A Chinese perspective for internal marketing: A Review of the Literature and Suggestions for Future Research

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A Chinese perspective for internal marketing: A Review of the Literature and Suggestions for Future Research

Yu-Ting Huang, National Taiwan University, Taiwan, huangyt81@ntu.edu.tw

Abstract

Internal marketing is increasingly important for the development of new organisational strategy. Previous research has reviewed internal marketing studies published in the English-speaking world during last three decades. This current paper is an extension of those other review works. This study concerns the articles that were identified to be in the Simplified Chinese language. This research hence expends review work to focus on Mainland China. This paper provides a review of Chinese literature, placing emphasis on how Chinese scholars in mainland China engage in the area of internal marketing. The review of Chinese internal marketing research shows that the large percentage of theoretical articles, and the lack of empirical studies are limiting generalizability of findings. This research therefore suggests that more quantitative and qualitative approaches should be used in the future research.

Keywords: Internal marketing, literature review, analytical framework, China
Introduction

The hyper-competitive global environment has intensified the importance of distinctive features that will offer organisations competitive advantages in the long-term. There has been an increasing acknowledgement within the management literature that the factors contributing to an organisation’s success include (but are not limited to) meeting customers’ needs (Asif & Sargeant, 2000), using market research (Chen et al., 2005), and keeping employees satisfied (Rafiq & Ahmed, 2000). Previous literature has indicated the importance of organisations adopting a marketing orientation in order to compete in today’s marketplace (Piercy & Morgan, 1995; Varey, 1995). To succeed in today’s highly competitive marketplace, an internal marketing approach helps to preserve a healthy relationship between employee actions and customer experiences. Internal marketing literature has repeatedly shown that the relationship among employees, and between employees and organisations, is a crucial factor in enhancing relationships with customers (Rafiq & Ahmed 2000; Proctor 2010).

There have been numerous studies published in the past 30 years on internal marketing (Huang et al., 2010). This large volume of publications is a strong testimony of not only the importance of the issue but also the legitimacy of inquiry into internal marketing. This paper is a “thought paper” and arose from the arguments about the nature of the academic study of internal marketing - a discussion that has indeed been ongoing for three decades (see Ahmed & Rafiq, 2003). The current study presents the results of a review of the literature on internal marketing. The objectives of this literature review are:

(1) To provide an updated review and synthesis of the internal marketing literature between 1990 and 2013;
(2) To discuss directions for future research aimed at developing better theories and advancing knowledge of internal marketing.

In the process, the current paper also provides a topology of the field of internal marketing, which may provide a fruitful means of delineating the subject domain. In particular, this research summarises the Chinese literature of internal marketing, and follows with a short summary of the emergence of research in the internal marketing field in this new marketplace in Asia. A major reason for the collection and examination of the Chinese literature, in spite of the large volume of published studies, is the lack of synthesis and assimilation of the knowledge of internal marketing in the Chinese context. A summary of the method used for selecting and reviewing the literature follows, with details of the search strategy and parameters of the review. The final section concentrates on a discussion of the weaknesses and gaps in the current research and makes suggestions for further research in the field. The concern of this study is not so much with advancing theory per se, but in providing a taxonomy with which to map and evaluate the Chinese internal marketing research.

**Conceptual framework**

There has been substantial reliance on L. L. Berry’s philosophy (Berry, Hensel, & Burke, 1976), with “employee as internal customer and job as product” concept. A need for real enhancement of the capabilities of an organisation to provide various valuable services for customers, is the fundamental basis of a competitive strategy and gaining competitive advantage (Varey, 1995). To date, the most important market of a service organisation concerns the primacy to the employee market. It demotes the external customer to a secondary level, based on the understanding “to have satisfied customers, you also have to have satisfied employees” (Rafiq & Ahmed 2000). There
could be a case, for example, where the internal marketer could achieve a higher level of customer satisfaction, if internal market research is undertaken regularly, so that they can establish an appropriate programme based on the demands and expectations of employees who will deliver good service to complete the organisational purpose (Abzari, Ghorbani, & Madani, 2011; Back, 2011; Karatepe & Ekiz, 2004). A large number of scholars and practitioners have turned to focus on the employee-orientation philosophy to broaden the internal marketing concept (see Figure 1).

