A critical inquiry of the Internal Marketing discourse and a future research agenda

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Abstract
Echoing the fragmented knowledge in the internal marketing (IM) domain and the changing reality for service employees’ role in global marketplaces, this article aspires to provide a critical inquiry into the past, present, and future of the IM domain. This work delivers a critical overview of the grounds of IM work, to provide insights into the advantages and limitations of contemporaneous IM knowledge, and to present a research agenda for the future of IM. This conceptual paper contributes to the ongoing debate about the concept and the scope of IM and presents some potential avenues for investigation for service researchers.

Keywords: internal marketing, service employees, employee value creation, literature review, services marketing
INTRODUCTION

Service marketers have long assumed the importance of service employees in delivering superior value to the firm’s customers, enhancing organizational performance and assuring long-term survival in the industry (Edo et al., 2015). While increased competition and globalized marketplaces seem to further elevate the primacy of human resources in creating competitive advantage (Liu et al., 2007), increasing service automation and the casualization of the service workforce seem to counter this view. During the past four decades, considerable scholarly attention has been dedicated to understanding the role of employees in service industries and this has been the focal point of the Internal Marketing (IM) discourse (Berry 1981; George, 1990; Ruizalba et al., 2014).

The concept of IM was initially proposed as a philosophy of treating employees as an intermediate set of customers, enhancing the value provided to employees so that they better align with strategic marketing objectives and consequently meet the needs of the firm’s external customers (Sasser & ArbeIt, 1976; Berry & Parasuraman, 1991). IM is based on the notion that employees remain central in customers’ experience with the firm and is predicated on the assumption that competitive advantage in the service context is contingent on organisational practices that attend to the needs of its frontline employees (Grönroos, 1981; Berry, 1981). A significant number of studies have appeared over the last four decades exploring the concept of IM (e.g. Rafiq & Ahmed, 2000), its operationalization (e.g. Gounaris, 2006), its underlying practices (Lings & Greenley, 2005) and its consequences for service organizations and their staff (Edo et al., 2015).

Despite the value of IM research to inform employment practice in service organizations, fast-paced changes in consumer markets, technological advancements in firm-employee interactions and the expansion of peer-to-peer platforms and sharing economy have radically
changed the nature and focus of service employees’ jobs, their working status (e.g. distant employees) and their contractual relationship with their employer (e.g. work-on demand employees) (Bowen, 2016; Rafaeli et al., 2017). Such changes render the underlying propositions of the IM discourse increasingly outdated, limiting the insights from IM for contemporary practice (Papasolomou-Doukakis, 2003; Fu, 2013), and emphasising the need to rethink the way that service employees’ relationship with the firm is managed across industries (Barnett et al., 2013; Bowen, 2016).

In addition to the transformation of service markets, a chronic challenge to the application of IM to contemporary service contexts is the enduring fragmentation of knowledge. IM thinking remains poorly synthesised with several researchers pointing to the conceptual, operational and theoretical controversies and ambiguities that surround the concept of IM and its adoption from firms (Snell & White, 2009; Sievers et al., 2015; Ozuem et al., 2018). Enduring confusion about the nature and application of IM restricts researchers’ future insights into the field and prevents managers from understanding the challenges of IM adoption (Rafiq & Ahmed, 2000; Grönroos, 2017; Boukis, 2019).

In recognition of these challenges, this study seeks to provide a critique, and re-synthesis of the IM domain by highlighting the key challenges of prior work in the area. This work does not aspire to provide an exhaustive review of the IM discourse; rather, the aims of this article are threefold; to engage in a critical overview of five collective propositions that an extensive body of IM work lies on; to provide insights into the advantages and limitations of contemporaneous IM knowledge, and to present a research agenda for the future of IM, in the form of a corresponding body of suggestions for future research endeavours.

The paper is structured as follows. First, the details of the review method are provided. Then, the existing work on IM is discussed and the underlying collective propositions of IM are
presented. Following this, a critique of IM work is presented and the robustness of these propositions for firms is contemplated through the lens of contemporary challenges in the context of services marketing. Finally, suggestions for future research and ideas are presented.

METHODOLOGICAL APPROACH

An action research approach was adopted to critically re-visit the IM literature. Action research includes evaluative and analytical research methods with the aim to diagnose problems or weaknesses and help researchers identify solutions to address them quickly (Kemmis, 2006; Herr & Anderson, 2014). In this case, the aim was to adopt a critical approach towards the IM literature and offer some directions to researchers and practitioners. To identify a transparent set of theoretically relevant work, a literature review of the IM area was conducted drawing on tested methodology (Grinsven, Heusinkveld & Cornelissen, 2016), which recommends the use of specific criteria in the selection of articles for review, so that an unbiased and inclusive view of the domain of interest is produced (Greenhalgh & Peacock, 2005). In specific, the review that took place aimed at (1) mapping the IM practices and activities proposed in the literature; (2) identifying existing IM conceptualizations and (3) providing an overview of the benefits from IM adoption for employees and organizations across service industries. The literature search for this paper was performed according to the criteria described in the following section.

The computerized database search was conducted in Business Source Premier, Google scholar, ABI/INFORM Global, Web of science and Scopus with using of the term ‘Internal Marketing’ in keywords, title, main body or abstract. Moreover, the articles included in the review should draw (empirically or conceptually) on existing IM literature, discuss IM practices and/or investigate some of the underlying IM dimensions (e.g. Foreman & Money,
Both qualitative and quantitative work in the field was included. The review included studies published from 1976 (when the first paper using the term IM was published) to May 2019 and only published academic work in English was considered. Next, all journal papers that included these terms in the title, abstract or keywords were retrieved from the Social Sciences Citation Index (N = 1.946). The search was restricted to the “Business and Management” category (N = 1.103). Overall, 401 individual studies were identified, including the term ‘Internal Marketing’, which was the initial dataset before setting some additional criteria, to ensure that the work included was relevant to the focus of this stream. To ensure the high-quality standards of data analysis, the articles finally included in the dataset were published only in peer-reviewed journals. Articles only published in the journals listed on The Association of Business Schools list (ABS 2015) were considered, in line with similar work (Nguyen et al., 2018). Using these criteria, resulted in 296 individual IM studies to be included in the dataset; 41 conceptual papers and 255 empirical studies were included (38 qualitative research and 217 quantitative studies). This set of articles was then analysed and some corresponding collective assumptions that emerge from this work are presented, after a comprehensive review of the IM literature (Kaur et al., 2013; Reed et al., 2018).

