Keys to Relational Competence in Internal Marketing

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Abstract

The paper explores the concept of internal market orientation (IMO) which enables the identification of intra-organisational exchanges in working relationships between employees and the organisation’s managers, and in particular, relationships between employees and demonstrated relational competence. The internal marketing of a not-for-profit organisation in Australia is examined through qualitative research and data is collected by a series of 28 in-depth interviews and observations. By analysing the interpersonal mechanics of an internal market orientation within the context of a not-for-profit organisation, it is suggested that organizations can build competitive advantage through their employees’ interpersonal relational competencies. This may indeed increase the organisation’s ability to practice internal marketing behaviours, with the view to increasing employee performance. Thus the dimensions, of interpersonal relational competence have demonstrated importance to the success of internal market orientation. This research begins to close the gap in the current market orientation literature by increasing our understanding of employee perspectives and behaviours.

Keywords:
Internal Marketing, Internal Market Orientation, Relational Competence, Not-for-profit Organisations, Qualitative research.
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Introduction

This exploratory qualitative study seeks to examine the relevance and importance of a number of significant relational resource inputs (i.e. interpersonal relational competence) as enablers to internal marketing practices that may lead to employee behaviours in the workplace. Previous research has not considered these inputs and their inter-relationships. The study examines the dimensions of relational competence from an exploratory perspective to confirm (or disconfirm) their relevance and importance in the employee performance context within a large not-for-profit organisation in Australia.

Internal Marketing

Many scholars have considered the internal marketing concept as important for creating enthusiasm, adequate behaviour and respect for marketing strategies among service staff (Flipo, 1986). Similarly, Caruana and Calleya (1998) argued that the objective of internal marketing (IM) is to create a workplace in which all personnel have a customer focus. Chang and Kelly (1994) suggest that any customer satisfaction effort should be first preceded by improvements in internal customer relationships (i.e. amongst staff at the intra-firm level). The IM objective is viewed by some scholars as ‘selling’ the firms to their employees by identifying and satisfying their needs as individuals and service providers (e.g. Varey, 1995), in order that they become really conscious of their services performance (Grönroos, 1993).

Many scholars have proposed that IM should create a corporate climate where employees are happy assuring that all employees are informed about the firm’s vision, that is, their management initiatives, goals, outcomes, services, products and served markets. (Lings, 1999; Brum, 1998; Vasconcelos, 2008). If employees are the most important assets of the firm, the focus should concentrate more strongly on internal customers’ needs and job satisfaction. Organisations should continually strive to provide a work environment that truly captivates, satisfies, and keeps their best people, with a view to improving external marketing.

Internal Marketing in the Not-for-profit Sector

Not-for-profit organisations have started to adopt business techniques (Goerke, 2003) used in the for-profit sector as they are confronted with market pressures such as competition for funding and the need to earn money to fulfil their mission (Andreasen and Kotler, 2003; Alexander and Weiner, 1998; Dolnicar et al., 2008). It appears, however, that the competitive advantages that could be gained from using market orientation, they are not adopted as successfully as they could be (Bruce, 1995; Sargeant et al., 2002; Gonzalez et al., 2002; Andreasen and Kotler, 2003; Padanyi and Gainer, 2004; Kara et al., 2004; Macedo and Pinho, 2006;). With increased expectations to apply marketing orientation practices, there are more demands on management and employees in these not-for-profit organisations. IMO can indeed be a key resource as not-for-profit firms improve internal marketing practices as their employees interact with each other as well as clients, members of the community and other stakeholders.

