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Master's Thesis

Linh Do

Role of internal marketing practices in the development of customer service culture

A Case Study

1st supervisor: Professor Asta Salmi, LUT

2nd supervisor: Professor Hanna Salojärvi, LUT

ABSTRACT

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This study contributes to the literature of internal marketing and customer service culture. The study aims to understand the impact of internal marketing practices on the development of customer service culture. The elements of internal marketing practices are examined in this study, consists of leadership management, communication, self-development and compensation. Moreover, the interplay among internal marketing practices, customer service culture and employees' satisfaction are analyzed thoroughly. A case study company is a global event management company, headquarter in Helsinki, Finland. There has been limited number of researches regarding this topics in event management industry.

The empirical data was collected by qualitative research method. The empirical results indicate that internal marketing practices have impact on the development of customer service culture. All four elements of internal marketing practices (leadership management, communication, self-development and compensation) affect positively towards employees' satisfaction. However, empirical results show a weak link between employees' satisfaction and customer service culture. Even though employees are not satisfied with their jobs, they still provide excellent service for external customers.

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1. INTRODUCTION

The objective of this Master's Thesis is to comprehend how internal marketing practices can be used to support the development of customer service culture in a case study company. Theories regarding internal marketing and customer service culture are presented. Moreover, empirical data is collected by implementing a qualitative, single case study research method. The following chapter presents brief introduction of the Thesis, includes the background of the research, the research questions, literature reviews and research methods.

1.1 Background of the research

Customer service should be a central concern in all level of managements for all business sizes (Martins, 2015). Power is shifting heavily towards buyers. Buyers are under more influences and have a lot more options. Therefore, what is considered to be good customer service will not be good enough for today's business. Organization should make customer service as a priority (Smilansky, 2015). To improve customer service, it is not just about customer, it is about the entire organizational culture. Recently on Advertising Age magazine, Schultz E.J published a provocative article about how Chief Marketing Officer's role has been changed from solely managing marketing strategy into managing marketing culture of the organization. Managing organizational culture nowadays is not only a responsibility of human resources department but also that of marketing department. The time when no one knows what happened inside organization is over. Business world is getting more transparent than ever. Therefore, for brand to survive, marketing manager needs to enhance their corporate culture. Culture is hard to define and hard to shape but it is extremely crucial for company to stand out (Schultz, 2016, p. 22). "Happy employees are the first step to creating happy customers". Creating customer service culture means creating clarity of responsibilities for your employees. When each employee understands their responsibilities and contributions towards achieving organizational goal, workers will have strength to cope with difficulties in daily work. Moreover, happy customers motivate employees in a positive way. This philosophy must be embedded and improved among top managements (Scott, 2016).

Additionally, the significant example of using customer service culture as key competitive advantage is Zappos – a shoes delivered company. Zappos is similar with other clothes and shoes delivery company. It does not have breakthrough technology innovations or spectacular customer segmentation. The only one aspect that makes Zappos different from other competitors is its strong customer service culture. Tony Hsieh, CEO of Zappos mentioned in his book “Delivering happiness”, with the strong focus on building a customer service culture, Zappos could turn the bankruptcy-potential in 1999 into gigantic success in 2009 when the company worth \$1 billion (Hsieh, 2010, p. 3). Another good case study of outstanding service culture is legendary Starbucks company. Howard Schultz, founder and Executive chairman of Starbucks once shared in an interview that everyone can open a coffee shop and sell coffee; what makes Starbucks different from millions of coffee shops is its people. Starbucks is one of the greatest example of best companies when it comes to service. Starbuck’s product is ridiculously easy to copy but its culture and quality of service is unique (Byrne, 2011). Starbucks and Zappos are not the only leading companies focusing on their people and service culture. Apple, Amazon, Southwest Airlines and more world-changing enterprises all acknowledge the importance of personnel and service culture.

Previous studies (Grönroos, 1981; Gummeson, 2000; Martin & To, 2013; Ahmed & Rafiq, 2002) reveal that internal marketing is an effective practice to enhance employee satisfaction. Forty-one years ago, internal marketing was introduced for the first time by professors Leonard Berry, James Hensel and Marian Burke. (Berry, et al., 1976) The very first definition of internal marketing indicates that satisfaction of “customer-contact employee” will directly affect the satisfaction of customer. (Berry, et al., 1976, p. 8) Ballantyne et al. (1995, 15) defined: "Internal marketing is any form of marketing within an organization which focuses staff attention on the internal activities that need to be changed to enhance external marketplace performance." Internal marketing is an excellent management tool to enhancing employee's satisfaction. The core purpose of internal marketing is motivating workers to gain customer service-oriented culture. (Grönroos & Päivi, 1999, p. 55) It is believed that when employees are motivated, the service quality will be good which leads to customer's satisfaction. (Ahmed, Rafiq, 2002, 4) Quality of service thus equals to quality of customer-contact employees. (George, 1977, p. 90) In other words, internal marketing is exclusively critical if firms want to be outstanding in

customer service. George and Grönroos (1991) pointed out that internal marketing is needed when firms want to create and maintain customer service culture. (George & Grönroos, 1991, pp. 62-64)

The face of company is its customer-contact employees. George (1977) argued that service's employees are the service. The physical interaction between employees and customers is more influential than the company's product itself. Interestingly, George (1977) did not limit the impact of internal marketing to only "contact- customer employees"; yet, factory workers and back-end employees were all argued to be important in terms of influencing customer satisfaction. (George, 1977, p. 90) Likewise, even though the marketing strategies are discussed and made by top management, the effectiveness of the strategies is affected strongly by customer-contact level. (Murray, 1979, p. 38) Therefore, if customer-contact employees are not happy with the product nor their jobs, the outcome of marketing strategy will not be impressive. Moreover, internal marketing encourages employees to communicate with managers more often. This fact has huge impact on quality of company's service. Positive attitude of customer-contact employees improves the team's spirit and employee's motivation. (Richardson & Robinson, 1986, p. 29) Further, skillful and dedicated employees are a scarce source. Nowadays and in the future, high quality employees will be even more critical. Therefore, motivating and retaining employees is essential for organizations. (George & Grönroos, 1991, p. 61) In fact, internal marketing is not only applied to service industry but also to manufacturing industry. When the level of competition is extremely high, manufacturing companies should invent more add-on services to their physical products. Such service elements are often a competitive advantage among firms. (George & Grönroos, 1991, p. 62).

A case study company (company A) is a global event management company. It is well established in the Nordic market for more than 20 years. In 2013, the company established Singaporean branch, reaching out to South East Asia's market. After four years of operating, Singaporean market has not earned any profit but is constantly making loss. The significant issue of Singaporean's events is the unsatisfactory service quality. Based on customer's feedback, the events in Singapore are often rated as 3-4 out of 5 stars by partners and customers. Moreover, none of event's partners wanted to rebook for next year's events. Therefore, top

management is searching for reasons. Employee satisfaction seems to be the biggest bump on the road. Moreover, according to the observations of the researcher, life-span of employees in Singaporean team seems to be extremely short, typically being one year or less. Further, top management of company A has been applying internal marketing practices in order to enhance employee's satisfaction. However, it still remains unclear whether employee satisfaction is the reason for bad service's quality or whether internal marketing practices are related to the quality of services provided by employees.

This study tries to clarify the relationship between internal marketing practices and service culture of an organization. The analysis focuses on the impact of internal marketing practices on the development of customer service culture of a case company. The following chapter presents research question and objective of this Thesis.

1.2 Research problem and objective

Based on background of the research, the main objective of this Thesis is to evaluate the impact of internal marketing practices on customer service culture. Theoretically, research questions should be clear and unambiguous. It should focus on the right problem, which are connected to the existing research or theory, but which have potential to fill the knowledge gap (Ritchie & Lewis, 2003, p. 48). With an aim to fill the knowledge gap of the relationship between internal marketing and customer service culture, the main research question of this research is: **“How internal marketing practices can be used to support the development of customer service culture of company A?”**

The following sub-questions are used to clarify the main question:

Sub-question 1: What are main elements of internal marketing practices?

Sub-question 2: What is the interplay among internal marketing practices, employee satisfaction and customer service orientation?

To answer these questions, literature review and empirical research are required. Next part presents briefly how internal marketing and customer service culture have been studied in the prior literature.

1.3 Literature review

Literature review is presented in three parts: internal marketing, customer service culture and the relationship between the two concepts.

Internal marketing

This study lists out the crucial factors of internal marketing which have been discussed in the previous academic studies: the conceptual definition, the importance of internal marketing, internal marketing orientation, model, tools and practical application of internal marketing. The development of internal marketing concept in the literature has been built in three phases. At first phase, many scholars, such as Berry, et al. (1976), Grönroos (1983), Carlzon & Hubendick (1983), Stubert (1983), viewed internal marketing as a mean of motivating workers to gain customer service-oriented culture. (Grönroos & Päivi, 1999, p. 55) They believed that if employees are motivated, the service quality of company will be high, thereby eventually leading to high customer satisfaction. (Ahmed & Rafiq, 2002, p. 4) Internal marketing concept was introduced by professor Berry and his acquaintances 40 years ago. (Berry, et al., 1976) The definition of internal marketing from Berry, et al. (1976) is “a concern with making available internal product (jobs) that satisfy the needs of a vital internal market (employees) while satisfying the objectives of the organization.” (Berry, et al., 1976, p. 8) They believed that when internal employees are satisfied, also their external customers will be satisfied. Their theory was mainly applied for service company and only for “customer-affecting employees.” (Berry, et al., 1976, p. 9)

Later, the focus has been transferred to viewing the organization as an internal market and employees as internal customers. It means that internal marketing enhances the relationships between managers and employees. (Grönroos & Päivi, 1999, p. 55) Grönroos (1981) indicated

that to improve marketing force of company, each employee must be trained to have customer-service and sales mindset. Internal marketing is no longer just applied for customer-contact employees, but it is essential for all employees in the company. (Grönroos, 1981) The development of internal marketing's concept at second phase also highlights customer service culture. Not only the customer-contact-employees should have a service mindset, but also the indirect support employees should have the service mindset. The indirect-support employees should support customer-contact employees and see them as their internal customers. They can be called "part-time marketers." (George & Grönroos, 1991, p. 64) Moreover, internal marketing not only addresses the relationships between management and employees but indicates to all internal relationships in all level of management. (Grönroos, 1995)

The last phase is the development of tools and models for internal marketing. Murray (1979), Gummesson (2000), Piercy & Morgan (1991) acknowledged that internal marketing is a key to success, several management tools appeared with the aim of creating precise tools for internal marketing. (Ahmed & Rafiq, 2002, p. 7) Berry et al. (1976) presented a model which focuses on enhancing employee's motivation. On the other hand, the model by Grönroos (1981) is mainly concentrated on developing the sale-mindset and customer service mindset of employee through trainings. Gummesson (1987) suggested to use external marketing know-how to create internal marketing's tool. This idea is supported by Piercy & Morgan (1991) since internal and external marketing share similar structure: market and customer. The only difference is market of internal marketing is organization and customers are employees. (Piercy & Morgan, 1991, p. 84) Ahmed and Mohammed (2002) combined Berry, et al.'s (1976) model and Grönroos's (1981) model to create a multi-level model. Their internal marketing's model emphasized the importance of customer-service mindset by improving marketing activities among employees. The model includes three steps: Direction, Path and Action. Furthermore, several researchers built internal marketing's model based on external marketing Mix, which includes: internal product, internal people, internal price, internal place, internal promotion, internal physical/tangible product, internal process and internal participant. (Ahmed & Rafiq, 2002; Yang, 2012; De Bruin- Reynolds, et al., 2015; Burin, 2011) At this phase, with the combination of previous knowledge, Ahmed and Mohammed (2002) stated "Internal marketing is a planned effort of

using a marketing-like approach directed at motivating employees, for implementing and integrating organizational strategies towards customer orientation”.

In addition, the advantage of internal marketing is obvious. Internal marketing increases the level of market orientation and customer service oriented culture. Internal marketing has been a strategy of market orientation. (Sharifabadi & Bideh, 2016, p. 137) A research reveals that internal marketing practices have positive impact on organizational performance, through enhancing employee’s satisfactions and competences. Internal marketing practices affect directly market orientation; meanwhile, market orientation affects directly organizational commitment and performance. (Abzari, et al., 2011) Moreover, internal marketing enhances the long-term relationship with external customers. Internal marketing is one of the nine elements that has challenged the old marketing’s concepts. When marketing is no longer just one time sell and buy, it considers long-term relationship between buyer and seller. (Gummesson, 1987, pp. 17-18) Internal marketing not only strengthens relationship with external customers, it deepens the internal relationship among colleagues and managers. Internal marketing is not a physical department but an inter-functional element to connect human resource and marketing and every other departments together. (Gummesson, 1987; Ahmed & Rafiq, 2002) Despite the advantages of internal marketing’s impact into organizational performance, there is some contradiction that has been mentioned in previous researches. One major concern is the lack of customer’s (employees) right to choose which product (job) they want due to nature of employment. This fact goes against the nature of marketing itself. (Ahmed & Rafiq, 2002, p. 95)

Regarding the internal marketing practices, three components of internal marketing have been introduced in the literature: vision (something employees can believe from the firm), reward (factors that reward employees) and development (factors that develop employees). (Foreman & Money, 1995, p. 764) Likewise, two ways to implement internal marketing are making sure that every employee understands the product and strengthen the customer service orientation inside the organization. (George, 1990, p. 64) Previous studies (Berry, et al. 1976; George 1990; Gummesson 2000; Janjua, et al. 2014) revealed various suggestions about internal marketing practices. These suggestions fall into four main topics. Based on the internal marketing practice

structure of Berry, et al. (1976), researcher of this Thesis categorizes the internal marketing practices as: leadership management, communication, self-development and compensation.

The first practice is leadership management. Strong leadership in terms of internal marketing leads to positive outcome. Not only the direction of internal marketing strategy should come from the top leader but also manager level. (Wieseke, et al., 2009, pp. 137-138) Top leaders should set the general marketing strategy based on internal marketing objective. Plus, managers and directors should aim for a long-term relationship with their employees. Also, managers should make sure the instructions of implementation are precise and concrete. (Gummesson, 2000, pp. 40-41) Total quality management is one of the powerful tools for top management to practice internal marketing. (Ahmed & Rafiq, 2002, p. 92)

Communication is the most important practice to illustrate internal marketing. Formal and informal communication among employees and managers have positive impacts on employees' attitudes. (To, et al., 2015) There are several examples of intensifying the communication level among multi-function departments: Monday breakfast held by top managers, bonding events, celebrations, trainings, meetings, etc. (Berry, et al., 1976, p. 9) Culture of company can be improved once the internal language is clear. (Schultz, 2016)

Further, self-development is the third practice. Employees stay in company for long-term when they can improve themselves every day. Therefore, personal feedback sessions, trainings, self-development training programs, personal trainings should be organized frequently by top management. (Berry, et al., 1976, p. 10) Main key is to let all employees understand the importance of their works and what they can contribute for a big ship's achievement. In that sense, customer-contact employees should have sufficient feedbacks on their works; thus, they can constantly improve their performance. (George, 1977, p. 92)

Finally, compensation motivates employees effectively. Paying well for workers is crucial. Extra pay for those who works hard is more crucial. (Berry, et al., 1976, pp. 10-12) Besides compensation, status plays an important role for employee's motivation. Especially for customer-contact employees, if their status is not praised high enough, they will not feel their

work is important. Eventually, the quality of service, which directly affect customer's satisfaction will be poor. Company should create frequent trainings for employees so that they understand the importance of their work. A clear plan of compensation and rewarding are extremely necessary. Extra bonus program will boost up employee's motivation. (George, 1990, pp. 89-90)

In conclusion, internal marketing is an interesting concept which has been analyzed by several researchers in the past 40 years. Despite its large amounts of theoretical studies, its implementation into real business life remains limited. Next writing presents literature review about customer service culture and how internal marketing relates to it.

Customer service culture

Customer orientation has been given great attention from academic researchers. Kohli and Jaworski (1990) defined customer orientation (they called it "market orientation") as market intelligence, which belongs to marketing concept. (Kohli & Jaworski, 1990, p. 3) Later, Narver and Slater (1990) stated customer orientation as "the sufficient understanding of one's target buyers to be able to create superior value for them continuously." (Narver & Slater, 1990, p. 21) Other literature (Deshpandé, et al., 1993) stress that customer orientation is the prioritization of external customers' needs combined with the interests of internal customers to create added value to the products. Moreover, customer orientation is the central component of market orientation. In other words, customer orientation belongs to a broader picture: market orientation. (Kirca, et al., 2005; Nwamaka & Brian, 2012; Donavan & Hocutt, 2001) Previous research (Saarijärvi, et al., 2014; Foreman, et al., 2014) defined market orientation as using competitor and customer analysis to produce competitive advantage which leads to profitable outcomes. Narver and Slater (1990) included three behavior components to market orientation: customer orientation, competitor orientation and interventional coordination. (Narver & Slater, 1990, p. 21)

Customer orientation, or market orientation creates a customer service culture in the organization. Customer service culture is the environment of organization which is built to

create value for both employees and external customers. (Dennen, 2015, p. 24) Customer service culture is crucially important for companies. A number of research findings show the importance of customer orientation to an organization's performance. (Kirca, et al., 2005) Customer service should be the backbone of the organizational culture. Employee satisfaction is the key to creating a positive service culture. Therefore, trainings are important for leaders to help employees understand the importance of their jobs' performance on company's profitability. (Mayer, 2015, p. 58) Additionally, customer service culture increases the word-of-mouth power and numbers of talent to companies. (Dennen, 2015) Regular customers bring the most profit to a company, not newly acquired customers. The cost of acquiring new patrons is higher than retaining regular customers.