A CRITICAL OVERVIEW OF THE IM DISCOURSE
The early perspectives on IM discourse arose along with the beginning of the services marketing literature (Berry et al., 1976; Grönroos, 1981; George, 1990). The IM concept initially derives from a focus on enhancing the quality of (internal) service delivered by employees. It is based on the premise that treating employees as internal customers and designing job/products that are attractive to them will satisfy and motivate them to deliver high-quality services (Berry, 1981; Grönroos, 1981). The focal aim and scope of IM have
significantly evolved over the years. Drawing on the literature review conducted, the focus of IM ranges from viewing ‘jobs as products’ that better meet employee needs (Berry et al., 1976) to a vehicle for strategy implementation (Rafiq & Ahmed, 2000), to a philosophy for enhancing employees’ customer-consciousness (Grönroos, 1981; George, 1990) and to managerial behaviours that exemplify the firm’s commitment towards its internal market (Gounaris et al., 2010). Lately, its focus was re-directed into enhancing employees’ performance, evolving into a dynamic capability “manifested in a set of corporate strategies and actions, that enable the firm to align the behaviour of employees with the company’s market and service delivery objectives” (Fang et al., 2014; Boukis et al., 2017; p. 692).

Based on the pertinent review, various scholars long debated on its conceptual nature, aim and scope (Ballantyne, 2003); its key elements and underlying practices (Foreman & Money, 1995; Lings and Greenley, 2005); its theoretical underpinnings (Ferdous et al., 2013); its employee- and firm-level consequences (Kaur et al., 2013; Boukis et al., 2014) and its implementation challenges in various service industries (Papasolomou-Doukakis, 2003). These aspects of the IM discourse are discussed below.

**Main IM Perceptives and Conceptualizations**

A plethora of multifarious perspectives and conceptualizations emerge from the literature review, given the different goals, focus and underlying activities of the IM notion (Gounaris, 2006; Papasolomou et al., 2017; Kaurav et al., 2016; Park & Tran, 2018). *Behavioural perspectives* represent managerial/organizational behaviours towards enhancing employees’ needs, well-being and performance (e.g. Gounaris, 2006); they advance IM as a mix of tactical and strategic managerial actions (such as internal market orientation (IMO)) towards enhancing employees’ performance, echoing their individual needs (e.g. Proctor, 2010; Gounaris et al., 2010). *Functional perspectives* consider IM as a strategic approach for improving interfunctional integration, change management and reducing functional silos (e.g. Ozretic,
They view IM as a means of integrating diverse teams and functions (e.g. HR and marketing) that are important to customers’ experience with the firm (e.g. Ahmed & Rafiq, 2003; Gounaris et al., 2020).

Apart from these two perspectives, relevant theoretical frameworks (i.e. Cultural perspectives) advance IM as a wider organizational philosophy and culture that drives effective strategy implementation and adoption of firm-level strategic changes (e.g. Varey & Lewis, 1999; Rafiq & Ahmed, 2000). Some of the pertinent work also advocates IM as *a mix of internal communication-induced activities* that aim at enhancing organizational effectiveness and firm-employees relationship and interaction quality (e.g. Stauss & Hoffman, 2000; Ferdous, 2008; Peltier et al., 2013). Scholars also view IM as *a bundle of HR activities* and as an organized effort of recruitment, training and retention of customer-conscious employees, which ensures their alignment with the HR function (e.g. Hwang & Der-Jang, 2005). Recent work has begun to view IM as *a set of organizational/dynamic capabilities* that enable the firm to meet its marketing and customer goals (Hughes et al., 2012; Sanchez-Hernandez & Grayson, 2012; Gounaris et al., 2020) as well as enhance employees’ engagement in value (co)-creation activities (Boukis, 2019; Vivek et al., 2012). Table 1 below provides an overview of the these dominant IM perspectives.

<Place Table 1 here>

Apart from these multifarious IM conceptualizations, Service–Profit Chain (SPC) was also proposed as a parallel framework towards integrating functions for organizational improvement in service industries (Heskett et al., 1994). Its focus lies on examining the links between employee satisfaction and loyalty, service quality, customer satisfaction and firm performance (Homburg et al., 2009; Hong et al., 2013). Likewise, this stream proposes the concept of service triangle to investigate the relationships between a company, its employees
and its customers (Kotler & Armstrong, 1991) and introduces the concept of internal service encounters to examine dyadic interactions in the internal market (Gremler et al., 1994). The common ground between the IM and the SPC streams is the systematic and ongoing effort to enhance the firm’s ability to deliver its promise to external customers through supporting employees’ well-being and performance (Rafiq & Ahmed, 2000).

**Key Elements of IM Programs**

The aforementioned fragmented IM perspectives empirically and conceptually advocate a wide mix of elements that IM programs should entail for their successful adoption (Ahmed et al., 2003; Payne et al., 2013). For example, prior work suggests that IM programs should include a plethora of strategic and tactical activities, processes and practices such as: internal intelligence collection and dissemination; the provision of strategic rewards and vision to employees; the establishment of service climate; formal and informal internal communication channels; top management commitment and support towards employees; integrated communication programs; recruiting and selecting quality staff; employee training and development; job design and empowerment; market-oriented leadership and supportive management; enhanced interfunctional co-ordination; and employee participation and feedback to these actions, among others (cf. Foreman & Money, 1995; Conduit & Mavondo, 2001; Lings & Greenley, 2005; Gounaris, 2006; Chow et al., 2015; Kaurav et al., 2016). The integration of these diverse practices and activities into a unified IM program is an arduous task as they span across various organizational levels (from strategic to tactical level); they are enacted from different functions (from HR to Marketing and Sales); and, they focus on various stakeholders (from middle-level management to frontline staff).

