Marketing Trust Internally

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Abstract

Internal marketing and trust have attracted significant attention in marketing literature over the course of the last two decades. The focus of internal marketing is the management of relationships between employees in order to have motivated and customer conscious personnel (Gronroos 1981). Trust is considered a fundamental ingredient in the development and maintenance of all organisational relationships (Svensson 2001). Therefore, higher levels of trust should enhance the success of internal marketing. The purpose of this paper is to examine trust and internal marketing through a content analysis of research conducted within one case organisation over the past five years. As a result of the analysis preliminary propositions are developed to be tested in an in-depth case study of the organisation.

Introduction

More than 20 years a go Berry (1981) advocated treating retail banking employees as internal customers in order to improve external marketing performance. The basis for this concept is that internal customer's, just like their external counterparts, desire to have their needs satisfied (Ahmed and Rafiq 2003). Internal marketing views the internal customer market, employees, as the first market of the organisation (Sasser and Arbeit 1976) and focuses on the management of the organisations relationship with its employees. The relationship marketing perspectives provides a sound theoretical basis for the examination of internal marketing. To date relationship marketing models have centred on trust as the critical or core component in the development and maintenance of successful relationships (Morgan and Hunt 1994; Doney and Cannon 1997). The purpose of this paper is to investigate the role of trust within an organisation with regards to successful internal marketing.

Literature Review

As with traditional marketing, an exchange of goods and services takes place within the boundary of an organisation which indicates that marketing methods are relevant to this circumstance – internal marketing (Morgan 2004). The concept emerged from the services marketing literature (Gummesson 2000) and is defined as an on-going process within the organisation whereby the functional process aligns, motivates and empowers employees at all management levels to consistently deliver a satisfying customer experience (Ahmed and Rafiq 2002). As such, organisations that satisfy the needs of their internal customers ought to be in a better position to satisfy their external customers and meet organisational objectives. The operative effect of relationship marketing is to initiate, maintain and enhance relationships with customers (Gronroos 1989) and has evolved to include relationships with other stakeholders, both inside and outside the organisation (Morgan and Hunt 1994; Gummesson 1996). Therefore, relationship marketing appears to provide the obvious theoretical approach to understand internal marketing (Ahmed and Rafiq 2003). However, researchers have only shifted their approach to internal marketing from a transactional to a relationship marketing perspective in the last decade (for example, Gummesson 1996; Ahmed and Rafiq 2003; Herington, Scott and Johnson 2005).

Research utilising the transactional framework measured internal marketing by turning the 4P's inwards to treat employees as internal customers of the firms marketing efforts, with jobs as products (Herrington et al 2005). The internal marketing task was to improve the job "products" using marketing thinking to gain new insights (Ballantyne 2000). Interestingly Morgan (2004) extended this approach and applied the 7Ps of the marketing mix for services to an internal marketing program for an information system. He then demonstrated the inadequacy of the relevant theories for manufactured goods to the delivery of services as a result of the significant differences between the two (Morgan 2004). It is the fundamental difference between the offering to the external market and the internal market that necessitates a relationship marketing approach to internal marketing. Internal marketing focuses on relationships at the organisational level and includes relationships between employees, organisational levels and functional specialities (Gummesson 2000). Networks of relationships will develop between these different internal areas from different collaborations that evolve as a consequence of the multiplicity of interactions that take place between individuals (Ahmed and Rafiq 2003). It is important to note that these relationships are not independent from other organisational relationships as individual employees also interact with individuals from other organisations, regulatory authorities and customers. However, internal marketing needs to be implemented and adopted within the organisation before it can be integrated into the organisations external marketing plans (Quester and Kelly 1999). For organisations to successfully implement and manage internal marketing they need to understand how their employees interact and how their relationships evolve over time. In order to do this they need to examine the underlying facets of relationships and the critical incidents that cause these relationships to grow or fail. Ahmed and Rafiq (2003) identified understanding and intimacy, commitment and trust as the key facilitating factors for successful internal marketing. Despite the importance of all three factors in the facilitation of internal marketing this paper is part of a larger study aimed at understanding the overall nature of trust within organisations. Therefore, there will be no ongoing discussion of understanding and intimacy, and commitment throughout the remainder of the paper.

