THE EFFECTS OF BANKS' INTERNAL MARKETING AND MARKET ORIENTATION APPROACHES ON PERFORMANCE

BANKALARIN İÇSEL PAZARLAMA VE PAZAR ODaklı YAKLAŞIMLARININ PERFORMANS ÜZERİNE ETKİSİ

Asst. Prof. Dr. Rafet BEYAZ¹
Res. Asst. Abdullah Yiğit GÜNGÖR²
Res. Asst. Şerife KILIÇARSLAN³

ABSTRACT

Information technologies are developing rapidly nowadays and globalization concept which shows up in parallel to IT has started to threaten the existence of firms by making competitive environment more intensive. Counter to this threat, businesses are trying to provide an advantage against their competitors by developing various of strategies. Internal marketing and market oriented approach are among the significant strategies which are developed within this scope. In the study, it is aimed to determine the effects of internal marketing practices and market oriented approach on performance in banks. Besides, it is examined whether internal marketing practices have an effect on market oriented approach or not. As a result of the study, it is determined that internal marketing practices and market oriented approach of banks affect their performance positively. Moreover, it is found that internal marketing practices affect market oriented approach substantially.

Key Words: Banking, Market Orientation, Internal Marketing, Performance

JEL Classification Codes: M21, M31, G61, L25

ÖZ

Günümüzde hızla gelişen bilişim teknolojileri ve bunun paralelinde ortaya çıkan küreselleşme olgusu pazardaki rekabet ortamını daha şiddetli hale getirerek işletmelerin varlığını tehdit etmeye başlamıştır. Bu tehdide karşı firmlar da çeşitli stratejiler geliştirerek rakiplerine karşı avantaj sağlamaya çalışmaktadırlar. İçsel pazarlama ve pazar odaklı yaklaşımlar da bu kapsamda geliştirilen önemli stratejiler arasındadır. Bu çalışmada, bankaların içsel pazarlama uygulamaları ve pazar yönli yaklaşımlarının işletme performansını üzerindeki etkisini tespit etmek amaçlanmaktadır. Ayrıca içsel pazarlama uygulamalarının pazar odaklı yaklaşımlar üzerinde etki edip etmediği de ayrıca incelenmiştir. Araştırma sonucunda bankaların içsel pazarlama uygulamalarının ve pazar odaklı yaklaşımlarının işletme performansını pozitif yönde etkilediği tespit edilmişdir. Ayrıca içsel pazarlamayı uygulamalarının, bankaların pazar odaklı yaklaşımlarını da önemli oranda etkilediği görülmüştür.

Anahtar Kelimeler: Banka, Pazar Odaklılık, İcsel Pazarlama, Performans.

JEL Sınıflandırma Kodları: M21, M31, G61, L25.
GENİŞLETİLMİŞ ÖZET

Amaç ve Kapsam:
Çalışmanın amacı, bankaların işçil pazarlama uygulamları ve pazar odaklı yaklaşımının işletme performansı üzerindeki etkisini incelектirmektir. Ayrıca zamanda işçil pazarlama uygulamlarının pazar odaklı yaklaşımlar üzerinde etki edip etmediği de bu çalışmada incelenecektir. Literatürde işçil pazarlama ve işletme performansı ile pazar yönelilik ve işletme performansı arasındaki etkileşimini inclemeye yönelik çeşitli çalışmalara ulaşılabilir. Ancak işçil pazarlama, pazar yönelilik ve işletme performansının birlikte ele alınıldığı çalışmalarla ulaşılamamıştır. Bu nedenle, banka çalışanlarının bu kapsamlı görüşleri belirlenmek önem arzetmektedir. Araştırma kapsanımı ise, Erzurum Merkez ve Oltu İlçelerinde faaliyet gösteren banka şubelerinin çalışanları oluşturulmuştur.

