

# **Marketing in Professional Services: A Cross-Sectional Exploration into the Application of Internal Marketing**

**Lan Snell, Lesley White, Pamela Matters, Macquarie University**

## **Abstract**

This study provides empirical evidence which suggests that professional services organisations within Australia do not readily identify or understand internal marketing (IM). This is despite IM's 20 year evolution and its seemingly close conceptual alignment to marketing and human resources management. The findings indicate that IM is practised, albeit with varying degrees of sophistication, in order to execute wide ranging projects related to marketing and human resources (HR). Multiple cases were used to allow for rich theory building, with seven organisations including management consulting, accounting, law and financial services. A total of 19 in-depth interviews were conducted with internal users (client-facing personnel) and enabling (marketing and HR) practitioners. It was found that IM is not a readily identified term and its application is predominantly within functional boundaries, despite a philosophical appreciation of its potential organisation-wide benefit and importance for the organisation.

## **Introduction and Purpose**

Discourse on internal marketing has increased over the past two decades, reflecting a growing level of sophistication and interest amongst academics and practitioners. Although early IM literature draws principally on the microeconomic paradigm including economics, learning theory, cognitive and social psychology, largely within the context of marketing services (Fullerton and West, 1996; Gronroos, 1982; Lings, 2004; Webster, 1992), recent constructs have broadened the term to include organisation theory, political science and sociology, with particular emphasis on the services sector (Arndt, 1983; Gronroos, 2000; Rushton and Carson, 1989; Tansuhaj *et al.*, 1988; Webster, 1992).

The IM concept is socially constructed and is context-specific (Ahmed *et al.*, 2003) who rationalise this claim by suggesting that given its holistic nature, IM "cannot be understood without relating the concept to the company, organisation or person who gives meaning to it" (p.1186). This contextual conceptualisation immediately presents a number of challenges related to the particular perspective one assumes. IM can be seen to operate at a strategic organisational level or a tactical, functional perspective. The current debate on IM suggests it should work on an integrated level (Ahmed and Rafiq, 2003; Ballantyne, 2003; Varey and Lewis, 1999; Webster, 1992). Although several recent studies attempt to explain how this is achieved, the findings suggest there is still a gap between current IM conceptualisations and application (Ashill *et al.*, 2003; Karantinou and Hogg, 2001; Papasolomou-Doukakis and Kitchen, 2004).

A single study into the conceptual legitimacy of IM which focuses on understanding current implementation practices and rationale by a range of practitioners including marketing professionals, client-facing and other enabling professionals including human resources, has yet to be conducted across a number of different professions within the professional services industry in Australia. The aim of the present research is to address this gap.

## Methodology

Multiple case studies were used since “they allow cross-case analysis to be used for richer theory building” (Perry, 1998, p.792). The research adopted purposeful sampling in selecting the organisations given its “focus on selecting information-rich cases whose study will illuminate the questions under study” (Patton, 2002). A total of seven organisations participated in the study. The criteria for inclusion were that organisations must be located in Sydney and represent different professions. Organisations with less than 100 employees were not included given the study’s focus to explore the nature of IM with large service based organisations. Industry representation included financial services, accounting, management consulting and law. In line with the study’s holistic objective, a practitioner view was explored through data generated by in-depth interviews with five representatives from HR, six marketing managers and eight client-facing senior managers, totalling 19 participants. The average length of the interview was 50 minutes. Where possible, three representatives (client-facing, marketing and HR) were interviewed per organisation. Table 1 provides an overview of the participating organisations’ industry categorisation, size and structure, together with a breakdown of participants.