Interpersonal Relational Competence (IRC) enabling Employees

The underlying interpersonal capability of the individual employees dealing with other employees, supervisors, managers, clients and other organisational stakeholders is an important influence on relationship performance within and between organisations (Phan et al. 2005).
This has been explored in research by Carpenter (1993). He defined the IRC construct in terms of two specific dimensions: initiation and maintenance of relationships. "Initiation," includes those skills most relevant for initiating, controlling, and making demands upon relationships. These skills tend to be those tangibly valued in society and often associated with success and adjustment. The specific sub-dimensions of “initiation” include assertiveness, dominance, instrumental competence, shyness and social anxiety. The second component, "enhancement" includes skills for enhancing and maintaining relationships, thereby making them more accessible, useful, satisfying, and enduring (Hansson and Carpenter 1994, p77). Relevant sub-dimensions of maintenance include intimacy, trusting ability, interpersonal sensitivity, altruism and perspective taking. Relational competence, with its emphasis on skills and attitudes relevant to effective social functioning, can enable our understanding of interpersonal dynamics. IRC has its emphasis on skills required for understanding coping and social functioning. As skills, they can be acquired by employees. The conceptualization and measurement proposed here provides an approach for the study of employee behaviours as they work with internal marketing practices.

Research Question 1: Does Increased evidence of interpersonal relational competence lead to increased internal market orientation practices?

Method and Analysis

A qualitative case approach has been deemed suitable for studying employee-manager relationships as they are socially constructed in nature and thus inherently lead themselves to an interpretive focus. Interpretive methods are useful to understand employee relationships with other employees and managers because they allow for richer descriptions and interpretations of people’s lives (Fournier et al., 1998) and can “obtain intricate details about phenomena such as feelings, thought processes, and emotions that are difficult to extract or learn about through more conventional research methods” (Strauss and Corbin, 1998; p.11). Since the goal of the paper was to provide a new conceptual model as opposed to a simple generalisation of results, a single case study design was chosen.

Data Collection & Administration

The not-for-profit organization that is the case study, provides a range of services to more than 3,000 people each year. With a strong business approach and more than 650 employees, it has many attributes worthy of research from a marketing perspective. There were 28 employees who volunteered for the interview after formal invitation to the whole organization. Most respondents had been with the organization for more than 2 years. They came from a variety of educational and occupation groups. Of the 28 interviewees, 11 people were management, 7 were professionals and the remaining 10 were lower ranking employees. This provided a broad base of knowledge and insight to the study. Using a semi-structured interview guide, one interviewer, who had substantial experience and training in executive interviewing conducted each interview. Interviews generally lasted from forty minutes to eighty minutes. All interviews were voice recorded and transcribed. The transcripts were then checked for validity by simultaneously listening to the recorded tapes and checking the transcripts for any discrepancy. After the transcription, the respondents were contacted when clarification was deemed necessary to improve the quality of the transcripts. Questions were open-ended in nature, and interviews were conducted face-to-face in order to preserve contextuality and get at deeper meanings (Patton, 2002; Yin, 1994).
Analytical Procedures

NVivo, a qualitative data analysis software package, was used to help with analysis. Transcript files were imported into NVivo, which was mainly used to store, index and retrieve data. A preliminary coding scheme based on the literature review was then applied to the analysis of the transcripts. The dimensions identified in the literature were found to be adequate for analysis and the classification of items. The Degrees-of-Freedom Analysis (DFA) technique, suggested by Wilson and Woodside (1999) and Wilson and Vlosky (1997), was employed to analyse the data obtained from the 28 interviews.

Results and Discussion

The conceptual model of Interpersonal Relational Competence and Internal Market Orientation is comprised of 20 dimensions. The relational competence dimensions are based on Carpenter (1993) and the IMO dimensions are based on the work of Lings and Greenley (2005) and Gounaris (2006 and 2008). Discussion of the interrelationships between these constructs and associated variables follows.

IRC: Initiating Relationships and IMO

The analysis of the results showed four of the five predictions with respect to relational competence: initiating relationships were fully supported. The only sub-dimension not supported was shyness. Many of the interviewees were managers and had been closely involved in a relationship with this organization for many years. They were in control of their own domain and clearly aware of the policies and procedures that were required of them. Knowledge was either codified or understood through “tacit” knowledge” as just part of the way you did your job. Assertiveness was considered a requirement of their job roles. Many of the respondents took their assertiveness for granted. They had to have been assertive to achieve their status or position within the organization or through longevity within the organization.

