Employee Engagement Based Framework for the Introduction of Internal Marketing and IntCRM in the It Sector

Ishani Vajpai and Prasenjeet Tribhuvan

EMPLOYEE ENGAGEMENT BASED FRAMEWORK FOR THE INTRODUCTION OF INTERNAL MARKETING AND IntCRM IN THE IT SECTOR

Abstract

The Information Technology (IT) sector is one of the most dynamic and volatile sectors of the economy all over the world. Contrary to the other sectors, there has been a significant growth of this service sector during the COVID-19 pandemic, causing its restructuring and redefining the role in the knowledge-based economy. It needs constant skill upgradation and the design of new management structures to empower and engage employees in order to stimulate productivity and garner employee satisfaction. The work culture of this sector has metamorphosed recently and it now emphasises flat organizational structures, as there is the ever-increasing realisation of the importance of employees' roles in the organizations. Hence, the concepts of Internal Marketing and Internal Consumer Satisfaction are required to be introduced, embedded, and given importance now more than ever, in this sector. The striking element of this concept is that employees are treated as internal customers. This paper highlights the importance of Internal Marketing and Internal Customer Relationship Management (IntCRM) in order to leverage the transformational growth of the Indian IT sector in the times to come. This research also provides a conceptual framework for Internal Customer Satisfaction that highlights the major factors and organizational drivers of employee engagement that are responsible for executing a successful Internal Marketing and IntCRM regime. The framework can be applied to other sectors as well, in order to an increase internal customer satisfaction so that it can lead to better external customer satisfaction, eventually leading to increase in profits, commitment, and growth of the organizations.

Introduction

The service industry is currently the leading contributor towards the GDP and employment rate of developing and developed countries (Byju, 2013). The growth of the service sector has led to it becoming much more competitive, transforming the management and marketing of service organizations (Rootman, Tait, and Bosch, 2007). The Information Technology (IT) sector, one of the fastest-growing service sectors, has played a significant role in helping India to be acknowledged as a leader at a global level. The IT sector has not only helped actively in the growth of the Indian economy but also has positively influenced the lives of its stakeholders through direct and indirect contributions to various socio-economic parameters such as employment, standards of living, and diversity (Allad and Maisuria, 2015). A fierce competition is rampant among IT organizations, and hence, they need to exponentially improve the services rendered by them. As a result, it has become very important to ensure that employees have a positive inclination towards the satisfaction of customer needs and wants (Lombard, 2010).

Traditionally, all service sector organizations are consumer-centric. Hence, currently, the focus of the service organizations is their clients, their needs, and preferences (Wilson et al., 2008). This is even more prevalent in IT organizations as they follow an "ideal-type interpretation of professional autonomy" (Elliot, 1972), where clients become central to all kinds of activities and decision-making. In order to keep employees motivated and satisfied, they should be treated in a manner similar to external customers (Ahmed and Rafiq, 2003). A strong emphasis is hence, to be placed on the application of internal marketing principles, in which the key idea is to treat "employees as customers" (Berry, 1981).

Internal marketing focuses on people inside the business boundaries and places emphasis on the satisfaction of employee needs. As per the theories of internal marketing, it

prescribes the way so that the business emphasises the importance of employee need satisfaction and approaches jobs as internal products, aiming towards the development and motivation of best-qualified personnel (Zampetakis and Moustakis, 2007, Palmatier et al., 2006). This is especially important in the case of IT sector employees as there is an inherent meritocracy in this sector owing to the fast-paced development of technology that requires continuous self-learning and skill up-gradation. These traits of the leaders of the Indian IT industry are well-acknowledged globally. Consequently, industry's recruitment practices tend to skim off the cream talent among engineering graduates and privileged students with the right kind of cultural capital, leading to high expectations on one hand and high disillusionment on the other, in the context of the global employees, which ultimately leads to employee exclusion (Upadhya, 2007). Hence, placing employees ahead of customers and treating employees as customers are key to attain better service quality and enhanced customer satisfaction, with the latter leading to customer loyalty and eventually repeated purchase intention and positive marketing (Byju, 2013). This would ultimately play a vital role in the productivity, sustainability, and profitability of the organizations.

