

INTEGRATING HUMAN RESOURCE WITH BUSINESS STRATEGY THROUGH INTERNAL MARKETING

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EXECUTIVE SUMMARY

Satisfied internal customers and their attitude are prerequisites to satisfied external customers. So it is important to integrate the service provision process throughout the whole organization for building a stronger external customer satisfaction index. Delivery of the intended service to the customer is likely to be dependent on the extent of integration of values and behavior of the employees in an organization. Internal consistency is a powerful influencing factor in what the external customer perceives from the variety of encounters experienced in the process of receiving the products and services of a firm.

Introduction

Excellence in organizations results from a process of harmonization of resources towards the goal of the enterprise. Human resource is the most interactive resource in an organization. It is the driving force behind the perfect utility of other resources for creating sustainable competitive advantage for the firm. The product, the process, even the code of manufacturing is not sustainable for the enterprises in the face of current generation of competition, technological out bursts and revolution in the internet.

These revolutions have brought new challenges to the forefront of managing human resource. With hierarchal organizations vanishing in a faster pace from the maps of successful enterprises, a high level of automation of routine human resource function, emergence of knowledge workers as the key to organizational success and a high degree of activity/work out sourcing to the third world for creating cost leadership, multinational organizations are looking at internal marketing as the process of integrating human resource function with the business strategy of the organizations.

Large domestic organizations are also not free from this development in the human resource world and trying to map their competency with a simple business proposition. The resource based views of the organization also looks at this strategic development and thus proposes that building market

competitiveness largely depends on the acceptance of final goods and services of the firm by external customers. The external customers are not only looking at the quality of the final product but also the quality of delivery to them. This quality of delivery covers customer contact point and customer interaction.

The customer contact point is the point at which the customer is involved in physical transaction and transfer of ownership. Here he comes in contact with the product as well as the people who deliver the product. In an age of sameness, all products seem similar at least, at the brand element level. A brand element is that feature of the product with which the customer physically comes in contact with like product features, label, style, color etc. Even most of the buying being based on rational reasons in today's world due to growth of 'logic of origin' it is the human resource at the front end of the enterprise who decide the fortune of the business. A good customer service can save a brand with comparable features with other players in business. One understands the key role of the human resource for a customer retention strategy from the perspective of customer relationship management.

Customer interaction is the second key attribute for developing a sustainable competitive advantage for the organization. Since the front end of the organization, to say the sales force or

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marketing led human resource, comes in contact with customers with various need proposition and behavioral patterns, there cannot be a uniform response pattern for the customer stimulus input. The reasons of buying for a customer is multifold, similarly the timing and information search behavior of the customer also varies across the spectrum of customers, so organization's human resource has to deal with this arrangement with higher flexibility and logic.

From the above discussion, it can be summarized that for a successful organization, the human resource component of the Resource Based View (RBV) is the key sustainable factor for building organizational competency. But the degree of commitment of the work force largely depends upon their level of belief and involvement with the process of achieving organizational goal.

The need of internal marketing orientation is based over the rationality that unless the business enterprise is successful in marketing its business philosophy and strategy to its internal customers, at no point of time one can build a competent business organization. The style of getting the best out of people varies from organization to organization but largely depends on a symbolic exchange process of ideas, values and productivity principles with the internal customers. Successful companies create a corporate theme, a philosophy of managing people and try to weave their human resource process around the basic core philosophy of the organization.

In comparison a successful brand manager tries to develop a positioning statement for a brand and weaves its marketing strategy around this positioning statement and guides the marketing force through a web of marketing communication for achieving marketing success. The marketing success is reflected in the form of high market share, larger customer base, higher profit margins, equally the human resources has also these business goals to achieve through effective manpower management.

So external marketing addresses the relationship between firm and its clients where as the internal marketing refers to the interaction between the firm and its employees. The research on internal customer orientation is of recent

origin which highlights the importance of a supportive relationship between the institution and the various groups that work within it and its employees individually ((Berry 1981)). The need for effective internal marketing is recognized as an important ingredient in reaching and satisfying the needs of external customers. Most business environments are too large for any one individual to know everything that is needed to make the business work. It is for this reason that internal customer relationships are needed. Where they do not exist, employees do not understand the importance of what they do and how this affects others in the whole business process. This misunderstanding breeds waste and duplication and strains relationships with most important person of all i.e. the external customer (Field man (1991)).

Satisfied internal customer and their attitude are a prerequisite to satisfied external customer. So it is important to integrate the service provision process throughout the whole organization for building a stronger external customer satisfaction index. Delivery of the intended service to the customer is likely to be dependent on the extent of integration of values and behavior of the employees in an organization. Internal consistency is a powerful influencing factor in what the external customer perceives from the variety of encounters experienced in the process of receiving the products and services of a firm.