Yöntem:
Çalışmada veri toplama aracı olarak anket teknikinden faydalanılmıştır. Anketler dört bölümden oluşmaktadır. Birinci bölümde demografik özellikler ve banka özelliklerine yönelik sorular bulunmaktadır. İkinci bölümde 15 ifadeden oluşan pazar odaklı yaklaşımlar, dördüncü bölümde ise 12 ifadeden oluşan işletme performansı ölçeği bulunmaktadır. Belirtilen ölçekler ve bunları oluşturan tüm sorular 5’li likert tipi ölçek ile (1: Kesinli katılmıyorum, ... 5: Kesinlikle Katılıyorum) şeklinde sorulmuştur. Çalışma kapsamında koltukta örneklemek yardımı ile yaklaşık 300 banka personeline anketler dağıtılmıştır. Banka çalışanlarının personel yönelilik, pazar odaklılık ve „departmanlar arası koordinasyon“ olarak isimlendirilmiş ve önemli oranda tüm ölçeklerin güvenilirliği ve geçerliliği analizden çıkarılmıştır. Çalışmada kullanılan ölçeklerde, çalışanın personel yönelilik, pazar odaklılık ve “departmanlar arası koordinasyon” ile ilgili 15 ifadeden oluşan içsel pazarlama uygulamalarının ve pazar odaklı yaklaşımlarının işletme performansı üzerindeki etkisini incelектirmektir. Güvenirlik özellikleri açısından yüksek derecede güvenilirlik gösteren olguların ve diğer olguların, üzerinden 72,511’ini açıklamaktadır. Ayrıca örneklemenin yeterli olup olmadığını gösteren Kaiser-Meyer-Olkin (KMO) değeri (0,903) ile verilerin normal dağılıma uyup uymadığının, gosteren Barlett Testi değerinin (1378.651) oldukça iyi düzeyde olduğu görülmektedir. Pazar odaklılık ve personel yönelilik açıklığını faktör analizi sonucunda “müşteri odaklılık”, “rakip odaklılık” ve “departmanlar arası koordinasyonlar” olarak isimlendirilmiştir. Güvenirlik özellikleri açısından yüksek derecede güvenilirlik gösteren olguların ve diğer olguların, üzerinden 72,511’ini açıklamaktadır. Ayrıca örneklemenin yeterli olup olmadığını gösteren Kaiser-Meyer-Olkin (KMO) değeri (0,903) ile verilerin normal dağılıma uyup uymadığının, gosteren Barlett Testi değerinin (1378.651) oldukça iyi düzeyde olduğu görülmektedir. Çalışmada belirtilen hipotezlerin, içsel pazarlama ve pazar odaklı yaklaşımların işletme performansı üzerinde etkisini tespit etmek için basit doğrusal ve çoklu regresyon analizi yapılmıştır. Çalışmada veri toplama araçının ve pazar odaklı yaklaşımların işletme performansı üzerindeki etkisini tespit etmek için basit doğrusal regresyon analizi yapılmıştır. Analizler genel olarak değerlendirildiğinde ise, işçil pazarlama uygulamlarının hem işletme performansı üzerinde hem de pazar odaklılık üzerinde önemli bir etkiye sahip olduğu görülmektedir. Benzer şekilde pazar odaklı yaklaşımlar da işletme performansı üzerinde önemli bir etkiye sahip olduğu tespit edilmiştir.

Sonuç ve Tartışma:
Çalışma sonuçunda, çalışılan bankaların işçil pazarlama ve pazar odaklı yaklaşımlarının işletme performansını pozitif yönde etkilediği tespit edilmiştir. Ayrıca işçil pazarlama, bankaların pazar odaklı yaklaşımlarını de önemli oranda etkilediği görülmektedir. Boyutlar itibariyle değerlendirildiğinde bankaların personeline yönelik odul ve visyon yaklaşımının, çalışanların rakip odaklı ve diğer departmanlarla koordinasyonu olarak işçil pazarlama ve işletme performansı üzerinde önemli etkileri bulunmaktadır. Bununla beraber bankaların personel geliştirilmelerine yönelik uygulamaların, çalışanların rakip odaklı, müşteri odaklı ve diğer departmanlarla koordineli bir şekilde performansı üzerinde katki sağladığı görülmektedir. Ayrıca tüm katkıların (odul ve visyon, personel geliştirme, rakip odaklılık, müşteri odaklılık, departmanlar arası koordinasyonlar) işletme performansı üzerinde olumlu bir etkiye sahip olduğunu sonucuna ulaşılmıştır. Sonuçlar değerlendirildiğinde ise, bankaların yenilgi rekabet ortamında avantaj sağlayabilmesi için özellikle işçil pazarlama faaliyetlerine önem vermesi, tarihın edilen çalışmalarını aracılığı ile pazar odaklı diğer stratejilere yönelmesi gerektiği düşünülmektedir.
1. INTRODUCTION

Information technologies (IT) developing rapidly nowadays and the globalization concept which shows up in parallel to IT has started to threaten the existence of firms by making the competitive environment more intensive. Since IT and globalization concepts make the market as the only world market, they force firms to reexamine the market, competitors, and customers within an international perspective. Firms that want to resolve this difficulty have achieved to develop various strategies and practices.