Every customer service culture allies with four characteristic or so-called "four customer-service profiles." (Hill, 2015, p. 52) The four profiles are divided between two aspects: relationship culture and technical culture. The first profile is insider's culture. A company has "insider's culture" when they focus on relationship culture and internal customers, meaning employees. The second profile is technical culture, when a company enhances the technical knowledge of its employees. Companies that focus on deepening relationships with their external customers exhibit a customer culture profile. The last culture profile is called "market culture", which focuses on external customers and technical relationships. (Hill, 2015)

Regarding customer service, it can be defined in three aspects. In the process aspect, customer service is "a process of effectively providing considerable added value for the whole supply chain". The second aspect is viewing customer service as a set of functions or activities carried by a company's department. The third aspect is seeing customer service as an expectation, for instance, answering claims by customers within two business days. (La Londe, et al., 1988) Further, customer service was defined as "The collection of activities performed in filling orders and keeping customers happy, creating in the customer's mind the perception of an organization that is easy to do business with." - (C.J. Johnson, 1998) To create and maintain a service culture there are four topic areas or principles which firms should follow. The first principle is recruiting, training and rewarding employees. The second principle is implanting a service mindset in organization. The third principle is educating a service mindset to employees and

customers. The last principle is keeping the service culture as a focus over time. (Ostrom, et al., 2010)

In order to create a customer service culture, previous literatures (Boyle, 2004; Gandy, 2016; Corp., 1990) reveal some managerial implications. According to Boyle (2004), there are two main elements for creating a successful customer service culture. First, excellent interactions between customers and employees are important. The second element is management which focuses on leadership, human resource, and marketing. This element can be renamed as “internal marketing” since it implies all the factors of internal marketing practices. (Boyle, 2004, p. 286) Moreover, great customer service starts from how employees think about their organization. Therefore, companies need to have clear and strong values. Top leaders should commit themselves to the organizational values then they can educate employees to behave accordingly. (Gandy, 2016) There are guidelines for creating a customer service culture, for instance, a nice attitude towards customers in any situation, a clear organizational structure, and the highest priority placed on the customers' needs. (Corp., 1990)

More empirical studies regarding the interplay among internal marketing, customer service culture, and employee satisfaction are revealed by Janjua, et al. (2014), Wasmer & II (1991), Dabholkar & Abston (2008) and George & Grönroos (1991). One research study shows that there is a direct association between employees' satisfaction and organizational culture. (Janjua, et al., 2014) Employees' satisfaction is the core idea of internal marketing. Moreover, by sharing the same customer service culture, companies can reduce bad service performance. (Wasmer & II, 1991) When companies offer a customer service culture with good support for employees, especially customer contact employees, these employees will be satisfied and provide high quality services which leads to long-term relationships with customers. (Dabholkar & Abston, 2008, p. 965) Nowadays, creating and maintaining a customer service culture is not just the responsibility of the human resource department but also that of the marketing department. (Schultz, 2016) George and Grönroos (1991) indicate there is a strong connection between internal marketing and service culture.

Previous studies of the relationship between internal marketing practices and service culture reveal interesting knowledge regarding the relationship. Practicing internal marketing enhances

positively service culture. However, the impact of each internal marketing practice on the customer service culture has not been well researched. Therefore, this paper concentrates in analyzing how the four types of internal marketing practices (leadership, communication, self-development and compensation) affect the development of a customer service culture. While most of the studies about internal marketing were applied to service industries such as hospitals (Martin & To, 2013; Janjua, et al., 2014), logistics (Fallah, 2011), retail (Berry & Parasuraman, 1991; George, 1977) and libraries (Boyle, 2004), etc., this study will extend into the use of internal marketing in the event management industry. The next part shows the theoretical framework of the Thesis.

1.4 Theoretical framework

The graph below represents the backbone theory of this Master's Thesis. The main discussion is limited to the concept of internal marketing and customer service culture. According to Heskett, et al. (1994), employee satisfaction is the link between internal marketing and customer service culture. This research aims to understand deeply the relationship among internal marketing practices, employee satisfaction and the development of customer service culture. The theoretical framework (Figure 1) shows the association among internal marketing practices, employee's satisfaction and customer service culture. Employee's satisfaction affects customer service culture of organization. The satisfaction of customer is the result of high value service's quality. Service's quality is influenced strongly by employee's satisfaction, loyalty and productivity. (Heskett, et al., 1994, pp. 164-165) Martin & To (2013) found the positive relationship between internal marketing and employees' satisfaction, while employees' satisfaction was directly related to perceived customer satisfaction. (Martin & To, 2013) The following part indicates definition and key concepts of this paper.

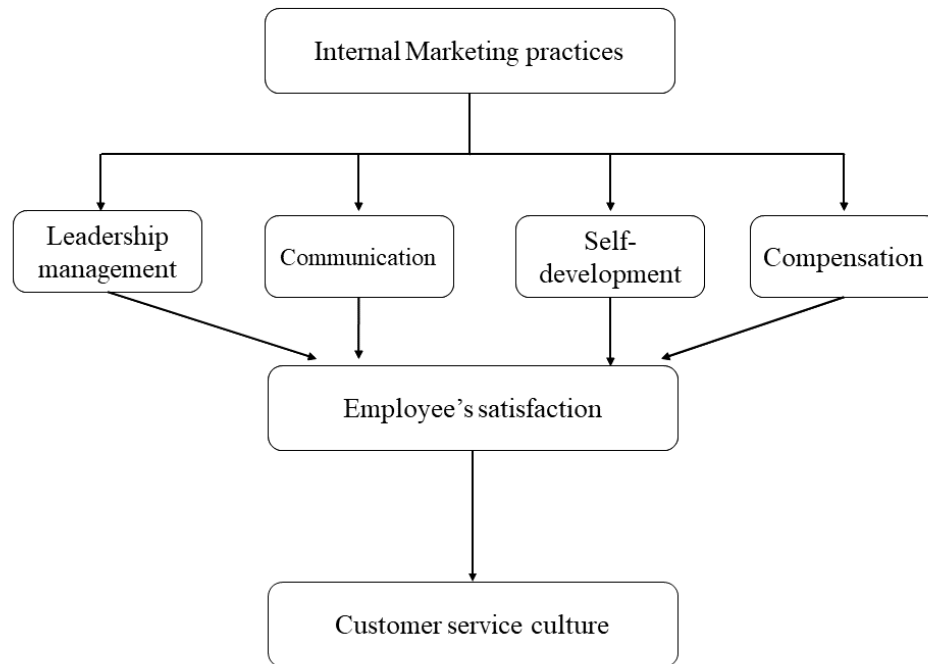


Figure 1. Theoretical Framework

1.5 Definition of the key concepts

Defining key concepts is important in order to achieve a common understanding between the author and the audience. Here are the key definitions of the main concepts of this study.

Internal marketing

Internal marketing involves making internal product (jobs) available and satisfied for internal customer (employees). (Berry, et al., 1976, p. 8) Internal marketing improves the sales-mindset among employees by creating great marketing trainings among cross-functional departments. (Grönroos, 1981) “Internal marketing is a planned effort using a marketing-like approach directed at motivating employees, for implementing and integrating organizational strategies towards customer orientation.” - (Ahmed & Rafiq, 2002, p. 10) In this study, internal marketing is defined as a tool to enhance employee satisfaction, which leads to the development of service’s quality.

Internal marketing practices

Internal marketing practices are explicit actions management applies into real life activities, which indicate internal marketing's objective. Internal marketing practices are practical implications to demonstrate internal marketing approaches. (Joung, et al., 2015) "Internal marketing practices is extensively recognized as being a critical determinant in improving service quality in service organizations." (Metabis & Al-Hawary, 2013)

Customer-contact employee

Customer-contact employees directly cooperate with external customers. Customer- contact employees are frontline employees that influence the service quality by interacting with external customers. (Gruber, et al., 2006)

Customer service culture

Customer service culture is the environment or climate of a company, which is built to create added value for both employees and customers. (Dennen, 2015)

Customer service

Customer service is the process of effectively providing excellent services for external customers, which can be a competitive advantage for brand. (La Londe, et al., 1988) Exceptional customer service means going beyond customer's expectation, providing adequate knowledge about products and showing respect toward the customer. (Darlington, 2016)

Employees' satisfaction

Employees' satisfaction is "an employee's overall affective evaluation of the job situation." (Dabholkar & Abston, 2008) Job satisfaction is attitudinal reflection of how a person likes or dislikes their job. It is strongly related to the employees' loyalty and employee's performance. (Spector, 1997)

1.6 Delimitations

This study is focused on relationship between two abstract phenomena: internal marketing and customer service culture. In previous literature, there have been plenty of arguments and debates

based on each phenomenon. The nature of customer service culture and internal marketing are intangible and abstract. This study tries to include as much as possible relevant existing theories of internal marketing and customer service culture. However, there is still a lack of theory regarding tools and concrete models of internal marketing. In term of customer service culture, there is only a small number of empirical studies.

In terms of research part, this study analyzes a global event management company. This means that the conclusions made may not be valid in the different industries, geographies and in different sizes of companies. Even though the case company is a global enterprise which operates in multiple markets, this research focuses solely on one market: South East Asia.

1.7 Research methodology

In term of research's type, this research is exploratory research, which aims to identify the problem and analyze the critical issues. (Sreejesh, et al., 2014) The impact of internal marketing practices towards service quality of the companies are thoroughly examined. Further, qualitative research was conducted in this research. The use of qualitative research can reduce the lack of psychological factors in respondent's answers. (Henwood & Pidgeon, 1995) In terms of timing, this research is single research episodes, which interviews were conducted only once. The interviews took place once for each interviewee.

Regarding data collection method, this research obtains two parts: observation and semi-constructed interviews. The observation was made by researcher, who was employee of case study company for one year. Moreover, six people participated in the research. All of them are employees or used to be employees of Singaporean market in company A. Interviewees hold titles as project manager, sales manager and team manager. The structure of interviews consisted of three categories: job satisfaction, customer service culture and internal marketing practices. The identity of interviewees and company's name were hidden due to confidentiality reason.

1.8 Structure of the thesis

The structure of this Thesis follows master thesis' structure of Lappeenranta University of Technology. This paper consists of five parts: Introduction, Theory (Internal marketing and

customer service culture), Research design and methods, Findings, Discussion and Conclusion.

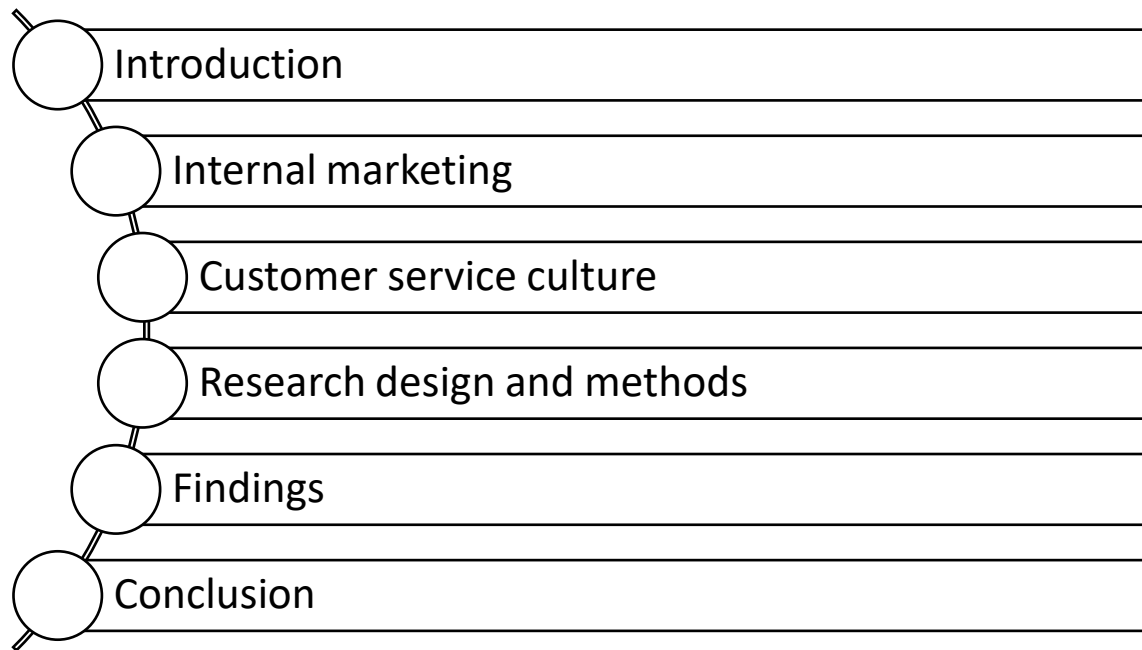


Figure 2. Structure of the Thesis

The paper begins with an introduction part, which explains briefly the background of the study, research problem and research question. Moreover, a short summary of the prior literature is included as well as the theoretical framework. Introduction part also consists of definitions of the key concepts, followed by delimitations of the research. A very short description of research methodology is also presented in the first part. Chapter 2 reveals theories of internal marketing. Chapter 3 presents theories of customer service culture. Further, chapter 4 is about research design and method. This chapter includes research context / case description, data collection method, data analysis method and reliability and validity. After presenting research methods, Findings part is where the results are presented. With all the theory and practical research's data presents, a short discussion and conclusion marks the end of this thesis.

2. INTERNAL MARKETING

This part of the Thesis represents previous studies about internal marketing. Internal marketing is not a new concept but not yet an established one. Academic researchers in the past 40 years have presented significant contributions to clarify the definition of internal marketing, as well as internal marketing practices to enhance organization's profitability. This part presents literature review of internal marketing from various angles: definition, its importance, internal marketing's model, tools and internal marketing practices.

2.1 Concept background

Nowadays when transparency is in a high demand, internal marketing plays a crucial role to prosper organizational culture and service's quality. (Schultz, 2016) The quality of service equals to quality of customer-contact employees. (George, 1977, p. 90) Competition gets tougher in any industry, therefore, building an exceptional service quality and "wow" culture will distinguish one company to others. When company wants to build and maintain a service culture, internal marketing is a crucial tool. (George & Grönroos, 1991, p. 62)

More than 40 years ago, the term "internal marketing" was introduced by a group of American professors Berry, Hensel and Burke. They defined internal marketing as "making available internal products (jobs) that satisfy the needs of a vital internal market (employees) while satisfying the objective of the organization." (Berry, et al., 1976, p. 8) In other words, when a company meets the satisfaction of customer-contact employees, it will also meet the satisfaction of its external customer. The limitation of their theory is that they focused on the effect of internal marketing on solely "customer-affecting employee." (Berry, et al., 1976, p. 8) Likewise, George (1977) stated "to have a satisfied customer, the firm must have a satisfied employee." (George, 1977, p. 91) This philosophy was only applied for retail companies.

Further, professor Christian Grönroos, who is known as a marketing legend in terms of service management and internal marketing, contributed significant knowledge to this field. (Sheth, 2013) He argued that the interaction between employees and customers has a great impact on

organizational marketing outcomes. To increase the marketing force, company should educate their employees about customer oriented and sales-minded perspectives. (Grönroos, 1981)

Another big contribution for internal marketing definition came from professor Evert Gummesson. (Gummesson, 1987) His article “The New Marketing-Developing Long-term Interactive Relationships” changed the history of marketing. According to Gummesson (1987), the traditional marketing’s concept, which is knowing customer’s demand and producing products which can meet that demand, is old-fashioned. He pointed out that marketing is not just one time buying and selling but it involves a long-term relationship and interaction between organization and customer. Thus, the traditional view of marketing needs to be replaced. (Gummesson, 1987, pp. 10-19) Nine issues of the “new marketing approach” are shown in figure 3.



Figure 3. Nine issues of relationship marketing. (Gummesson, 1987, pp. 10-19)

Interestingly, internal marketing is mentioned as one of the nine issues that would challenge the old marketing concept. Internal marketing is spreading out from the service context to

manufacturing. Internal marketing emphasizes that human resource management is the most important department of the firm. According to Gummesson (1978), there are at least three phenomena to be labelled as ‘internal marketing’: (1) organization marketing their products to different units inside the firm; (2) top management treating employees as customers and (3) company applying external marketing know-how to internal marketing. Nevertheless, all above mentioned phenomena are correct and equally important to implementing internal marketing. (Gummesson, 1987, pp. 17-18)

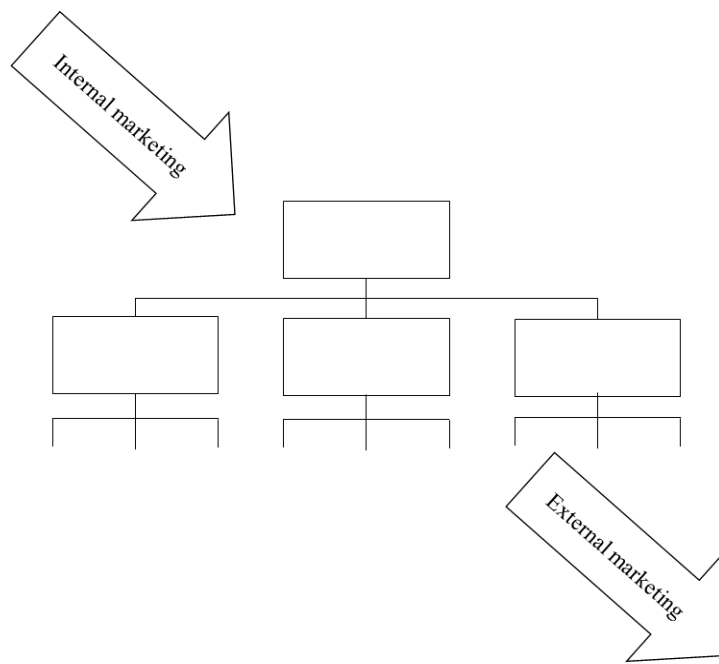


Figure 4. Internal marketing, directed towards a company’s own personnel is a prerequisite for successful external marketing. (Gummesson, 1987, p.18)

The development of internal marketing’s definition consists of three development phases: the employee satisfaction phase, the customer-orientation phase and the strategy changing phase.

