson and O'Toole, 2002). This is because an employee's understanding of their organization's goals and activities to meet the required standards is fundamental to establishing successful relationships with customers (Donaldson and O'Toole, 2002). Consequently, internal

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marketing is an important part of customer relationship management (Yim *et al.*, 2005).

2. Problem statements and literature review

Internal marketing has been discussed widely in the literature (Foreman and Money, 1995) but has not received extensive research (Fisk *et al.*, 1993). Gilmore and Carson (1995) pointed out that there is confusion with regard to what internal marketing entails and its implementation within organizations. Ahmed and Rafiq (2000) contended that since the emergence of the concept of internal marketing, researchers have continuously tried to define and clarify the concept. For example, internal marketing researchers argued for the interdependence between internal marketing and human resources functions (for example, George and Grönroos, 1989; George, 1990; Berry and Parasuraman, 1991; Kotler, 1991; Joseph, 1996). On the other hand, internal marketing may involve the use of marketing-like techniques within the company (for example, Grönroos, 1985; Barnes, 1989; Piercy and Morgan, 1990; Ahmed and Rafiq, 1995). These studies focused in their definition of internal marketing on the use of some human resource management practices and the application of marketing tools such as market research and market segmentation within the organization in order to develop customer orientation among employees.

Despite these efforts, researchers did not agree on a single definition of internal marketing and clear identification of its components, which created contradictions at the conceptual level and made empirical investigation of the concept more difficult (Ahmed and Rafiq, 2000). Vagueness and ambiguity still exist in attempts to find an agreed conceptual framework for the internal marketing concept (Ballantyne, 2000). Moreover, limitations still exist in the internal marketing research because there is little agreement on what mix of practices can be used effectively to influence employees so that they are motivated and behave in a customer-oriented manner (Ahmed and Rafiq, 2003). The lack of a commonly agreed definition of internal marketing has resulted in a variety of implementation formats in practice (Papasolomou and Kitchen, 2004). This in turn has created ambiguity rather than clarity and understanding (Papasolomou, 2006).

Thus, further research is certainly needed in order to shed light on the underlying principles and conceptual legitimacy of the concept of internal marketing (Papasolomou and Kitchen, 2004). This would undoubtedly assist the development of the concept and aid a definite understanding of the fundamental principles of internal marketing among managers and educators alike (Varey, 1995). It would at the same time assist in identifying the factors that may impact on the success and failure of internal marketing (Christopher *et al.*, 1991).

This study is organized as follows: After introduction; literature review will be provided. Then conceptual model and data analyzing will be

explained. In the last section conclusion and discussion will be given.

3. Materials and methods

The researcher then prepared to consider the issue of research methodology which is chosen. The purpose of this method is determining what research is needed to investigate particular issues and how to make him more accurate and using rapid method to achieve the desired question or questions. According to the present study to collect data, we need hypotheses test or answer questions concerning the current status of the subject. The methodology used in this study is descriptive. "Descriptive research" contains a set of methods that aim to describe the conditions or phenomena under study. Conducting research to further understanding is related to the situation and merely descriptive study can help the decision making process (Sarmad, Bazargan and Hijazi, 1385, 81). This study is descriptive- survey and falls into the category of practical studies. 53 top experts, experts and Supervisors in the Customer Relationship Management, Iran Khodro Company, are the population in this research. After the selection of the sample size, the validity and the credibility of the questionnaire were evaluated using the cronbach alpha coefficient and the result was satisfactory. Afterwards, to study level of the main affective factors, the T-test (Binominal) was carried out and Kolmogorov-Smirnov test was utilized. The findings based on the conceptual model of the research and testing the hypotheses depict that the main affective factors on internal marketing in this case study are abnormal. And according to one sample T-test, there is a correlation between the independent and dependant factors and the 5 hypothesis of the research are tenable and thus proved. Ranking the main factors analyzed in the conceptual model was based on the Friedman test.