### Figure 1: The Evolution of the Internal Marketing Concept

<table>
<thead>
<tr>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee as internal customer</td>
<td>Customer orientation</td>
<td>Broadening the IM concept</td>
</tr>
</tbody>
</table>

Figure 1 dictates that the appeal of the “employee as customers” concept underpins much of the logic of the first step (see Berry et al. 1976). The second major phase in the development of the internal marketing concept was undertaken by Grönroos (1984), whose starting point was the concern that because contact employees in the service sector become involved in what he termed “interactive marketing” it is necessary that they are responsive to customers’ needs. The third period is marked by insights drawn from a number of academics who explicitly began to recognise the role of internal marketing as a vehicle for implementing strategy (e.g. Winter, 1985). Moreover, Abzari et al. (2011) were one of the most recent scholars to bring to prominence the potential role of internal marketing as a philosophy of human resource management (HRM) for developing jobs as products. However, the lack of a comprehensive theory for internal marketing, particularly from
a Chinese perspective, has been cited as an important shortcoming in the literature (Huang et al., 2010). Further, according to the Huang et al. (2010) study, the rapidly growing literature in internal marketing was focused on the West, with studies originating from the US, UK/Europe and Australia, in recent years. In sum, China is the largest emerging market in Asia which warrants research attention.

**Approach to the review - Methodology**

**Scope of the review**

Literature review has its origins in the internal marketing field and a review of 193 internal marketing papers from the period 1990-2013 was undertaken in January through to June 2014. The starting date was chosen because more and more of international organisational chain bring new organisational strategy into Asia (Ray & Qi, 2004) to mark the start of a new unified internal market department in Asia. Moreover, the Asian scholars started to analyse and examine the concept of internal marketing in 1990s (e.g. Du, 1996; Kang, James & Alexandris, 2002; Wang, 1992). The goal is to trace the development during these three decades and identify trends in internal marketing research in China. There are two major criteria used in selecting the articles for review. First, instead of using books, doctoral theses, or scientific congress records as the source of scientific documents for the purposes of this study, the articles published in a journal were used, because these can be considered “certified knowledge”. This is the term commonly used to describe knowledge that has been submitted to the critical review of fellow researchers and has succeeded in gaining their approval. The searches thus resulted in 193 papers (empirical and theoretical) being selected. Secondly, this study limited the search to journals dealing with some
unrelated topics to this field and to papers written in the Simplified Chinese language from Mainland China only.

**Identification of studies**

Huang and Rundle-Thiele’s (2014) work that has reviewed 157 studies in the English language during last twenty-four years and position this paper as an extension on other review work. According to their study, the Asian scholars (16%) turn to research internal marketing these recent years. The current research concerns the language restrictions so that the articles were identified in this research by the Simplified Chinese language. In particular, the studies were examined in Mainland China. This research hence expends their work to focus on Mainland China. The studies included in this current paper were identified by a process by the combination electronic means with manual search. The following databases were searched: CNKI and wanfangdata. The keyword “internal marketing” in the Simplified Chinese language was used to identify relevant papers for review. Further, searches of electronic and on-line databases using thesaurus search terms, such as “internal market”, and “internal communication”, were carried out and tracked during the search process. This current research retained papers by their relevance as indicated by their title or abstract, or by examination of the paper. The manual search, on the other hand, was directed at sorting through the articles published in major marketing and management Chinese journals, such as Journal of Management Science. Numerous reference lists were examined to identify additional relevant papers and searched an electronic library catalogue for relevant papers as well. The research could examine and realise the internal marketing field in Mainland China.

