# "The impact of internal marketing philosophy on a firm's strategic orientation"

| AUTHORS      | Christina Arfara<br>Irene Samanta 🙃   |
|--------------|---|
| ARTICLE INFO | Christina Arfara and Irene Samanta (2022). The impact of internal marketing philosophy on a firm's strategic orientation. <i>Innovative Marketing</i> , <i>18</i> (4), 48-61. doi:10.21511/im.18(4).2022.05 |
| DOI          | http://dx.doi.org/10.21511/im.18(4).2022.05   |
| RELEASED ON  | Tuesday, 18 October 2022  |
| RECEIVED ON  | Saturday, 23 July 2022  |
| ACCEPTED ON  | Thursday, 06 October 2022   |
| LICENSE      | This work is licensed under a Creative Commons Attribution 4.0 International License  |
| JOURNAL      | "Innovative Marketing "   |
| ISSN PRINT   | 1814-2427   |
| ISSN ONLINE  | 1816-6326   |
| PUBLISHER    | LLC "Consulting Publishing Company "Business Perspectives"  |
| FOUNDER      | LLC "Consulting Publishing Company "Business Perspectives"  |
|              |   |

| S C                  | B                 | ===              |
|----------------------|-------------------|------------------|
| NUMBER OF REFERENCES | NUMBER OF FIGURES | NUMBER OF TABLES |
| 70                   | 5                 | 1                |

© The author(s) 2023. This publication is an open access article.





### **BUSINESS PERSPECTIVES**



LLC "CPC "Business Perspectives" Hryhorii Skovoroda lane, 10, Sumy, 40022, Ukraine

www.businessperspectives.org

Received on: 23<sup>rd</sup> of July, 2022 Accepted on: 6<sup>th</sup> of October, 2022 Published on: 18<sup>th</sup> of October, 2022

© Christina Arfara, Irene Samanta, 2022

Christina Arfara, Ph.D. Candidate, Department of Business Administration, University of West Attica, Greece. (Corresponding author)

Irene Samanta, Dr., Professor, Department of Business Administration, University of West Attica, Greece. Christina Arfara (Greece), Irene Samanta (Greece)

# THE IMPACT OF INTERNAL MARKETING PHILOSOPHY ON A FIRM'S STRATEGIC ORIENTATION

### **Abstract**

The study investigates the impact of internal marketing philosophy on implementing strategic goals to leverage an innovative internal marketing concept for business growth. In the context of firms' strategic orientation, the organization's development, market position, and practices used to promote the desired organizational behavior are being examined. The paper focuses on large companies in Greece, which belong to the retail, manufacturing, and healthcare sectors. Moreover, these companies have been certified by "Great place to work." A qualitative method via Nvivo software was used. Data were collected from 10 semi-structured interviews. Participants are executives with significant working experience and different managerial positions. The findings document the impact of the internal marketing concept on company development through policies concerning strengthening the organization's presence and recruiting qualified employees. Moreover, the influence of the internal marketing concept on an organization's market position with regard to a positive working environment and management style is highlighted. Finally, team environment emerges as a dominant trait in the organizational context, while values such as honesty, integrity, and reliability appear as critical features of the desired behavior. The study provides an updated managerial perspective by establishing a link between the theory of internal marketing and business process mapping. The results enable executives to focus on elements that better serve the implementation of strategic goals.

**Keywords** internal marketing, strategic orientation, development,

intangible assets, market position, organizational

behavior, entrepreneurship

JEL Classification M10, M14, M16, M31

### INTRODUCTION

The complex market environment requires a multidimensional business strategy approach that integrates knowledge transfer, resource management, market positioning, and strategic learning. Consequently, in order to understand strategic entrepreneurship, an orientation perspective is essential (Hakala, 2015).

Organizations are turning to their internal environment to identify valuable resources to manage them more efficiently and effectively, thus capitalizing on opportunities for developing a competitive advantage (Barney, 1991). Researchers also adopt the resource-based theory to predict or explore organizational performance from a marketing perspective (Kozlenkova et al., 2014).

Documenting the relationship of internal marketing with knowledge management (Ballantyne, 2003), learning organization (Egri & Herman, 2000), enhancement of employee commitment (Bermúdez-González et al., 2016; Schulz et al., 2016), value creation (Boukis, 2019), organizational agility and reinforcement of organizational reputation



This is an Open Access article, distributed under the terms of the Creative Commons Attribution 4.0 International license, which permits unrestricted re-use, distribution, and reproduction in any medium, provided the original work is properly cited.

Conflict of interest statement: Author(s) reported no conflict of interest (Boukis et al., 2017; Burmann & Zeplin, 2005; Du Preez et al., 2017; Mitchell, 2002), the strategic role of internal marketing is highlighted. It provides guidelines to positively respond to the upcoming organizational changes that result in delivering higher performance.

While researchers focus on the concepts of internal marketing mentioned above, little research investigates both internal marketing and result-oriented entrepreneurial strategies.

### 1. LITERATURE REVIEW

Rafiq and Ahmed (2000) argue that internal marketing relates to customer and employee satisfaction and motivation, internal organizational procedures, and implementation of specific corporate or functional strategies. Moreover, based on this broad range of concepts, Kaur and Sharma (2015) proposed an expanded definition of internal marketing by integrating the most widely used elements.

According to Vel et al. (2018), the philosophy of internal marketing is related to continuous training to enhance employees' service capabilities. Furthermore, it refers to adopting external marketing within the organization and aims to satisfy external customers.

Arfara (2021) highlighted the relationship between internal marketing and the organization's intangible assets, providing a macro-level management perspective, thus underlining its strategic importance. In particular, the findings documented the correlation between internal marketing and the maintenance of knowledge capital. Moreover, the importance of the supporting character of internal marketing programs in organizational culture, customer satisfaction, and organizational reputation was highlighted.