This paper presents exploratory research on the ideas of internal marketing and internal customers in the context of the IT sector. It also proposes a conceptual framework of internal customer satisfaction that highlights the factors responsible for keeping employees engaged and the implementation of successful internal marketing strategies using these concepts.

Internal Marketing

The term Internal Market was first used by Berry, where he proposed this concept as a solution to the problem of delivering a higher quality of service (Berry, 1981, Canhill, 1996). Initially, it was envisaged by Lombard, that the rules which apply to the external market are

also relevant to the internal market of an organization (Lombard, 2010). Since the nascent stages of development, internal marketing theories have focused on issues related to employee motivation and satisfaction (Byju, 2013), based on the hypothesis of Gounaris that states, it is important to satisfy the needs of employees before the business can fulfill the needs of its customers (Gounaris, 2008).

Internal marketing has now further developed to emphasise the importance of cross-functional activities and strong group dynamics, considering the fact that no single business management function is effective and efficient if it operates in isolation (Lombard, 2010). In order to strengthen the establishment of an internal marketing climate, continuous research of following aspects is required (Steyn, Ellis and Musika, 2004):

1. The personal training and development of employees, constant communication with employees.
2. The empowerment and participation of employees, internal consumer segmentation.
3. The performance appraisal systems.
4. The acknowledgment and rewarding of employees and development of supportive work relationships.

Thus, the human resource management processes of organizations should aim to help in attracting, training and developing, motivating, retaining, and appraising qualified personnel for their achievements and appropriate behaviours. It should also advocate market orientation and internal orientation (Canhill, 1996). As per a study, instead of recruiting a person and then imparting training to acquire and inculcate the required characteristics, it would be more effective to reorient the people who already possess these skills (Dhabolkar and Abston, 2008). Since internal marketing helps in shaping job products to fit the employee needs, it develops a brigade of satisfied employees who are more performance-oriented and act as

reliable marketers for the organization they are working for (Byju, 2013). Implementation of internal marketing requires the inclusion of additional dimensions like understanding internal customers' requirements in order to fulfill customers' needs and preferences (Varey and Lewis, 1999). It helps in bringing about competitive advantage and sustainability to the organization.

It is notable that IT not only is a sector in itself but also majorly influences several aspects in the front line of the other sectors' business processes, thus playing a critical role in their revenue generation and business growth (Tan, 2019). This has increased further due to more or less march towards a complete digitalisation of organizations at an incredible speed, as a result of the impact of the COVID-19 pandemic. Additionally, IT organizations have a very complex structure because of multiple scales of operations, and people with a wide range of different skill sets have to be actively involved in creating and delivering products and services. In this sector, the rapid pace of innovations, shorter product life cycles, diverse customer needs, and growing internalization of businesses have made success in customer service performance critical for business entities' survival and thrive (Setia, Venkatesh, and Joglekar, 2013). The current scenario focuses on enhancing customer's experience with the service offered through the collective efforts and involvement of all the employees working in the organization, with varying degrees of their association in a particular service (Byju, 2013). Hence, both customers and employees are key players in the front-line business processes.

As per the studies in the area of the market and customer orientation, a strong focus on specific internal market components is required in order to create the brand value of the organizations. These components include an understanding of the following: internal market environment, the approach of employees towards internal marketing, the motivation of employees, the building blocks of internal marketing, internal marketing research areas, and

the implementation of internal marketing activities (Lombard, 2010). Keeping these aspects in mind, the discussion above shows that organizations must focus on internal culture and relationship dynamics in order to provide effective internal and external customer satisfaction. The following section explains the importance of Internal Customer Relationship Management (IntCRM) in the IT sector.