**Results and analysis**
As the section of methodology was explained, in order to highlight changes in the intellectual basis it is now time to provide answers to the questions raised in the concept framework section. In terms of methodology thirteen of the papers reported the use of quantitative methods, while 93 per cent of the papers were theoretical. None of papers were used qualitative methods to study internal marketing. Due to space limitations the empirical studies from 2008 to 2009 only are reported in Table 1. Column A identifies the sample size for each study, while Column B lists the main techniques used to analyse data, which were coded as: confirmatory factor analysis (CFA), reliability (R), and structural equation modelling (SEM). It is important to note that while all of empirical papers from 2008-2009 are reported in Table 1, papers from 1990 are discussed in the body of this paper. The results are supplemented with the findings from the text analysis procedure.

<table>
<thead>
<tr>
<th>Author (Date)</th>
<th>Region</th>
<th>Industry</th>
<th>A</th>
<th>B</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>P.L. Huang / X. Huang / J. Chen (2008)</td>
<td>----</td>
<td>----</td>
<td>238</td>
<td>CFA/ SEM</td>
<td>------</td>
</tr>
<tr>
<td>G. Q. Yan/ J.J. Chen / G.G. Shen (2009)</td>
<td>----</td>
<td>Steel Traders</td>
<td>499</td>
<td>R</td>
<td>Manager Employee</td>
</tr>
</tbody>
</table>

This summary table provides information about each study in terms of size of the sample, the published date, the number of the author, industry context of the study, type of firms targeted, data...
collection method(s), and analytical approach investigated. In the following, each of these attributes is assessed:

**Size of the sample**

Out of 14 quantitative papers the size of sample used in the reviewed studies ranged from a low of 53 to a high of 499. The majority of studies (n=10) reported sample sizes of over 100. With a reasonable number of independent variables and common statistical analysis, the sample size should be adequate for most studies. However, if the number of factors is large and sophisticated analysis is required, researchers are advised to make sure that their sample size is adequate (n = 200) for the statistical analysis (Comrey & Lee, 1992). More than of half researches (n=9) in this current study reported sample sizes of less 200. However, adequate sample size could ensure and increase the reliability of research. For studies which reported small sample sizes, the interpretation of their findings must be made with clear assessment of the type of analysis adopted (Iacobucci 2010) and results should be treated with caution owing to the small sample sizes achieved. Findings of a few studies appear to be suspect due to their small sample sizes and multivariate approaches.

**The published date**

The distribution of published papers over the years reflects the situation in the field of research. Figure 2 clearly indicates that internal marketing research grew rapidly from 2007. The earliest Chinese paper focussing on internal marketing was published in 1992. After 12 years there were only 26 articles relating to internal marketing indicating that this stage was the exploration period. There were less than 10 articles published in each year between the 1990s and 2005. The increasing number of literature began in 2006 which reflected that the field of internal marketing was a significant topic for Chinese researches.
The number of authors

A total of 271 researchers (including second and third author) authored or co-authored a total of 193 internal marketing articles between 1992 and 2013. The total number of authors from single author and multi-authors are reported in Figure 3. From the table it can be seen that the vast majority of authors (134) published one paper, accounting for 69 per cent of the total. Only 20 authors published three papers, and 39 authors published two papers. Two authors, namely Zhang (e.g. Chen, Zhang, & Liu, 2011; Luo, Song, & Zhang, 2008; Zhang, 2008) and Huang (e.g. Huang, 2002 & 2006, Huang & Wang, 2003), separately published three internal marketing articles, while ten authors published two articles separately. Zhang (e.g. Chen, et al., 2011; Luo, et al., 2008; Zhang, 2008) and Zu’s (e.g. Zu, 2012; Zu & Deng, 2011) research not only used quantitative methods to examine internal marketing, but also collected data in hotel sectors. A review of internal marketing authorship indicates that firstly, the researchers are scattered. Secondly, most
authors have not undertaken detailed in-depth focus on internal marketing. Finally, there is not yet a core of internal marketing scholars in China.