3.1 The statistical population and sample size

A scientific study is done to determine the effect on the target population. For this reason, the topic may find the traits, characteristics, functions, and variables or the relationships found between variables and also characters, actions and reactions and the factors involved in the community. The mass can be expressed as a set of objects or uniform symbols in which it is called a statistical population. The population of such series is one of the basic concepts that do not define it, but rather is described. Thus, the set of objects can detect one or more characteristics in common, that can collect data (Safari et al, 1384, 51).

In other definitions, target population can be defined as follows:

"The population consists of all those elements in a specified geographical scale which is shared with one or more characters." Criterion is:

"A characteristic trait is between all elements of the target population, target population and differentiator from other societies" (Hafez, M., 1377, 119). The study sample contains 53 top experts, experts and supervisors in the Customer Relationship Management, IKCO.

In Table 1, the characteristics of study participants are presented for each grade. This table shows that about 15 % top experts, 28% experts and 57 % are supervisors.

Table 1: Characteristics of study participants according to institutional Posts

Title	Frequency	Percent
Top experts	8	15
Experts	15	28
Supervisors	30	57
Total	53	100

3.2. Conceptual model

In this study, conceptual model (Figure 1) contains: internal communication, employee recruitment, employee training, employee empowerment, internal market research and segmentation (as independent factors) and internal marketing (as independent variable):

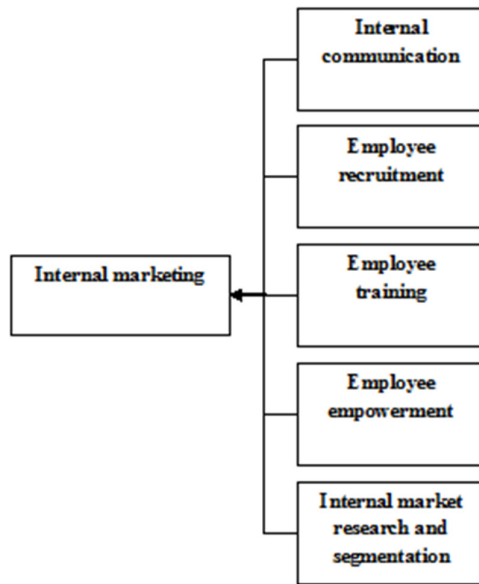


Fig. 1: Conceptual model

3.3. Research hypotheses

The hypotheses with regard to the conceptual model of the research are as follows:

- 1-There is a relationship between internal communication and internal marketing.
- 2-There is a relationship between employee recruitment and internal marketing.
- 3-There is a relationship between employee training and internal marketing.
- 4-There is a relationship between employee empowerment and internal marketing.

- 5-There is a relationship between internal market research and segmentation with internal marketing.

3.4. Validity and reliability of measurement instruments

Validity refers to rightfulness and correctness (Khaki, 1378, 288). Reliability or validity means that the measuring instrument measures the extent to the desired attribute. To measure the validity of different methods, we should consider its importance for the poor measurement that can trump any scientific research due to its worthless. To increase the reliability and validity of master degree, we discuss Industrial managers and experts and the questions due to eyes modification. 100 questionnaires were distributed to each variable in the statistical population and all ambiguities were identified and corrected. Thus, some questions were deleted and replaced with some other teachers' digits mentioned finally in the view of the clarification and then the final questionnaire was distributed.

The following instruments were used to improve the content validity of the questionnaire:

- 1-Using the comments of some professors, top managers in the fields of management, industrial engineering and management.
- 2-Similar questionnaires, articles, books, and magazines.
- 3-The initial distribution of questionnaires among some of the top experts and experts of the Customer Relationship Management, Iran Khodro Company.

3.5 Reliability of the questionnaire

Reliability analysis is to validate the accuracy and reliability of the interpretation and the words of the phrase. If a measurement tool is suitable for trait variable, at the same time, we consider another place that achieved for similar results. In other words, a reliable and valid instrument means that the property equally has reproducible and quantifiable results (Hafeznia, 1377). In this regard, Cronbach's alpha was used to estimate the reliability of this technique.