Trust is a key ingredient for the achievement of effectiveness in interpersonal and marketing exchanges (Mudie 2000) and its significance has been well documented in the relationship marketing literature (Ganesan 1994; Morgan and Hunt 1994; Geyskens and Steenkamp 1995; Moorman, Zaltmand and Deshpande 2002; Brashear et al. 2003). A significant debate has ensued over the past ten years as to the correct definition and conceptualization of trust, coverage of which is beyond the scope of this paper (see Dirks and Ferrin 2001 for a review of trust in organisational settings). However, across a wide spectrum of studies there is a general understanding that trust is influenced by past experiences and chances of future interactions (Bijlsma and van de Bunt 2003), and the underlying conditions for trust are interdependence, risk and uncertainty (Rousseau, Sitkin, Bury and Camerer 1998). To understand trust within organisation it is necessary to conceive organisations as dynamic, adapting and internally differentiated social systems (Varey and Lewis 1999). Complex Systems Theory offers an appealing metaphor through which to analyse organisational behaviour and phenomenon (Lewin, Parker and Regine 1998). Complex systems are made up of many interacting elements and emergent properties. Internal marketing is an interaction process between the organisation and its employees that works at creating an environment in which employees are encouraged to co-ordinate and improve the whole business (Ahmed and Rafiq 2003). For this process to occur employees must interact with one another and then adapt to their surrounding environment. At the core of interaction between organisational members is trust (Fichman 2003), trust between mangers and subordinates, in colleagues and team members, across departments and in the organisations processes and procedures. A large amount of research into trust has been conducted to determine the direct effects that trust

has on organisational phenomenon such as positive attitudes, increased cooperation and increased performance (Dirks and Ferrin 2001). Significantly less attention has been paid to the enabling effects of trust, whereby trust may create or enhance the conditions that are conducive to obtaining organisational outcomes (McElivy, Perrone and Zaheer 2003). The contribution of this paper is to provide a preliminary analysis of the state of trust within the case organisation and to analyse this in light of the objectives of internal marketing programs.

Method and Analysis

The project is in its initial stages and so the method adopted is aimed at developing preliminary propositions to be tested in a large in-depth case study of one organisation. The case organisation is a large financial services provider that operates nationally in the business and consumer market. The method consists of a content analysis of four research reports provided by the case organisation. Content analysis is the objective, systematic and quantitative description of the manifest content of a communication (Malhotra, Hall, Shaw and Oppenheim 2006). The communication to be analysed is contained within four research projects based upon qualitative and quantitative research conducted within one department of the case organisation over the last five years. The original research and subsequent development of the reports were conducted by market research companies that are independent of the case organisation. This method was chosen to provide retrospectivity to the in-depth case study and in order to examine trust and internal marketing both the manifest and latent content of the reports is considered (Sarantakis 2005). The original aims of the four projects varied from understanding the departments positioning, both in the marketplace and employees minds, to understanding the needs of service providers from other areas of the organisation in order to improve productivity and client service. The contribution of the content analysis to the current study is the provision of a longitudinal understanding of the state of trust in the case organisation and its role in the successful implementation of internal marketing. The primary aim of the content analysis is to determine whether trust or issues surrounding trust were identified through these research projects. In order to do this each of the four reports were coded to identify critical issues that contribute to the growth or decline of trust within the organisation and with customers. The secondary aim is to combine the information from the content analysis with the extant literature to develop preliminary propositions with regard to the role of trust in internal marketing and how it may interact with organisational performance.

Results

The reports did not document the existence of trust or the processes and procedures that indicate the existence of trust within the organisation. In contrast, trust was directly identified as a critical need for customers that was not being fulfilled and a number of issues were identified as inhibitors to employee satisfaction levels and the delivery of customer value. A summary of the results from the content analysis is contained in Table 1 and each theme is ranked on the basis of its severity as identified within the research reports with 1 representing the most severe issue identified within each report.