Industry	Size	Structure	HR	Marketing	Client-facing
Funds management	1,500	Corporate	1	1	1
Financial services	2,000+	Corporate	1	1	2
Law	200	Partnership	1	1	2
Management Consulting	250	Partnership	1	1	1
Audit, tax, financial advisory	5,000+	Partnership		1	1
Audit, tax, financial advisory	4,000+	Partnership	1	1	
Audit, tax, financial advisory	1,500+	Partnership			1
Total			5	6	8

**Table 1: Interviewee classification summary**

### Theoretical propositions

A number of common theoretical propositions were found in the literature (Ballantyne, 2003; Berry and Parasuraman, 1991; Deshpande and Farley, 2004; Lings and Greenley, 2005; Rafiq and Ahmed, 2000; Sheth *et al.*, 1988; Varey and Lewis, 1999; Webster, 1992) which can be summarised into three broad categories covering IM conceptualisations, the internal environment and the paradigm changes in marketing:

- P1: IM is a change management implementation methodology suitable for a wide range of contexts. The working definition of IM used in this paper is by Rafiq and Ahmed (2000):  
 ... a planned effort using a marketing-like approach to overcome organisational resistance to change and align, motivate and interfunctionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer-oriented employees. (p.454)
- P2: The role of the employee, the organisation structure and culture, and the role of leadership are central to the philosophical versus application debate (Deshpande and Farley, 2004; Lings and Greenley, 2005; Webster, 1992).

P3: A conceptual shift from viewing marketing as a microeconomic paradigm, to accepting broader constructs relating to organisation theory, political science and sociology has been observed (Sheth *et al.* , 1988).

## Findings

A number of relationships and anomalies were found to exist between the findings and propositions. To understand the reasons behind these relationships and anomalies, the data was interpreted by categorisation into similar groups and given conceptual labels. Relationships were made by linking concepts. The data were then interpreted in an attempt to relate the themes to the three propositions. Alternative propositions are offered where gaps were found to exist.

### **Proposition 1: IM is a change management implementation methodology suitable for a wide range of contexts.**

Overall, 13 of the 19 participants believed they were familiar with the IM term. When asked to define IM, the majority of participants made the following associations: internal communications, marketing within the organisation, and raising/ building awareness of services within the organisation. The majority of interviewees gave a wide range of IM examples. These included the launch of an internal program encompassing a new training program, a new product, the integration of head office business models, CEO voicemails, specific HR initiatives and the launch of a branding campaign. This suggests that IM is operationalised in a wide range of contexts.

When comparing these findings with the first proposition, it seems clear that while there is some difference in whether the participants identified with the IM term, the perceived associations were synonymous with internal communications or developing internal awareness within the firm. The majority of cases refer to the end-state or outcome of the program as one of internal alignment. At the philosophical level, the findings are consistent with Rafiq and Ahmed's (2000) definition of IM as a change management methodology suitable for a wide range of contexts.

This alignment can also be observed at the tactical level, in that respondents describe IM as an implementation plan, albeit with varying degrees of sophistication, in a number of different contexts. Only one participant (a marketing manager) identified IM as "change management". Apart from this one exception, the results show that participants do not readily identify IM with change management, despite a close fit between the IM descriptions given and Rafiq and Ahmed's (2000) definition. In other words, the cross-case data analysis suggests that the IM terminology is not generally used within the vernacular of professional services. However, when analysing the degree to which the IM concept is operationalised, the data is aligned with Rafiq and Ahmed's (2000) in that it is practised in a wide range of different contexts.

### **Proposition 2: The role of the employee, the organisation structure and culture, and the role of leadership are central to the philosophical versus application debate.**

The second proposition offered by the literature suggests four factors that are central to the philosophical versus application debate: the role of the employee; the organisation structure; the organisations' culture; and the role of leadership. The participant's rationale for adopting

IM is based on the assumption that all employees have an important part to play in delivering the organisation's objectives. Through a number of IM initiatives, the organisations in this study attempted to affect the way in which employees behave with respect to each other, with the organisation and importantly, with external clients. A number of common practices can be observed across all seven cases: the desired behaviours or values of employees; rewards systems; and developmental programs.

A relationship between organisational structure and culture can be observed from the data analysis. All seven cases present a degree of mechanistic, bureaucratic structure, with common cultural associations. Competitive, performance based, and partnership model are the most commonly cited cultural associations. The role of leadership plays a crucial part in establishing these cultural associations given their degree of influence and decision making capabilities within a corporation and equity interests within a partnership. When considering the challenges facing IM, the data identifies leadership as a major barrier to implementing IM. This would suggest that the rigidity and hierarchical nature inherent in all seven cases impedes employee empowerment. This would suggest that all four factors: the role of the employee; the organisation's structure; culture and the role of leadership is central to how IM is philosophically viewed and therefore how effectively it is applied.