**Consequences of IM Adoption across Service Industries**

Considerable qualitative and quantitative work in the IM stream confirms various employee-level benefits from IM implementation such as: higher employee retention (Berry &
Parasuraman, 1991), increased employee commitment (Yao et al., 2019), employee empowerment (Gounaris, 2006), higher job satisfaction (Huang & Rundle-Thiele, 2014), enhanced customer-consciousness (Lings & Greenley, 2010), increased engagement (Sanchez-Hernandez & Grayson, 2012), higher patronage and willingness to report customer complaints (Boukis et al., 2017), better employee well-being and improved experience with their employer (Hwang & Der-Jang 2005; Yao et al., 2019), and more genuine emotional state when interacting with customers (Huang et al., 2019). Likewise, IMO adoption can help firms enact their employees as brand ambassadors (Vallaster & De Chernatony, 2005) and increase their engagement in brand-building activities (Vivek et al., 2012). Some limited evidence in the area also indicates that IMO can add indirectly to organizational effectiveness. For instance, IM adoption is thought to improve customers’ experience with the firm through enhancing front line staff’s performance (Edo et al., 2015; Park & Tran, 2018); to drive customer satisfaction (Gounaris et al., 2010); and, to enhance the firm’s response to market needs (Lings & Greenley, 2010).

These multiple employee- and firm-level benefits are empirically confirmed across various service sectors such as hospitality (Yao et al., 2019), call centers (Mukherjee & Malhotra, 2006), professional services (Snell & White, 2009), retailing (Akroush et al., 2013), banking services (Anosike & Eid, 2011), healthcare, nursing and medical services (Chang & Chang, 2009; Peltier et al., 2013), the food service industry (Choi & Joung, 2017), information technology industries (Lee & Wen-Jung, 2005), public sector (Soliman, 2013), leisure services (Yang & Coates, 2010), insurance services (Shiu & Yu, 2010), higher education (Yu et al., 2018) and industrial financial services (Gounaris et al., 2010). Pertinent work has also begun to explore the role of IM for different types of markets (e.g. maturing vs matured markets) (Kadic-Maglajlic et al., 2018) as well as examine its relationship to other internal strategic orientations, such internal green orientation (Papadas et al., 2018).
Collective Propositions of the IM Discourse

Five widely held assumptions emerge from scrutinizing various IM perspectives and conceptualizations (hereafter called Collective Propositions (CPs)), which underlie a significant amount of IM work. Each of these CPs is presented below.

**CP1** is embedded on a large number of IM studies, where scholars assert that better ‘quality’ jobs would satisfy employees and motivate them to perform better in their interactions with customers (Sasser & Arbeit, 1976). CP1 suggests that viewing employees as internal customers and treating them as such will encourage them to align their efforts with the firm’s marketing objectives (e.g. Berry & Parasuraman, 1991). This focus of marketing jobs internally to employees was advocated from the majority of studies reviewed, suggesting that marketing practices should be applied to service staff before the latter become enabled to enhance customer satisfaction. **CP2** advances the idea that various HR and marketing-like practices and techniques (e.g. segmentation, communication) should be adopted internally with the aim of supporting employees to improve their service performance (e.g. Berry & Parasuraman, 1991; Rafiq & Ahmed, 1993). These consumer-derived marketing practices can be instrumental in helping employees better meet their role objectives (Grönroos, 1981).

A plethora of recent empirical studies in our dataset examines IM implementation in a variety of contemporary service industries and empirically validates their positive effects on employee performance in hospitality, food service, and other service contexts (Akroush et al., 2013; Choi & Joung, 2017; Yao et al., 2019). At the same time, recent evidence shows that IM affects customer satisfaction (Park & Tran, 2018) and enhances the firm’s response to customer needs (Lings & Greenley, 2010). These studies suggest that IM has favourable consequences for contemporary service organizations (CP3).
Extensive IM work shows that increased organizational focus on the internal market is translated into enhanced job experience from employees (Fortenberry & McGoldrick, 2016; Yao et al., 2019). In turn, this results in employees reciprocating their employer through higher commitment or engagement in citizenship activity (Ruizalba et al., 2014; Matanda & Ndubisi, 2013) and generates better customers’ experience with the firm (Gaur et al., 2017; Grace et al., 2017). In fact, studies also link IM with organizational benefits such as improved interfunctional relationships, better team functioning and service development performance (e.g. Fang et al., 2014; Tortosa-Edo et al., 2015; Park & Tran, 2018), arguing for the organization-wide benefits from IMO adoption. Hence, CP4 suggests that IM enhances wider organizational effectiveness and customers’ experience with the firm.

Pertinent literature proposes that IM has evolved from its early focus on frontline staff into a strategic orientation that can be instrumental in supporting organizational functions, leadership implementation (Wieseke et al., 2009) and the management of innovation (Sanchez-Hernandez et al., 2011; Gounaris et al., 2020). Work in our dataset confirms these claims and advances IM as a company-wide orientation that aims at enhancing employees’ value perceptions and their personal development (Tortosa-Edo et al., 2015; Fortenberry & McGoldrick, 2016). Hence, CP5 advocates IM as a company-wide orientation that aims at creating value for employees’ and enhancing their well-being. Table 2 presents a summary of these five propositions that collectively emerge from reviewing the IM literature included in our dataset.