- Employee motivation and satisfaction is the first phase. In the beginning, internal marketing’s concept focused primarily on defining employee’s motivation and satisfaction. (Berry, et al., 1976) The root of internal marketing is creating excellent service quality. To do so, there should be excellent employees, who directly affect the

quality of service or products. Thus, first step of internal marketing is focusing on how to advance employee's satisfaction. (Ahmed & Rafiq, 2002, p. 4)

- Customer orientation is the second phase. The major step taken in developing internal marketing's definition is by Christian Grönroos (1981) in his work "internal marketing-an integral part of marketing theory". The interaction between employee and customer provides massive essential marketing opportunity. Grönroos states that company should take an advantage of this opportunity and train their employees to have a customer-service mindset and sales-mindset. He emphasizes the need to influence employees through trainings. (Grönroos, 1981), rather than through satisfying employee's needs. (Berry, et al., 1976) Berry, et al. (1976) pointed out that internal marketing is treating employees like customers, which Grönroos did not emphasize. (Ahmed & Rafiq, 2002, p. 6)
- The last phase of developing internal marketing's definition is strategy implementation and change management. More academic researchers (Gummesson, 2000 ;Ballantyne, et al., 1995; Berry & Parasuraman, 1991; Piercy & Morgan, 1991) started to recognize the importance of internal marketing. Therefore, they tried to develop concrete tools and methodologies to implement internal marketing. Piercy and Morgan (1991) suggested that company should apply external marketing model to internal marketing. Internal marketing is no longer applied in one function, but it requires cross-functional integration. (Ahmed & Rafiq, 2002, p. 7)

On the other hand, there are researches (Ahmed & Rafiq, 2002 ;Berry & Parasuraman, 1991; Foreman & Money, 1995) which pointed out the contradiction of internal marketing. Treating "employees as customers" and "jobs as products" philosophies forms the core idea of internal marketing. On the contrary, it contains arguments over the classic marketing concept. First, if company treats employee as customer, this "customer" does not have a chance to choose the product that he or she likes. Second, employees as "customers" are forced into accepting the product they might dislike, due to the employment characteristic. Third, satisfied "internal customers" might cost company a considerable amount of money. (Ahmed & Mohammed, 1995,

p. 34) Forth, if company treats employees as customers, employees will be the priority which is controversial with the general marketing concept where external customers are the top priority. (Berry & Parasuraman, 1991, p. 151) In addition, there is a dilemma of the manager: how much they want their employees to be involved in management's decision-making process?

Foreman and Money (1995) indicated there are two main concerns of internal marketing:

1. Internal marketing should not just focus on service firm but also manufacturing firm (Gummesson, 1987, p. 24; Harrell & Fors, 1992, p. 300)
 2. Even though internal marketing should be addressed to the whole organization, yet it has its limitation. There is evidence that internal marketing is performed not by the whole firm but by department, individual and group. (Foreman & Money, 1995, pp. 759-760)
- To clarify, the graph below represents “who should apply internal marketing? And who is internal marketing focus to? in terms of group level and organizational level.

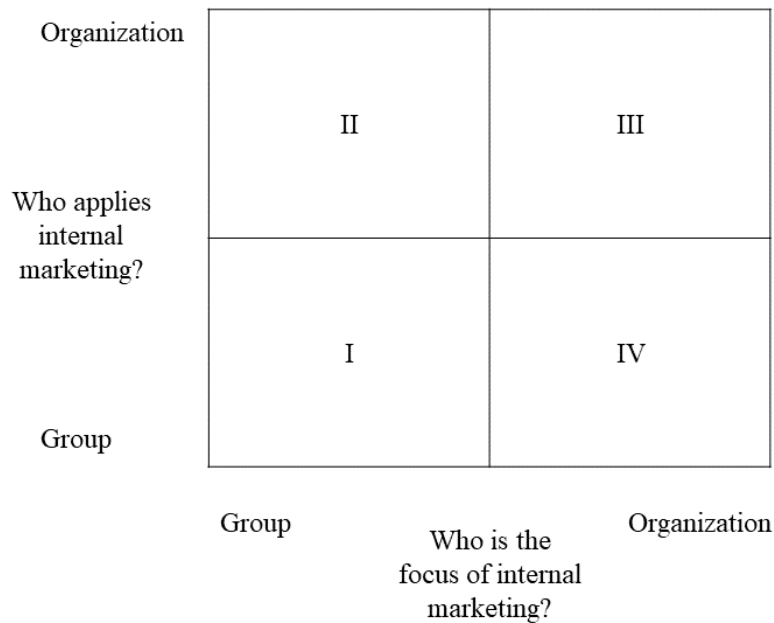


Figure 5. The perspective of internal marketing. (Foreman & Money, 1995, p. 760)

Internal marketing can be applied on different organizational levels and examined from different perspectives. Type I (Figure 5) indicates that one group within the organization applies internal marketing to another group inside the organization. Following, type II is an effort of the whole

organization implementing internal marketing to one group within that organization. The expectation is that this group will perform well in its purpose of supporting organizational initiative. Alternatively, type III is a usual way of carrying out internal marketing: one group or department applies internal marketing with the objective enhancing the marketing's perspective of the whole organization. This case is usually the responsibility of the human resource management or marketing department. Lastly, type VI received the largest attention from literature since it involves the whole organization implementing internal marketing with the hope to change the organization's mindset. (Foreman & Money, 1995, pp. 761-762).

Despite the significance of its importance, managers and top leaders still have not recognized internal marketing as one of the competitive advantages. Internal marketing has not been recognized because the concept is way ahead of time. It requires variety of factors for a company to recognize the need of improving internal marketing, including, customer-orientation strategy, the acceptance of marketing technique, the participation of high level management, etc. (Ahmed & Rafiq, 2002, p. 11)

2.2 Internal marketing's model

There are several models in the literature illustrating the key internal marketing activities. Ahmed and Mohammed (2002) suggested an internal marketing model as a combination of Grönroos' model (1981) and Berry's model (1976), which emphasizes the importance of inter-functional coordination and customer orientation by enhancing marketing-like activities. The center of Ahmed and Mohammed's model is "customer orientation". There are plenty of different factors that would affect customer orientation, such as job satisfaction, employees' motivation and marketing-like approaches. (Ahmed & Rafiq, 2002, pp. 18-19)

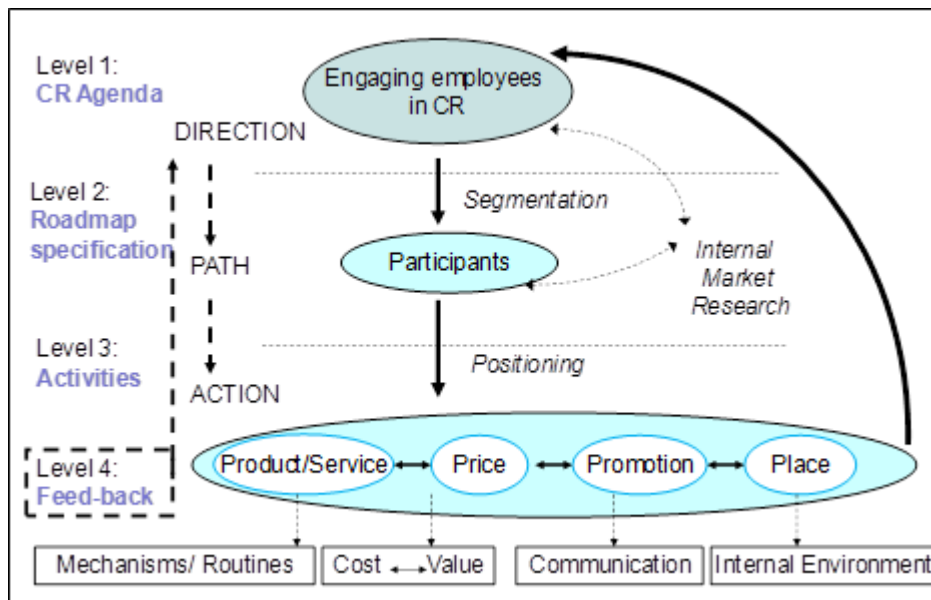


Figure 6. Multi-level model of Internal Marketing. (Ahmed & Rafiq, 2002, p. 37)

The internal marketing model above contains three main strategic levels: Direction, Path and Action. The extension of Marketing Mix 7P plays an important role in this model, together with internal market research, segmentation and positioning. (Ahmed & Rafiq, 2002, pp. 40-44) This model can be understood as similar with the process as preparing for holiday trip.

Direction

First, to start the holiday planning process, we need to know where we will head to, which continent and country. Likewise, the Direction level requires top management to set the agenda for the changes, define which objectives company wants to achieve by pursuing this change. This step requires market research to examine the internal and external resources. Similarity, we need to know travel budget and where is the most fun attraction to go.

In terms of internal marketing, this level is where the “Product” is formed. If managers want to change employee’s attitude or behaviors, they need to set the target clearly with more tangible activities. Certainly, the need of changing employee’s behavior should not primarily come from top management but also from the feedbacks of workers. This is where internal and external market research are implemented. (Ahmed & Rafiq, 2002, p. 38)

Path

Second, after knowing which favorite country/city for the holiday, planning a route to get there is the next step. It includes deciding which vehicles, with whom to go with, accommodation, what uncertainties might occur, etc. Likewise, the Path level expects company to design the clear process, which contains alternative solutions, participations and the influence of internal marketing research. This level includes Participants and Internal segmentation. When company acknowledges the products, the next step is to define target customers and distributors. In terms of internal marketing, the “products” are made for employees. Management needs to segment their employees based on different categories, for instance, demographic, psychographic nature, etc. The main goal is comprehending each employee’s motivation, potential fears and resistance to changes. Common tools for employee segmentation are feedbacks and surveys, which need to be conducted with care. This is where quality and quantity contradict. Even though the response rates are high, the quality of responses need to reflex reliability and validity. Feedback from managers after the surveys is extremely crucial to show employees that actions are taken, and the voices of the employees are heard. (Ahmed & Rafiq, 2002, pp. 38-39)

Action

Finally, when everything is listed out, company needs to implement their strategic plan. In this stage, detailed activities are taken into consideration. It is similar with when the holiday is all planned out, it is time to go to the holiday. Internal position is necessary in this level. Internal positioning deals with/refers to providing a specific group of employees “an appropriate mix of differentiated benefits”. When top management implements the changes, they should de-emphasize, remove or emphasize some tasks, according to the target segment. Time is one major concern of implementing internal marketing’s product. Internal marketing outcomes depend on time. In addition, monitoring the outcome is also burdensome to organization since attitude and motivation are intangible. However, if internal marketing is planned carefully and executed with care, it will bring enormous results to enterprise’s performance. Moreover, in this Action level, top management needs to plan in detail activities for process, price, promotion and place. (Ahmed & Rafiq, 2002, pp. 40-44)

However, previous research argued that there is a weak connection between job satisfaction and customer orientation. According to Hoffman and Ingram (1991, p. 28), only 9% of customer orientation be affected by job satisfaction. More empirical researches found by Herrington and Lomax (1999) showed that there is no relationship between job satisfaction and customer orientation. (Herrington & Wendy, 1999) This fact goes against the internal marketing's model of Ahmed and Mohammed as well as internal marketing philosophy. In another word, employees are capable of not letting emotions affect their job performance. (Ahmed & Rafiq, 2002, p. 21)

2.3 Internal marketing's tool

It is not easy to develop a tool to implement intangible concept such internal marketing. Ahmed and Mohammed (2002) did their best in developing the tool of internal marketing in two steps. First, they defined what is the meaning of internal customer. Then, they applied the marketing mix tools on internal marketing. (Ahmed & Rafiq, 2002, p. 27) Similarly, Gummesson (1987) suggested to use external marketing know-how to create internal marketing's tool. Likewise, Piercy and Morgan (1991), Ahmed and Rafiq (2002) created internal marketing's tool using 7P Marketing Mix. We all acknowledge that the central marketing philosophy is pleasing external customer. Internal marketing's core is perceiving "employee as customer". In addition, most companies interact with employees similar with how they interact with external customer, this is the case of service firm. Internal marketing program can be made based on the marketing strategy for external market. The only difference from internal marketing is its market is internal organization and its customers are employees. (Piercy & Morgan, 1991, p. 84) This tool includes product, price, promotion, place, physical/ tangible evidence, process and participant

- **Internal Product**

Product in internal marketing is the job. (Yang, 2012) A successful company must first sell the jobs to employees; then employees will sell the services to external customer. Internal product are activities for employees, which are created by human resource department, such as training programs, empowerment, career advancement, etc. (De Bruin-Reynolds, et al., 2015, p. 26)

Development and training are essential processes in enhancing employee's performance. Employees must be provided adequate tools and knowledge to do their jobs. Just like selling a product to external customer, to sell the job to employees, managers should focus more on the job's benefit than the job's feature. Consequently, managers not only provide reasonable compensation, but also deliver reasonable responsibilities to employees, such as, decision making power, working environment and personal development opportunity. (Ahmed & Rafiq, 2002, p. 28) Decision making power or employee empowerment helps employees fully appreciate their jobs. Empowerment means practices that allow employees to think independently, act and make decisions on daily tasks. (De Bruin-Reynolds, et al., 2015, p. 26) Moreover, managers should promote the job sufficiently to recruit the best possible talents.

- Internal Price

Internal price refers to the cost employees have to pay to do the job in organization. The cost involves psychological costs, opportunity costs and emotional labor costs employees spend while working for companies. (Burin, 2011) Opportunity costs means external opportunities employee gave up coming and working for the current company. Moreover, opportunity cost is also the effort from employees to adapt with new organization or new changes. (De Bruin-Reynolds, et al., 2015, p. 26) Often, employees ignore the cost of adapting to new changes since it is difficult to measure it. To monitoring that cost, managers should be clear in communication and delivering the benefit of the changes. (Ahmed & Rafiq, 2002, pp. 28-29) Psychological costs are how much employee's psychology need to manage in new environment or new job. It is mostly related to employee's stress and burnout. Further, emotional labor costs are the emotional control of employees when interacting with customers: calm reaction and tolerance toward irritated customers. (De Bruin-Reynolds, et al., 2015, p. 26)

- Internal Promotion/ Internal communication

To motivate and influence employees, managers should use effective communication channels, such as, face-to-face personal selling, internal advertisings, internal sales promotion to reach their internal customers. (De Bruin-Reynolds, et al., 2015, p. 27) Internal advertisings are mass advertising channel to deliver internal messages across department. Face-to-face method is emphasized as the most powerful marketing tool. (Ahmed & Rafiq, 2002, pp. 30-34) Internal

sales promotion or short-term incentives like team competition, bonus, recognition and awards play important roles in promoting the job and company's culture. (De Bruin-Reynolds, et al., 2015, p. 27.)

- Internal Place

Internal place is understood as distribution channels. Internal distributions are related to channels, modes or outlets which are used to deliver the internal product to the right targets. In this context, internal distribution refers to organizational culture and organizational structure. (De Bruin-Reynolds, et al., 2015) Concrete examples of internal distribution are conferences, meetings, office, online conference, internal bonding events, etc. (Ahmed & Rafiq, 2002, p. 34) There are rising amounts of technological tools for management to communicate with employees, such as, Slack, Smarps, Skype, etc.

Besides the main marketing mix, there are extended marketing features such as physical evidence, process and participants. Internal Physical evidence is the environment where the product is delivered to customer. It would mean the workplace (office) for employees. The other tangible evidence is documentary, for instance, documentary of policies where it states which working standard employees should follow. Internal Process is how the customer perceives the product. Training staff program is the process in internal marketing context. Internal Participants are those who both participate in delivering and receiving the product (job). In internal marketing context, direct supervisor has the biggest impact on employees. The communication between strategic top management to staff is not effective as from direct supervisors to staff. (Ahmed & Rafiq, 2002, pp. 34-36)

Especially, market segmentation and market research are also parts of internal marketing. Segmenting the employees into different groups with different need is important. Human resource management should handle the employee's feedback well enough to understand their employee's expectation and desire. (Ahmed & Rafiq, 2002, p. 36)

Further, internal marketing cannot achieve its target without co-operation with other departments, especially human resource management (Ahmed & Rafiq, 2002, p. 36). Internal

marketing has its marketing techniques. However, marketing technique alone is not enough to develop fully employee's performance. Marketing department needs the already-established strategy of human resources department to enhance fully employee's performance. Successful internal marketing model demands cross-functional collaboration: personnel support, management support, internal planning policy, etc. Personnel support includes rotating jobs, personal career plan, leadership training, etc. (Richardson & Robinson, 1986, p. 13). Further, internal marketing is a holistic tool to integrate multifunction in organizations when "personnel becomes a resource for the marketing function" (Glassman & McAfee, 1992, p. 58). The side-effect of inter-functional co-ordination is the conflict between different functional departments. George (1977) suggested we should terminate the human resource department and create product management instead. Thus, they know better how to implement the marketing approach towards employee's mindset (George, 1977, p. 92). The line between marketing and human resource management is explained thoroughly by Kotler (1972), that marketing is a "non-coercive" activity to get response from different units. Meanwhile, human resource management is compliance and forced task to build an organized company (Kotler, 1972, p. 49).