In this context, customer-oriented approach which is one of the most requirements of modern marketing perspective has been shown among significant strategies by firms. However, it has been seen that some firms perceive customer-oriented approach incompetently and only focus on external customers while ignoring internal customers. This circumstance which is evaluated as an important marketing myopia might originate substantial results especially in terms of service firms. Hence, firms that aim to achieve sustainability within today’s intense competition environment ought to adopt market-oriented approach and develop internal customer-oriented policies. It’s known that these two phenomena affect each other considerably and have an effect on business performance.

Market orientation concept had been mentioned in the literature by year of 1980 (Karamustafa, Güllü, Acar and Ulama, 2010: 65) was tried to express with concepts such as customer orientation, market-oriented culture, and marketing-orientation (Ayyıldız Ünlü, 2009: 1246). Nonetheless, Shapiro (1988) and many theoreticians indicated that the best label stated the concept was customer orientation (Kohli and Jaworski, 1990: 3). Within this scope, they made three proposals to support the concept. In the first proposal, it was stated that marketing-orientation was a limited concept because it had been perceived as an operation belonging to a specific department (Shapiro, 1988: 122-123). Secondly, it was stated that this label was less political and less emphasized marketing department. Lastly, the significance of market orientation approach was emphasized by stressing that the label tried to focus customers and forces which affecting them on the market further (Kohli and Jaworski, 1990: 3; Park and Zaltman, 1987: 7).

There are several studies related to the definition of the market orientation concept in the literature. Kohli and Jaworski (1990: 3) defines the market orientation as a construct which includes three pillars; 1) one or more departments to understand the current needs of customers, potential needs of them for the future, and factors affecting these needs, 2) share of this approach between departments, 3) several departments which are involved in activities to meet selected customer needs. On the other hand, Narver and Slater (1990: 21) defines the market orientation as more value creation for customers to increase business performance and continue its existence and as a culture based on developing behaviors effectively and efficiently in this direction. Sharipo who defined market orientation as an organizational decision-making process indicated that market-oriented firms ought to include three essential characteristics as the following (Shapiro, 1988: 120-122).

- Gathering information about all significant purchase activities and sharing this information among other units.
- Providing contributions of all units for important strategic decision-making.
- Decisions that are made with the participation of all units should implement coordinately.

When these definitions are examined, market orientation is based on information gathering related to current and potential customers, disseminating this information across departments, and giving the required response as the whole organization by analyzing the obtained information (Çakıcı and Eren, 2005: 160). Market-oriented firms are open systems that have interaction with their environment and this situation provides different benefits to them (Naktiyok, 2003: 98). For instance; providing a competitive advantage, adaptiveness to innovation, increasing service quality and profitability, producing qualified new products, sales development, making market segmentation, easing the selection of target market, providing coordination between employees and managers can be evaluated as some of these benefits (Erdem, Gül and Gül, 2013: 77; Liu, 1995: 57).

There are various studies devoted to determine the effect of market orientation on business performance in the literature. Studies were conducted within this framework is as following: market and quality orientation affects business performance positively (Hamşoğlu, 2011: 91); market orientation provides competitive advantage and affects organizational performance (Nikoomaram and Maatoofi, 2011: 639); market orientation affects business performance positively (Suliyanto and Rahab, 2012: 134); market orientation and innovation orientation have a positive effect on business performance (Erdem et al., 2013: 74). Moreover, Şahin and Aytekin (2019) have
determined that customer orientation as a sub-dimension of market orientation has a positive effect on financial and non-financial performance which are sub-dimensions of business performance. On the other hand, they have indicated that customer orientation has a significant and negative effect on innovation performance. On contrary, some studies show that there is not any significant relationship between market orientation and business performance (Karahan and Özcifçi, 2008: 491). However, the dominant findings support the significant relationship among these two variables in the literature.