<Place Table 2 here>

A CRITIQUE OF THE IM DISCOURSE

Despite the organization-wide benefits that IM work identifies (e.g. Sanchez-Hernandez et al. 2011; Mukherjee & He, 2008), scholars also raise important concerns for the managerial
relevance of the IM domain with a number of conceptual, theoretical and implementation shortcomings emerging in the literature, which are yet to be resolved (e.g. Rafiq & Ahmed, 2000; Ahmed et al., 2003; Sievers et al., 2015; Papasolomou et al., 2017). Building on prior critique on IM work, we emphasize four major inadequacies of contemporary IM literature that prevents researchers from advancing the field in a managerially relevant way.

**Dated IM Conceptualizations**

Scholars pinpoint that the IM domain remains conceptually blurred and context-bounded, with limited applicability to the emerging technology-driven market reality (Rafiq & Ahmed, 2000; Ahmed et al., 2003; Papasolomou, 2006; Gyepi-Garbrah & Asamoah, 2015). Scholars often dismiss the internal customer perspective, postulating that the employee market is not a facsimile of the external market and there may be some elements of coercion in firm-employee exchanges (Papasolomou, 2006; Boukis et al., 2017). Moreover, prior work questions the legitimacy of IM as a mere marketing philosophy, given the overlap of some of its elements with other functions (e.g. HR) (Collins & Payne 1991). For instance, scholars view IM as “a reemphasis of normative HRM, and a mere labelling of a concept that was not clearly defined (...), ambiguous and highly rhetorical” (Gyepi-Garbrah & Asamoah, 2015; p. 276). Scholars also denounce that marketing-like techniques designed for customers remain effective for the internal market; they argue that a different mix of communication approaches is needed for employees, given the negative utility they might receive from their role (Gilmore & Carson, 1995; Gummesson, 2007).

Studies also criticize IM perspectives on the basis that prioritizing employees’ needs implies their predominance over those of customers (Coban & Percin, 2011). This renders external customers as a secondary group of interest for firms, which creates two important risks. First, the value of nurturing an external market orientation may be in a hazard (Lings & Greenley, 2010), as the focus of the internal customer perspective shifts from the employee-customer link
to the firm’s management of internal interactions. The second risk lies at reducing the firm’s focus on value creation with external stakeholders (Vargo & Lusch, 2004; Smith & Colgate, 2007), where customers have a central role as creators of value for service organizations.

**Lack of Solid Theoretical Frameworks**

There is a lack of a unified theoretical framework underlying the IM domain (e.g. Ahmed et al., 2003; Kaur et al., 2013; Grace et al., 2017). The explanatory power of existing IM theories and frameworks (e.g. equity, social exchange theory) is limited and it mostly lies at the interpersonal level (Ferdous et al., 2013), despite the fact that many IM conceptualizations are multilevel in nature and are based on cross-level exchanges among internal stakeholders (Wieseke et al., 2009). The current theoretical grounds of IM also fail to explain the rationale behind bipartisan (resource) exchanges between firm and employees (e.g. Hunt et al., 2006; Chang & Chang, 2009) and a comprehensive understanding of how employee-firm exchanges take place is still missing (Papasolomou et al., 2017). At the same time, there is a lack of integration of contemporary theoretical frameworks (e.g. service-dominant logic) to explain how firms can create value for employees through IM as well as employees’ role in this process, in line with the premises of relevant value creation frameworks (Baron et al., 2010; Boukis & Kabadayi, 2020). These relatively atheoretical grounds of the IM discourse render the emergence of a solid and unified IM framework as a sine non qua, as they limit its potential to evolve into an inclusive managerial approach for contemporary organizations.

**Incomplete Understanding of the IM Implementation Process**

Academics have long stressed the marginal understanding of the IM implementation process (Fortenberry & McGoldrick, 2016). However, the fragmentation of IM perspectives provides inconsistent findings regarding the process towards IM enactment and the challenges that might emerge during its implementation (Gyepi-Garbrah & Asamoah, 2015; Papasolomou et al., 2017). To date, limited consensus exists on which the key elements of an IM program should
be as well as which communication and integration practices are more effective in IM programs (Ferreira-Vasconcelos, 2008; Snell & White, 2009). IM work also fails to provide insights into the different phases of IM adoption, the various tactical and strategic steps in each phase and the role of different functions in them (Sievers et al., 2015; Papasolomou et al., 2017). As a result, the lack of unanimity of a ‘roadmap’ for IM adoption prevents firms from understanding the extent to which their existing capabilities are aligned with tactical-level actions that IM work advances (Pavlou & El Sawy, 2011). Last, scarce knowledge exists around various proxies that could be used for assessing the successful implementation of IM programs.

**Limited Adaptation of IM Research in Changing Service Markets**

Service marketing reality has radically changed over the past thirty years and, as a result, some key premises of IM literature have become redundant. Services marketing shifted from a provider-driven to a customer perspective in value co-creation (Vargo & Lusch, 2004) and technology supplemented (or replaced) the employees as the service provider (Rust & Huang, 2014). The nature of customers’ experience with firms was also transformed from increasingly automated service exchanges (e.g. Bowen, 2016). As automated service delivery and chat bots become an integral part of the service firm’s interactions with customers, frontline employees become of secondary importance for an increasing number of service organizations (Bowen, 2016). Also, the growth of sharing economy and the dominance of new business models in various markets (e.g. peer-to-peer platforms) resulted in new forms of labour relationships in service industries (e.g. on demand-labour) (Hamari et al., 2016). These radical changes of the service market landscape along with the shortcomings of the IM domain stress the need to revisit the plausibility of the current understanding of these IM assumptions through the lens of contemporary marketing knowledge.
CHALLENGING COLLECTIVE IM PROPOSITIONS

The CPs presented before are often taken for granted and remain rooted in a significant number of IM studies. Some of them are only theoretically proposed and have not been not empirically examined; some others lack a solid theoretical background; and, other CPs have become outdated due to changes in contemporary service markets. The following section discusses the challenges for the five CPs that emerge from the IM literature.