2.4 Internal marketing practices

Previous researches about internal marketing practices are large and in various forms. To begin with, Foreman and Money (1995) stated three components to implement internal marketing: vision (something employee can believe in from the firm), reward (factors that reward employees) and development (factors that developing employee). Top management needs to consider these three components when implementing fruitful internal marketing strategy (Foreman & Money, 1995, p. 764). Besides, internal marketing can be operated in two ways:

- To ensure that employees in all levels understand the concept of services and products which can further help in promoting the products to the customers and raise awareness.
- To motivate all employees to act in a serviced-oriented way (George, 1990, p. 64)

Moreover, Grönroos (1981) emphasizes that to gain customer-oriented personnel, firm needs to have more "marketing-like activities" to influence employees (Grönroos, 1981). Further, the prerequisites for successful internal marketing are (1) strategic management should include

internal marketing (2) internal marketing should be supported by organizational structure and top management (3) top leaders should constantly remind employees about internal marketing approaches (George & Grönroos, 1991, p. 64).

Bansal, et al. (2001) proposed a model of six key elements of internal marketing practices which affect directly external customer's satisfaction. These elements are based on the key elements of human resource practices: internal customer commitment, job satisfaction and trust in management (Bansal, et al., 2001, p. 66). The six elements are:

- Employment security: if employees feel secured, they will feel more satisfied with their jobs
- Extensive training: the more training employees get, the more job satisfaction and loyalty they gain.
- Generous rewards: higher salary than average-industry salary leads to high job satisfaction
- Sharing information: information which is shared among colleagues enhance trust and satisfaction of employees.
- Employee empowerment: helping employees to acknowledge their power and contribution increases the job satisfaction
- Reduced status distinctions: the limitation of organizational status will make employees more satisfied with their jobs (Bansal, et al., 2001).

In this study, internal marketing practices are categorized into four parts: leadership management, communication, self-development and compensation.

2.4.1 Leadership management

Cascio, et al. (2010) found that the commitment of top leaders has a strong influence on the behavior of the employees. Employees perceive signals from leaders. These signals directly affect employee's behavior. Top management should implement internal marketing to enhance the communication level between managers and employees. (Cascio, et al., 2010, p. 1094)

Internal marketing is a multi-functional concept. More specifically, Ahmed and Mohammed (2002) stated that total quality management, Innovation and Knowledge management are three tools top leaders can apply internal marketing. Total quality management (TQM) increases significantly product or service's quality by re-training all employees toward customer oriented target. TQM is "An ongoing process whereby top management takes whatever steps necessary to enable everyone in the organization in the course of performing all duties to establish and achieve standards which meet or exceed the needs and expectations of their customers, both external and internal." (Miller, 1996) Internal marketing plays an important role in successfully implemented TQM. TQM requires the understanding of employee's needs and know-how of assigning task to employees. When company fulfils the needs of their internal customers, they will automatically fulfil external customer's need. (Ahmed & Rafiq, 2002, pp. 93-95) Further, internal marketing also plays a crucial role in innovation. Creativity and innovation are human's products. This is where internal marketing takes place to enhance employee's creativity, creating inspiring working space and innovative working environment. The third era where internal marketing can have a strong impact is knowledge management. If companies want to survive, they need to catch up with fast-changing knowledge. Training new knowledge for employees is additional challenging task for the top management. Internal marketing can be a good tool to "create a commonly shared and clearly understood language for the entire organization." (Ahmed & Rafiq, 2002, p. 208)

Additionally, the active reaction from top leaders to internal marketing leads to positive outcome. One academic research demonstrated that leaders have a strong influence on Organizational Identification (OI). Moreover, this influence is not only maintained in the manager-employee's level but also on a higher level as director-manager. Importantly, when the customer-contact employees (up-front customer service officer, sales, etc.) have strong connection with the organization, they are likely to perform more effectively. (Wieseke, et al., 2009, pp. 137-138) Further, it is challenging for OI to influence dispersed workers, for instance, remote workers. They suggest that the crucial part connecting these dispersed workers with OI is middle manager level, which acts as a bridge connecting the frontlines employees (customer-contact employees) and the inners (employees who do not have connection with external

customers). Both employees and managers need to think of “higher value” than just making profit. The meaning can be providing “wow” service to their customers, bonding the employees with organization or creating happy working place for everyone (Wieseke, et al., 2009, p. 139).

In addition, Gummesson (2000) suggested three practical implications that top management can implement with internal marketing

- Set the marketing strategy based on internal marketing strategy. The more company takes care of “Nano-relationships”, the better outbound market effort there will be. It means top management should pay more attention to relationship of employee vs. employee, employee vs. employer.
- “Follow the relationship marketing credo”. It means employers should aim for win-win and long-term relationship with their employees
- Make sure the implementation of marketing is precise, concrete and systematic. Usually, internal and external marketing strategy are blurry and confusing. Organization should set their messages clear to both internal and external customers (Gummesson, 2000, pp. 40-41)

2.4.2 Communication

In term of communication, a letter from top directors to employee once a year is not enough. In fact, not all the written form of letter with promising words is enough. Good directors, who sees the potential of internal marketing, will frequently have breakfast with their “customer-affecting employees” to listen to their needs since they are the ones who understand customers the most. Communicating is indeed the most important method in enhancing the motivation of employees and, strengthening the customer-centric strategy (Berry, et al., 1976, p. 9). For instance, Monday’s breakfast meeting with entire staffs, celebrating a new milestone of employee’s life such as birthday, a baby born, etc. might bond employees together. Culture of company can be enhanced once there is an internal language which only employees understand (Schultz, 2016). Interestingly, formal communication has direct effect on employees’ satisfaction and customer

satisfaction. Information communication has direct effect on employee's satisfaction but show no relation to perceived customer satisfaction (Martin & To, 2013).

Murray (1979) stressed that communication is the key element in illustrating internal marketing. Effective communication requires master of listening skill from top management. Managers should encourage customer-contact employee to speak out their opinion, feedback and expectation (Murray, 1979, p. 38).

2.4.3 Self-development

Regarding developing human potential, people stay in the company when their personal growth is developed. According to Berry et al. (1976, 10) company should regularly held company personal training programs, frequently supply personal feedbacks and communicate what needs to be done to fulfill the personal growth of individual. (Berry, et al., 1976, p. 10) Further, company should desperately look for alternative ways to prepare their employees for organizational changes such as, introducing new technology, new products, services, etc. Traditional methods like courses, trainings, meetings, organizational magazines are necessary but need to be more interactive in the future. (Gummesson, 1987, p. 18) The key is to let "public contact personnel" understand the importance of their job. To achieve it, product managers need to help employees favor the products they are providing. For instance, employees can design their own speech when talking to customers, be their own entrepreneur to sell company's products, etc. Once employee likes the product and has close connection with their regular customers, they will automatically do their best in providing the service because they acknowledge the meaning of their job. In addition, employees feel like they are a part of something bigger: provide "wow" service to customer (George, 1977, p. 92)

2.4.4 Compensation

One of the favorable motivation for employees is a long-term engagement with reasonable compensation. Paying well for the employee is important. Paying more to those who work hard is more than important. Company needs to have a great compensation plan, reward plan to attract

and retain high quality employees (Berry, et al., 1976, pp. 11-12). Likewise, George (1977) believed “wages and status” are the main factors affecting employee’s motivation, hence, company’s product and service’s quality. Most of the customer-interactive jobs such as cashiers, ticket personnel, receptionists have low wages. Companies usually under-value these jobs which leads to employees who work as low wage jobs have low attitude. Similarly, status problem had bugged managers for ages. Company usually has “lateral career tract” for “public contact personnel” which gives employees different titles but still the same responsibility. The compensation rewarding is rarely applied in “lateral career tract”. (George, 1977, pp. 89-90)

In addition, special bonds among internal customers and management are important. There are different kinds of bonds: financial bond, social bond, legal bond, etc. Not every employee needs the same bond. Management should customize and acknowledge each types of bond appropriate for each employee. For instance, if an employee needs money to cure his/her kid’s health problem, a financial bond would be a right approach to motivate him/her. In this case, social bond or legal bond are not needed. In terms of internal marketing, managers should customize each employee’s need and motivation. So that not only employees feel themselves important but also that their voice is heard. (Grönroos & Päävi, 1999, p. 56)

3. CUSTOMER SERVICE CULTURE

3.1 Concept of culture

Culture

Culture is something intangible, yet no one knows where it exists, but we are all victims of it. As a result, there are different terms to describe culture: “climate”, “espoused values”, “formal rituals and celebration”, “habits of thinking, mental models, and linguistic paradigms”, etc. (Schein, 2010, p. 13) Culture is everything surrounding people, employees, neighbors, managers, everyone. Humans want to understand culture in order to explain everyday life situation. (Schein, 2010, p. 1) For decades, managers and top leaders have implied norms and social behaviors as culture of an organization. (Schein, 2010, p. 12) Culture is created by organizational members who construct their environment. These constructions form basic norms and action inside the group. (Schneider, 1990, p. 29) The nature of culture consists of shared value, beliefs and common understandings. Culture of a corporation is similar with culture of a family. (Barley, 1983, p. 411) Definition of culture is complicated, but elements of culture are much more complex. One of the significant approaches to culture and its element is presented by Schneider (1990) who proposes that culture consists of different layers.

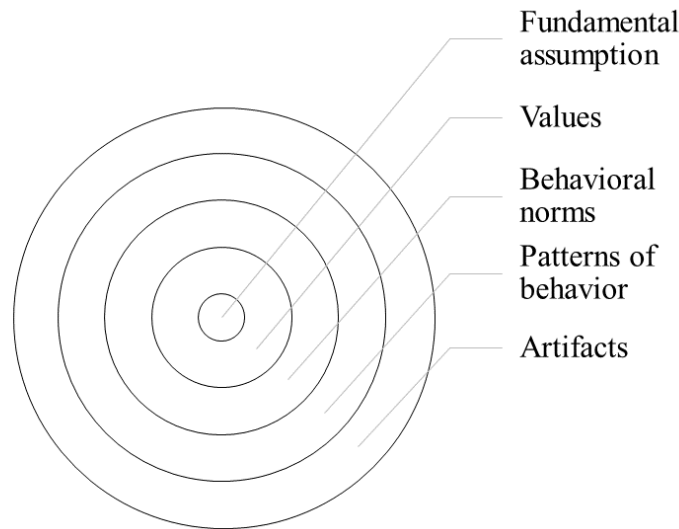


Figure 7. Layers of culture. (Schneider, 1990, p. 158)

According to Schneider (1990), the most obvious element of culture are artifacts. Artifacts consist of tangible / physical products of a culture activity. For instance, banners, logos of company, game rooms, etc. which might survive after the organization is terminated. Patterns of behavior are communication tools, interaction between members, decision making process, etc. which outsiders can easily point out. These organizational behaviors support solving conflicts in corporation. (Cooke & Rousseau, 1981, pp. 22-23) Further, behavior norms are what members should or should not do in the organization. These behavior norms are usually stated in policy which members can acknowledge themselves. Value is what all members believe in. It also represents the personality of organization, for instance, risk avoidance or individualism. Lastly, fundamental assumption is not visible even to members. It is the product of time to time research from observation organizational behavior. (Schneider, 1990, p. 157)

Further, we sometimes wonder how could a smart person make such ludicrous decisions. The reason is everyone has different ways of thinking because we come from different background and culture. When we observe the internal atmosphere of the organization, we see the

importance of cultural differences and background differences among employees. (Schein, 2010, p. 9) Thus, teacher confuses why with the same teaching methods and same teacher; two group of class can behave in a totally different manner. We also observe the absolute differences among companies, even though they are in the same industry and same location. There is a huge difference in the structure of organization, employee's perspective, organizational behavior. We acknowledge that individual's personality, which leads to behavior, creates a common norm and ritual for the group. Sometimes these norms are good, sometimes they threaten the survivor status of organization. Here, the concept of culture plays a crucial role in not only solving the internal conflict but also magically enhancing organizational performance. (Schein, 2010, pp. 9-10)

In addition, culture consists of critical elements. The first element is "structural stability", which signifies some level of stability among individuals. As human being, we search for something stable with shared-experience associates. Culture presents the sustainable of organizational structure. Culture survives in long-term, even when members who create culture leave the organization. The second element is "depth". Because culture has its deep characteristics, it is less visible than other factors in the organization. Therefore, we usually describe culture as an iceberg. The third element of culture is "breadth". Culture is like air. It is invisible, hard to describe but once it has developed, it is pervasively spread to every corner of the organization. Every department and individual look up at culture and solve daily conflicts based on it. (Schein, 2010, p. 14) The last element of culture is "patterning or integration". We aim to manage the surrounding environment more structured. (Weick, 1995) Culture gives a pattern to manage organization more effectively. As a result, "organizational cultures, like other cultures, develop as groups of people struggle to make sense of and cope with their words." (Trice & Beyer, 1993, p. 15)

How can culture be formed? Knowledge about culture is passed from permanent status member to new member. However, this will just give new member the surface idea of organizational culture. Until they gain permanent status in the group, understand the culture by themselves and can be in the inner circle, then culture is comprehended thoroughly. Moreover, critical situation is the key factor for gaining a better understanding of culture. One should observe and ask from senior employees for better understanding of organizational culture. (Schein, 2010, p. 18) For

new member to assiduously understand culture, self-learning and pro-active anticipation are strictly required. Sometimes if the organization is too young and culture is not formed yet, new member interacts with old member as a creative action for inventing new culture' aspect. (Schein, 2010, p. 19)

Customer service

Customer service is an abstract concept which is understood differently by different organizations. Some organization would define customer service simply as making sure being nice to customer when they call, sending thank-you notes, keeping customer informed about new products, etc. (Yankee, 2008) Exceptional customer service means go beyond customer's expectations, comprehend deeply about the products or service, shows respects to customers and creates good relationship with customers. (Darlington, 2016) Others would consider customer service as a broader term. According to La Londe et al. (1988), the broad concept like customer service can be defined in three aspects. If we see customer service as a process, it can be defined as "a process of effectively providing considerable added value for the whole supply chain". If we see customer service as an organizational context, it can be defined as a set of functions and activities that one department in company called customer service department handle, for example, delivery, dealing with customer complaints, managing billings, etc. If we see customer service as performance expectation, it can be understood as meeting and exceeding the customer's expectation. (La Londe, et al., 1988) Because this study is limited to customer service culture, we tend to define customer service as the first aspect: process. Customer service is considered as added value for existing product. Further, customer service was defined as "The collection of activities performed in filling orders and keeping customers happy, creating in the customer's mind the perception of an organization that is easy to do business with" - (C.J. Johnson, 1998). According to a study of Ballou (2004), there are three elements of customer service:

- (1) Pretransaction elements
- (2) Transaction elements
- (3) Posttransaction elements (Ballou, 2004)

Pretransaction elements are activities which are not involve external customers. It is more like structuring climate and culture of an organization which can support fully customer service's process. At this stage, company structures their internal framework so that they can provide the most satisfied products and services towards customers. (Ballou, 2004) Additionally, there should be written documents regarding customer service policy of the firm. These documents are necessary for both employees and customers. Employees can base on the policies to act accordingly and be able to carry same standards to all customers. Customers can rely on these customer service policies to be informed what they can be expect from the company. (Fallah, 2011, p. 203) Customer service culture is created in pretransaction elements. Moreover, transaction elements are directly related to distribution and logistics process. At this stage, most of the activities are directly associated with customers, for instance, providing customers with products, invoicing, providing product's information and instructions. (Fallah, 2011, p. 203) The last element is posttransaction. In this element, company aims to provide supportive information for customer to use the products. Activities related to this element are answering complains, tracking the products, installation, etc. (Fallah, 2011, p. 204)

Customer service culture

Customer service culture is the environment of organization which is built to create value for both employees and external customers. Many companies acknowledge this concept, but many fail to implement it successfully. Customer service culture is more like an attitude than organizational structure. It is constructed to satisfy employee's need and customer's demand. "Satisfied employees and customers are the lifeblood of any successful company" - (Dennen, 2015, p. 24). Moreover, service culture has potential positive impact on how customers perceive the service value. (Voon, et al., 2012)

Leaders must be experts of change in leading the organization to success. One of the major change they need to do these days, is culture change toward customer service culture. In other words, customer service should be the DNA of organizational culture. Mayer (2015) indicates that making employee's job easier is a key in creating a service culture. All top leaders are CTO-chief talent officers. (Mayer, 2015, p. 58) Employees usually feel they must do extra work when

learning new technologies or product's features. Consequently, employees will not adopt fully the change. Top managements need to approach change differently. They should make employees understand that change, in the end, is to support their daily job. (Mayer, 2015)

Maintaining customer service culture will keep the existing customers and increase the level of word-of-mouth. Moreover, people go to work not to just work and get paid. They want to be more involved into work, to have fun at work. Building a strong customer service culture will attract these talents to the company. (Dennen, 2015, p. 24)

Richard Martin (1992) stated three reasons why customer service culture is important. First, most managers mistakenly believe that customers complain primarily about product's quality. Therefore, they only focus on producing good products. However, in one research, they found out that 87 percent of customer's complaint has nothing to do with product itself but company's services, such as delivery, documentaries, faulty invoicing, etc. (Martin, 1992, p. 9) Second reason is customer service culture is an abstract concept which has unclear definition. It can be understood in different ways among internal departments. One of the main reason for poor customer service is that departments work isolated from each other's. Creating a great customer service culture can provide a clear framework for employees to understand. The third reason is when creating excellent customer service, companies add new value to their existing products. This can be a significant competitive advantage of companies. (Martin, 1992, p. 10)

Every company's customer service culture allies with four characteristic or so-called "four customer-service profiles." (Hill, 2015, p. 52) Relationship culture and technical culture are two aspects of customer service culture. Twenty years ago, a mechanic would try his best to solve a technical problem raised by customer. If he had not solved the problem, the company would have expected the bad review from customer. For today's tough competition, that would never be enough. Relationship culture will make sure customers are always satisfied, even though their complains are not solved. Relationship culture focuses on building good relationship with customers through feelings. Technical culture aims to provide extraordinary services with technical skills. (Hill, 2015, pp. 52-53) Both aspects apply to internal customer and external customer. Based on this perspective, the four customer-service profiles are: insider's culture, technical culture, market culture and customer's culture (See figure 8).