Inkinen (2015) confirmed the positive impact of intangible assets on businesses' profitability due to their interaction and combined operation, helping to improve organizational results (Jardon & Martos, 2012; Kamukama et al., 2010; Kim et al., 2012). Apiti et al. (2017) highlighted the influence of an organization's intangible assets on its financial results. Their study concluded that financial results (profit margin, market share, return on investments, and return on equity) show a significant improvement when a company places particular emphasis not only on human and relational capital but also on the philosophy of management. They argue that organizational culture, processes, networks, and information system, as well as organizational capacities developed to meet mar-

ket demands, are the main drivers of competitive advantage. Sardo and Serrasqueiro (2018) examined the relationship between intangible assets, growth opportunities, and financial performance, concluding that these elements affect employee productivity and the return on equity but not the return on assets. Pedro et al. (2018) highlighted the interaction of intangible assets, which creates knowledge capital. This, in turn, contributes to creating a sustainable competitive advantage based on innovation and value creation. It is a complex relationship between intangible assets and strategy, as value creation is a strategic goal.

The adoption of new appropriate technologies increases the flexibility of organizations as it introduces new, fast, and reliable ways of working while achieving both their immediate response to the new data of the business environment and the enhancement of the staff members' adaptability as they are called to be informed about, learn, and use new processes. Integrating new technologies will make organizations flexible through the offered technological capabilities to respond faster to new challenges (Lu & Ramamurthy, 2011).

The model by Bonazzi and Meirelles (2017) focuses on creating organizational value, which is a crucial feature of an organization's strengths and, in essence, creates/enhances the value consumers receive. Therefore, the company's position in the market is strengthened, and all this value returns to it as an organizational value. Through internal marketing programs, needs are detected and met by creating a link between internal customers and the organization that strengthens their commitment (Ballantyne, 2003; Fang et al., 2014). According to Zebal et al. (2019), organizations, knowing the needs and perceptions of the internal market and internal customers, decode tacit knowledge and develop internal marketing programs aimed at empowering employees, training them, enabling them to participate in decision making, and adapting the channels and methods of communication accordingly. Furthermore, the concept of internal marketing is related to employees' needs and the job satisfaction they experience. A high level of job satisfaction results in being motivated by internal factors, delivering services of higher quality, and recording lower rates of turnover (Bermúdez-González et al., 2016; De Farias, 2010; Foreman & Money, 1995; George, 1990; Greene et al., 1994; Rafiq & Ahmed, 2000; Sohl, 2012; Tortosa-Edo et al., 2015; Vasconcelos, 2008).

Special attention has been given to internal relationships developed within an organization, the relationships developed between employees, departments, and management, and the derived synergies that lead to the creation of added value for customers (Boukis, 2019; Vel et al., 2018). Further, the concept of internal marketing has been associated with employee welfare. It has a direct connection with creating a working environment in which the needs and desires of employees are met at a higher level (Vasconcelos, 2008). Finally, the importance of internal marketing has been recognized as a means of managing change as the implementation of relevant programs reduces isolation and confrontations and addresses the resistance to change (Ahmed & Rafiq, 2002; George, 1990; Rafiq & Ahmed, 2000).

Employees' personal values and beliefs have been of particular concern to researchers (Brown, 2005; Fitzgerald & Desjardins, 2004; Jaakson, 2010; Johansson et al., 2014; McAdam & Bailie, 2002; Nathan et al., 2017; Nuntamanop et al., 2013). They have highlighted their importance and high degree of influence in developing organizational values, behavior, and efficiency, as well as the selection of the most appropriate strategy. Riketta (2005) also moved in this direction, highlighting the importance of the value system and proving its relationship with job satisfaction, performance, and participation in the process of task assignment.

Organizational values are the beliefs and attitudes that allow a team to determine what benefits everyone. They are a crucial component of the organizational culture and reflect the principles, philosophy, and standards with which an organization works (Hatch, 1993; O'Reilly & Chatman, 1996). At the company level, values are the connecting mechanism between employees since they constitute a joint effort to create a culture that facilitates their work

to achieve goals (Meglino & Ravlin, 1989; Parsons, 1997). Furthermore, organizational values represent the employees' ambitions for the organization because they determine what each individual offers, reflecting their beliefs and attitudes (Cummings & Worley, 2008; Mirabile, 1996). A link between the strategy and the values of an organization is the integration of the well-being of the employees into its goals. An organization that respects the personal values and needs of its employees receives positive emotions in return as they consider themselves part of the organization and realize how their duties contribute to the achievement of the organization's goals, increasing thus their performance (Salas-Vallina et al., 2021). According to Williams (2002), incorporating personal values into the strategy provides more than guidance; they are a determining factor in employees' behavior in the daily challenges they face in the workplace, and the decisions made are aligned with the values they accept and share.

Moreover, Bhattacharya et al. (2007) argue that social initiatives aiming at specific social issues while implementing an effective internal marketing program can promote a behavior change, reinforcing the firm's reputation, thus receiving positive returns such as attracting talented employees.

Shiu and Yu (2010) highlight the positive correlation between internal marketing management and organizational culture since all employees are familiar with the expected behaviors to achieve common goals. De Waal et al. (2012) argue that personal values and beliefs play an essential role in the effectiveness of executives and that the personal values of executives, in turn, influence their decision-making in the context of the implementation of the corporate strategy. In the survey conducted by Nuntamanop et al. (2013), beliefs, values, and principles were the factors to which most executives referred and emerged as essential elements they took into account when making strategic decisions.

The importance of the trust shown by employees in management is particularly highlighted when organizational changes are being attempted. The executives create informal communication channels, encourage discussions and proposals, and maintain two-way communication regarding corporate and personal needs (Beslin & Reddin, 2004). Janaki et al. (2015) highlight the catalyt-

ic role of creating a climate that promotes teamwork, collaboration, the exchange of views, and the dissemination of knowledge, which are factors of particular importance during the implementation of the strategy. Constant and effective communication strengthens the relationships among the employees and their trust in the management, making them feel satisfied and weakening their intention to leave the organization. According to Garzella and Fiorentino (2014), Mehta and Chugan (2015), Meibodi and Monavvarian (2010), and Olson (2008), employees recognize and appreciate the free flow of information and access with no barriers to databases as they acquire new skills and evolve on a personal level, resulting in a small percentage of departures.