CP1 - Satisfying employees’ needs is a prerequisite to satisfying external customers’ needs

CP1 embraces the idea that service firms should use IM to design job specifications better tailored to employee needs and that this would help motivate employees, before satisfying external customers (Berry & Parasuraman, 1991). Although customer interactions with frontline staff often shape their experience, CP1 implies that service firms’ efforts to meet customer needs operate predominantly through their employees’ actions. For many contemporary organisations, this may not be the case. First, the ubiquity of the online environment and social media allow service organisations to reach customers and deliver value to their clientele quickly and effectively often without any frontline employee intervention (Klaus & Nguyen, 2013). Second, in many cases, strategies involving the mechanisation of services relegate employees to a secondary role and promote consumers to the primary role in service delivery (Leeflang et al., 2014). Third, the increasing automation in many service encounters often places the role of employees in a less conspicuous role than in the past. As a result, this heightened focus on employees renders external customers as a secondary group of interest for service organizations. This inside-out perspective might inadvertently question the necessity for nurturing an external market orientation (Lings & Greenley, 2010), despite customers’ centrality in the value creation process (Vargo & Lusch, 2004).
CP2 - Marketing-like practices can be used internally to motivate employees to deliver superior service quality

Several studies in our dataset provide evidence on which the key elements of IM should be (e.g. Ahmed et al., 2003; Huang & Rundle-Thiele, 2014). These studies also espouse the use of marketing-like techniques, designed for customers, to the internal market and suggest various practices such as internal market segmentation, internal communication and empowerment as key aspects of IM programs (Foreman & Money, 1995; Gounaris, 2006). However, the applicability of such marketing techniques to employees, whose relationship to the firm and knowledge of it remains fundamentally different to the consumer market, is tenuous (Holm, 2006). The internal market is not a facsimile of the external market, and there may be significant differences compared to firm-customer exchanges (Papasolomou, 2006). For example, the use of external marketing techniques does not take into account the potential for a negative utility that employees receive from the 'product offering' (i.e. their role) (Gilmore & Carson, 1995).

CP2 also ignores the employment context; employees have a long contractual relationship with their employer, often without a range of “products” available from which they may choose. In such cases, employees have to comply with organizational directions, as sanctions can be imposed if they do not (Rafiq & Ahmed, 2000; Mudie, 2003). Also, external marketing techniques might not be equally appealing to different employees, given the different way they construe their work and their varied understanding of customer relationships (Di Mascio, 2010). As a result, employees do not necessarily embrace organizational values in the same way that customers connect with firms (Rafiq & Ahmed, 2000; Mudie, 2003).

CP3 - IM is beneficial for contemporary service organizations

IM insights remain service industry-bounded and the value of IM practices is concentrated in core service industries such as call centres, financial services and tourism (Mukherjee &
Malhotra, 2006; Tsai & Wu, 2011). Traditionally, the IM literature has assumed firms having a relatively stable workforce, viewing employment relationships and contractual arrangements from a binary perspective, where individuals work (or not) for a specific organization (Podnar & Golob, 2010). On this basis, segmenting the internal market according to distinct needs of various internal segments, targeting each of these segments and communicating and superordinate goals to them has been a key suggestion from IM work (Naude et al., 2003). However, the range of employment options becomes increasingly diverse in contemporary service markets (Peters et al., 2010). Firms, and often employees, opt in for more flexible work arrangements (Podnar & Golob, 2010), changing traditional distinctions in employment types and giving rise to some newer contractual arrangements (e.g. on-demand contracts) and different forms of employment flexibility (e.g. remote employees) (Peters et al., 2010).

Hitherto, three erroneous assumptions remain rooted in IM literature. First, that service employees, regardless of their contractual relationship with their employer, have similar expectations from their employer and should be segmented accordingly (Gounaris, 2006). For example, on-demand employees’ social identity is arguably less aligned to their employer and more aligned to themselves as a service entity, potentially transforming the nature of the value exchange process and giving rise to questions about what is assessed as equitable exchange. Moreover, contractual relationships with multiple employers are increasingly evident in sharing economy markets (i.e. Uber drivers who also work for Lyft), which create an undeniable controversy in this effort.

The second erroneous assumption is that universal employee responses to IM cannot be always anticipated, without accommodating of their type of job (e.g. work-from-home), or work role (e.g. cashiers) (Kelemen & Papisolomou, 2007). Work in HR identifies potential variations among employees’ motives e.g. staff who do not reciprocally respond to organizational support (i.e. rejectors) (Peccei & Rosenthal, 2000) and advocates that not all
employees remain equally responsive to their role expectations or organizational support. Traditional IM frameworks fail to accommodate these variations among the perceptions and motives of individual employees in meeting their role requirements. As a result, capturing shared employee responses to IM does not accurately explain how each employees construe and execute their workplace activities concerning the firm support they receive (Di Mascio, 2010; Gyepi-Garbraha & Asamoah, 2015). Hence, it remains doubtful whether service organizations will be better off when investing uniformly in their internal market.

Third, although in large firms with formalized structures and stable hierarchies IM has repeatedly proved beneficial (e.g. Ruizalba et al., 2014; Park & Tran, 2018), contemporary service markets are increasingly dominated by smaller enterprises and start-ups. Hence, it remains dubious whether benefits from IM exceed its implementation cost when applied to more flexible firm structures, such as small or micro-firms and whether SMEs should invest in IM programs. This lack of knowledge significantly restricts the value of IM frameworks for flexible service firm structures that increasingly dominate global markets.