![Graph](image)

**Figure 3**: Author number

**Industry context of the study/ Type of firms researched**

The vast majority of the reviewed studies have drawn from a variety of different tourism and hospitality contexts with a total of 26 of the 100 studies (see Table 2) focussed on tourism and hospitality. With the exception of 20 studies which focused on the whole industry, it obviously stated that most authors emphasised realising the macro environment in China. Several studies have attempted to analyse internal marketing in the education (16) and service (14) sector. Next, small and medium-sized enterprise (SME) (5), transportation (5) and bank (5) industries have received attention in the internal marketing literature over the past 23 years. Out of the studies (see Table 2) that reported the type of firms targeted for investigation, the majority focused on hotel
(19), service (10) and university (8) sectors. Researchers should focus more on different industries in order to elucidate the specific problems posed by the unique characteristics of employees.

**Table 2: The summarised contents of industries**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number</th>
<th>Type of firms</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism &amp; hospitality</td>
<td>25</td>
<td>Hotel</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tourism</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restaurant and catering</td>
<td>2</td>
</tr>
<tr>
<td>Macro-environment</td>
<td>20</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>Education</td>
<td>16</td>
<td>University</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Library</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>School</td>
<td>1</td>
</tr>
<tr>
<td>Service</td>
<td>14</td>
<td>Service</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>insurance</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Housekeeping</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Real estate</td>
<td>1</td>
</tr>
<tr>
<td>SME</td>
<td>5</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium &amp; small</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small</td>
<td>1</td>
</tr>
<tr>
<td>Transportation</td>
<td>5</td>
<td>Logistics</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shipping</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rail</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Road transport</td>
<td>1</td>
</tr>
<tr>
<td>Bank</td>
<td>5</td>
<td>Bank</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial bank</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>State-owned bank</td>
<td>1</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>4</td>
<td>Power</td>
<td>3</td>
</tr>
</tbody>
</table>
The main methods of data collection

In terms of methodology, 180 of the papers reported the use of conceptual methods, while 13 of the papers used quantitative methods. Moreover, none of the studies used personal interviews. Of the empirical studies, 7% employed the survey method, seeking to understand whether internal marketing influenced the employee satisfaction and performance. While conceptual studies reflect traditional approaches, recent studies of internal marketing emphasised development of theoretical frameworks of internal marketing, and expanded the theory of internal marketing in China. The remaining papers deal with such issues as problems encountered, criticisms of internal marketing and characteristics of firms engaging in internal marketing.

Data collection method(s)

Survey is the dominant method for data collection in internal marketing research. The respondents used in studies varied (see Table 3). Column A identifies the sample size for each study, while Column B lists the main techniques used to analyse data, which were coded alphabetically as: confirmatory factor analysis (CFA), Exploratory factor analysis (EFA), frequency (F), reliability (R), regression analysis (RG) and structural equation modelling (SEM). The use of employees was
most dominant (6), followed by both managers and employees (3). There are 3 papers that did not clearly mention the kind of respondents in the review. Finally, only one paper gathered opinions from manager’s. Several studies have attempted to measure internal marketing in the hotel sector. This high degree of the internal marketing dimensions in data collection methods is in sharp contrast to the glaring lack of the high credible and reliable examination about the relationship between internal marketing dimensions and employees. Given the current status of the literature, this conformity is a welcoming feature, since different findings could be more readily attributed to differences in measures as opposed to differences in data collection methods.

Table 3: the empirical study in 1990’s – 2013

<table>
<thead>
<tr>
<th>Author (Date)</th>
<th>Region</th>
<th>Industry</th>
<th>A</th>
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<td></td>
<td>238</td>
<td>CFA/SEM</td>
<td>---</td>
</tr>
</tbody>
</table>
Analytical approach

While reliability (7) was the most popular analytical approach adopted by Chinese researchers, a diverse set of approaches were also used, such as Frequency (1), CFA (6), EFA (2), and structural equation modelling (3). The popularity of reliability analysis could examine how well measurement errors are minimised over time or how well a scale will accurately reflect the constructs intended over time; hence, it is the opposite of measurement error (Hair, et al. 2010). However, some authors extend beyond an assessment of reliability of measures employing bi-variate and multi-variate techniques such as factor analysis, CFA, and EFA to examine relationships between variables. To develop better theory in internal marketing research, researchers need to combine regression analysis with more sophisticated approaches such as path
analysis and structural equation modelling, so that both direct and indirect effects can be investigated.