Comments during the interview process by some respondents suggested that various aspects of ‘assertiveness’ were positively related to information generation. The following comments show that one could not ignore the question of ‘assertiveness’ as it relates to information dissemination.

“when I meet people, often they can’t assert themselves, poor communication and I see that as part of my role.....to ..... get that communication flowing”. (Case Study #27)

Comments during the interview process by some respondents did suggest that various aspects of ‘dominance’ were positively related to information dissemination.

“It’s actually motivated me even more to start up all these initiatives. So it’s actually been a good thing. Meeting clients... networking with other agencies, getting the communications flowing in this client’s life and helping the clients learn to assert themselves.....due to poor communication...I see that as part of my role....... I’ll get that communication flowing”. (Case Study #27)

Comments during the interview process by some respondents suggest that various aspects of ‘instrumental competence’ were positively related to information generation and dissemination:

“We’ve got a grievance procedure like most organisations and how to deal with that and what not .....and I find that I tell people when they’ve got an issue with me. If there’s any sort of complaint I say ‘these are the things, this is the way I’m planning on addressing this. If you’re not happy with it you know the grievance procedure. You can talk to me or you can go to (XX) and I encourage you to do that’. Whereas other people..... – I’m a pretty self confident person, I don’t have fear around that and I think that the organisation should encourage that kind of conversation by it's manager.” (Case Study #7)

IRC: Maintaining and Enhancing Relationships and IMO

All of the five sub-dimensions predictions with respect to the relational competence: maintaining and enhancing relationships were fully supported.
Respondent comments did lead one to believe that various aspects of ‘intimacy’ were positively related to information dissemination.

“We get on really, really well. We’re friends as well as colleagues.” (Case Study #3)

Staff are encouraged to socialise outside of work. Many comments as written above were recorded during the interviews of many staff members relate to responsiveness. This organisation tends to include its staff in the formation of jobs and job descriptions thus responding to information generated and shared between managers and employees, creating a level of intimacy with staff.

“It’s a nice job description. Specific – it’s specific. I helped write it.” (Case Study #2)

Respondent comments also lead one to believe that various aspects of ‘trust’ were positively related to information generation.

“So that’s a very freeing environment to work in cause you can be daring and try – and there’s just a lot of trust.”

And responsiveness.

“… I’m doing a lot of more of all the management whereas a lot it used to defer to him. So he trusts me to run just about everything. Whereas he used to do a lot of organising bigger issues, recruitment, other things, whatever, I kind of take care of pretty much all that stuff nowadays. Just about everything.” (Case Study # 7)

Respondent comments proved important for the relationship between ‘interpersonal sensitivity’ and information dissemination.

“Getting to know people. I mean over the past few months I’ve got to know…… the staff and we’ve got a good communication system going. I suppose if we’ve got any ideas we share with them so it might be picking up the phone or emailing whichever is, you know you find okay, less time consuming or if you’ve got more time on your hands and they’ve got time we can have a chat. But I think we try to accommodate to each other’s needs. I think basically it was (the supervisors) sort of pushing for (the communication) to get started. We didn’t really have that before.” (Case Study #16)

Not all staff agreed that there are clearly defined channels of communication as a result of management not really being sensitive to individual employees’ needs particularly as it relates to responsiveness.

“I think sometimes the communication of things could be better. So what could seem like a not very well though out decision or plan or new way of doing things…(is because of poor communication).”

(Case Study #5)

Training and development, as well as well-prepared job descriptions, are examples often discussed in relation to management responding to the needs of their employees.

“Yes, I get really good training. That was one of the attractions of working here, the learning and development department have an income of their own and they then allow staff to avail themselves of further education or conferences or whatever….and they've never knocked anything back. It's fantastic.” (Case Study #4)

Unfortunately some staff indicated a lack of consideration for the effort they were going to in their jobs demonstrating that there is not always an internal responsiveness occurring, or if it is, it is being demonstrated in a negative way:

“You take on more but nobody sort of like recognises you’re doing this, this, this and this and your timelines are still your timelines and you still get asked in the same way - you haven’t finished your monthly report - but nobody realises what you’ve been doing that month. So you get to the stage that maybe I can’t make a difference.”