Though a successful human resource strategy largely depends on quality of manpower and the corporate political environments studies conducted elsewhere suggests that, any effective human resource system has the capability to translate the war of talent in to a story of successful corporate transformation. If the human resource policy of the organization is not integrated with the business process then it is difficult to develop an employment brand for retaining a quality manpower base.

The McKinsey survey done in 1997 on 6900 American Executives also suggests that 89% of those surveyed thought it was more difficult to attract talented people than it was in 1994 and 90% though it was harder to retain

them. Internet has helped the process of shorter job life cycles. Executives throughout the world are now in to more job hunting than in the past through internet and net based recruitment sites for the simple reason that the level of internal customer satisfaction is very low in enterprises across the world. When the internal customer satisfaction index is low for organizations, it is difficult to have a high index on external customer satisfaction thus leading to high profit erosion and frequent premature death of enterprise. The sole criminal in the process is the poor retention level of quality of the internal customer within the enterprises.

There is another significant factor working against the process of human resource integration with the core business process. The internal transfer pricing mechanism used in the organizations for building competitive strategy across the organization to achieve a high level of cost leadership and focus strategy has increased the level of disenchantment. Organizational departments are now treated as individual units and by the application of principle of internal transfer pricing mechanism the profits are distributed across various departments and so also there is a cost transfer for the semi-finished goods from one section to another. In this firm mechanism, the front end of the organization which actually handles the customer and generates the revenue feels dissatisfied and always in the move for organizations with different intra-firm practices to get a suitable reward for his interactions with external customers. Many of the brick and mortar executives sudden switching to net based organization is a testimonial evidence of the failure of manufacturing enterprises in their internal marketing process.

The ability of the human resource managers to explain the internal customers using their services has also posed serious problems to their roles in the organizations in the face of relentless competitive pressures and organizational change. The continuous war of attrition being waged against excessive corporate costs means that all internal support functions have to demonstrate their worth irrespective of the departments, be it information technology, finance, internal audit or human resources. In this context human resource function

has to be able to ensure that it is providing a business led people management strategy. The human resource function frequently does well to the organization but where it fails is in marketing it to the internal customers. A classic marketing failure for much human resource function is falling in to the trap of confusing what they are offering or marketing, with what their internal customers want to buy. Human resource, for that matter, any support department can very easily get caught up in the intricacies of competency frameworks or performance management systems and in doing so lose sight of the fundamental customer requirements. A constant alertness and sensitivity to the internal customer requirement should be the vary basis of definition of what means being internal customer oriented.

The focus of human resource varies across organizations and on various dimensions. A technically focused human resource department is often chasing the fashions and fads of the current genre of human resource managers bringing a blame that they are out of touch to the ground level issues and not delivering relevant and timely solutions to the organizational problems. The next trap is the performance focused trap which talks about the explosion of competency framework that is too complex and burdensome for organizations to manage. Organizations are in the process of inventing and reinventing leadership competency profiles which are simple repetition of the old characteristics. Too much concern for employee's welfare is seen as an attempt for making people happy or spreading the shower of goodness at the face value instead of focusing on creating a successful organization.

The focus of the human resource should be the traditional objective of motivating people and creating an exciting place for people to work which shall hold a promise of fulfilling their goals and aspirations of life. The other tasks of restructuring and downsizing for an effective business process reengineering, may cut across temporarily the principles of internal customer orientation, but promotion of alternative employment opportunity and adequate compensation planning can bring a synergy in delivering people, management solutions that help managers in their task of delivering business performance.



Internal customer orientation can integrate the human resource function with business process by generating simple and right solutions. Keeping process resource strategy, Organizations should be in business of loving talents through a process of employment branding, so that human resource department can attract good people in doing great jobs. Organization should have a strong performance management program implemented across the organization as ably supported by a compensation plan for the internal customers.

Conclusion

This process is facilitated by the human resource department and managed by all department heads that has to manage the internal customers at their respective levels. So the activity of talent attraction and performance management can create an efficiency based web across the business organization. The line managers are to be reoriented for internal customer satisfaction program. The line managers need to recognize the link between the business goal, strategic human resource intervention and internal customer orientation across the organization.

Since the present and future companies will be in the business of managing knowledge and talent, there is a need to establish this link between the business strategy which talks about setting broader financial and marketing goals, human resource strategy concerned with managing talent, knowledge and relationship through internal customer management program for attaining these goals. The reflections of these realizations are seen in people intensive business like software where people equation is linked with continuous business success, in financial services sector and in financial markets where the valuations are showing indications of a lateral shift towards intellectual capital, in the world of business of knowledge where owning people with ideas is more important than owning huge physical assets.

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