**Discussion and future research directions**

Significant progress has been made in the last three decades in developing and testing theory and knowledge of internal marketing in a Chinese context. A key point to make here is that more studies in the last three decade have incorporated some theoretical reasoning in developing their research questions and hypotheses (e.g. Zeng, 2011b, Liu, 2012). However, while marketing scholars in China have advanced knowledge there is room for further improvement. First, research shows that nearly 70 per cent of authors did not continue to conduct research on internal marketing limiting advancement in the field. Further, the lack of empirical studies and small sample sizes are limiting generalizability of findings. Moreover, the dominant use of limited and uncomplicated analyses, such as frequency, and reliability analysis are further limiting our ability to develop and advance theory.

These developments in the past 24 years have significantly shown the theoretical foundation of internal marketing in China. Several authors mentioned the evaluation of internal marketing literatures in China was conceptually and logistically grown up (Li, 2004). Still a major problem is the lack of agreement on the relevant development of internal marketing. In particular, several authors indicated a similar development of internal marketing (Zhang, 2008; Zu, 2012), while Liu (2002) stated internal marketing is a different function for organisation. This lack of agreement on the conceptualisation of internal marketing makes it very difficult, if not impossible, to compare the findings from different studies, especially in the different industries. Theory development is certainly hampered by this weakness of the literature. Future researchers are strongly encouraged
to develop a consistent conceptualisation of internal marketing. Despite the positive progress in theory development, the internal marketing literature is still plagued by several problems. Joseph (1996) and Kale (2007) both strongly suggested that cultural differences could influence on the practice and development of internal marketing in different countries, especially the difference of the West-East content. The recent findings from the Huang and Rundle-Thiele’s (2014) study indicated that cultural congruence could influence the relationship between internal marketing and employee satisfaction. It hence is very important to develop a cross-culturally consistent conceptualisation of internal marketing, given the fact that half of the studies reviewed were conducted outside of China.

Still other major problems of the literature need to be addressed by future researchers as well. First, the issue of the type of firms targeted of analysis is an important one. When diversified large firms and medium-sized firms are targeted by researchers, the one-product-one-market organisation should be concerned as the target firms in future data collection. The reason is in such cases firm-level investigation would inevitably lead to confounded and inaccurate measures. Second, the size of the firms must be controlled in data collection. The most literature uses only one firm to reflect into the whole industry (e.g. Zhang, 2008; Zu, 2012) that easily reduced the reliability and credibility of the findings. Moreover, the uncontrolled size of firms would introduce biases into the results. Success factors for large firms may be different from those for small and medium-sized firms. Future researchers should also consider non-profit firms as such kinds of firms have different structures with other. Third, more of quantitative and qualitative studies should be used in the future research. There are 193 relevant studies during the past 23 years; however, none of studies employed depth interviews. The development of internal marketing was not perfect. In-depth interviews can collect different opinions from employees and managers to realise the current
situation. Fourth, further research is required using a representative sample to enable generalisability. Fifth, it is recommended that, in addition to following more consistent conceptualisation of internal marketing and independent factors, future researchers will be able to build their studies upon multivariate data analysis techniques, such as Log Linear Models and/or Structural Equation Modelling, whenever feasible and report full results including effect size, variances, test statistics, and sample size. Finally, while it is encouraging an increasing number of studies have been conducted outside of China, more work needs to be done internationally.

Reference


Zeng, X. J. (2011b). Young University Teachers' Psychological Contract Improvement Strategy Research under the Perspective of Internal Marketing *Journal of Qingyuan polytechnic, 4* (1), 116-118. (By Chinese)