**CP4 - IM results in improved organizational effectiveness and enhanced customer experience with the firm**

The majority of IM work argues that an increased managerial focus on the internal market is translated into more favourable responses from employees towards the firm and its customers, as a mean of restoring the received benefits to their employer (Ruizalba et al., 2014; Matanda & Ndubisi, 2013). Pertinent literature also suggests that such responses can help enhancing customers’ experience with the firm (Gaur et al., 2017). Surprisingly, limited research scrutiny is attracted to linking IM-induced employee responses to other (internal and external) aspects of organizational effectiveness, such as more collaborative interdepartmental relationships, improved team functioning, and increased operational efficiency or customer experience (e.g. Sanchez-Hernandez et al., 2011; Tortosa-Edo et al., 2015; Park & Tran, 2018).
As a result, practitioners lack an informed understanding of whether the bestowed benefits from IM adoption to employees eventually return to the firm through enhancing customers’ experience (Park & Tran, 2018). Despite some evidence in the SPC literature that explores the links between employee outcomes and customer reciprocity (e.g. Homburg et al., 2009; Hong et al., 2013), IM work does not provide adequate empirical evidence that links specific IM marketing activities with measurable customer or financial outcomes (Park & Tran, 2018).

At the same time, CP4 becomes increasingly dated as the nature of customers’ experience with service firms is increasingly transformed from technology-driven interactions through virtual reality, service robots and augmented reality apps (e.g. Bowen, 2016; Lu et al., 2020; Chamakiotis et al., 2020). As technology becomes a more integral part of customers’ experience, the centrality of employees in service interactions is becoming less important (Larivière et al., 2017). For example, given the prevalence of automated services (e.g. call centres, online check-in at airports), one cannot assess the extent to which IM remains beneficial when employees are peripheral (or absent) in the customer’s experience. To date, there is no empirical exploration of whether benefits from IM adoption remain valid in service industries impacted by technological, labour and market advancements (e.g. sharing platforms). Therefore, the applicability of IM insights becomes riskier in technology-driven service industries.

**CP5 - IM is a company-wide orientation that aims at creating value for employees and enhancing their well-being**

Relevant studies advocate different IM goals; the focus of IM shifted from viewing ‘jobs as products’ that better meet employee needs (Berry et al., 1976) to a vehicle for strategy implementation (Rafiq & Ahmed, 2000) and an emphasis on managerial behaviours towards employee well-being (Gounaris, 2006). Existing internal market orientation perspectives are thought to mirror the firm’s strategic orientation or top management’s focus on the internal
market (Lings & Greenley, 2010), without, however, examining whether IM programs can be leveraged to add value to their (internal and external) stakeholders or enhance their well-being (e.g. Papasolomou, 2006; Boukis, 2019). Despite some evidence showing that adopting IM practices enhances the amount of value employees receive from their job or the brand (Chang & Chang, 2009), IM scholars fail to explain how value emerges in firm-employee interactions or how firms can actively engage employees in value-creating activities (Ferdous et al., 2013). Hence, the IM domain remains disconnected from a significant part of the marketing literature that considers value co-creation in service exchanges as the ultimate goal of service providers (Vargo & Lusch, 2004).

An additional issue to CP5 emerges from the fact that the focal point of the majority IM studies is frontline staff and/or sales reps and not the entire firm’s population (Akroush et al., 2013; Park & Tran, 2018). Although in high contact service sectors frontline staff constitute a significant portion of the firm’s internal market (e.g. retailing, hospitality), their needs and expectations are not representative of the overall employee population’s needs. As a result, current IM frameworks do not confirm the delivery of enhanced value to all internal stakeholders of interest (e.g. senior executives, back-office staff, area managers, etc.) but mostly to specific employee groups (i.e. frontline staff). Hitherto, it is not yet clear whether IM programs are inclusive enough for the entire firm’s population.

AN AGENDA FOR MOVING IM RESEARCH FORWARD

The challenges raised above cast doubts on collective IM propositions. Hence, further scrutiny is required so that practitioners and scholars gain the insights needed around how and under which circumstances IM adoption remains beneficial for contemporary service firms (Baker, 2010; Kaur et al., 2013; Ferdous et al., 2013; Ozuem et al., 2018). The following section
provides an agenda with some key theoretical and practical implications and challenges that derive from this discussion.

**Theoretical Implications**

*Towards more Inclusive and Theory-Driven IM Conceptualizations*

Despite literature efforts to generate a notion that reflects the firm’s universal focus on employees’ well-being, the IM landscape remains cloudy and atheoretical (e.g. Ruizalba et al., 2014). Future efforts should delineate IM’s nature, aim, and underlying practices as well as its relationship with other firms’ strategic orientations (e.g. innovation or green orientation). Moreover, pertinent research should provide more inclusive IM conceptualizations applicable to a wider range of service sectors (e.g. professional services, higher education, B2B markets). For instance: *To what extent do multifarious IM practices remain effective across different service industries? Is IM a strategic- or a tactical-level approach and how does it relate to the firms’ customer goals and innovation orientation? To what extent are current IM prescriptions applicable in business-to-business services, where the role of sales reps is pivotal in acquiring new customers?*

Contemporary marketing frameworks, such as the dynamic capability (DC) framework, can be utilized to build a clearer theoretical stand of the IM domain, removing blurring with other strategic orientations and managerial actions (Sievers et al., 2015; Pavlou & El Sawy, 2011). As IM practices constitute key routines to the performance of service organisations, they reflect their capacity to modify their existing resources to improve effectiveness (Pavlou & El Sawy, 2011). Hence, IM practices underlie capabilities that allow the reconfiguration of the firm’s internal (human) resources, routines and processes in such a way that employees become more attendant to the company’s overall marketing strategy. In this context, some important questions need to be addressed: *To what extent do IM practices constitute a mix of capabilities spanning across organizational levels? Which are the key IM capabilities and their main
features? Which level do these capabilities reside at? Which is the optimal mix of IM capabilities required for different service organizations?

Does IM Enhance Internal and External Stakeholders’ Value Creation?