Table 1   Content Analysis Results

	Report Dates			
	2001	**2002**	**2004**	**2005**
Main Themes				

Lack of Communication	2	1	2	3
Poor Administration			1	1
Inefficient Technology	3		3	4
Lack of Role Clarity	4	2	5	
Inconsistent Remuneration and Customer Service Delivery	1		4	2

Five themes emerged across the four research reports that are critical to the development of trust within the organisation and with customers. First, a lack of communication between staff from different functional areas and with customers was identified as a significant factor contributing to employee and customer dissatisfaction. Second, poor administration and slow and inefficient paperwork were predominant in the later reports. With regard to this issue, one group was identified as frequently breaking the promises made to other groups within the department and not accepting ownership of the problems this creates. This means that interactions with this group frequently results in negative outcomes, which is indicative of trust violations. Third, poor technology and inefficient computer systems were cited as an inhibitor to employee satisfaction and the delivery of customer value. Of critical importance was the effect they had on the employee's ability to rely on the technology provided by the employer to get their job done and to communicate with customers. A lack of role clarity in the organisation was the fourth theme to emerge as employees belonging to different groups demonstrated a lack of understanding of one another's roles and expectations. This indicates that there is little correlation between employee's expectations of one another and the fulfilment of these expectations which demonstrates that limited levels of trust are likely to exist between these different groups. The final issue that emerged was a lack of congruence between customer expectations and employees behaviour. Employees identified a gap between their customers' needs and their own performance rewards and customers identified inconsistencies between their service expectations and the delivery (or lack of delivery) of that service.

Discussion and Development of Propositions

Across the four reports trust or issues surrounding trust were identified as critical to employee satisfaction, the delivery of customer value and the achievement of customer satisfaction. Each of which are the aims of a successful internal marketing program. Higher trust levels encourage behaviours that allow for quality to be embedded through the organisations internal marketing processes (Ahmed and Rafiq 2003). For example, employees with higher trust levels have less constraint in contributing personal knowledge (Ballantyne 2000) or engaging in extra role behaviours (Tyler 2003) to achieve organisational performance outcomes. The research reports documented the existence of issues relating to trust that inhibit employee satisfaction and the delivery of customer value. The identification of trust and processes surrounding the development of trust, as critical to the outcomes of internal marketing indicates the following,

P1:   *The success of internal marketing is conditioned by the level of trust between employees and with the organisation.*

In order to promote higher levels of trust within the organisation it is important that employees experience positive outcomes as a result of their interactions with other employees and the organisation.   This may be achieved when there is demonstrated congruence between employee's expectations and experiences within the organisation. Of particular importance is role clarity so that individual employee's know what is expected from them and what to

expect from other employees in different areas and at different levels of the organisation (Podsakoff, MacKenzie and Bommer 1996). To promote positive outcomes, and subsequently higher levels of trust, the organisation needs to ensure that they do what they say they will do and that employees are able to correlate what they are told with what they experience (Ahmed and Rafiq 2003). The gap between customer needs and employee performance rewards indicates that the satisfaction of one must come at the cost of the satisfaction of the other. As with the previous example, this indicates that employees will experience negative outcomes as a result of their interactions either with the customer or with the organisation. Therefore,

P2: Organisations may promote trust by ensuring that there is congruence between employee's expectations and experiences across the organisation.

The ultimate aim of internal marketing programs is to create actions, interactions and adaptations between employees that will ultimately enhance customer satisfaction (Ahmed and Rafiq 2003). The logic underlying internal marketing is that employees will only be able to satisfy customer needs once their own needs have been met (Rosenblunth and Peters 1992). This is because employee behaviours and attitudes affect customers more significantly than any other marketing tool (Thomson and Hecker 2000) and dissatisfied employees are unlikely to be motivated to satisfy customers. The information gained from the research reports indicates that employees and customers are dissatisfied and that the level of trust between employees and with the organisation is low. A number of suggestions were made by employees to improve services between organisational members and with customers, for example, acknowledge mistakes and attempt to rectify them immediately and provide timely updates of the resolution process. These suggestions would enhance the level of trust within the organisation through better information and communication which would allow employees and customers to adjust their expectations. In addition, the level of trust within an organisation is a significant predictor of employee satisfaction (Gilbert and Tang 1998) which will then enable employees to deliver customer satisfaction. Therefore,

P3: Higher trust levels will increase employee satisfaction and ultimately enhance customer satisfaction and improve organisational performance.

Conclusions and Limitations

Trust is an important component in the implementation and execution of successful internal marketing programs. The limitations of this study are centred on its preliminary nature. Firstly, all data that was utilised was taken from one case organisation and, therefore, cannot be generalised across organisations. In addition, the company reports analysed were developed with different objectives to those of this study which limits the reliability of the conclusions drawn from those reports. In spite of these limitations the study adds value in providing a contextual analysis of the case organisation to inform the development of propositions. In addition, the reports are the result of research conducted over the last five years within the case organisation which will provide a longitudinal aspect to the final in-depth case study.

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