There are multiple responses to a questionnaire which are, in fact are examined in recommended test. The method used to calculate the internal consistency of the characteristics, is using measuring instruments. As said, if the alpha coefficient is greater than 0.7, the test of reliability is acceptable.

a-Cronbach relationship is:

$$\alpha = \frac{N}{N - 1} \left[\frac{S_t^2 - S_i^2}{S_t^2} \right]$$

Si2: Total Variance

α: Cronbach's alpha coefficient

St2: total variance

N: Number of questions (Sarmad, Bazargan and Hijazi, 1385, 169).

Table 2: Cronbach's alpha values for variables of study

Row	Questionnaire	Cronbach's alpha values	Fisher statistic value
1	Internal Marketing	0.76	0.7215
2	internal communication	0.88	0.3461
3	employee recruitment	0.73	1
4	employee training	0.81	0.3327
5	employee empowerment	0.87	0.3284
6	internal market research and segmentation	0.84	0.7581

As seen in Table 2, Cronbach's alpha values for all variables are greater than 0.7, so reliability is confirmed.

4. Data Analysis

4.1. Kolmogorov-Smirnov test

This test is done to check the normality of data distribution and was used in the statistical community. The results obtained from the use of these tests are presented in Table 3.

H0: The population of normally distributed data sets.

H1: The population distribution of abnormal data sets.

Table 3: One-Sample Kolmogorov-Smirnov Test

Sig	Factors
0.035	internal communication
0.018	employee recruitment
0.046	employee training
0.031	employee empowerment
0.027	internal market research and segmentation

As seen in Table 3, obtained error value is less than R error variable. Therefore, to test the null hypothesis, using normal distribution of data in a statistical population is rejected. Thus, we use analysis of data from a series of nonparametric statistics.

4.2. Friedman test

The test to check whether the same factors that affect the priority of internal marketing in organizations is used.

That is the same review priority hypothesis test variables:

H0: variables are identical.

H1: Priority variables are not identical.

The obtained sig is less than the error of study (0.05), so to test the null hypothesis, equal Priority variables are rejected.

Table 4: The ranking of the main variables

Factors	Mean Rank
internal communication	3.92
employee recruitment	3.34
employee training	3.71
employee empowerment	3.58
internal market research and segmentation	4.87

As seen in Table 4, internal market research and segmentation is the affective factors on internal marketing based on Friedman test.

4.3. Binomial test

This test was used to assess the levels of the variables.

Table 5: Results of applying the binomial test

Variables	the observed rate	ratio Test	Sig	Test result
Internal Marketing	0.68	0.6	0.000	Desired level
internal communication	0.74		0.000	Desired level
employee recruitment	0.71		0.000	Desired level
employee training	0.63		0.000	Desired level
employee empowerment	0.81		0.000	Desired level
internal market research and segmentation	0.78		0.000	Desired level
Internal Marketing	0.76		0.000	Desired level

The results of applying this test showed that all variables were desirable.

5. Discussion and conclusions

The main aim of this research is review of research findings and discussed them in the light of the literature. This allowed an identification of the differences between theory and practice in relation to the understanding of the term internal marketing and its role in developing customer orientation among employees. A revision of the conceptual framework in response to the research findings was explained, in which three essential factors, derived from the research findings, were incorporated; and the type of business. The research framework also included linkages between internal marketing elements as indicated by the research findings. Thus, the revised conceptual framework, show how internal marketing was used by the customer relationship management of IKCO, and identifies factors that have an impact on the use of internal marketing within the context of this industry.

According to the non-parametric analysis, Cronbach's alpha values for all variables are greater than 0.7, so reliability is confirmed. Also, internal market research and segmentation is the affective factors on internal marketing based on Friedman test and the results of applying binomial test showed that all variables were desirable.

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