**Proposition 3: A conceptual shift from viewing marketing as a microeconomic paradigm, to accepting broader constructs relating to organisation theory, political science and sociology has been observed.**

Overall, the cross-case data analysis does not support the literature finding that marketing has experienced a conceptual shift from a microeconomic paradigm to one that accepts broader constructs relating to organisational theory, political science and sociology (Sheth *et al.* , 1988; Varey and Lewis, 1999). This finding is consistent with discussions so far relating to the participating organisations' internal structure and culture. In addition, the collective individual perceptions on the role of marketing and HR demonstrate the reality of the microeconomic marketing paradigm.

All seven cases recognise the potential value of marketing, but the responses vary significantly in terms of the current perceived value, with the majority stating a low level of marketing and HR competency. A perceived low level of organisational-wide market orientation or culture was also observed which can be interpreted as the respondent's positioning their organisation within the lower end of the marketing continuum. Therefore, the data suggests that a relationship exists between the perceived value of marketing and its relative position within the evolution continuum.

Of central importance is the ability to measure the return on investment. All seven cases cite a lack of formal measures around IM programs and marketing in general. At best, any attempts at measurement lie within a general organisation wide survey instrument, be it an annual culture/ staff survey or within the overall performance review cycle. Most participants cited informal measures such as anecdotal feedback. The lack of formal measures could have contributed to the respondent's perception of back-office competence or perceived value and be symptomatic of the organisation's microeconomic positioning within the marketing continuum.

## **Management Implications**

This study provides empirical evidence which suggests that professional services organisations within Australia do not readily identify, understand or effectively practice IM. This would suggest that IM in practice is still an evolving discipline. The varying degree of alignment between internal users (client-facing) and enabling (marketing and HR) practitioners as to its meaning and application confirms IM's social construction within a specific context (Ahmed *et al.* , 2003). A summary of the cross-data presents three relationships confirming this position:

- R1: The relationship between how IM is conceptualised and how it is perceived to be applied and the role of the employee;
- R2: The relationship between the degree to which IM is applied and the organisation's structure and culture; and
- R3: The relationship between IM's effectiveness and the role of leadership

The implication for management, given the ambiguity of IM, is to provide some organisational definition on what is perceived to be IM, why it is important to achieving the firm's goals and who should be involved in implementing it. The question of how or what tools be used should be left to the implementation team, with the understanding that a 'silver bullet' approach does not exist. An eclectic approach based on a deep understanding of staff needs, industry best practice and change management methodologies should be consulted in developing an effective program that meets the organisation's strategic direction. Importantly, leadership must take responsibility for the overall program, recognising that a consistent approach within an overall strategy is necessary to achieve the change desired.

This implies that IM cannot be treated as a specialist area residing within the functional responsibility of any one department. As Varey (2000) suggests "it really represents the convergence of a number of previously separate management technologies, such as human resource development, employee relations, strategic management, quality management, corporate communications and macro-marketing" (p.281). This view recognises the holistic nature of IM and requires management to adopt more generalist skills and competencies. Herein lies the challenges of IM.

## **Limitations and Guidelines for Further Research**

Any qualitative research presents a number of limitations which need to be considered when interpreting the findings. The first relates to the extent to which the researcher was able to neutralise potential meta-theoretical assumptions. The second limitation surrounds the classic depth versus breadth tradeoff associated with multiple case research. The question of depth was somewhat offset by the holistic aim of the research which sought at least three internal views in each case representing client-facing staff, marketing and HR. This allowed for comparative findings to be made across each organisation, thereby optimising information available within the sample. Finally, the inherent risks associated with any qualitative approaches need to be considered. To address these criticisms, a number of strategies were used to enhance the validity of the research including adherence to the principles of construct validity (Yin, 2003), researcher reflexivity, and ongoing consultations with peers. Although this study suggested a degree of literal replication across the seven cases examined, further studies that encompass a large sample empirical investigation that examine how organisations move beyond the inter-functional implementation of IM into a more systematic, organisation-wide practice, would help bridge the current gap between IM rhetoric and practice.

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