Based on the literature review, internal marketing is related to organizational effectiveness and influences financial outcomes, market position, and organizational culture. In this context, the following research hypotheses are developed:

- H1: To examine which aspects of internal marketing managers consider crucial regarding organizational development.
- H2: To investigate how internal marketing influences the organization's market position.
- H3: To identify how the organization promotes the desired behavior.

## 2. METHODOLOGY

In the present paper, qualitative research relied on data obtained from in-depth interviews.

Table 1. Participants' data

| Company size | Type of economic activity       | Management<br>level      | Executive-level position | Years of experience | Gender | Participant<br>No. |
|--------------|---------------------------------|--------------------------|--------------------------|---------------------|--------|--------------------|
| Large        | Marine chemicals                | т                        | General manager          | >15                 | Male   | 3                  |
|              | Medical services                | Top managers             | General manager          | >15                 | Male   | 4                  |
|              | Marine chemicals                |                          | Marketing manager        | 5-10                | Female | 8                  |
|              | Home and personal care products | Middle-level<br>managers | Marketing manager        | 5-10                | Female | 9                  |
|              | Food industry                   |                          | Marketing manager        | 5-10                | Female | 10                 |
|              | Marine chemicals                |                          | HR manager               | >15                 | Female | 1                  |
|              | Medical services                |                          | HR manager               | 10-15               | Female | 2                  |
|              | Renewable energy sources        |                          | Project manager          | >15                 | Female | 5                  |
|              | Marine chemicals                | Junior managers          | Production manager       | >15                 | Male   | 6                  |
|              | Medical services                |                          | IT manager               | >15                 | Male   | 7                  |

### 2.1. Sample

The sample consists of executives of companies belonging to five economic sectors (marine chemicals, medical services, home and personal care products, renewable energy sources, and the food industry). The participants have many years of experience in positions of responsibility and come from different hierarchical levels. Specifically, 10 executives participated, of whom two belong to the top management level (general managers), five are from the middle level of management, three come from the marketing departments, two are from the human resource management departments, and finally, three junior managers are employed in the fields of production, IT management, and project management. In addition, six women and four men participated. The companies from which the executives come belong to the category of large enterprises, employ more than 250 employees, and have an annual turnover exceeding €50,000,000, while the annual balance sheet exceeds €43,000,000. The size of the enterprises is determined by Regulation (EC) No. 70/2001 of the European Commission of January 12, 2001 (EL 2001 L 10/33) as amended and in force (European Union Law).

During the qualitative data analysis, each participant was given an identity (Participant 1, Participant 2, etc.) to facilitate the management of the interview extracts with the thematic schemes and codes (Table 1).

### 2.2. Data collection

The interviews were conducted at a time agreed to suit both the interviewer and the interview-

ee. Six out of 10 interviews were conducted at the participants' workplace, while the rest were via the Skype app, given the circumstances of the COVID-19 pandemic. Before starting the interviews, the participants were assured about the confidentiality and protection of their data, and the consent to record the interview was requested. The interviews were approximately 25 and 45 minutes and were conducted between January and February 2021. Qualitative data were collected through semi-structured interviews in order to gather in-depth insights from managers at different management levels. The questions that were asked related to the research objectives, and the participants responded to the following questions:

- 1. How do you perceive the concept of development?
- 2. How do you plan to achieve it?
- 3. What do you consider to be the assets of your firm?
- 4. What policies do you apply in order to maintain or enhance these assets?
- 5. Which factors do you consider to be necessary in order to promote the desired organizational behavior?

The processing of qualitative data was carried out with the Nvivo software. Its use presents significant advantages, such as improved and more accessible management and organization of large amounts of data, reduction of the required time, and the ability to search for and retrieve data quickly, facilitating the review of analysis.

### 3. RESULTS

### 3.1. Examining H<sub>1</sub>

The analysis of the interviews led to the following coding:

- Increased financial indicators;
- Strengthening the organization's presence;
- Investment in technological equipment;
- Internal procedures and operations;

- Adoption of a new culture;
- Recruitment.

As a result, two respondents link the development of the business with financial indicators. They argue that the development of the business is reflected in financial data and, more specifically, they monitor the rate of growth and profits.

The majority of the participants argue that development is intertwined with the company's presence, whether it concerns the reputation it has acquired or the expansion of its business activities. Therefore, a strong merger and acquisition strategy is developed while the strategic partnership plays a vital role in the organization's entrepreneurial position. The strategic goals include the acquisition of new brands or the launch of new ones and the development of innovative products, and hence the penetration into new markets is feasible.

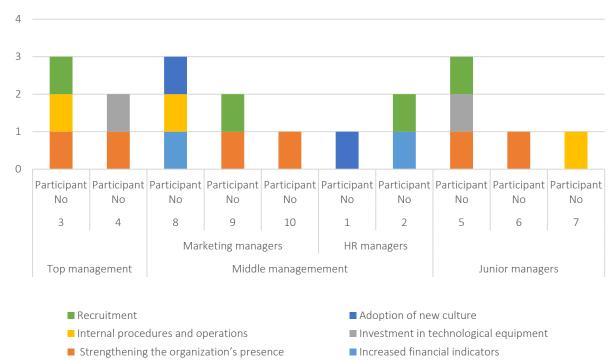
Few correspondents correlate growth with the improvement of the organization's technological capabilities and consider that investments in technological equipment combined with the recruitment of qualified personnel will provide a solid basis for the company's further development.

Almost half of the participants argue that organizational development correlates with internal processes constantly being evaluated, improved, and enriched to increase efficiency and profits.

Executives state that new values will help the organization face new challenges effectively and will be the milestone in the new era and the new course for the organization. They believe there must be an alignment between the vision, goals, and values, both organizational and personal.

Half of the respondents invest in human capital and enrich job openings requiring specialized knowledge while adopting a people-oriented management style to keep the turnover rate low. In addition, they consider that recruiting qualified employees will strengthen the teams and better allocate the workload.