IntCRM in IT Sector

Customer relationships are the top priority for IT sector businesses. According to a study by Sweat and Hibbard, a one-point rise in a firm's customer satisfaction index corresponds to an average $240 million increase in the market value (Sweat and Hibbard, 1999). In the IT sector, there is a spread of high hegemonic consumer culture, which makes customer service even more important. As per a study of 300 IT executives, the top two key strategic technology, business, and IT project implementation priorities are understanding and meeting customer needs, and improving customer service (Davis, 1999). Managing and developing successful long-term customer relationships, customer support, and service is becoming one of the most critical core business processes (Sawy, Omar, and Bowles, 1997). Although many firms are implementing Customer Relationship Management (CRM) to manage their external customer interfaces, they are not integrating or aligning the underlying business processes, and information systems. Successful implementation of CRM requires a holistic approach that integrates leadership, culture, organizational structure, business processes, and information systems with external customer touchpoints (Eichorn, 2004a). Successful implementation of CRM helps in better progress and growth of the organization, especially in the advent of extreme rise in competition in the markets. On being coupled with IntCRM as proposed in this paper, the advantages of CRM can be multiplied manifold. This can have a significant impact on the IT industry in particular due to their progressive outlook.

Moreover, the IT industry provides employment opportunities to a broader section of the population (Upadhya, 2007). The IT professionals have transformed into a new category of global worker-consumer as indicated by their work narratives about personal growth, greater awareness, and benefits of international exposure (Baviskar and Ray, 2015). Reflectively, this means, individually and collectively, IT industry employees embody their subjected positions in the global high technology work regime and bear the cultural marking of the global consumer industry (Upadhya and Vasavi, 2013). The current global economy emphasises the concept of flexible accumulation, which has caused an increase in the outsourcing of manufacturing and services from the advanced industrialised countries into low-cost locations across the world (Upadhya, 2016). India is one such country where there is sufficient availability of required talent of optimum calibre who are well suited for such a dynamic environment due to their flexibility, adaptability, malleability, and resiliency. India's position as a global player in the modern economy has improved massively due to the emergence of the IT and related services sector.

Employees are part of the overall value chain, and improvements to the initial part of this chain have a contributing effect all along the value chain (Eichorn, 2004b). Consequently, there is a need for implementation of IntCRM in a manner complementary and analogous to CRM, but with a sharp focus on internal components as there are dependencies between satisfied, productive employees and satisfied customers (Eichorn, 2004a). The premise behind IntCRM is that it is necessary to form a holistic approach to connect internal processes to customer needs. Its adoption achieves internal integration and congruency with external practices, which is critical to achieving a blend of IntCRM and CRM for the success of an organization.

As per the IntCRM framework, the organization must focus on the key dimensions of culture, relationships, and information flows to assess and improve its ability to deliver

successful internal and external customer service (Eichorn, 2004a). As per the framework of the service-profit chain given by Bailey and Dandrade, there is an intuitive relationship, and their analysis of numerous companies across a variety of industries validates this intuition with a 0.86 correlation between employee satisfaction and customer satisfaction (Bailey and Dandrade, 2003). This framework illustrates that improved customer relationship skills applied internally result in employee satisfaction, and this leads to enhanced action among satisfied external customers (Eichorn, 2004b). It ultimately proves that employee satisfaction and engagement are related to meaningful business outcomes at a magnitude that is important to the organizations (Harter, Schmidt, and Hayes, 2002). The internal organizational dynamics and relationships, along with cross-departmental collaborations, play a key role in the successful implementation of IntCRM through Internal Customer Satisfaction. The next section proposes an innovative conceptual framework of Internal Customer Satisfaction that is based on the drivers of employee engagement. This framework is expected to be helpful to analyse the organizational success by the inclusion of the most important factors that contribute to successful employee engagement, which ultimately leads to good IntCRM.

A Conceptual Framework of Internal Customer Satisfaction

The study of literature and the preceding discussions have clearly indicated that a number of factors affect employee satisfaction and ultimately lead to external customer satisfaction. The major factors responsible for employee satisfaction are broadly grouped by a majority of researchers under three main categories: organizational factors, financial factors, and non-financial factors. This categorisation completely ignores the individual factors. It is understandable that unless an individual is satisfied at personal levels, whether related to professional or personal aspects, they will not be able to perform in an efficient, effective and productive way. Hence, individual-level factors should be considered for internal customer satisfaction.