Starting from this fact, focusing too much on market orientation and continuous performance increase of firms might cause fatigue of employees (internal customers) and ignore their expectations. These circumstances bring about some problems about several issues particularly such as market and customer orientation in terms of firms. Because employees (internal customers) have a direct effect on following policies, providing customer satisfaction, and enhancing business performance. Therefore, it’s tried to encourage both market orientation behaviors and improve business performance with internal marketing practices.

The internal marketing concept was utilized first by Berry, Hensel and Burke (1976), then George (1977) and Murray (1979). Even if Sasser and Arbeit didn’t utilize the internal marketing concept directly, their study supports the main idea of internal marketing. Internal marketing became a popular concept after it had been defined by Berry (1981) with regards to organizational goals as a point of view considers employees as “internal customers” and tasks as “internal products” which satisfy the needs of these internal needs and requests (Rafiq and Ahmed: 2000: 450).

Internal marketing states that all employees have customers (internal or external) (Grönroos, 1981) and these internal customers (employees) must be satisfied in the workplace to give effective service to the external or internal customers (Berry, 1980). In other words, internal marketing is considered as a prerequisite for the efficiency of marketing operations between the firm and its customers (Compton, George, Grönroos and Karvonen, 1987, Grönroos, 1990). Hence, it might be said that internal marketing is an approach not only concerned with employees who give service to external customers but also employees who give service to internal customers. This approach evaluates each employee who has direct or indirect interaction with other employees as a customer of each other and this network among employees is considered as a crucial factor that affects organizational efficiency.

Internal marketing has three main stages during its development from past to present (Ahmed and Rafiq, 2002: 14). In the first stage, researchers (Berry, 1981; Sasser and Arbeit, 1976; Berry and Parasuraman, 1991) who focused on “employee motivation and satisfaction” express that internal marketing could contribute to organizational performance through providing employee motivation and satisfaction. In the second stage, it was stated that only motivated employees couldn’t be adequate for organizational success, they ought to be “customer-oriented” at the same time. In this context, activities that are done with a marketing-like approach such as developing employees who are sales-minded, customer conscious, and coordinated with their colleagues are evaluated as internal marketing practices (Grönroos, 1981; George, 1977). In the last stage, the idea was generated that internal marketing could be utilized as a tool for “strategy implementation and management of change” in addition to “employee motivation and satisfaction” and “customer orientation” (Winter, 1985). Moreover, it was indicated internal marketing could be implemented not only for service organizations but also for all kinds of organizations (Ahmed and Rafiq, 2002: 7).

After the stages of “employee motivation and satisfaction”, “customer-orientation”, and “strategy implementation and management of change”, Rafiq and Ahmed (2000) remarked five elements of internal marketing as below:

a) Employee motivation and satisfaction
b) Customer orientation and customer satisfaction
c) Coordination and integration among departments
d) Marketing-like approach from top to bottom in the organizational hierarchy
e) Implementation of corporate and functional strategies

They identified internal marketing as planned efforts which include five elements above. In this regard, Internal marketing is defined as planned efforts which utilized marketing-like approach aimed at employee motivation to implement and associate organizational strategies on customer-orientation (Ahmed and Rafiq, 2002: 11).
The main objective of this system where employees are considered as internal customers in is to evoke that management is responsive to its employees and care about their needs and requirements. The system moots that attainment of desired goods or services experiment in terms of external customers depends on employees satisfaction which are called as internal customers (Uygun, Güner and Mete, 2013: 131). This dependency is intensive in service organizations particularly. Because interaction between the employee and customer is acknowledged as the main determinant of service experience. Accordingly, service organizations ought to select suitable employees and have good interaction with these internal customers by comprehending their expectations, desires, goals, ideas, and concerns if the organizations would like to get maximum productivity from them (Kaya, 2006: 8-9). At the same time, it’s crucial to enable some elements to employees such as maintaining internal marketing process consonant with human resources policies, encouraging intrapreneurship, rewarding innovative ideas, implementing planned promotion system fairly, improving technical and physical facilities (Uygun and Akin, 2017: 837).