Top management, marketing managers, and junior managers perceive the concept of growth similarly and focus on strengthening the organization's



Internal marketing and organization's development/executives' perceptions

Figure 1a. Internal marketing and organization's development/executives' perceptions



presence either through acquisitions of smaller companies, gaining access to new markets and know-how, or developing new products. Adopting a new culture/philosophy concerns human resource management and marketing executives as they argue that the values and behaviors demonstrated by employees are a decisive factor in the development of a company and its staff. Of particular interest is the approach of frontline executives, who link the development of a company both with the strengthening of its presence and with the investments in technological equipment, a view that the executives of the senior management share. Given that these executives are confronted with

operational problems daily, it is expected that they wish to facilitate the performance of their duties. The executives agree that growth without corresponding recruitment is impossible, showing confidence in human resources. Emphasis on internal operations is given only by three executives at the top level, a marketing manager, and a junior manager (IT manager). Finally, only two middle-level management executives from marketing and personnel management refer to the financial indicators and sizes (Figures 1a and 1b).

The data analysis highlighted that managers are more concerned about strengthening the organi-

zation's presence, whether by enhancing its reputation or expanding its activities, demonstrating an external focus. Moreover, different approaches were identified within the management levels as the daily challenges that executives face and the nature of their tasks, focusing more on the internal organization, are different.

The executives must underline the importance of recruiting employees with specialized knowledge or skills and correlate strategic HRM functions with internal marketing and organizational development. Based on the above results, internal marketing is related to internal organizational procedures/operations, which lead to monitoring, adjusting, learning, and developing. These findings support the existing theory (Apiti et al., 2017; Lu & Ramamurthy, 2011; Zebal et al., 2019), according to which company development is based on the reinforcement of the structural capital, emphasizing the organizational processes and practices. Consequently, the relationship between internal practices and company development is documented as focusing mainly on the external and secondarily on the internal environment.

## 3.2. Examining H2

The following patterns were identified across the data set:

- Personal and career development;
- Work environment;
- Company's strong position;
- Social responsibility.

Most participants consider that companies offer significant opportunities for personal and professional development as they aim to develop new skills through educational programs, which lead to professional development. In addition, although highly demanding and competitive, the working environment is also highly supportive and helps employees discover and develop their talents and abilities, find professional challenges, manage their careers, and promote their personal development.

All the participants referred to the working conditions and the attention paid to ensuring a safe, positive, and pleasant working environment that

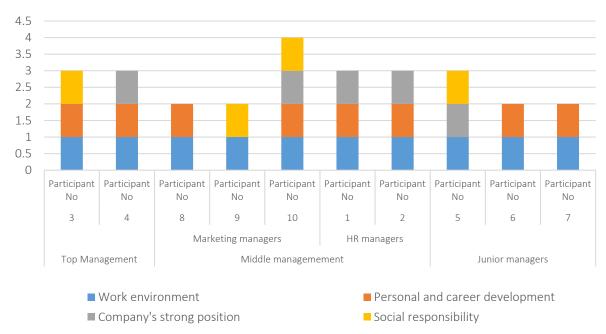
meets the needs of employees. The working environment is framed and supported by the corresponding management style, which is flexible and supportive. The organization promotes open and two-way communication, active listening, provoking ideas and procedures, and setting reasonable expectations to achieve the best possible results. Additionally, organizational procedures facilitate task performance; the hierarchical levels are limited to improve internal communication efforts.

Half of the participants focus on the strong position of a company due to the leading position held by companies in the industry and the excellent working environment they provide. They argue that the leading position of a firm and the positive reputation as an employer attract and retain talented people.

Almost half of the respondents place great importance on the social impact of business activities. Therefore, to reduce the negative impact, they undertake actions and adopt practices that engage the organization in environmental preservation and social practices.

All the executives point out the people-orientated character of management. Senior management executives consider the development of employees to be equally important. There is a convergence of the views of senior management executives and marketing executives regarding the social sensitivity shown by a company and the weight given to it. Junior managers refer to the social responsibility of a company. However, they do not consider it a solid point of a firm, while HR managers do not refer at all. Finally, the strong position of an organization is recorded in the strengths of a company. The human resource management executives focus on this, and three other executives from all three levels of management agree with them.

It is found that an organization's strengths are located in the internal environment, which makes it unique. Therefore, particular emphasis is given to working conditions and management styles that provide a safe, people-oriented, and positive working environment. Another point on which the participants focus is the development opportunities, whether they concern the development of



Internal marketing and market position of the organization/executives' perceptions

Figure 2a. Internal marketing and market position of the organization/executives' perceptions

Internal marketing and market position of the organization/coding

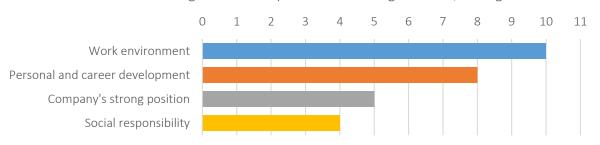


Figure 2b. Internal marketing and market position of the organization/coding

new skills, specialization, or career advancement 3.3. Examining H3 within the company (Figures 2a and 2b).

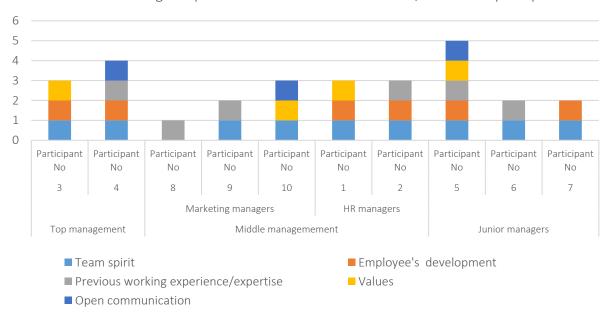
Findings support the idea that personal and career development are related to organizational procedures (Garzella & Fiorentino, 2014; Mehta & Chugan, 2015; Meibodi & Monavvarian, 2010; Olson, 2008) and employee development is promoted by a positive and productive work environment (Beslin & Reddin, 2004; Janaki et al., 2015; • Williams, 2002).

Moreover, special attention is given to the social responsibility of firms, which is considered a company asset (Bhattacharya et al., 2007) and focus on enhancing their market and financial position (Apiti et al., 2017; Inkinen, 2015; Sardo & Serrasqueiro, 2018).