The shift of the marketing field toward a value-centred paradigm suggests that firms cannot create value for their stakeholders without their active participation (Grönroos, 2011). The service logic (SL) and service-dominant logic (SDL) streams advocate that employees should be enacted as operant resources in the value co-creation process (Lusch et al., 2007; Gronroos, 2011) and stress them as key actors in the creation of value for customers (Tsai & Wu, 2011). However, the role of employees as active participants in the value creation process remains largely unexplored in the IM literature (Merrilees et al., 2017). At the same time, existing IM prescriptions are not informative enough of how value creation in the internal market occurs (Ferreira-Vasconcelos, 2008; Paul & Sahadev, 2018).

In this context, addressing the following questions becomes of high importance for service organizations: To what extent do different IM practices enhance employees’ perceptions of value? How does value emerge among actors in the internal market who interact through a complex grid of resource-integrating relationships? To what extent do SL and SDL premises about value creation apply to the IM literature? How could firms stimulate employees’ active participation in IM programs? Do IM programs actually encourage employees engage in value co-creation activities with customers?

Link IM Adoption to Measurable Organizational Outcomes

Despite IM implementation has been associated with a number of in- and extra-role favourable employee responses (e.g. Chow et al., 2015; Malhotra & Ackfeldt, 2016; Sharma et al., 2016), researchers have yet to investigate whether IM adoption (directly or indirectly) contributes to financial (e.g. profits, market share) and non-financial (e.g. brand equity, customer experience) aspects of organizational performance. Moreover, there is no strong empirical confirmation of
whether IM actually creates value for the firm’s customers, who are the primary stakeholders of interest for any marketing activity (Lings & Greenley, 2010). Researchers could use secondary data to provide answers in the following questions: *What is the short- and long-term impact of IM programs on service firms’ valuation and corporate brand equity? How does IM adoption affect customer churn and their experience with the brand? To what extent do IM programs impact employee acquisition, retention and their experience with the firm? To what extent could IM be used as a brand reputation-restoring mechanism after some event disrupting the firm’s ethical stand and/or its brand image?*

Conducting a meta-analysis of the IM literature could also shed light on the effectiveness of IM programs and their underlying elements with respect to both employee responses and organizational outcomes. The five collective IM propositions presented could all serve as key hypotheses in meta-analytic endeavours. A meta-analytic understanding of IM work would uncover the most influential studies in the field; it would also provide a comparative evaluation of the effectiveness of different IM approaches (e.g. behavioural vs mechanistic) or practices (e.g marketing-driven vs HR-driven ones) for service employees.

**Implications for Practitioners**

**Adopting IM in Technology-Dominated Service Settings**

Traditionally, service firms had employees that have a full-time working status and physical interactions with their employer and customers (Podnar & Golob, 2010). However, technological advancements have fuelled the increasing use of virtual working structures, more flexible working arrangements and the emergence of the sharing economy and on-demand labour, causing major shifts in service markets. These shifts alter the labour market landscape and the way employees should be managed, questioning the value of IM in this reality. For example, *to what extent do IM practices remain relevant in a sharing economy context, where flexible working relationships, employment with multiple firms and work-on-demand constitute*
vital elements of one’s work? Does IM build employees’ identification with the firm in distance/remote working relationships? To what extent do IM practices remain relevant in virtual organizations, where face-to-face communications are non-existent? Does IM adoption enhance service performance in occasional or on-demand working relationships? To what extent does IM adoption remain beneficial for firms when increasingly technology-mediated firm-employee interactions occur?

Despite the accumulated knowledge around the management of employee-customer physical interactions (Gounaris & Boukis, 2013; Lings & Greenley, 2009), the current service encounter reality has fundamentally changed from the assumptions made in IM work; employees work alongside service robots, the service interface is becoming more technology-dominant and firm-customer interactions become increasingly technology-mediated (Larivière et al., 2017). In this reality, some important questions need further consideration: To what extent do IM practices affect employee efforts to build rapport and deliver in digitalized interactions with customers (e.g. chatbots)? Does IM result in extra-role employee behaviours (e.g. customer consciousness) in digital service encounters? Would IM remain effective in the emerging work-from-home reality in the post-Covid era?

Explore the Dark Side and Challenges from IM Adoption

Despite the plethora of benefits for employees identified in the literature, there is almost no empirical evidence on any risks, challenges or side effects associated with IM adoption (Snell & White, 2009; Papasolomou et al., 2017). For instance, scarce evidence exists around the barriers firms need to overcome during IM adoption, which remains dependent on inter-functional relationships (Papasolomou & Vrontis, 2006). Does IM help service firms overcome the different cultural, communication and structural barriers that exist during interdepartmental collaborations? Which function(s) should lead the implementation of such
programs? To what extent does shared responsibility (e.g. between HR and marketing) help in this direction? Do IM programs reduce employees’ resistance to change?

Given the influence of the organizational culture and environment on strategy implementation (Slater et al., 2010), more insights are needed around how firms could successfully integrate IM into their existing cultural system and values: Are different corporate cultures types equally receptive to IM adoption? What is the role of corporate brand reputation and CSR activities in successful IM adoption? Does IM remain effective in aligning employees with superordinate goals and corporate values?

IM programs could end up a very resource-consuming activity with ambiguous results for firms. For instance, the meaningful work literature (e.g. Lips-Wiersma et al., 2016) indicates that not all types of jobs are equally attractive for employees and often, employees have a strictly calculative perspective for highly formalized, repetitive jobs with narrowly-defined tasks (i.e. ‘mcjobs’) (Allan et al., 2006). In such circumstances, could IM programs change the way employees construe their role and its meaning for them? To what extent should IM programs be directed at all service employees and organizations, as the literature suggests? What is the role of different leadership styles in enhancing employees’ responsiveness to IM programs?