There are various studies to determine the effect of internal marketing on business performance in the literature. Ayası Çelik and Hacıoğlu (2017) have found that internal marketing has a positive effect on job satisfaction and remarks that internal marketing is an antecedent of successful external marketing. In addition to this, Çoban and Eren (2017) have indicated a positive relationship between market orientation and internal marketing. Kaurav Singh, Paul and Chowdhary (2015) have found out a relationship between internal marketing and job performance. Ergün (2013) has stated that a relationship between the elements of internal marketing and hospital performance. Findings of other studies as following: positive and significant relationship between. Zaman, Javaid, Arshad and Bibi (2012) have indicated internal marketing practices affect organizational commitment, market orientation, and job performance positively in the banking sector. Panigyrakis and Theodoridis (2009) have stated an effect of internal marketing on business performance in a positive way. Turkuz and Akyol (2008) have expressed internal marketing has a positive effect on each kind of business performance. Bouranta, Mavridoglou, Kyriazopoulos (2005) have indicated internal marketing has a positive and strong effect on market orientation. Lings (2000) has found internal marketing affects financial performance, holding employees, and being them disposed to obey operational rules and requirements despite of insignificant effect on business performance.

Banks as important service institutions have been improving rapidly in recent years. There are numerous public and private banks in this sector which involves intense competition. These banks develop policies based on success and profit intrinsically. They force their employees to be customer-oriented, have market-oriented mind, and increase business performance. Meanwhile, the banks also develop reward policies and various internal marketing practices to rise employees’ motivation. Within this framework, this study has been carried out to evaluate whether internal marketing practices and market-oriented behaviors of banks affect business performance or not.

As understood from explanations, internal marketing aims not only employee satisfaction but also customer satisfaction and an important acquisition towards the market. However, it is seen that there is a minute amount of studies which evaluate both internal marketing and market orientation approaches at the same time. It is intended to fill this gap with this study.

The comparative advantage theory of competition (Hunt and Morgan, 1995) which is based on the resources and competencies of firms proposes the customer orientation as a comparative advantage resource. According to the theory, the customer orientation provides a basis for high-quality marketing practices and plays an important role for the effectiveness of the firms (Yağcı ve Çabuk, 2014: 272). In addition to this theory, resource-based view (Barney, 1991) postulates that human resources can be evaluated as a rare, valuable, non-substitutable, and imperfectly imitable resource which may provide competitive advantage for the firms. Therefore, internal marketing can be assessed as a strategy to use this resource more effectively. These theories constitute the theoretical background of the study. In this context, the hypotheses of the study have been developed.

2. MATERIALS AND METHOD

2.1. The Purpose of the Research

This study aims to examine the effect of internal marketing practices and market-oriented approach of banks on business performance. In addition, it is going to be investigated whether internal marketing practices affect market-oriented approach or not. Literature involves various studies which inquire the relationship between internal marketing and business performance and the relationship between market orientation and business performance.
However, any studies which include internal marketing, market orientation, and business performance at the same time couldn’t be found. Therefore, it becomes more of an issue to determine the idea of employees working in banks within this scope.

2.2. Research Model and Hypotheses

![Research Model](image)

**Figure 1. Research Model**

As seen in the Figure 1 above, the research includes three variables as internal marketing, market orientation, and business performance. 11 hypotheses have been developed to test in terms of the model and variables. Developed hypotheses as below:

- **H1**: Reward and vision have a positive effect on competitor orientation.
- **H2**: Reward and vision have a positive effect on customer orientation.
- **H3**: Reward and vision have a positive effect on interfunctional coordination.
- **H4**: Personal development has a positive effect on competitor orientation.
- **H5**: Personal development has a positive effect on customer orientation.
- **H6**: Personal development has a positive effect on interfunctional coordination.
- **H7**: Reward and vision have a positive effect on business performance.
- **H8**: Personal development has a positive effect on business performance.
- **H9**: Competitor orientation has a positive effect on business performance.
- **H10**: Customer orientation has a positive effect on business performance.
- **H11**: Interfunctional coordination has a positive effect on business performance.

2.3. Variables of the Research

As it can be seen in the research model, the variables of the study are “internal marketing”, “market orientation”, and “business performance”. The scale developed by Money and Foreman (1996) and adapted to Turkish by Kocaman, Durna and İnal (2013) was utilized to measure the internal marketing experience of participants which includes 15 items and two dimensions. The scale developed by Narver and Slater (1990), and adapted to Turkish by Bulut, Yılmaz and Alpkân (2009) was utilized to measure market-oriented approach of participants which includes 16 items and three dimensions. Lastly, the scale developed by Erdem et al. (2013) was utilized to measure business performance which includes 12 items.
2.4. The Scope of the Research, Data Collection Techniques and Procedures

For the study, “Ethics Committee Approval” no 77040475-000-E.2000256263 dated 18.10.2020 is taken from the Ethics Committee of Atatürk University. Employees working in banks’ branches in central Erzurum and Oltu district constitute the scope of the study. Intensive usage of internal marketing and market-oriented approach in the banking sector is the main reason for the selection of banks in this study. In this context, 300 questionnaires were distributed to 300 bank employees with the convenience sampling method. 125 questionnaires were convenient to use for the analyses among questionnaires returned. The reasons for the low return rate in terms of questionnaires are the unwillingness of some banks to let their employees to participate this survey, pandemic period, and distance working method during the pandemic.