Through data codification, the following codes were identified:

- Team spirit;
- Employee development;
- Previous working experience/expertise;
- Values:
- Open communication.

Almost all the participants consider that teamwork and collaboration are the critical factors of creativity as synergies are developed between team members and members are positive, working with willingness and passion. An organization benefits multi-levelly as employees are oriented toward the same goals, share the same



Internal marketing and promotion of the desired behavior/executives' perceptions

Figure 3a. Internal marketing and promotion of the desired behavior/executives' perceptions

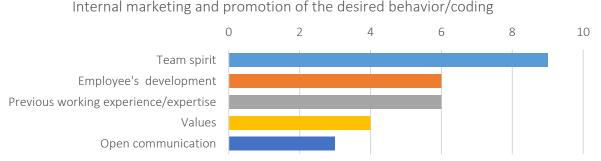


Figure 3b. Internal marketing and promotion of the desired behavior/coding

values, and are led to increase their efficiency. They support the uniqueness but also the dynamics of the team. Respect and mutual trust can turn a corporate goal into personal motivation. They desire employees to be distinguished by passion and dedication to corporate principles and values. They strongly support the values of consistency, reliability, honesty, and integrity, which are non-negotiable.

Most participants consider human resources an asset and invest in them. They support and pursue the development of their employees and create the working conditions to enhance their commitment. In this context, organizations encourage employees to take the initiative by enlightening them. They invest in training programs and a management style that promotes flexibility, willingness to learn, and innovation.

Most participants prefer employees with the appropriate expertise in their subject without adhering strictly to this criterion. Ideally, they want the experience to be the basis for flexibility and innovative thinking. They consider that theoretical knowledge is required in accounting, IT, and production line fields, but special attention is given to relative working experience.

Most participants mentioned honesty, reliability, and integrity as core values. They argue that these values comprise the framework in which each employee should behave and interact with others.

Few participants mentioned that they prefer employees not only to be receptive to new ideas but also to feel comfortable communicating with them. Therefore, the recruitment procedure aims at these characteristics while the working envi-

ronment is supportive and reward practices are applied to optimize communication channels.

Team spirit emerges as a dominant feature of organizational behavior at a significant distance from other characteristics. Another key feature of organizational behavior is the development of employees, a view shared by senior management executives, human resource managers, and junior managers. Employees' working experience is a characteristic of the organizational culture as they invest in knowledge. Regarding the organizational values, four out of the 10 executives, one executive of the senior management, two middle-level executives, and a junior manager, referred to them. Open communication is another feature of organizational behavior mentioned by three executives, one from each management level (Figures 3a and 3b).

The data analysis confirms the existing theory (Ballantyne, 2003; Beslin & Reddin, 2004; Fang et al., 2014; Hatch, 1993; Janaki et al., 2015; Zebal et al., 2019), underlining the internal focus of the organizations and how they operate.

The findings also highlight collaboration, employee development, and investment in knowledge and expertise by recruiting specialized employees. In addition, integrity and honesty emerge as critical features of the desired behavior. Executives at the three management levels express these views.

### 4. DISCUSSION

Organizations, in their effort to differentiate and gain an edge over their competitors, re-assess their internal environment to redefine processes and operations, change their way of thinking, and adopt new values. Thus, the current paper examined which elements of the internal marketing environment are crucial regarding organizational development to investigate how internal marketing influences the organization's market position and to identify how the organization promotes the desired behavior.

From a theoretical perspective, findings support existing internal marketing theory (Shiu & Yu, 2010) that relates the concept of internal marketing to the organization's development, revealing commonly shared perspectives. According to Shiu

and Yu (2010), internal marketing is related to organizational performance, referring to financial and non-financial indicators and the organization's external outcomes (Tortosa-Edo et al., 2015). Results reveal that the executives recognize the importance of strategic HRM functions as they invest in recruiting employees with specialized knowledge or skills, thus correlating strategic HRM with internal marketing and the organization's development. These results are aligned with Chandrika (2017), who argues that internal marketing practices can optimize the attraction of talented people, and Yiliang et al. (2021), who claim the positive effect of strategic human resource management on internal marketing. In particular, the concept of development, as the executives perceive it, is characterized mainly by an external orientation that focuses on strengthening the organization's presence and investing in recruiting qualified employees.

In addition, these findings support Garzella and Fiorentino (2014), Mehta and Chugan (2015), Meibodi and Monavvarian (2010), and Olson (2008), who argue that personal and career development are related to organizational procedures, and Beslin and Reddin (2004), Janaki et al. (2015), and Williams (2002), who stated that a positive and productive work environment promotes employee development. The relationship between internal marketing and the organization's market position, as well as organizational behavior, displays an internal focus mainly on the working environment's conditions and HRM strategic functions of employee development and team spirit. Internal marketing practices that facilitate the free flow of information and ensure the unhindered access of employees to databases contribute to the development of new skills. Thus, they become more creative and satisfied with the working environment and recognize and appreciate the possibilities and opportunities, resulting in low turnover rates.

Policies aimed at further enhancing skills and facilitating task performance contribute to the development of employees (Bailey et al., 2016; Grönroos, 1985 as cited in Bannon, 2005; Mainardes et al., 2019; Zebal et al., 2019). In the context of implementing new policies, such as adopting a new way of working, the transition from unit to the team is also highlighted. The synergies developed between team members are much more than the

simple sum. Members interact with each other and exchange ideas, and the relationships that they develop are the ones that establish the conditions for further creation and innovation. Effective organizational performance in terms of resources, operations, culture, and knowledge creates opportunities for further development through alliances (Inkpen & Beamish, 1997; Peleckis, 2014; Reynolds et al., 2003). The study also documents that core values such as honesty, integrity, and reliability define the framework of the desired organizational behavior.

Although Chandrika (2017) and Yiliang et al. (2021) examined and documented conceptually and empirically the relationship between internal marketing and recruitment as well as the positive effect of strategic HRM on internal marketing, this study supports and extends the existing literature. It documented the impact of internal marketing on organizational development through strategic HRM functions of recruitment and employee development. Moreover, it consists of an effective managerial tool providing a sufficient and flexible framework that allows the practices to be adapted to different strategic goals.