IM adoption is mostly examined in large, resource-rich organizational environments (Snell & White, 2009), where adequate resources exist for its implementation and scalability can help firms maximize its return (Huang & Rundle-Thiele, 2014). However, these conditions do not necessarily apply in emerging markets or new business models. For instance, to what extent is IM beneficial for SMEs or start-ups that might not possess the resources/capabilities to implement strategies of this scale? As an increasing part of economic growth nowadays relies on flexible and more digitalized firm structures (Hamari et al., 2016), to what do IM practices help digital platforms to attract new talents and improve employee retention?
DISCUSSION AND CONCLUSION

The IM research has advanced considerably since its early conceptualizations. This literature stream has generated a relatively rich but fragmented body of research, pointing in disparate directions, which only allows practitioners and scholars with a marginal understanding of the value of IM for organizational functioning (Park & Tran, 2018; Yao et al., 2019). Given the servitization and digitalization of global markets, service firms are facing high pressure to deliver value to their customers. Echoing the fragmented knowledge in the IM domain and the changing reality for service employees in global marketplaces (Bowen, 2016), this article aspires to provide a critical inquiry into the IM discourse. Through this review, this work contributes to the ongoing debate about the concept and the scope of IM as well as gives directions that future research in IM could take.

Following this critical analysis of the IM discourse four important directions emerge. From a theoretical point of view, there is a need for synthesizing existing fragmented IM perspectives into an unified organization-wide framework. This framework should provide key decision-makers with tactical and strategic directions on how to integrate various functions and manage their service staff so to enhance customers’ experience with the firm. Departing from the view of employees as passive recipients of organizational actions and policies, researchers should move towards developing a value-centred paradigm of IM that views employees as active participants in the creation of value for both the firm and its external stakeholders. Third, pertinent research should seek to empirically assess, through secondary data, the short- and long-term, financial and non-financial impact of IM programmes on employees, customers and organizations as well as shed light on the side effects associated with IM adoption. Fourth, researchers should explore the relevance and effectiveness of IM in emerging working (e.g.
remote work) and consumption settings (e.g. sharing economy) in light of recent technological advancements.

Now is the right time for a transition into an integrated IM phase with a consolidation of current frameworks and a capitalization on previous work looking toward to conceptualizing IM as a transformative and inclusive process of creating and delivering value to all company’s stakeholders and the society at large.

REFERENCES


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<tr>
<td><strong>Table 1 - Key IM Perspectives</strong></td>
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<tr>
<td><strong>Behavioural perspectives</strong></td>
<td>A philosophy of viewing jobs as internal products and employees as internal customers (Sasser &amp; Arbeir, 1976)</td>
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<td></td>
<td>A process of aligning, educating and motivating staff toward the achievement of organizational goals (Winter, 1985; Proctor, 2010)</td>
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<td>A summary of specific beliefs and marketing specific behaviours that promote the need to plan and build effective relationships between employees and management (Gounaris, 2006)</td>
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<td>A process of creating market conditions within the organization to meet internal customers’ wants and needs (Ballantyne, Christopher &amp; Payne, 1995)</td>
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<td><strong>Functional perspectives</strong></td>
<td>IM encompasses internal market research and segmentation, internal product policy, internal pricing, internal sales and distribution, and internal communication and promotion (Ozretic, 2004)</td>
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<td>A means of integrating the different functions that are vital to the customer relations of service firms (Gronroos, 1983)</td>
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<td></td>
<td>IM is a planned effort using a marketing-like approach to motivate employees, deliver customer satisfaction, and achieve inter-functional coordination (Rafiq &amp; Ahmed, 2000)</td>
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<td><strong>Cultural perspectives</strong></td>
<td>IM is a planned effort to overcome organizational resistance to change and to align, motivate and integrate employees toward the effective implementation of corporate and functional strategies (Ahmed &amp; Rafiq, 1993)</td>
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<td>A culture change mechanism through communication with employees (Gummesson, 1987)</td>
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<td></td>
<td>IM is the philosophy and the behaviour that allows rapid organizational change in response to the company’s macro-and micro environment (Varey &amp; Lewis, 1999)</td>
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<td><strong>HR-driven perspectives</strong></td>
<td>IM is the task of hiring, training, motivating able employees who want to serve customers well (Kotler, 2003)</td>
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<td>IM encompasses the efforts of an organization to recruit, train, motivate, and reward its members towards more satisfying marketing behaviour (Dunne &amp; Barnes, 2000)</td>
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<td></td>
<td>A philosophy of HRM to develop jobs as products (Abzari et al., 2011); to attract, develop, motivate and maintain high-quality staff by providing them with work products they need (Yao et al., 2013)</td>
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<tr>
<td><strong>Internal communication perspectives</strong></td>
<td>IM refers to the planned use of communication actions to systematically influence the knowledge, attitudes, and behaviours of current employees (Stauss &amp; Hoffman, 2000)</td>
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<td>IM is a strategy, a marketing program based on communication with employees (Berry et al., 1976)</td>
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Dynamic-capability perspectives

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<td><strong>IM</strong> reflects the development of dynamic capabilities which allow the company to integrate, build, and reconfigure internal competences related to managing employees (Boukis &amp; Gounaris, 2017)</td>
<td><strong>IMO</strong> is viewed as an interconnected resource which includes a set of intertwined activities, processes, and routines that aim towards enhancing and sustaining value for the firm's internal stakeholders (Boukis, 2019)</td>
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**Table 2 - Collective IM propositions**

- **CP1**: Satisfying employees' needs is a prerequisite to satisfying external customers' needs
- **CP2**: Marketing-like practices can be used internally to motivate employees to deliver superior service quality
- **CP3**: IM is beneficial for contemporary service organizations
- **CP4**: IM results in improved organizational effectiveness and enhanced customer experience with the firm
- **CP5**: IM is a company-wide orientation that aims at creating value for employees' and enhancing their well-being