As per the theoretical framework model of determinants of internal customer satisfaction, published by Dhabolkar and Abston (2008), there are three main categories for internal customer satisfaction:

1. Discounts, rewards, and incentives
2. Motivation and recognition
3. Empowerment

The above framework is incomplete, as there are many other conspicuous determinants of employee satisfaction that can come under the theme of employee engagement. In order to expand the above framework and combine it with the major drivers of employee satisfaction, I have included the drivers of employee engagement in the framework of internal customer satisfaction proposed by Dhabolkar and Abston.

Engagement involves a combination of rational thought, emotions, intentions, and behaviours required for optimal performance and productivity. The Aon Hewitt Employee Engagement model (2015) is the most widely used survey on employee engagement across various sectors and organizations. Aon Hewitt Employee Engagement model includes the organizational drivers and business outcomes of engagement and individual outcomes as the results of engagement drivers. The engagement drivers have been categorised into six categories in this model:

1. Company Practices – These cover communication, customer focus, diversity and inclusion, enabling infrastructure, talent and staffing.
2. The Basics – These include benefits, job security, safety, work environment, and work-life-balance.
3. The Work – This includes collaboration, empowerment/autonomy, and work tasks.

4. Performance – This includes career opportunities, learning and development, performance management, people management, rewards and recognition, and appraisals.

5. Leadership – This covers senior leadership and business unit leadership.

6. Brand – This includes reputation and corporate responsibility.

An engaged employee "says, stays and strives" (Aon Hewitt's Model of Employee Engagement, 2015). It means that they speak positively about the organization to co-workers, potential employees, and customers. They have an intense sense of belongingness and a deep desire to be part of organizational success. They are motivated and exert effort towards success in their job roles and for the organization. This has been inferred by a large number of independent studies and surveys.

It is essential to recognize and acknowledge employee's role in the service industry through implementation of concepts of internal marketing in IT organizations. The proposed framework has been developed by combining the framework given by Dhabolkar and Abston and the results of the Aon Hewitt Employee Engagement survey and Kincentric Global Employee Engagement (2019). In addition to the generally considered three major categories of factors responsible for employee satisfaction, a fourth category of individual factors has also been included in this framework. Hence, the proposed framework has four major categories: organizational factors, individual factors, non-financial factors, and financial factors. The proposed framework of the Internal Customer Satisfaction is shown below:

Insert Figure 1 about A Conceptual Framework of Internal Customer Satisfaction

As already explained, the characteristics shown in Figure 1 have been inspired from the results of the Aon Hewitt Employee Engagement Model and Kincentric Global Employee

Engagement surveys. These have been categorised under the four major factors of employee satisfaction on the basis of their properties and themes.

This framework highlights the importance of employee engagement in the area of internal marketing. This will act as a basis for increasing competitive advantage in the business strategies by keeping employees dedicated and committed towards their organization. It is expected that the proposed framework will act as a good starting point for analysing the possibility of converting engaged employees into dedicated and loyal internal customers and increasing the loyalty of external customers. This will eventually increase internal customer satisfaction so that it can lead to better external customer satisfaction, ultimately leading to an increase in profits, commitment, and growth of the organizations.

Conclusion

This paper has proposed a conceptual framework for Internal Customer Satisfaction that highlights the major influencing factors and includes organizational drivers of employee engagement that are responsible for executing a successful Internal Marketing and IntCRM regime. This framework can be used to implement internal marketing that is expected to help in attracting, developing, motivating, and retaining qualified employees through job products that satisfy their needs. The ultimate objective of the application of this framework is to enhance the productivity of IT organizations as the competition in this sector is governed by the quality of engagement. Customer-focused employees are an asset to organizations. Hence, it is vital to retain these employees by implementing employee-centric policies in line with the concept of IntCRM.