### CONCLUSION

The present study investigates how internal marketing philosophy is correlated with firms' strategic orientation implementation. Specifically, it is examined to what extent internal marketing influences organizational development, how internal marketing affects its market position, and what practices the organization applies to promote the desired behavior.

Executives are more externally oriented regarding the organization's development, focusing on strengthening its presence through penetrating new markets or developing new products. The relationship between internal marketing, organizational development, strategic HRM functions, recruitment, and development is documented. The influence of internal marketing on an organization's market position has an internal focus, strongly underlining the importance of working conditions and employee development, both personal and professional. Finally, the main characteristics of the desired organizational behavior also highlight the internal focus of the organization and the way it operates. The significance of teamwork and employee development is documented, while core values such as honesty, integrity, and reliability empower employees to adopt positive behavior.

The findings demonstrate a strong effect of internal marketing philosophy on the strategic orientation of organizations, thus enlightening a contemporary managerial approach. They support the relationship of internal marketing with strategic HRM function and reveal the significance of an additional function of employee development. The practices the executives apply depend on the necessities an organization needs to meet. Internal marketing philosophy efficiently addresses the demanding business environment by constantly monitoring and assessing the organization's efforts and activities to achieve more outstanding performance.

### AUTHOR CONTRIBUTIONS

Conceptualization: Christina Arfara, Irene Samanta. Data curation: Christina Arfara, Irene Samanta. Formal analysis: Christina Arfara, Irene Samanta. Investigation: Christina Arfara, Irene Samanta. Methodology: Christina Arfara, Irene Samanta.

Project administration: Christina Arfara, Irene Samanta.

Resources: Christina Arfara, Irene Samanta. Validation: Christina Arfara, Irene Samanta.

Writing – original draft: Christina Arfara, Irene Samanta. Writing – review & editing: Christina Arfara, Irene Samanta.

### REFERENCES

- Ahmed, P., & Rafiq, M. (2002). Internal marketing tools and concepts for customer-focused management. Butterworth-Heinemann.
- Apiti, C. U., Ugwoke, R., & Chiekezie, N. R. (2017). Intellectual capital management and organizational performance in selected food and beverage companies in Nigeria. *International Journal of Advanced Scientific Research and Management*, 2(1), 47-58. Retrieved from http://ijasrm.com/wp-content/uploads/2017/01/IJASRM\_V2S1\_181\_47\_58.pdf
- 3. Arfara, C. (2021). The Impact of Internal Marketing on "Green" Management of Intellectual Capital. *Archives of Business Research*, 9(6), 51-67. https://doi.org/10.14738/abr.96.10391
- Bailey, A., Albassami, F., & Al-Meshal, S. (2016). The roles of employee job satisfaction and organizational commitment in the internal marketing-employee bank identification relationship. *International Journal of Bank Marketing*, 34(6), 821-840. https://doi. org/10.1108/IJBM-06-2015-0097
- 5. Ballantyne, D. (2003). A relationship-mediated theory of internal marketing. *European Journal of Marketing*, 37(9), 1242-1260. https://doi.org/10.1108/03090560310486979
- Bannon, P. D. (2005). Internal marketing and political marketing. Paisley Business School, University of Paisley, PSA.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120. https://doi.org/10.1177/014920639101700108
- Bell, S., Menguc, B., & Stefani, S. (2004). A model of relational internal marketing and customer complaints. *Journal* of Academy of Marketing Science, 32(2), 112-116. https://doi. org/10.1177/0092070303261467
- Bermúdez-González, G., Sasaki, I., & Tous-Zamora, D. (2016). Understanding the impact of

- internal marketing practices on both employees' and managers' organizational commitment in elderly care homes. *Journal of Service Theory and Practice*, 26(1), 28-49. https://doi.org/10.1108/ JSTP-09-2014-0216
- Beslin, R., & Reddin, C. (2004). How leaders can communicate to build trust. *Ivey Business Jour*nal, 69(2), 1-6. Retrieved from https://iveybusinessjournal.com/ publication/how-leaders-cancommunicate-to-build-trust/
- Bhattacharya, C. B., Sen, S., & Korschun, D. (2007). Corporate social responsibility as an internal marketing strategy. Sloan Management Review, 49(1), 1-29.
- 12. Bonazzi, F. L., & Meirelles, D. S. (2017). Intellectual capital and value creation: An analysis from the business model theory within a process approach. *International Journal of Learning and Intellectual Capital*, 14(2), 109-134. https://doi.org/10.1504/IJLIC.2017.084067
- Boukis, A. (2019). Internal market orientation as a value creation mechanism. *Journal of Services Marketing*, 33(2), 233-244. https:// doi.org/10.1108/JSM-10-2017-0336
- Boukis, A., Gounaris, S., & Lings, I. (2017). Internal Marketing orientations determinants of employee brand enactment. *Journal of Services Marketing*, 31(7), 690-703. https://doi.org/10.1108/ JSM-07-2016-0272
- Brown, P. (2005). The evolving role of strategic management development. *Journal of Management Development*, 24(3), 209-222. https://doi.org/10.1108/02621710510584035
- Burmann, C., & Zeplin, S. (2005).
   Building brand commitment: A behavioural approach to internal brand management. *Journal of brand management*, 12(4), 279-300. https://doi:10.1057/PAL-GRAVE.BM.2540223
- Chandrika, P. (2017). Impact of internal marketing on Human Resource Management – A study.