This employee is indicating that they feel the organisation has the knowledge to respond however, there seems to be barriers to this occurring appropriately. Additionally, whilst most interviewees indicated they had a job description, a common reply indicated that they were working above and beyond the content of the job description documents.

“I do (have a job description and) probably (do) above and beyond.” (Case Study #28)

Many staff indicated their loyalty to the organisation, holding onto their altruistic beliefs that they are working for a higher cause and the good of society.

Many managers and supervisors interviewed indicated that one of their goals at work is to continuously identify the skills and competencies of people so that they can be employed in the best way for both the organisation and themselves indicating links with information dissemination.
Subordinates have the opinion that the managers are indeed sharing their knowledge with staff as appropriate to their needs and wants, regardless of how trivial or seemingly unrelated to the issues at hand. For managers to make time to listen and allow employees to be heard within an organisation is a true benefit to employees and their morale. Managers and staff responded to information in various ways with the specific purpose of understanding, appreciating and showing consideration for others throughout the organisation. There is an obvious concern and consideration for customers that is converted into action.

“I think my major concern is to remain profitable and viable. Then if we can focus, even in hard times, good quality businesses stay strong and it’s basically the survival of the fittest and if we’re strong, if we’re healthy, if we’ve got good quality systems and good marketing and we apply ourselves in all the right ways, we work smart and the rest of it, then we’ll continue to attract customers and I’m hoping that’s going to be the way that we ride out this current crisis. That’s my focus. Now the reality is that if business goes bad and there’s unemployment and every other day you’re reading about mass layoffs and redundancies, people get nervous and if we’re seeing a slow down here people will start to get nervous here as well. So right now I’m not really focusing on that. I’m just kind of focusing on moving ahead and trying to maintain good customer relations with everyone.” (Case Study # 7)

The employees interviewed indicated that managers communicated regularly about job descriptions and training and development that took place both within their organisation and in other not-for-profit organisations. Employees felt valued and that they viewed their needs from the employees’ perspective in doing so.

“We were able to compare with nine or ten other not-for-profits. Now we’re able to compare with 20 other not-for-profits in the (named) sector on its’ own. So it’s really valuable.” (Case Study # 9)

Summary of Findings and Implications for further Research

In total, of the 20 predictions made, 18 were fully supported by the data. An analysis of the linkages between the interpersonal relational competence attributes and the identified behavioural activities (i.e internal market orientation behaviours) are shown in Table 1. Thus the dimensions, of interpersonal relational competence have demonstrated importance to the success of internal market orientation. Whilst this finding appears to be relevant to well established employer-employee relationships, one cannot presume this to be the case for those newer employees who are still in the initiation stages of the relationship with the employer.

As significantly shown there appears to be support for the model proposed. That is, the notion that employee relational competencies are linked to internal market orientation behaviours. This highlights that there may be direct linkages of all the interpersonal relational competence attributes as they influence or enable internal market orientation. By analysing the interpersonal mechanics of an internal market orientation within the context of a not-for-profit organisation, this paper suggests how such organizations may be able to build competitive advantage through their employees’ interpersonal relational competencies. This may indeed increase the organisation’s ability to practice internal marketing behaviours, with the view to increasing performance of the employees, and the organisation. This paper suggests that employees in light of their relational competencies, may indeed be an undiscovered link to the inadequacy of market orientation in the not-for-profit sector. When considering employees throughout the company, we may uncover new links towards improved employee performance, increased internal market orientation (and market orientation) and ultimately, improved business performance.

Table 2. Summary - Relationship between Variables
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Definitions above:
RC: I = Relational Competence: Initiation of the Relationship
RC: E = Relational Competence: Enhancement of the relationship
IMO: IG = Internal Market Orientation: Information Generation
IMO: ID = Internal Market Orientation: Information Dissemination
IMO: R = Internal Market Orientation: Responsiveness

References


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