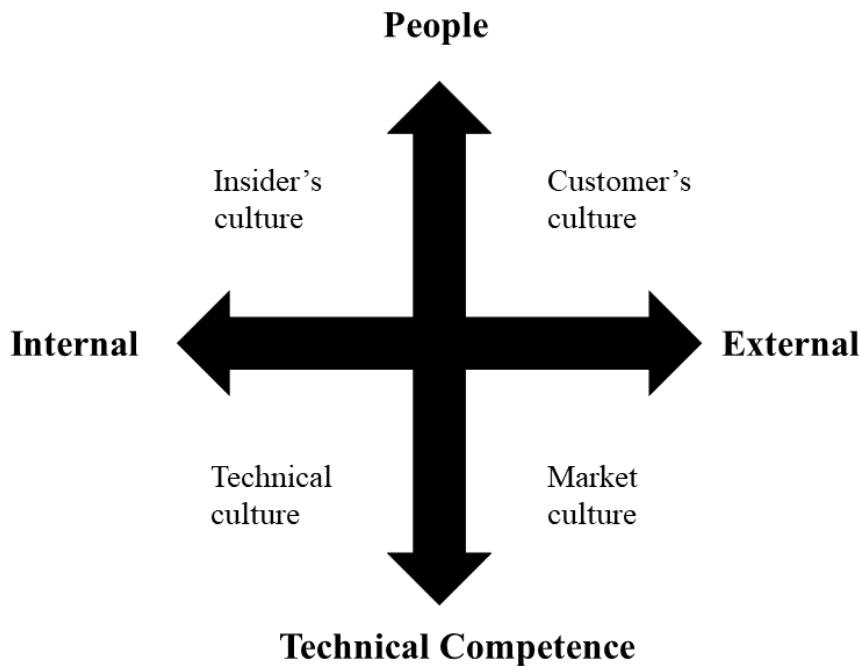


Figure 8. Four customer service profiles. (Hill, 2015, p. 54)

Insider's culture pays attention to internal customer (employees) and the relationship among them. Company that has a strong insider's culture tends to create a pleasant atmosphere at work for employees. Satisfaction and motivation of employees are their highest concern. The companies organize many trainings, leadership trainings, conflict-solving educations and other internal events. Active communication among employees across departments is encourage. (Hill, 2015, p. 54) Additionally, technical culture also focuses on internal customers but more to the technical skills. Employees are educated to have enough technical knowledge about the products. Company that practices this technical culture organizes many trainings and education sessions regarding technical information of the product for employees. The aim is that every employee has expertise in the product and service. Strong technical culture is prerequisite for some industries, such as, aviation industry. (Hill, 2015, p. 56) Insider and technical culture are mainly focused on employees.

The next two customer service profiles target external customers. Market culture, for instance, outwardly concentrates on giving external customers enough technical information and

knowledge regarding company's products or services. Market culture is similar with technical culture. The only difference between them is that technical culture focuses on internal customer. Company that practices market culture is very responsive to customer inputs and perceptions, especially in terms of product's technical aspects. Consequently, these companies try to provide customers with innovative product's features with advanced technology as their competitive advantage. (Hill, 2015, p. 56) On the other hand, customer's culture concentrates on external customer but more on the relationship aspects. Customers are treated like kings. Customer culture seeks to understand the needs and feelings of customer through effective communication channels. Therefore, it is worth for company to pay attention in building strong relationship with customers. (Hill, 2015, p. 58) Every company has its own focus on customer service culture. It depends on internal capacities, industry, market, nature of products and services. Sometimes, combination of four service culture profiles are the key answer.

3.2 How to create customer service culture

The great customer service starts from how employees think about their organization. High performance companies in service quality, such as, Chick-fil-a or Quicktrip, know how to smooth the communication process among employees and managers. They start with the right recruitment and on-boarding process. These companies care about culture. Employees do not force to smile but they smile by their own will. (Gandy, 2016, p. 32) Creating an extraordinary customer service culture should start with a strong value and norm. Besides, top leaders should commit themselves with the culture. (Gandy, 2016, p. 33) If you ask the service-culture-minded leader to choose either customers or employees. They will choose employees. (Mayer, 2015, p. 58)

The seeds of great customer service culture should involve respect, trust, proactivity and effective communication. We should think as if we are customer, how do we want to be served or communicated with? Firms are advised to think alike with customers to exceed the expectation. (Gandy, 2016, p. 32) Moreover, creating endless opportunities for employees to learn, such as, supporting their colleague's dream, organizing more trainings, encouraging and

rewarding employees to learn more. Firm will gain their respects, commitments and retain smart talents. (Dennen, 2015, p. 26) In addition, top managers and leaders need to make sure employees are on the same page, in terms of understanding the customers. Gathering customer intelligence, such as asking customers their feedbacks, how they want to keep in touch, etc. are crucial. These processes take time, money and effort from companies. “It costs five times as much to replace a customer as it does to keep one.” (Anonymous, 1996)

Ostrom, et al. (2010) stated that there are four topic areas that are necessary for creating and maintaining a service culture. Professor David E. Bowen (2010) reviewed the four topics in detail. The first topic to create service culture is “recruiting, training, and rewarding associates for a sustained service culture”. At the very beginning of the recruitment process, it signals to employees that service culture is competitive advantage of the organization. To achieve this principle, several changes in infrastructure, measure process and policies will be necessary. (Ostrom, et al., 2010) The second principle is “developing a service mind-set in product-focused organizations”. Changing mindset cannot be done overnight. Deep beliefs, values and assumptions of employees are difficult to change but it is not impossible. Well-rewarding can be one effective method. Nevertheless, it will not promise an authentic change in long term. The biggest question is can firm transform the current employees’ mindset and thinking or, do they need to hire new employees to acquire the service culture? (Ostrom, et al., 2010)

Third, to create service culture, company needs to create “a learning service organization by harnessing employee and customer knowledge”. Engaging employees and customers in organizational culture is fundamental. Employee’s empowerment might be a key factor in achieving this principle. In addition, offering employees adequate trainings helps in building their competence, knowledge and abilities. Moreover, company should not only train their employees but also their external customers. Giving customers trainings and rewards increase the level of engagement to products and service. (Davis & Gautam, 2011) Further, the forth principle in maintaining service culture is “keeping a service focus as an organization grows, matures, and changes”. To keep the focus, organization should acquire the right person. Because the ability of focusing is typically made by human. This point needs further research on what are the element required to shape a service culture over time. (Ostrom, et al., 2010, p. 13)

Leaders with transformational qualities can bring innovation and other added value to organizational culture, which leads to sustainable climate. (Pant, 2013)

Table 1. Topic areas for organization to create and maintain customer service culture. (*Ostrom, et al., 2010*)

Topic areas	Content
1	Recruiting, training, and rewarding associates for a sustained service culture
2	Developing a service mind-set in product-focused organizations
3	Developing a learning service organization by harnessing employee and customer knowledge
4	Keeping a service focus as an organization grows, matures, and changes

A useful guideline for creating customer service culture is introduced by Quill Corp (1990). In this guideline, internal marketing was not mentioned. However, some of the key ideas present the core values of internal marketing. The key ideas are:

- Nice attitude not only towards customer but also to products, co-workers and management.
- Companies should have a clear structure of creating customer service culture.
- Companies should recognize the key areas to enhance customer service's quality.
- Management should put customer's need in top priorities.
- All level management needs to act and be educated.
- Management should take part in working directly with customers
- Companies should listen to customer's demand and feedback (Corp., 1990)

According to Boyle (2004), there are two main elements for creating a successful customer service culture. First, the interaction between customers and employees is crucial, for companies to understand their customer's needs. Customers are encouraged to participate in designing companies' products and service. Their voice is heard, which leads to stable long-term relationship. The second element is management, which focuses on leadership, human resource and marketing. (Boyle, 2004, p. 286) This element can be renamed as "internal marketing" since

it includes all the factors of internal marketing management. Top management should be well educated about customer service culture. Top leaders are key influences on staffs and employees. Likewise, communication must be smooth between management and employees. Recruiting, maintaining high-quality employees is crucial. Moreover, mission statements must be clear, brief and able to motivate employees. In short, two main elements of successful customer service culture are understanding the importance of interaction between employees-customers; and successfully implementing internal marketing. (Boyle, 2004, p. 286)

3.3 The role of internal marketing in creating customer service culture

One research study (Janjua, et al., 2014) shows that there is a direct association between employee satisfaction and organizational culture. Job satisfaction of employee positively increases if the company develops the organizational culture and fosters the communication flow between different departments. Moreover, formal trainings and 1-on-1 feedbacks help employees to deliver better service. Employees will also be motivated with proper financial benefits and social bonding. (Janjua, et al., 2014, p. 228) Additionally, by sharing the same organizational value concerns about customer service culture, companies can reduce the “service-performance gaps”, which lead to customer’s dissatisfaction. (Wasmer & II, 1991, p. 39) In terms of practical implication, Schultz (2016) pointed out that Chief marketing officer is taking over job of human resource manager in terms of protecting and improving corporate culture. (Schultz, 2016) The idea of internal marketing is applying external marketing’s strategy to internal market. Internal marketing requires strong attention from human resource management department. Meanwhile, organizational culture, which is also a responsibility of human resource department, is also important. (Gummesson, 1987, pp. 23-24)

The relationship between internal marketing and service culture is tight. George and Grönroos (1991) pointed out three cases when company needs internal marketing: (1) when company wants to create a service culture and service orientation among employees (2) When company wants to maintain service culture (3) when introducing new product’s features or technologies as well as new marketing strategies for employees. (George & Grönroos, 1991, pp. 62-64)

In detail, companies focus on service orientation when customers and service quality are their most concern. Hence, service companies generate service culture as one of the company's norm. Yet, internal marketing management alone cannot create the service culture. According to George and Grönroos (1991), companies need to focus on four areas: top managements form the organizational structure around service culture; service and human resource must be recognized as "strategic variables"; leaders must believe in service culture and lastly, every employee needs to have a right attitude toward customer service. Internal marketing program supports these three areas to achieve the organizational goal. The goal of applying internal marketing to creating service culture are (1) helping managers and students to understand the service, products and tactics (2) developing service-oriented mindset among top leaders (3) teaching all internal customers service communication skills. (George & Grönroos, 1991, p. 63)

Once service culture is created, it needs to be maintained. Otherwise, internal customers and suppliers' mindset will turn back to bureaucratic culture. Function of internal marketing management in this phase is to (1) monitor that the management decisions and methods are service-oriented (2) ensure that employees receive enough feedback and instructions (3) educate new technologies, new products to employees in advance. Communication is very important in this phase, especially from managers to their subordinates. (George & Grönroos, 1991, p. 63) Further, companies need internal marketing when introducing new products and marketing activities to employees. This situation is originally the purpose of integrating internal marketing into organizational system. The goal of internal marketing in this phase is to make sure employees are aware of and accept the new changes in products, services and marketing campaigns. (George & Grönroos, 1991, pp. 63-64)

There are also more studies about internal marketing and organizational behavior and organizational personality. (George, 1990; Bowen, 1986; Heskett, 1987) Internal marketing and organizational behavior can support each other in areas such as relationship marketing, organizational personality, organizational culture, etc. From previous studies, organizational behaviorists suggest that (1) treating customer-contact employees as "partial customer" can enhance the service-oriented culture (Bowen, 1986, p. 374) (2) employees being treated like "partial customer" will have recognition in all product development stages, which will motivate them and boost up their performance. (Mills, 1986) This fact proves that organizational culture

is important in service- providing company. (George, 1990, p. 64) George (1990) proposed that top managers should view marketing as relationship management and non-marketing employees should be treated as “part-time marketers” to treat employees and customers better. (George, 1990, p. 65) According to Schneider (1986), before creating an excellent service quality for customer, companies need to create excellent service quality for their employees. Personality was mentioned several times as one of the important factors which can support internal marketing. Interestingly, Schneider’s perspective (1986) distinguishes personality from organizational climate and culture. Personality of employees is what creates organizational culture. A long chain of recruitment process is required to attain the right person to the team. Moreover, company should attract interpersonally oriented people to the team since these people will connect other members and influence a strong personality to the whole team. (Schneider, 1986) Heskett (1987) as well explained the importance of organizational personality in psychological term, in which traits, feelings, behaviors of each employee need to harmonize as one in organization. In services business it is acknowledged that there is a genuine relationship between factors as employee satisfaction, employee motivation, service quality, customer satisfaction which all lead to the increase of profitability. (Heskett, 1987, p. 124)

In summary, internal marketing and customer service culture concepts have been analyzed thoroughly by academic researchers. The end goal of applying both concepts is creating excellent service to customers. Internal marketing aims to satisfy employees, with the hope that satisfied employees will provide excellent services. The next chapter represents research design and method. It involves description of case study and research context.

4. RESEARCH DESIGN AND METHOD

This chapter discusses the research design and research method used in conducting the study. At first, research context and case study are introduced. The explanation of why choosing one type of research over others is provided. Moreover, the company case study is described in detail, including the business model, organizational structure and nature of the service. The last part of Chapter IV describes reliability and validity of the empirical research.

4.1 Research design

In broader perspective, there are three main types of research designs: exploratory research, descriptive research and causal research. (Sreejesh, et al., 2014) Exploratory research design is carried out to identify the problem. This type of research suits in analyzing critical issues. Meanwhile, descriptive research design is often conducted by using quantitative research due to its nature. The idea of descriptive research is to understand the opinion, attitude of a group. Causal research is also usually used in quantitative research. It aims to explain the cause and effect correlations between two variables. (Sreejesh, et al., 2014) In term of research design, this study builds on an exploratory research design because it aims at identifying the current problem of a specific company's culture.

Additionally, the main research question of this thesis is trying to identify how internal marketing practices affect the development of customer service culture. We acknowledge that internal marketing and service culture are related to human psychology. Further, qualitative research is used to enhance the analysis of psychology. Therefore, this research uses qualitative research to collecting data. Qualitative research reduces the lack of logical psychological studies regarding individual experience. (Henwood & Pidgeon, 1995) Unlike quantitative research, qualitative research aims at exploring the human perspectives behind the feelings. (Sreejesh, et al., 2014) Moreover, qualitative research helps in collecting feedbacks, experience and perceptions of interviewees. (Patton, 2002) In order to expose human feelings regarding their job satisfaction, qualitative research is a better choice in term of research method for this paper.

Additionally, a successful research should be able to determine the appropriate timing of conducting it. Single research episodes and longitudinal qualitative research studies are two main time frames for qualitative research. Single research episodes are the most common. It applies to research which aims to understand about a stable subject. (Ritchie & Lewis, 2003, p. 53) Meanwhile, longitudinal research aims for long-term research. The same people are interviewed more than once, with the same questions in different time. The main purpose here is to measure how and why there are changes in interviewee's answers over time. (Ritchie & Lewis, 2003, p. 54) The time frame of this Thesis' research is single research episodes. The main reason is that the subject of this paper is stable; customer service culture and internal marketing are stable concepts in case study company. Moreover, the research problem is a current problem which occurs inside the company.

4.2 Data collection method

Main qualitative research methods include observation, interviews, narratives and analysis of documents. (Ritchie & Lewis, 2003, p. 4) Likewise, according to Sreejesh, et al. (2014), there are three types of qualitative data collection methods: depth interviews, focus groups and projective techniques. Depth interview is individual interview. The other two are about group interview. (Sreejesh, et al., 2014).

In depth interview was conducted in collecting data for this thesis because the method provides opportunities to dig deeper into interviewee's personal perspectives. (Ritchie & Lewis, 2003, p. 58) In addition, interviewees can actively open-up about further topics related to the questions. These interviews are basically conducted one-on-one site. Depth interviews allow both interviewer and interviewee to actively contribute to the topic while communicating. Researchers use this type of method to examine theoretical issues. There are three types of depth interviews: unstructured interviews, semi-structured interviews and standardized open-end interviews. (Sreejesh, et al., 2014)

- Unstructured interviews allow interviewee freedom in answering questions. The whole conversation is flowing in natural style. There are less plan and structure in this type of

interview. However, interviewers usually let their personal emotion direct the conversation. (Fontana, et al., 2007)

- Semi-structured interviews are more structured than unstructured one but still has flexibility. Interviewers ensure they keep the agenda tight and allow a fine amount of time for response. This technique is used to interview busy executives, thought leaders and technical experts. (Sreejesh, et al., 2014)
- Standardized open-end interviews are the strictest type of interview. It has certain amounts of questions, given variables for respondents. The interview questions are set in a strict order, open-end questions. (Sreejesh, et al., 2014)

The data collection method of this thesis will be semi-structured interviews. Because all interviewees are busy executives, they would appreciate precise and effective talks. Moreover, when talking about personal feeling and abstract topic like culture, it demands a certain flexibility in responses. Deepening the answers will help both interviewee and interviewer understand more about the topic.