- IOSR Journal of Business and Management (IOSR-JBM), 6(4), 15-20. Retrieved from https:// www.iosrjournals.org/iosr-jbm/ papers/Conf.17037-2017/Volume-6/4.%2015-20.pdf
- Cummings, T., & Worley, C. (2008). Essentials of organization development and change. South-Western College Publishing.
- De Farias, S. A. (2010). Internal marketing (IM): A literature review and research propositions for service excellence. *Brazilian Business Review*, 7(2), 99-115. https:// doi.org/10.15728/bbr.2010.7.2.6
- 20. De Waal, A. A., Van der Heijden, B. I., Selvarajah, C., & Meyer, D. (2012). Characteristics of high performing managers in the Netherlands. *Leadership & Organization Development Journal*, 33(2), 131-148. https://doi.org/10.1108/01437731211203456
- 21. Du Preez, R., Bendixen, M., & Abratt, R. (2017). The behavioral consequences of internal brand management among frontline employees. *Journal of Product & Brand Management*, 26(3), 251-261. http://dx.doi.org/10.1108/
- 22. Egri, C., & Herman, S. (2000). Leadership in the North American environmental sector: Values, leadership styles, and contexts of environmental leaders and their organizations. *Academy of Management Journal*, 43(4), 571-604. https://doi.org/10.2307/1556356
- 23. European Union Law. (2003).

  Commission Recommendation of 6
  May 2003 concerning the definition
  of micro, small and medium-sized
  enterprises (Text with EEA relevance) (notified under document
  number C(2003) 1422). Retrieved
  from https://eur-lex.europa.eu/eli/
  reco/2003/361/oj
- 24. Fang, S.-R., Chang, E., Ou, C.-C., & Chou, C.-H. (2014). Internal market orientation, market capabilities and learning orientation. *European Journal of Marketing*, 48(1/2), 170-192. https://doi.org/10.1108/EJM-06-2010-0353

- Fitzgerald, G. A., & Desjardins, N. M. (2004). Organizational values and their relation to organizational performance outcomes. *Atlantic Journal of Communication*, 12(3), 121-145. https://doi.org/10.1207/s15456889ajc1203\_1
- Foreman, S. K., & Money, A. H. (1995). Internal Marketing: Concepts, measurement and application. *Journal of Market-ing Management*, 11(8), 755-768. https://doi.org/10.1080/026725 7X.1995.9964388
- Garzella, S., & Fiorentino, R. (2014). An integrated framework to support the process of green management adoption. *Business Process Management*, 20(1), 68-89. https://doi.org/10.1108/BPMJ-01-2013-0002
- George, W. (1990). Internal marketing and organizational behavior: A partnership in developing customer-conscious employees at every level. *Journal of Business Research*, 20(1), 63-70. https://doi.org/10.1016/0148-2963(90)90043-D
- 29. Greene, W. E., Walls, G. D., & Schrest, L. J. (1994). Internal marketing: The key to external marketing success. *Journal of Services Marketing*, 8(4), 5-13. https://doi.org/10.1108/08876049410070682
- 30. Hakala, H. (2015). Entrepreneurial strategy orientation. *Journal of Economics, Business and Management,* 3(2), 212-215. https://doi.org/10.7763/JOEBM.2015.V3.182
- 31. Hatch, M. (1993). The dynamics of organizational culture. *Academy of Management Review*, 18(4), 657-693. https://doi.org/10.5465/amr.1993.9402210154
- 32. Inkinen, H. (2015). Review of empirical research on intellectual capital and firm performance. *Journal of Intellectual Capital*, 16(3), 518-565. https://doi.org/10.1108/JIC-01-2015-0002
- 33. Inkpen, A. C., & Beamish, P. W. (1997). Knowledge, bargaining power, and the instability of international joint ventures. *Academy of Management Review*, 22(1), 177-202. https://doi.org/10.5465/amr.1997.9707180263

- 34. Jaakson, K. (2010). Management by values: Are some values better than others? *Journal of Management Development*, 29(9), 795-806. https://doi.org/10.1108/02621711011072504
- 35. Janaki, D. M., Sobhanallahi, M., & Janaki, M. M. (2015). Identifying the implementation barriers of strategic management using factor analysis and TOPSIS technique. *International Journal of Academic Research in Business and Social Sciences*, 5, 323-336. Retrieved from https://ideas.repec.org/a/hur/ijarbs/v5y2015i11p323-336.html
- 36. Jardon, C. M., & Martos, M. S. (2012). Intellectual capital as competitive advantage in emerging clusters in Latin America. *Journal of Intellectual Capital*, 13(4), 462-481. https://doi.org/10.1108/14691931211276098
- Johansson, C., Miller, V. D., & Hamrin, S. (2014). Conceptualizing communicative leaders' communication competence. Corporate Communications: An International Journal, 19(2), 147-165. https://doi.org/10.1108/CCIJ-02-2013-0007
- Kamukama, N., Ahiauzu, A., & Ntayi, J. M. (2010). Intellectual capital and performance: Testing interaction effects. *Journal of Intellectual Capital*, 11(4), 554-574. https://doi.org/10.1108/14691931011085687
- Kaur, J., & Sharma, S. K. (2015). Internal marketing: Scale development and validation. Vision, 19(3), 236-247. https://doi. org/10.1177/0972262915597088
- Kim, T. T., Kim, W. G., Park, S. S.-S., Lee, G., & Jee, B. (2012). Intellectual capital and business performance: What structural relationships do they have in upper-upscale hotels? *International Journal of Tourism Research*, 14(4), 391-408. https://doi.org/10.1002/jtr.1868
- Kozlenkova, I. V., Samaha, S. A., & Palmatier, R. W. (2014). Resourcebased theory in marketing. *Jour*nal of the academy of marketing science, 42(1), 1-21. https://doi. org/10.1007/s11747-013-0336-7