Since employee engagement is an important business health indicator, implementing the employee engagement outcomes to IntCRM is expected to provide a holistic approach that connects internal processes to customer needs and achieve internal integration and

congruency with external processes of CRM. The proposed framework of internal customer satisfaction is expected to provide a stepping stone for understanding the factors responsible for helping an employee to grow in the organization and be motivated to continue working for that organization. It is prophesised that the implementation of IntCRM in IT organizations will ultimately prove to be a reason for decreasing employee turnover rate and increasing attrition rates of the organizations. Although this framework has been designed for the IT sector, it can be applied to other sectors as well. This framework will act as a good starting point for analysing the possibility of converting engaged employees into dedicated and loyal internal customers and, in turn, increasing the loyalty of external customers.

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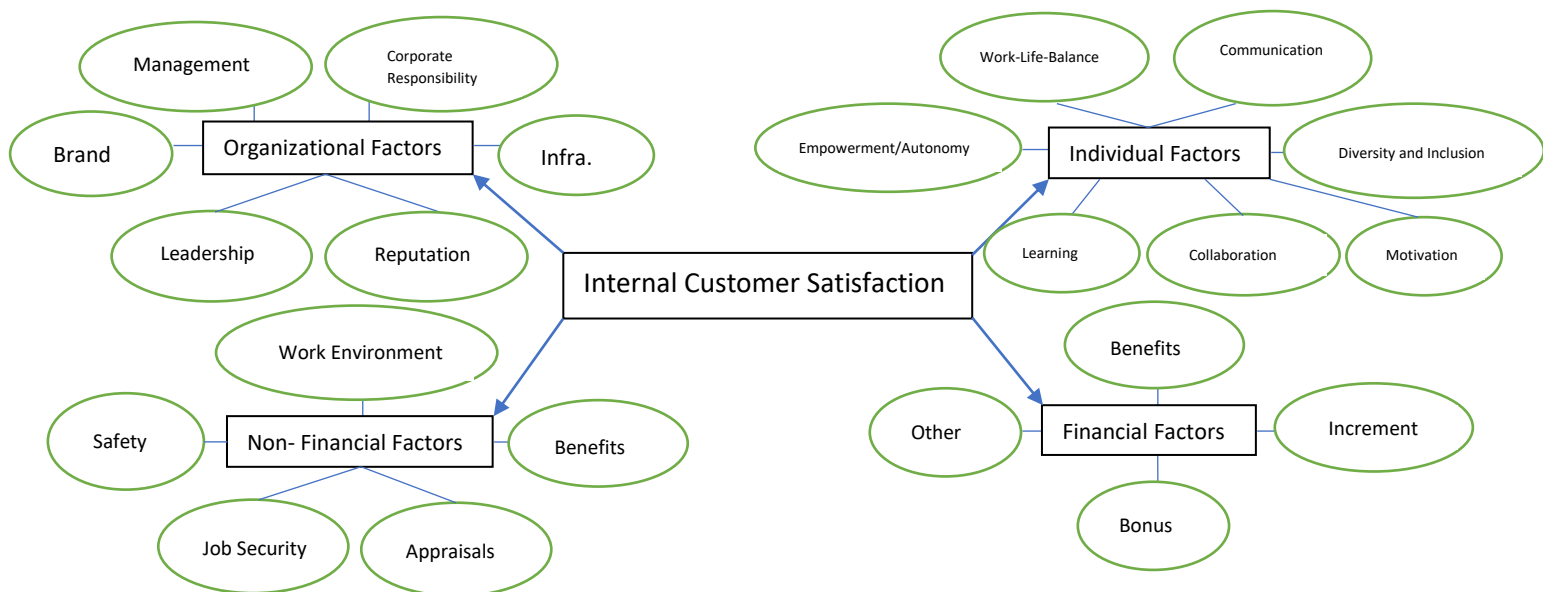
Figure 1: A Conceptual Framework of Internal Customer Satisfaction