Moreover, qualitative research methods consist of naturally occurring and generated data. (Ritchie & Lewis, 2003, p. 56) Generated data are interviews, which examine the direct answer from target respondents by interviewing their opinion, experience and perspective. Moreover, natural observation yields the data from observing target group, includes detailed of people's activities, behaviors etc. (Patton, 2002, pp. 4-5) As mentioned above, this thesis uses semi-structured interviews for collecting primary data. Observations are made primarily by the author. Since author of this thesis worked in the organization for a year, she made lots of detailed observation about people's behavior and company's strategy regarding organizational culture. Further, author also interviewed her colleagues regarding the thesis' topic. The quality of the information achieved in interview depends heavily on skills of the interviewer. (Rubin & Rubin, 1995) "General interview guide" approach was adapted for interviewing the target group. Each interviewee was asked the same questions, to make sure relevant topics covered. The flexibility of interview is moderate, not too flexible like "informal conversational interview" approach or too less flexible like "standardized open-ended interview." (Patton, 2002, pp. 342-347) Table

below shows information about interviewees: their nationality, their positions. Moreover, interview method and duration of interview are shown.

Table 2. Information of each interviewee

Interviewee	Personal detail	Position	Interview method	Duration of interview
Interviewee 1	Vietnamese	Project manager	Face to face	30 minutes
Interviewee 2	Vietnamese	Project manager	Face to face	15 minutes
Interviewee 3	Malaysian	Project manager	Phone	22 minutes
Interviewee 4	Hongkong	Project manager	Face to face	45 minutes
Interviewee 5	Singaporean	Sales manager	Phone	20 minutes
Interviewee 6	Turkish/Finnish	ASEAN team manager	Phone	30 minutes

4.3 Data analysis method

Collecting qualitative data requires attention, analyzing qualitative data takes more effort than that. There are primarily two types of analysis: inductive and deductive analysis. Inductive analysis, which is used in this Thesis', aims at discovering patterns, logics, themes and categories of given data. In contrast, deductive analysis is based on existing framework. (Patton, 2002, p. 453) Following the qualitative analysis method of Ritchie, et al. (2003), in this study qualitative data was analyzed in following steps: managing data, identifying initial themes or concepts, labelling or tagging the data, sorting the data by theme or concept and summarizing the data. (Ritchie, et al., 2003, pp. 220-231)

At first, after interviews, the transcript of interviews and notes were collected. Moreover, observational notes were carefully stored. Most of the information were described in detail. The next step was identifying initial themes or concepts. The objective of this step is finding the main themes or ideas of collected data. (Ritchie, et al., 2003, p. 221) The interviews were divided

into three parts: job satisfaction, customer service culture and the impact of internal marketing practices on service culture. Each information from interviews and observations were examined carefully and summarized in paragraph. Researcher read each paragraph and found out “what is it about?”. Then, she labelled each paragraph a certain theme with possible code. The meaning of this step was to gather similar information under one topic umbrella. The final step is summarizing the data. Analyst summarized all data into specific themes, with detailed information base on interview’s transcript and observational notes.

4.4 Case study

The company’s name is kept as anonymous due to confidential issue and titled with a code name company A. Company A is an B2B event organizer operating in Europe, Turkey and South-East Asia. Company A has been active in the market for more than 20 years. The company creates high class B2B events to connect top decision makers with relevant solution providers. Top decision makers join the event as delegates. Delegate’s benefits of joining these invitation-only events are:

- Networking with peers - top management in the industry
- Meeting with solution providers to scan through the latest technology
- Updating knowledge in the industry through high-profile keynotes

The delegates are high level decision makers (CXOs, Vice presidents, directors, etc.) from top companies in the target market. Delegates can attend the event for free, including accommodation and meals.

Additionally, solution providers or partners must pay to join the event. The main benefits for solution providers joining the events are:

- Chances to have 1-2-1 meetings with high level decision makers in the market
- Increasing their public image, marketing purpose
- Updating trends, knowledge in the industry through keynotes
- Networking with high potential client

Company A offers four kinds of events:

- Industry Forum: only for delegate and solution providers who are in one industry. For instance: Banking, Retail, etc.
- 600 minutes Forum: for specific function, example: CIO forum, CFO forum, Sales and Marketing forum
- Solution Area Base Forum: this is the mix of Industry Forum and 600-minutes Forum. The forum has a specific theme. Delegates and solution providers are invited if they are relevant to the theme.
- Strategy Forum: this event is normally for regional event, for instance, ASEAN Banking Strategy Forum, Nordic Strategy Forum, Pan-E Strategy Forum. (Company website)

Further, each market consists of three sub-teams: Delops (delegate operations), Sales and Customer Experience Management.

- Delops: member of this team is called project manager. Project manager is responsible for inviting delegates and designing the program of the event. In general, project manager creates the products (events).
- Sales team: member of this team is called a sales manager. Sales manager's responsibility is sell the product to potential solution providers.
- Customer Experience Management (CEM): members of this team are called CEMs. Their responsibility is catering, managing venue, transportation and coaching solution providers. CEMs take care of customer's experience before, at the events and after events.

Further, the general length of one event is one day or one and a half days. In the event, there are keynote presentations, group discussion among delegates, panel discussion and 1-to-1 meetings. Uniquely, 1-to-1 meeting is between solution provider and delegate. It lasts only 15 minutes. This is the time that solution providers sell their products to the high-decision makers. Their main objective after the meetings is creating sales leads. This is the customer proposition value why solution providers pay to join Company A's event (source from internal company's website)

4.4 Reliability and validity

Reliability and validity are technical terms which refer to the objectivity and credibility of the research. (Peräkylä, 2011) Reliability of qualitative research lies in the heart of replicability. Replicability questions whether the research findings can be repeated if other studies are conducted in the same way by the same methods. Researchers need to ensure that the qualities of their findings are confirmed. (Lewis & Ritchie, 2003, pp. 270-271) In other words, researchers need to make sure their research findings are reliable. In this paper, the reliability level of research is confident. Researcher selected carefully representatives to conducting the interviews. The interviewees are strong representative to share their knowledge, experience and feelings. Interviewees are both from employee's level and management level who have more than one year working experience in ASEAN team of company A. The interviews were taken voluntarily by participants. Moreover, the responses are reliable and trustworthy. Further, the data analysis is carried based on qualitative research analysis framework of Ritchie, et al. (2003). This framework is systematic and easy to comprehend. The interview questions are equally targeting two main theory concepts: internal marketing and customer service culture.

Moreover, the validity of the research is concerned about the correction of research's findings. There are two different dimensions of validity: internal validity and external validity. Internal validity questions researchers whether they investigate the problem that they claimed. External validity concerns whether the research findings are applicable to other groups within the population. (Lewis & Ritchie, 2003, p. 273) The level of validity in this research is moderate. Since the topics are extremely abstract; and, the case study is not common with culture like South East Asia, researcher tried her best to provide the accurate findings. The main target is answering research questions and addressing the right literature gap. Because the researcher used to work in company A, some of her own opinion and bias may affect the findings. In addition, the quality of interview questions triggers participants fully expresses their opinion and feelings. Researcher and interviewees share deep relationship, which helps in creating a relaxing interview's atmosphere. Regarding data analysis, each response was carefully examined and labeled with the correct names.

5. FINDINGS

This chapter represents the results of semi-constructed interviews and observations of the researcher. The framework of interview and observation is built based on the literature review of internal marketing practices and customer service culture first part of the chapter is about observation.

5.1 Observation

Within one year working in ASEAN team of company A (from May 2015-May 2016), researcher observed carefully the working culture of company A. The observation is divided into two parts: internal marketing and customer service culture.

Internal marketing

A normal recruiting process in company A lasts three weeks. Candidates go through three rounds of assessment. The first one is phone interview which lasts 30 minutes. This round's objective is to evaluate the motivation and communication skills of the candidate. The second round is a face-to-face interview with (future) direct manager. At this round, candidates are asked specific questions about their functions and experience. The last round is with regional manager which includes similar questions with second round. On boarding process starts once candidates accept the job's offer. On boarding lasts one month which is extremely well-designed. Each newbie has one mentor who will help them integrate as fast as possible with company's culture. Moreover, company organizes big karaoke party for newbies, which creates good impression for new members. Information for newbie in Onboarding process is adequate and easy to digest.

About the job, everyone in company A, no matter from which functions or team, has their own target, both in activity and result. In term of result, target for employee is usually number which shows on company's internal board. For instance, sales person has a target that shows how much money of deal he/she will sign per year, per quarter and per month. Project manager has target as how many customers they can register to event per week, per month, per quarter and per year. Talent acquisition officer has target as how many new employees they interview and hire each week or quarter. In terms of activity, it is similar with result. Activity is calculated as how many

calls, meetings, demos, etc. All result numbers and activity numbers are shown on internal board of company. Everyone can access and see the results board. Results are shown to the team or individual. Best performing teams and individuals will be shown on company's screen.

Further, every quarter, there will be quarterly evaluation. There are individual evaluations and team evaluations. Each employee is asked to do self-evaluation and evaluation about their direct manager's performance. Individual performance is evaluated based on individual KPIs and manager's observation. Each employee is ranked on a scale of 1-5 quarterly. 1 means really bad performance and 5 means excellent performance. After that, each employee has one-to-one meeting with their direct manager to discuss about their results. There is a team meeting about quarter evaluation and the whole team discuss about the result, what can they do differently in the future.

Additionally, company A does not hire external talent for top management positions. Instead, they hire good- performance employees who have worked for the company for long time as top manager. Moreover, company A holds lots of meetings and events for managers. The main purpose of these events is to motivate managers doing good jobs. Top management puts more care on external marketing than internal marketing. Sales results and employee's performance are more important than employee's satisfaction.

The main communication method is Skype, work email and WhatsApp. Skype is the main communication tools, during working days and during the events. Work email is for important meetings, notes and internal news. Every week, there is team meeting which involves all team members and team manager. Each member reports what they did last week and what are their goal this week. Moreover, some important news, changes, internal competitions are informed by team managers in weekly meeting. Once in two weeks, there is all market team meeting which include all team members from one market, all team managers and regional manager. For instance, ASEAN team meeting includes all member of Delops, Sales team, CEM representative, Delops' team manager, Sales Team's manager and ASEAN regional manager. The main purpose of market team meeting is for cross-functional teams understand what another team achieved in the past two weeks and their near-future goals. Moreover, the whole team will set a clear team's goal and specific actions to achieve the goal in two weeks. Interestingly, once

a week, there will be one-on-one meeting between team manager and member. In this meeting, team manager will address issue about member's performance, mental support and individual feedbacks.

Company A does not have clear written document about employee's personal development path, but company A organizes plenty of development trainings for employees. There are different types of trainings. For instance, training from senior position to junior position from different markets. Senior employees prepare themselves presentations and hold a short session about a specific topic. Moreover, every time there is a new technology change, there are many training sessions for employees. Because company A has multiple offices from different continents, most training sessions are hold online via company's Skype platform. Physical face-to-face trainings are rare. Employees are trained not only on job's technique but also on leadership skills, responsibility and purpose.

Salary in company A is considered as average in the market. Raise of salary is done once a year or depends on the performance of employee. Again, because there are no written documents about personal development path in company A, the raise in salary is different in every case. Bonus system is also average compared with other companies in the market. For instance, if target for project manager is five registration each week but one has six registrations each week, they will have 25 euros bonus. This bonus system was terminated in Fall 2016. After lots of employees complained about this, top management started applying the bonus system again in January 2017. Another bonus system is called event bonus. Project managers get event's bonus based on number of shown-up customers at the event. This bonus system motivates project managers to keep a good relationship with their customer from the time they register until the event's date.

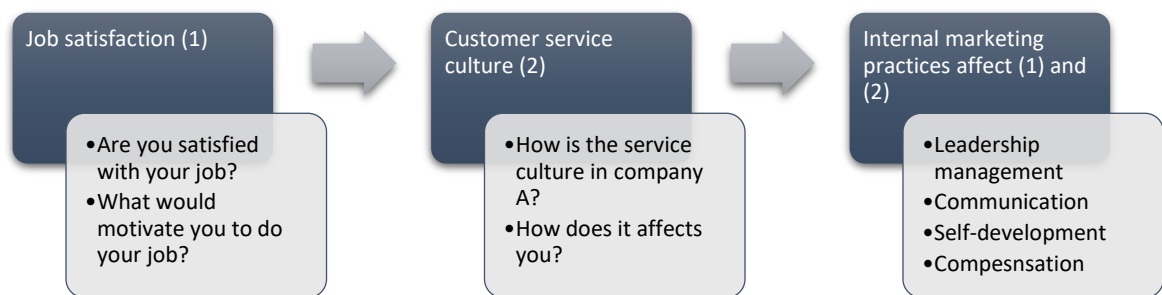
Customer service culture

Company A has written documents about their internal values. They have four main values: passion for customer, clarity & responsibility, winning together and embrace the new. These values are written on company's board. They are printed on all company's internal property to remind employees about the four values. Onboarding process also educate newbies about these values. Passion for customer is the first value and the biggest value of the company. Company

A educates employees to treat customer as king. Since the nature of the company is service company, service quality is the strongest asset. Employees communicate with each other about this culture as well.

5.2 Interviews

The interview questions consist of three parts: job satisfaction, customer service culture and internal marketing practices. The aim of semi-structured interview is to examine perceptions of employees about their job satisfaction, company A's customer service culture and how internal marketing practices affect job satisfaction and customer service culture.



Graph 9. Structure of interview questions

Researcher aimed to comprehend how employees perceive service culture. In the first part of the interview, interviewees were asked questions about their job satisfaction and what factors would motivate them at work. After that, the questions were shifted into customer service culture of company A. Examples of interview questions are “how is customer service culture in company A?”. Lastly, researchers asked about internal marketing practices of company X, such as, leadership management, communication, self-development and compensation. Moreover, interviewee shared their opinion how internal marketing practices affect job satisfaction and quality of service.

5.2.1 Job satisfaction

Table 3 reveals job satisfaction index of six interviewees from company A. Each interviewee was asked to rate their job satisfaction with the rank of ten. The average job satisfaction is 5,33 out of 10.

Table 3. Index of interviewee's information and job satisfaction ranking.

Interviewee	Personal detail	Duration of work in company A	Position	Job ranking (out of 10)
Interviewee 1	Vietnamese	1 year	Project manager	5/10
Interviewee 2	Vietnamese	7 months	Project manager	2/10
Interviewee 3	Malaysian	3 years	Project manager	6/10
Interviewee 4	Hongkong	1 year	Project manager	3/10
Interviewee 5	Singaporean	3 years	Sales manager	8/10
Interviewee 6	Turkish/Finnish	5 years	ASEAN team manager	8/10

Job satisfaction is the attitude of employees whether they like their job or not (Spector, 1997). The interview's questions were "Are you satisfied with your job in company A? With the rating of 10, how would you rate the job in overall? Why?" and "What factors would motivate you to do the job better?". Four out of six interviewees said they are not satisfied with their job or were not satisfied with their previous job in company A. Two interviewees said they love their job and ranked them 8 out of 10. Both the interviewees are currently working in company A. One of them is a team manager of two teams with high responsibilities. The two satisfied employees have been working for company A for more than three years. They are all in senior positions. The reason they like their jobs were that they learn new skills every day. In addition, interviewee 6 likes how to see his work's result contributes to the organization's growth. He engaged into decision making process of the company. Interviewee 6 shared the excitement of observing his team's growth over years. As one said, employee's empowerment is the key factor in building customer service culture. (Davis & Gautam, 2011)

On the other hand, four other interviewees shared that they were not satisfied with their jobs in company A. The most common reason was that job's task is too simple and repeats every day. Their jobs were just making 80 calls to customers every day, which becomes bore-some after few months doing the same thing. In specific, interviewee 1 explained she disliked her job because of working hour. She resides in Helsinki, Finland but worked for Singaporean market, which has different time zone. Accordingly, she worked from 5 to 13 in Finnish time. She shared that different working hours disrupted her daily routine. Further, interviewee 4 shared that the weekly target or personal KPI's criteria is totally unreasonable. Target is way too high which causes stress and depression for employees. This opinion was also shared among interview 2 and 3. Besides, company A treats employees unfair in terms of nationalities. Finnish gets more benefit than other teams, for instance. On the bright side, even though they were not satisfied with their jobs, there are still positive points related to the jobs. First, the job's experience is valuable. Interviewee 3 thinks she gained useful skills, knowledge and important connection with this job. This job's skill is significantly valuable for fresh graduates who is hunger for experience. Second, interviewee 4 stated that she likes the international atmosphere in company A. She had wonderful colleagues who are helpful, and they become friends for life.

In addition, when it comes to the questions "what factors would motivate you to do your job in company A better?", the most common answer is company A should provide reasonable individual target and better compensation. Interviewee 3 and 5 indicated that if company A set the individual target more reasonable and achievable, she would be less stressed and more motivated to do the job. Her personal weekly target is impossible to achieve which caused frustration. Interviewee 1 would have been motivated if she had had more freedom in doing her jobs. She would like to try different methods in contacting with customers than just calling as the company wanted her to do. Better compensation and bonus system are important factors to motivate employees. Interviewee 5 shared that she deserved more salary because her work created much more value and profitability for the company. Commission and bonus system needs to be fixed. The bonus system is unfair for teams and different functions. Interviewee 6 will be motivated if his works are recognized and rewarded better.

Further, employee's turn-over in ASEAN team of company A is high. Employee's cycle is usually one year. Interviewees provided different reasons to this. One of the answer was that

because of the expectation of employees are not set right in the initial terms. Company A described the job in the beginning stage much differently than it appeared to be in the reality. Another reason, according to interviewee 6 was because people are not patient enough.