- Lu, Y., & Ramamurthy, K. R. (2011). Understanding the link between information technology capability and organizational agility: An empirical examination. MIS Quarterly, 35(4), 931-954. https://doi.org/10.2307/41409967
- Mainardes, E. W., Rodrigues, L. S., & Teixeira, A. (2019). Effects of internal marketing on job satisfaction in the banking sector. *International Journal of Bank Marketing*, 37(5), 1313-1333. https://doi. org/10.1108/IJBM-07-2018-0190
- 44. McAdam, R., & Bailie, C. (2002). Business performance measures and alignment impact on strategy. International Journal of Operations and Production Management, 22(9), 972-996. https://doi. org/10.1108/01443570210440492
- 45. Meglino, B., & Ravlin, E. (1989). Individual values in organizations: Concepts, controversies, and research. *Journal of Management*, 24(3), 351-389. https://doi.org/10.1016/S0149-2063(99)80065-8
- Mehta, K., & Chugan, P. K.
   (2015). Green HRM in pursuit of environmentally sustainable business. Pursuit of environmentally sustainable business. *Universal Journal of Industrial and Business Management*, 3(3), 74-81.
- Meibodi, L. A., & Monavvarian, A. (2010). Recognizing critical success factors (CSF) to achieve the strategic goals of SAIPA Press. *Business Strategy Series*, 11(2), 124-133. https://doi.org/10.1108/17515631011026443
- 48. Mirabile, R. (1996). Translating company values into performance outcomes. *Human Resource Professional*, 9(4), 25-28.
- Mitchell, C. (2002). Selling the Brand Inside. Retrieved from https://hbr.org/2002/01/sellingthe-brand-inside
- Nathan, E., Prajogo, D., & Cooper, B. (2017). The relationship between personal values, organizational formalization and employee work outcomes of compliance and innovation. *International Journal* of Manpower, 38(2), 274-287. https://doi.org/10.1108/IJM-06-2015-0090

- Nuntamanop, P., Kauranen, I., & Igel, B. (2013). A new model of strategic thinking competency. *Journal of Strategic and Manage*ment, 6(3), 242-264. https://doi. org/10.1108/JSMA-10-2012-0052
- O'Reilly, C., & Chatman, J. (1996). Culture as social control: Corporations, cults and commitment. In B. M. Staw & L. L. Cummings (Eds.), Research in Organizational Behavior, 18 (pp. 157-200). Elsevier Science/JAI Press. Retrieved from https://psycnet.apa.org/record/1996-98665-004
- 53. Olson, E. G. (2008). Creating an enterprise-level 'green' strategy. *Journal of Business Strategy*, 29(2), 22-30. https://doi.org/10.1108/02756660810858125
- 54. Parsons, J. (1997). Values as a vital supplement to the use of financial analysis in HRD. *Human Resources Development Quarterly*, 8(1), 5-13. https://doi.org/10.1002/hrdq.3920080103
- Pedro, E., Leitao, J., & Alves, H. (2018). Back to the future of intellectual capital research: A systematic literature review. *Management Decision*, 56(11), 2502-2583. https://doi.org/10.1108/MD-08-2017-0807
- Peleckis, K. (2014). International business negotiations: Innovation, negotiation team, preparation.
   Procedia Social and Behavioral Sciences, 110, 64-73. https://doi.org/10.1016/j.sbspro.2013.12.848
- 57. Rafiq, M., & Ahmed, P. (2000). Advances in the internal marketing concept: Definition, synthesis and extension. *Journal of Services Marketing*, 14(6), 449-462. https://doi.org/10.1108/08876040010347589
- Reynolds, N., Simintiras, A., & Vlachou, E. (2003). International business negotiations:
   Present knowledge and direction for future research. *International Marketing Review*, 20(3), 236-261. https://doi.org/10.1108/02651330310477585
- 59. Riketta, M. (2005). Organizational identification: A meta-analysis. *Journal of Vocational Behavior*, 66(2), 358-384. https://doi.org/10.1016/j.jvb.2004.05.005

- 60. Salas-Vallina, A., Alegre, J., & López-Cabrales, Á. (2021). The challenge of increasing employees' well-being and performance: How human resource management practices and engaging leadership work together toward reaching this goal. Human Resource Management, 60(3), 333-347. https://doi.org/10.1002/hrm.22021
- Sardo, F., & Serrasqueiro, Z.
   (2018). Intellectual capital, growth opportunities, and financial performance in European firms Dynamic panel data analysis. *Journal of Intellectual Capital*, 19(4), 747-767. https://doi.org/10.1108/JIC-07-2017-0099
- Schulz, S. A., Martin, T., & Meyer, H. M. (2016). Factors influencing organization commitment: internal Marketing orientation, external Marketing orientation, and subjective well-being. *Journal of Management Development*, 36(10), 1294-1303. https://doi. org/10.1108/JMD-12-2016-0334
- 63. Shiu, Y. M., & Yu, T. W. (2010). Internal marketing, organisational culture, job satisfaction, and organisational performance in nonlife insurance. *Service Industries Journal*, 30(6), 793-809. https://doi.org/10.1080/02642060701849840
- 64. Sohl, E. (2012). Internal marketing and human resource management: A potentially fruitful cooperation in the service industry (Bachelor's Thesis). Wageningen University.
- 65. Tortosa-Edo, V., Llorens-Monzonis, J., Moliner-Tena, M. A., & Sanchez-Garcia, J. (2015). The influence of internal market orientation on external outcomes: The mediating role of employees' attitudes. *Journal of Service Theory and Practice*, 25(4), 486-523. https://doi.org/10.1108/JSTP-11-2013-0259
- 66. Vasconcelos, A. F. (2008). Broadening even more the internal marketing concept. European Journal of Marketing, 42(11/12), 1246-1264. https://doi.org/10.110-8/03090560810903664
- 67. Vel, P., Aakash, S., Sunita, M., & Vijay, P. (2018). Internal marketing in a higher education context

- towards an enriched framework. International Journal of Educational Management, 33(1), 5-27. http://dx.doi.org/10.1108/IJEM-02-2018-0043
- 68. Williams, S. L. (2002). Strategic planning and organizational values: Links to alignment. *Human Resource Development International*, 5(2), 217-233. https://doi.org/10.1080/13678860110057638
- 69. Yiliang, Y., Chelliah, S., & Teoh, A. P. (2021). Strategic human resource management and internal marketing on enterprise performance. Academy of Strategic Management Journal, 20(3), 1-9. Retrieved from https://www.abacademies.org/articles/Strategic-human-resourcemanagement-and-internalmarketing-on-enterprise-performance-1939-6104-20-3-766-.pdf
- Zebal, M., Ferdous, A., & Chambers, C. (2019). An integrated model of marketing knowledge

   A tacit knowledge perspective.
   Deakin University. Retrieved from https://hdl.handle.net/10536/DRO/DU:30118020