The questionnaire was utilized as the data collection tool in this research. The questionnaire has four parts. In the first part, there are questions about the demographic of participants and features of the banks. In the second part, the internal marketing scale with 15 items takes part. Market orientation scale with 16 items is in the third part while business performance scale with 12 items in fourth. Items of the scales were directed to participants with 5 Likert type questions from 1=Strongly disagree to 5=Strongly agree.

2.5. The Limitations of the Research

Time, cost, and access are evaluated as the most main limitations of the research. In addition, the selection of just one sector (banking) is another limitation. Lastly, an unwilling approach of some banks, pandemic period, and flexible working systems during this process are essential limitations of the research.

3. FINDINGS AND DISCUSSION

3.1 Demographic Findings

Findings about the demographics of participants are shown in Table 1. In this study, male participants in terms of gender, 31-40 years old group in terms of age, bachelors in terms of education level, working for 6-10 years in terms of experience, Vakıfbank in terms of banks, operation in terms of department are dominant.

| Gender          | F  | %  | Name of the Bank | F  | %  |
|-----------------|----|----|------------------|----|----|
| Female          | 43 | 34.4| Denizbank        | 5  | 4  |
| Male            | 79 | 63.2| Garanti          | 3  | 2.4|
| Missing         | 3  | 2.4| Halkbank         | 24 | 19.2|
| Total           | 125| 100| ING              | 4  |3.2 |
| Age             |    |    | İş Bankası       | 20 | 16 |
| 21-30           | 40 | 32 | Kuveyt Türk      | 6  | 4.8 |
| 31-40           | 67 | 53.6| TEB              | 6  | 4.8 |
| 41-50           | 13 | 10.4| Vakıfbank        | 33 | 26.4|
| 51 ve üzeri      | 5  | 4  | Ziraat Bankası   | 24 | 19.2|
| Total           | 125| 100| Total            | 125| 100|
| Education Level |    |    | Branch manager   | 5  | 4.0 |
| High school     | 10 | 8  | Director or assistant director | 46 | 36.8|
| Bachelor        | 103| 82.4| Operation        | 63 | 50.4|
| Postgraduate    | 12 | 9.6| Other            | 11 | 8.8 |
| Total           | 125| 100| Total            | 125| 100|
| Experience      |    |    |                  |    |    |
| Less than 1 year| 5  | 4  |                  |    |    |
| 1-5 year(s)     | 35 | 28 |                  |    |    |
| 6-10 years      | 45 | 36 |                  |    |    |
| 11 years and more | 40 | 32 |                  |    |    |
| Total           | 125| 100|                  |    |    |
3.2. Factor Analysis Findings

Exploratory factor analysis was run to measure the validity and reliability of the scales were used. Findings obtained after analysis are presented in the Table 2.

Table 2. Factor Analysis Findings

| The Scale of Internal Marketing | Factor Loading |
|---------------------------------|----------------|
| **Reward and Vision; Variance Explained = 36,765; Cronbach's Alpha = 0.940** | |
| Our performance measurement and reward systems encourage employees to work together | .886 |
| We measure and reward employee performance that contributes most to our organization's vision | .841 |
| In our organization, those employees who provide excellent service are rewarded for their efforts | .821 |
| We place considerable emphasis in this organization on communicating with our employees | .758 |
| In this organization, the employees are properly trained to perform their service roles | .703 |
| We use the data we gather from employees to improve their jobs, and to develop the strategy of the organization | .646 |
| Our organization offers employees a vision that they can believe in | .631 |

| Personnel Development; Variance Explained = 35,745; Cronbach's Alpha = 0.909 | |
| In our organization, we go beyond training and educate employees as well | .813 |
| Skill and knowledge development of employees happens as an ongoing process in our organization | .791 |
| We teach our employees "why they should do things" and not just "how they should do things" | .784 |
| Our organization communicates to employees the importance of their service roles | .756 |
| We prepare our employees to perform well | .737 |
| Our organization views the development of knowledge and skills in employees as an investment rather than a cost | .643 |