“This job is very black and white job. Either you love it, or you hate it. Most people, after doing the same tasks for 6 months, they think there is nothing more for them to learn, which is totally unreal. I’ve worked in the company for almost 6 years and I learnt every new thing every day. This job depends very much on your perception and personality.”- interviewee 6.

Moreover, interviewee 4 believes the reason for high employee’s turnover is because company A only offers short-term contracts for most employees. The contract lasts from 6 months to 1 year, which causes unstable feelings for employees. Lack of freedom in carrying their job is also one big reason. Employees are forced to talk in a certain way (scripts) to external customers, shared by interviewee 4. This fact demotivates creative employees. Moreover, top management does not adapt to local market. They apply management style of Finnish into Singaporean working culture which is not working.

Most employees believed their jobs in company A are not well-designed. There was no flexibility, creativity and clear self-development path. However, interviewee 6 believed that his job is well-designed. The tasks are precise which pushes employees to perform their best. Everyone’s tasks contribute greatly to organization’s goal. He indicated that there is flexibility and creativity in the job if employees show great results. This fact means that you must work hard to earn the freedom. Interviewee 1 thinks her tasks were well-designed, in term of productivity. She understood the importance of her job. Conversely, there was no flexibility and creativity in her job which demotivated her the most.

5.2.2 Customer service culture

Researcher aims to understand employee’s perception about customer service culture in company A. The first question is “How do you think about working culture in company A? Does working culture influence your motivation?”. Table 4 is a short summary of each interviewee’s answer.

Table 4. Opinion about company A's working culture

Interviewee	Answer
1	Company A has a weak working culture. Company has a very competitive working culture, teams and individuals are compared visibly to each other's. Of course, company culture affects my performance
2	Very bad working culture. The working culture influences my work directly
3	Great energy of culture, everyone works very hard. Very competitive working culture. Everyone tried to be green, meaning achieving individual target. Working culture is very important for me.
4	Company promotes their culture based on how much parties they organize. If you're not in the company's party, you do not belong to the 'big family'. There is usually a lot of alcohol involved in the party.
5	It's a work hard play hard culture and very competitive which brings out the excellence in everyone who wants to succeed. This positive culture influences my job satisfaction.
6	Very international working culture, very interesting. People support each other in daily work from teams to teams.

All the answers reveal that working culture influences strongly their performance and motivation. Company A's working culture is perceived in different angles from different interviewees. Some interviewees think about their relationship with colleagues and internal events as a tangible evidence of company's culture. Some interviewees refer company's culture to working style and working atmosphere in the office. Interviewee 1 and 5 shared the same vision that company A's working culture is extremely competitive. Because every employee's result is visible on company internal board, it causes a certain competitive atmosphere among colleagues. Interviewee 5 shared this is the best culture because with competitiveness, company can bring out individual's best quality. Alternatively, Interviewee 4 has different opinion. Interviewee 4 started her career in company A as intern for six months. After that, she worked as full-time project manager for 6 months. She experienced totally different culture.

“When I was intern, everything in company A was so positive. I think mostly because I had a terrific team manager who cares a lot about us. However, when I got a full-time job as project manager, things were very depressed. I had to achieve my weekly target which got all my attention. I was too stressful that I did not have time to attend any company’s parties on Fridays. The stress of getting result leads to personal depression, which made me see the working culture in company A was not motivated.” – Interviewee 4

In contrary, Interviewee 3 shared different opinion

The working culture in company A is very energetic. Everyone tries to help each other. Senior employees constantly help junior employees in term of psychology and work-related tasks --- Interviewee 3.

Additionally, interviewees were asked their opinion about customer service culture of company A. Again, each interviewee has different understanding about customer service culture. In general, all of them agree that customer service of company A is exceptionally excellent. The service is provided totally based on customer’s demand, for instance, the event’s topics are based on delegate’s wishes. To design event’s program, project manager interviews with each delegate about what topics that they would like to discuss in the event. Then, based on the market research and interviews, project manager designs a program which contains most-wanted topics. Moreover, Interviewee 3 thinks that customer service team in company A is very professional. Each event has one Customer Experience Management team who takes care of customers from A to Z. Partners are trained before the event how to use event’s App and how to get the most productive networking effect in the event. Interviewee 4 shared she thinks company A cares a lot about customer service. Even though she does not like how internally company A operates, she will still provide good service for external customers. She believes by providing good service to customers, she would create personal contact with important delegates. The mean of these contacts is great future career opportunities. Moreover, she believes other colleagues of her think the same. Even though employees are not satisfied with the job, they still provide good service to external customer, not for company’s benefit but for personal benefit. Both Interviewee 6 and 5 think customer service is excellent in company A. Excellent customer service is one of the five core values of the company. Interviewee 1 thinks customer service is

not a strong trace of company's culture. Among employees, their top priority is not offering good service for external customers but to achieve their individual target. Interviewee 1 was too busy worried about her KPIs, she often forgot the bigger purpose of her job.

To dig deeper into customer service culture for company A, interviewer asked "What suggestions do you have to enhance the customer service culture at ME?". One opinion is company A should emphasize the service culture in the beginning of recruitment process till Onboarding journey. Interviewee 4 believes that employees should be educated about exceptional customer service. Interviewee 3 thinks the customer service culture should not stay in one department, but it should spread to all departments in the company. Another idea is if company A wants to enhance the customer service culture, top leaders should understand the importance of it.

"The awareness about customer service should starts from top management, then they should provide more practices for employees in lower level. Company A should have the same standard of customer service. There should be written documents regarding this." –Interviewee 6

Moreover, Interviewee 5 believes to enhance customer service culture, company should create more opportunities for customer service department to explore different country's events. Likewise, Interviewee 3 thinks company A should adapt to culture of local market.

"You cannot use all the Finnish customer service manners to Singaporean customers. It will not work" –Interviewee 3

Additionally, Interviewee 1 suggests company A should not stress employees too much about KPIs and individual target. Instead, they should educate employees the final goal of their job and why it is important.

5.2.3 The impact of internal marketing practices

Leadership management

Top leader's perception and awareness influence directly to employee's behavior and awareness (Cascio, et al., 2010). To examine leadership management's style of company A, interview's questions such as "Do you think top leaders in company A care about employee's satisfaction?" or "how is the communication level between you and top leader of company A?". Interviewee 2 and 3 think that top leaders in company A (owner, CEO, COO, etc.) do not pay attention about employee's satisfaction at all. Instead, they care more about the "number", meaning sales revenue, number of deals, number of registrations.

"I think top leaders in company A do not care much about employee's well-being, satisfaction or feelings. Evidence is there are not much of their efforts in getting to know how employees are doing. All they usually ask is what are the results. Leaders only care about numbers, which leads to negative atmosphere and dishonest work tactics"- Interviewee 2

In contrary, there are positive feedbacks regarding how leaders in company A care about employee's satisfaction, or broader term, internal marketing. All three interviewees 6,5 and 4 think that their leaders do a very good job in keeping employees motivated. Moreover, Interviewee 4 shared that she was encouraged to talk with the CEO. The CEO appreciates when employees come and ask her questions. Moreover, they also have meeting with CEO in group once in two weeks. Interviewee 5 thinks that his leaders support him in every aspect, not just work-related but also personal life. He feels safe and super motivated at work. Another opinion is that top leaders in company A are aware of the importance of internal marketing. However, they still need to practice on applying effective internal marketing. For example, they usually come and talk with employees, but the quality of these discussions is not effective. Top leaders try to organize many trainings for employees, but employees think that these trainings are extra tasks on top of their stressful daily tasks.

In company A, there are two big trainings: summer training and winter training. Both trainings are evaluated as ineffective and unproductive, according to interviewee 1 and 4. Interviewee 4 shared that she never understands the logic and purpose of summer training. Summer training happens every August in off-site destination. It is two days of trainings. Employees from all offices will be flown to Finland. Company policy states that only employee who achieves weekly target in one month before summer training can join it. Interviewee 4 expressed that why

people who needs training the most (who does not meet their target) are prohibited to attend the trainings. Moreover, as person who attended summer training, interviewee 1 thinks it helps a lot in term of boosting team's spirit. However, it lacks knowledge sharing and function trainings. Often, there are lots of alcohol and people just got drunk two days in a row in an off-site destination. Winter training has the similar policy as summer training.

Moreover, researcher wanted to understand the impact of leadership management on service quality, by asking question "If top management would change the individual target to more reasonable number, would you do your job better? Would you still provide good service for customer?". Five out of six interviewees said if the individual target is more reasonable and achievable, it will not affect the service quality they provide to external customer. However, the change in KPIs would make their job more satisfied and less stressful.

"It will of course affect my job satisfaction, but it causes no effect on the service I provide. I provide good service to customers for my own benefit. I think if I provide bad customer service, the angry customers will be my problem initially. Unhappy customers will make bad days at work for me. With this reason, I think if the company change individual target to more reasonable, my service quality is still the same"—Interviewee 4

Some interviewees said they provide good service for their customers because simply they just want to do so. They said happy customers may lead to positive surprised opportunities in the future. Since most of the case employees leave company A because they got hired from customer's companies. However, Interviewees 3 did not agree with the rest. She stated that if her individual target is achievable and logical, it will enhance her service to customer a lot. The reason is because better KPIs would make her more relaxing. When she is relaxed and can be herself, she will be happier with customers. See detail answers in Appendix 2.

Further, most interviewees had the same answers for the next question: "If top management constantly emphasizes the customer service is strong value, would you provide better service?" All the interviewees would be more satisfied and provide better service quality for customers.

Table 5. Interviewee's response to question: "If top management constantly emphasizes the customer service is a strong value, would you provide better service?"

Interviewees	Answers
1	It will affect me strongly
2	It will affect me, of course, but not too much. I would remember to care about service quality every time I talk with customers.
3	If my boss often reminds me about customer service, it will affect me great deal.
4	It will affect me a lot, as well as the service I provide.
5	I think if my manager keeps reminding me about the customer service, I will pay more attention to it. Especially if this is the strong advantage of company A, I will increase the service quality for customers.
6	It will affect me a lot. I will pay more attention to the service I provide.

Communication

Communication between employees and top management is indeed the most important method in enhancing the motivation of employees and strengthening the customer-centric strategy. (Berry, et al., 1976, p. 9) Impressively, five out of six interviewees think the communication level in company A is very strong. Specially communication between colleagues in same team or in different team. In company A, they use Skype and company's email as the main communication method. Top management send an email to all employees every Monday, consisting of important news happened last week and what will happen next week. Weekly email also reveals who are top 10 employees last week.

"I think we have a good communication system with our colleagues. We have Skype dialog, LinkedIn and group email. My communication with direct report is also good. We have every week 1-2-1 sessions and team meeting every Monday. We usually also go for lunch together which enhances the communication level. "-- Interview 1

“Communication is good. Colleagues communicate a lot, we share ideas and experience among each other. Senior employees like to share experience to junior employees. Job level communication between me and managers is very open. Psychological communication level totally depends on team managers. With some managers, you can share everything but with others, you can’t. Communication between different teams is also good. “—Interview 3

Communication between colleagues and managers are very strong. Each employee has one-to-one meeting with their managers every week. In the meeting, managers give feedback on employee’s performance, giving more instructions on how to improve. Managers also listen to employee’s feedback carefully. Not only just weekly meeting and one-to-one meeting, most team also have the whole team’s meeting where people from different department in same team are met. The objective of this meeting is to get people across different functions to talk to each other and exchange knowledge.

However, there are weak points in communication of company A. As a team manager of two big teams, interview 6 feels that sometimes he does not have much time to communicate with his direct reports. He has more than 30 direct reports and one-to-one meeting with each of them every week takes lots of time. Moreover, the quality of each talk is not too deep when he must attend so many meetings. Interviewee 2 thinks the communication level is extremely weak. Her direct manager failed to understand her. She thinks because of the lack of communication, sometimes, her manager did not know there was team’s conflict. Interviewee 3 thinks that sometimes, team meetings took lots of her precious time. Each meeting lasts one hour or two. Moreover, most of team meetings were carried online because company A has employees working remotely from different offices. The online meetings, in Interviewee 3’s opinion, are ineffective. Because sometimes internet connection was bad, and it interrupted the process. Sometimes people do not know when they can start to talk because maybe the other side also wants to talk.

In short, communication level of company A is good, from colleagues to colleagues and from employees to managers. There are adequate number of meetings which provide good information. However, there are still rooms for improvement, such as communication between top leaders and employees, the quality of meetings, the method of meetings.

In addition, interviewees were asked “If the communication is bad between you and your colleagues, would you still do your job well? Will you still provide good service for customer?”. Six out of six answers indicate that bad communication will lead to bad service quality. Interviewee 6 shared that he would feel confused if there is not enough communication. He would doubt about his performance and wonder if he is doing the good job or not. These feelings would eventually lead to demotivation at work. Similarly, Interviewee 1 said by communicating with her manager weekly, she keeps her work on track. Moreover, she did her job better by asking advices and experience from senior employees.

Self-development path

Regarding self-development for employees in company A, most interviewees think that there is no clear written document about self-development path. In other words, there is no crystal-clear information when and how employees can get promotion or salary raised. Interviewee 3, 1 and 4 shared that they would be more motivated if there is a clear personal development path inside the company. Interviewee 6 thinks there are different path for different individual.

“The career path for employees in company A is you start as junior position, then senior position, then team manager, then regional manager then if you work hard enough and earn good credibility, you will become Head of department, COO and CEO. For my experience, it took me five years to become team manager. There is some case that person became team manager in one year even. Importantly, not only you can get promotion in company A but also you can get demotion.” –Interview 6

As blurry as it is, all interviewees are unable to define career development path in company A. Interviewee 3 thinks it is political decision if one gets promotion. Moreover, interviewee 4 believes that one gets promotion based purely on number of his performance’s index, for instance, meet the individual weekly target or have good quarterly evaluation index. However, company is missing the quality of one’s work because it is based on only quantitative result.

In term of personal skills development, by answering the questions “Do you constantly learn new skills and knowledge while working in ME?”, interviewee 1,2,3 and 4 said they stop learning after a few months of working in company A. Interviewee 1 stopped learning new skills after 6 months. Interviewee 2 shared she stopped learning new skills after one month working there. Interviewee 4 explains because her task is so simple, and she had to repeat the task every day. Therefore, she did not constantly learn new skills while working for company A. Interviewee 3 said she learnt new knowledge about industry’s trends via her job in company A. Moreover, she polished her skills in pitching and writing email. Most of the new knowledge come from self-learning process and her customers. Company A did not provide opportunities for her to learn new skills.

“Yes, I learn about market trends constantly. I learn writing email in different way.”- Interviewee 3

In contrary, Interviewee 5 and 6 constantly learn new skills with their jobs. Not only they can update themselves news of different industries but also, they get to learn new skills in management. Interviewee 6 said there are constant changes in company A. The company tries to catch up with new technology trend in event management industry. Therefore, there are new things to learn every day. Moreover, he learns a lot about leadership and management skills. He is also fascinated by the multi-cultural working environment. He learns a lot about different cultural management.

If company A has a clear written document about internal career path for employees, four out of six interviewees will perform their service better. Interviewee 5 stated that this fact will affect his performance strongly.

“This fact will affect strongly my effort in providing good service. Because I am motivated if I have clear target, then I will do my job so good. And eventually, the service quality will get better.”- Interviewee 5

On the other hand, two interviewees would not perform their service better if they know their internal career path. Interviewee 2 said because she does not like the nature of the job, she will not care about promotion and salary raised. See more answer’s detail in Appendix 4.

Compensation

To understand more about employee's opinion about their compensation in company A, they were asked questions like "Are you satisfied with your salary and bonus system?" and "Do you have other suggestions for compensation which will motivate you to do your job better?".

"As a sales manager, I think the salary is fair and I like the commission system. I am satisfied with my current salary. The commission is good but very challenging. I like challenge so that's why I think it's excited."—Interviewee 5

"I was not satisfied with my salary and specially the bonus system. They tried to squeeze out people's intelligence and hard-work. Also, about the bonus system, it is so unfair for project managers to take all responsibilities. Project manager's commission depends on so many factors that it's impossible for project managers to have full bonus. In the end of the day, if the event is bad, project managers get all the blame"—Interviewee 3

To explain the point of Interviewee 3, she shared that every event in company A creates employees bonus. Project manager is the one who designs the event's program, invites guests and takes care of guests' quality. Sales manager's responsibility is getting partner to the event, who pays to participate. The bonus system for sales manager and project manager is different. Project manager gets event's bonus based on how many customers they can invite to the event and the quality of the customers (delegates). After the event, all customers, including partners and delegates give feedback. These two feedbacks are ranked in 5 stars. If both feedback of delegates and partners are below 4 out of 5, project manager's bonus will be cut into half. Sales manager's bonus is not affected by any customer's feedback. It is calculated when sales manager closes a deal. Interviewee 3 thinks it is unfair for project manager because their bonus depends on factors that they cannot control.

In addition, Interviewee 4 believes there is unfair treatment about compensation. Finnish team's members always get more salary than other team's members. She also thinks that she deserves more compensation than what she got. The value of each employee brings to company is way

more than what they got paid. Likewise, Interviewee 2 thinks company A tries to cut employee's salary and bonus as much as possible, despite their hard-work and effort. Likewise, Interviewee 1 think the compensation needs to be improved in company A. Moreover, there should be a better commission or bonus system. The table below presents the summary about each interviewee's opinion about compensation factor.

Table 6. Employee's opinion about their compensation

Interviewee	Answer
1	I am not satisfied with my salary and specially, very unfair bonus system.
2	I am not satisfied with my salary. Company trying to cut employees' salary and bonuses as much as possible despite our hard effort to survive in this job
3	I am not satisfied with salary and bonus system. They tried to squeeze out people. It is so unfair for project managers to take all responsibilities. Project manager's commission depends on so many factors that it makes it's impossible for project manager to have full bonus.
4	The salary is way too low and bonus system doesn't really motivate people enough
5	I think the salary is fair and I like the commission system.
6	Good salary, you earn what you deserve.

Further, interviewees were asked how would the quality of their service change if they received better compensation and fairer bonus system. Two out of six interviewees shared that they would have provided more less the same service quality if the compensation was better. Interviewee 4 shared that it is nice to know your good work is recognized and rewarded. Yet, without the compensation, she will still provide good service. Interviewee 3 said she will provide the service based on her compensation. If she got more salary and commission, she will provide better service quality. One opinion is the compensation is not the main motivation for providing good service quality. View more detailed answers in Appendix 5.

In short, all six interviews bring valuable input for this research. Researcher tried to get the best opinion from each conversation. The flow of each interviews was natural. Both interviewee and interviewer were comfortable with the topics. The next Chapter represents the discussion and conclusion of this paper.

In short, empirical result are collected in a precise order: job satisfaction, customer service culture and internal marketing practices. Each interviewee shared their thoughts regarding their job in company A. Four out of six interviewees were not satisfied with their jobs. In terms of customer service culture, the majority of interviewee think that company A has a strong customer service culture. The satisfaction of customer is priority in company A. Regarding internal marketing practices, interviewees shared their opinion about leadership management, communication, self-development and compensation. The empirical results also include observation made by researcher. The next part reveals deeper discussion on how are the results related to the prior research findings.

6. DISCUSSION AND CONCLUSION

This chapter presents the discussion and conclusion of the research's findings. At first, a short summary about the whole research is provided. The following part is a theoretical contribution where a summary about theoretical research and empirical findings is presented. This research aims to answer the question "how internal marketing practices affect customer service culture?". The theoretical contribution part discusses how this research contributes to the existing theories. Moreover, practical implications are presented in the following part. The last part of this chapter presents limitations and ideas for future researches.

6.1 Summary

A case study's problem raises concern for top management. Their quality of service is inadequate. There are many possibilities which cause bad service quality. One of them might be unsatisfied employees. Moreover, the top management of the case company applies internal marketing practices only occasionally to enhance the employee's satisfaction. They hoped that when employees are satisfied with their job, they will provide better service for external customers. To comprehend how internal marketing practices would affect service quality through enhancing employee's satisfaction, this thesis focuses on analyzing the two concepts internal marketing and customer service culture. The main research question is **"How can internal marketing practices be used to support the development of customer service culture of company A?"**

To clarify the main research questions, there were sub-questions which need to be analyzed:

Sub-question 1: What are main elements of internal marketing practices?

Sub-question 2: What is the interplay among internal marketing practices, employee satisfaction and customer service orientation?

Further, the paper reviewed theories about internal marketing and customer service culture. A big picture about internal marketing was presented, including its definition, why internal marketing is important, and the model and tools of internal marketing. Moreover, internal marketing practices were explained. Previous researches (Berry, et al., 1976; George, 1990;

Gummesson, 2000; Janjua, et al., 2014) revealed various suggestions about internal marketing practices. Even though there are a great number of internal marketing practices, they seem to fall into four subjects. The researcher of this thesis decided to categorize the internal marketing practices into four main points: leadership management, communication, self-development and compensation. Besides this, the theoretical aspect of customer service culture was presented, including definition and the importance of customer service culture. Furthermore, it was explored how to create an excellent customer service culture and how internal marketing affects the service culture. The findings of the research are presented in the following part.

6.2 Theoretical contribution

In this part, the answers of main research questions and sub-questions are discussed. Moreover, table 7 presents the summary of key findings for each research questions. Each key finding consists of two parts: theory findings and empirical findings. Following part is an updated theoretical framework. New findings combine with previous theories to create new theoretical framework.

Sub-question 1: What are main elements of internal marketing practices?

For companies to practice internal marketing, they should consider three components: vision (beliefs of employees), reward (how to compensate employees) and development (do employees learn new skills with the tasks?) (Foreman & Money, 1995). Normally, internal marketing's academic researches include practical suggestions from authors. The suggestions are broadly discussed in different ways. However, it appears that all practices can be grouped into four categories: leadership management, communication, self-development and compensation. Leadership management consists of actions by top management to operate with internal marketing as the core strategy of the organization. For instance, organizing internal events for inspiration or personal development, enhancing knowledge for employees, making sure the internal marketing is systematic, constantly communicating with managers and employees to remind about service quality, etc. (Gummesson, 2000; Berry, et al., 1976; Wieseke, et al., 2009;

Ahmed & Rafiq, 2002). Communication is in regards of how employees communicate with each other. The practical activities constitute organizing face-to-face discussions, meetings, internal events. Moreover, communication activities include developing an internal language, listening to employee's voice, as well as giving concrete and constructive feedback to employees. (Murray, 1979; Martin & To, 2013; Schultz, 2016) Self-development concerns the ability of employees to learn new skills while working in the organization. It specifically involves training programs, courses, organizational magazines. Also, self-development involves a clear career path for employees within the organization, such as promotions and salary increase. (George, 1977) The last category is compensation. A good compensation and bonus system are what top managements should pay attention to, to motivate employees. (Grönroos & Päävi, 1999) Empirical results show that leadership management, communication, self-development and compensation factors are important for implementing internal marketing. The case study company implements similar activities to the ones mentioned above. However, it also depends on the frequency of these practices. Implementing internal marketing practices frequently brings different impact than rarely implementing them. Written documents about internal marketing may be essential methods for top management and employees to remember.

Sub-question 2: What is the interplay among internal marketing practices, employee satisfaction and customer service orientation?

Internal marketing aims to develop the level of employee's satisfaction. It is believed that internal marketing practices affect strongly how employees feel about their jobs. (Grönroos, 1981) Each internal marketing practice raises a great amount of attention to an employee's welfare. In terms of empirical results, communication and compensation affect the employee's satisfaction. The communication between colleagues, and between colleagues and their managers, is key. By communicating frequently, employees learn how to perform better. Experience and tips from senior colleagues are extremely crucial. The communication method is also important. Face to face meetings are more effective than online meetings. Further, good salary and commissions would motivate employees strongly. Self-development and leadership management also have their impact on workers' satisfaction. However, the impact is not as strong as with communication and compensation.

In addition, an employee's satisfaction affects the service quality provided by employees, which leads to a strong customer service culture (Heskett, 1987). In contrary, there is no relationship between job satisfaction and customer orientation (Herrington & Wendy, 1999). The relationship between job satisfaction and service quality is still in debate.

Empirical results of the research show an interesting connection between workers' satisfaction and customer service culture. Even though employees are not satisfied with their jobs, they still provide good service to external customers. When employees are not satisfied with their job, they are in a different boat as top management. They see themselves as entrepreneurs who need to do their job efficiently. The employees' motive for providing good service is for their own benefit. Benefits can be future networks with external customers, personal performance index and self-esteem.

Main questions: How can internal marketing practices be used to support the development of customer service culture of company A?

Internal marketing's main target is to enhance the satisfaction of internal customers (employees) (Berry, et al., 1976; Grönroos, 1981; Gummesson, 2000; Ahmed & Rafiq, 2002). We can conclude that internal marketing has a direct impact on employee's satisfaction. (Martin & To, 2013) Moreover, the employee's satisfaction is a link between internal marketing and service culture. Service quality is influenced strongly by employee's satisfaction, loyalty and productivity. (Heskett, 1987, pp. 164-165) Therefore, the relationship between internal marketing and customer service culture is tight. Internal marketing practices are used not only in creating but also maintaining service culture. (George, Grönroos, 1991)

In terms of empirical research, the result is slightly different from literature review. According to the qualitative findings, internal marketing strongly enhances employee's satisfaction. However, employee's satisfaction has a small impact on customer service's quality. Even though employees are not satisfied with the job, they still provide excellent service for external customers. It should be noted that each internal marketing practice has different impact on customer service culture. Leadership management has the weakest impact on customer service

quality. The changes in a company's policy and support from leaders have small impact on employees perform their service to customers. Communication, on the other hand, has a strong impact on customer service culture. When companies constantly communicate, encourage their employees about better service quality, it affects employees the most. Meanwhile, compensation and self-development have moderate impact on customer service culture. Employees would feel happy when they get better rewards, but their service quality will still be the same.

Table 7. Summary of key findings

Research questions	Findings
Sub-question 1: What are main elements of internal marketing practices?	<ul style="list-style-type: none"> • Theory findings <ul style="list-style-type: none"> - Leadership management: awareness of top leaders about internal marketing, putting internal marketing as focus in marketing strategy. - Communication: hold meetings, internal events, trainings, listen to employee's feedback - Self-development /internal career path: create education session for employees, have written promotion plan - Compensation: provide good salary and reward system • Empirical findings <ul style="list-style-type: none"> - Organizing several internal events like gathering events, trainings, education sessions. - Reminding employees constantly about providing exceptional service - Putting employee's wellbeing as one of the core values
Sub-question 2: What is the interplay among internal marketing practices, employee satisfaction	<ul style="list-style-type: none"> • Theory findings <ul style="list-style-type: none"> - Internal marketing practices have direct effect on employee's satisfaction (Grönroos, 1981). - Satisfied employees are the key for successful customer service culture (Dennen, 2015; Mayer, 2015).

<p>and customer service orientation?</p>	<ul style="list-style-type: none"> • Empirical findings - Internal marketing practices (communication, leadership management, self-development and compensation) affect employee's satisfaction directly. - Employee's satisfaction does not necessary lead to good service quality.
<p>Main research question: How internal marketing practices can be used to support the development of customer service culture of company A?</p>	<ul style="list-style-type: none"> • Theory findings - There is a direct link between employee satisfaction (the result of internal marketing practice) and organizational culture (Janjua, et al., 2014). - The relationship between internal marketing and service culture is strong. Internal marketing is the main tool to create service culture (George & Grönroos, 1991) - Leadership management: the commitment of top leaders to influence strongly employee's behavior and motivation though internal marketing. (Cascio, et al., 2010; Wieseke, et al., 2009; Ahmed & Rafiq, 2002) - Communication: communication is the most important method in enhancing employee's motivation on customer service. (Berry, et al., 1976; Martin & To, 2013; Murray, 1979) - Self-development: learning new skills and knowing clear promotion plans will keep employees satisfied with their job. Once employees like their job, they will provide good service quality (George, 1977)

	<ul style="list-style-type: none"> - Compensation: good wages and status will keep employees satisfied, hence, company's service quality (George, 1977) • Empirical findings - Internal marketing practices do not have strong impact on customer service culture. Each element of internal marketing practice has different impact on service culture. - Leadership management: weak impact on employee's service quality performance. - Communication: very strong impact on employee's service quality performance. - Self-development /internal career path: neutral impact on employee's service quality performance • Compensation: strong impact on employee's service quality performance.
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6.3 Practical implications

Internal marketing certainly is an important strategy for management in all companies. It does not primarily apply for service companies but also for companies in the manufacturing industry. Having an internal marketing mindset for both managers and employees are the result of implementing the right practices. Not only does this paper provide concrete suggestions on internal marketing practices, it also shows which practices would bring the best results on employees' satisfaction and customer service culture.

The four categories of internal marketing practices are leadership management, communication, self-development and compensation. According to the research's findings, companies should pay more attention on some practices than on others. Figure 10 presents which practices should be emphasized.



Figure 9. Practical applications

Self-development and leadership management have a weak impact on customer service culture. Leadership management includes activities from top management that affect employees' behavior in regard to the internal marketing approach. First, top leaders should gain the right mindset about internal marketing. Taking care of internal customers is as important as external customers. Happy employees will bring happy customers by providing good service. (Scott, 2016) Moreover, leaders' behaviors and awareness affect directly employees' behavior. (Cascio, et al., 2010) Top management can increase the communication level between them and employees. Listening carefully to an employee's demands brings good comprehensions. Educating employees about service quality in trainings, meetings and internal events are essential. Moreover, top leaders should constantly remind themselves and their employees about delivering excellent service quality. Setting individual targets and KPIs for employees in a logical and reasonable manner is important. Further, employees are motivated when they learn new skills and gain knowledge while doing the job. Companies can boost up employee's experience by offering personal trainings, courses and internal competitions. Moreover, companies should provide a clear structure for internal career paths, including promotion plans. Written documents about the promotion plan is necessary for employees to comprehend where he or she is standing now. Moreover, when employees see a future in the company, they most

likely will stay with the firm long-term. Even though leadership management and self-development does not affect strongly the customer service culture, they still have certain impact. Therefore, companies should apply these practices to enhance employee's satisfaction and service culture.

Elements of internal marketing practices, which have strong impact on service culture, are communication and compensation. Every enterprise knows the importance of communication. In terms of internal marketing and service culture, it plays a crucial role. Companies should increase the level of communication among colleagues and managers. Especially internal marketing enhances the cross-function's communication level. Effective meetings and inspired internal events are important. Each gathering within the company should have a meaning and clear mission. Employees need to know why they must attend these internal events and what the outcomes are. Face-to-face communication is more effective than online communication. Therefore, companies should create as much opportunities as possible for employees to meet face to face. This is tricky for global companies that have multiple offices around the world. Top management should create a system where employees can freely give feedback. Not just listening, managers should act upon the feedback of employees. Even though some of the ideas of employees are not applicable, managers should still give feedback. This fact will increase trust among employees.

In addition, companies should pay attention to compensation and bonus systems. George (1977) believed "wages and status" are the main factors that affect employee motivation, hence, the company's product and service's quality. Good salary motivates employees to provide better service. Employees will feel responsible with the compensation they deserve. Moreover, good results should be recognized and rewarded. Companies should organize internal competitions where the winners are applauded. Moreover, reward systems should be logical and fair among different teams and functions. Unfair bonus systems lead to distrust among employees. In short, communication and compensation are two practices that top management should pay strong attention to build good customer service culture.

Further, this research's findings suggest that unsatisfied employees might not affect the quality of customer service. Employees have their own motivation to provide good customer service

quality. The motivation can come from the organization or the employee themselves. When the individualism culture is high, employees will provide good customer service based on their own benefit. For instance, even when workers are not satisfied with their jobs, they still provide good service to the customer because they want to keep a good relationship with the customer personally. This fact can be applied for companies that value entrepreneurship among employees. Moreover, companies should pay more attention to the recruitment process. Choosing the right people is not easy, especially the ones that already have a customer service mindset.

However, these practical implications have their limitation. The following chapter discusses about the limitation of the research and ideas for future research.

6.4 Limitations and future research (Directions)

Limitations

The results of this research might be different if the research is conducted in a different way. First, if the research method is a quantitative research, level of reliability and validity of this research will be higher. Conversely, quantitative researches would not provide deep knowledge of each interview question. In this research, there are six participants who vary from managers to team manager. The result might be different if higher level like regional manager, chief operation officer, chief executive officer or chairman of the company are involved. Further, this research has solely examined one department of the company. To see the bigger picture, another research about all departments in one company is highly recommended. Secondly, if the same concept context applies to product companies from different industries, researcher believes the result will also differ. For a better understanding of internal marketing practices and customer service culture, more interviewees from different level of management should participate.

Future research

This research leaves numerous ideas of future researches. Each element of internal marketing practices should be examined closely, for instance, the reason, why leadership management has

weaker impact than communication, in term of improving customer service culture. In addition, we acknowledge that communication affects service culture. However, will its impact be strong in a virtual working environment? Future research should examine strongly the impact of compensation on job satisfaction in two ways: how low or high compensation affects employee's satisfaction?

Moreover, the topic of unsatisfied employees might still provide good service is worth of being researched. What are the motives for employees to provide excellent customer service? Why do demotivated employees still offer good service to external customers. Furthermore, it raises the question whether satisfied employee or unsatisfied employee would provide better service quality. Another suggestion for further research is to examine the relationship between job satisfaction and customer service quality. Researching in bigger scale within different industries would bring more accurate results. Especially this topic is worth to be analyzed in the individualistic culture.

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APPENDIX

APPENDIX 1. Questions of interview

General about job satisfaction

1. Are you satisfied with your job in ME? With the rating of 10, how would you rate the job in overall? Why?
2. What factors would motivate you to do the job better?
3. What is the reason why employee's turnover is high in ASEAN team?
4. Do you think your job at ME is well-designed? in term of flexibility, self-develop opportunity, creativity.

General about customer service culture

1. How do you think about working culture at ME? Is it influencing your motivation at work?
2. How do you think about customer service culture at ME (strong or weak, in term of customer orientation culture)? Do you think customer's satisfaction is the number 1 priority in ME? Why?
3. Do you think your customers are satisfied with the service you provide?
4. What suggestions do you have to (create or) enhance the customer service culture at ME?

More specific questions about IM practices

Leadership management

1. Do leaders in ME care about employee's welfare?
2. Is there enough communication between leaders and employees?
If top management have some change in KPI and individual target, would you do your job better? Will you still provide good service for customer?
3. If top management constantly emphasize the customer service is strong value, would you provide better service?

Communication

5. How do you think about communication level between you and other colleagues, you and your managers, you and your direct reports?
6. If the communication is bad between you and your colleagues, would you still do your job well? Will you still provide good service for customer?

Self-development/ internal career path

7. Do you constantly learn new skills and knowledge while working in ME?
8. Do you see a clear path for personal development in ME for you?
9. If you knew there is a clear path for your career in ME or you constantly learn new thing, would you do your job better? Would you provide better service?

Compensation

10. Are you satisfied with your salary and bonus system?
11. Do you have other suggestions for compensation which will motivate you to do your job better?
12. If you receive better salary and bonus system, would you do your job better? Would you provide better service?