KMO=0.903; Total variance explained 72,511

| The Scale of Market Orientation | Factor Loading |
|---------------------------------|----------------|
| **Interfunctional Coordination; Variance Explained = 28,620; Cronbach's Alpha=0.917** | |
| Share resources with other business units | .828 |
| Information shared among functions | .826 |
| All functions contribute to customer value | .741 |
| Functional integration in strategy | .731 |
| Interfunctional customer calls | .687 |

| Customer Orientation; Variance Explained = 21,616; Cronbach's Alpha=0.896 | |
| Customer satisfaction objectives | .843 |
| Customer commitment | .784 |
| Create customer value | .778 |
| Understand customer needs | .744 |

| Competitor Orientation; Variance Explained = 21,351; Cronbach's Alpha=0.859 | |
| Top managers discuss competitors’ strategies | .810 |
| Salespeople share competitor information | .803 |
| Top managers discuss competitors’ strengths | .786 |
| Target opportunities for competitive advantage | .626 |
| Respond rapidly to competitors’ actions | .609 |

KMO=0.874; Total variance explained 71,588
The Scale of Business Performance; Cronbach's Alpha=0,911

| My bank is better than competitors in terms of product/service quality. | 0.847 |
| My bank is better than competitors in terms of effectiveness. | 0.794 |
| My bank is more successful than competitors in terms of new product development. | 0.788 |
| My bank is better than competitors in terms of level of goal achievement. | 0.781 |
| My bank is better than competitors in terms of providing customer satisfaction. | 0.746 |
| My bank is better than competitors in terms of sales. | 0.728 |
| My bank is better than competitors in terms of corporate image and reputation. | 0.727 |
| My bank is better than competitors in terms of occupancy rate. | 0.711 |
| My bank is better than competitors in terms of market share. | 0.706 |
| My bank is better than competitors in terms of employees’ job satisfaction. | 0.665 |
| My bank is better than competitors in terms of supplier satisfaction. | 0.653 |

KMO=0,899; Total variance explained 55,128

As a result of the factor analysis, two-dimensional structure of the scale of internal marketing arose. The items “We communicate our organization's vision well to employees” and “This organization has the flexibility to accommodate the differing needs of employees” were removed from the scale because of the overlapping. Dimensions obtained were entitled as “reward and vision” and “personnel”. Dimensions with a high level of reliability explain 72.511 percent of the total variance. Additionally, Kaiser-Meyer–Olkin (KMO) value which indicates whether the sample is adequate or not (0,903) and Bartlett’s Test value which indicates whether the data is appropriate for normal distribution or not (1378.651) are in acceptable level.

As a result of the factor analysis, three-dimensional structure of the scale of market orientation arose entitled as “customer orientation”, “competitor orientation”, and “interfunctional coordination”. The item “Measure customer satisfaction” was removed from the scale because of the overlapping. Two dimensions which have similarity with the original scale substantially are reliable and explain 71,588 percent of the total variance. Additionally, Kaiser-Meyer–Olkin (KMO) value which indicates whether the sample is adequate or not (0,874) and Bartlett’s Test value which indicates whether the data is appropriate for normal distribution or not (1376.4) are in acceptable level.

As a result of the factor analysis, one-dimensional structure arose for the scale of business performance. The item “My bank is better than competitors in terms of profitability” was removed from the scale because of the overlapping. The scale is reliable and explains 55.128 percent of the total variance. Additionally, Kaiser-Meyer–Olkin (KMO) value which indicates whether the sample is adequate or not (0,899) and Bartlett’s Test value which indicates whether the data is appropriate for normal distribution or not (776.396) are in acceptable level.

### 3.3 Regression Analysis Findings

Linear regression and multiple regression analyses were performed to determine whether the hypotheses of the study are supported or not. In this context; firstly, multiple regression analysis was performed to determine the effect of internal marketing practices on the market orientation approach. Afterward, linear regression was performed to determine the effect of the internal marketing and market orientation approach on business performance. The finds obtained after analyses are shown in the Table 3 and Table 4.

| Independent Variable | Dependent Variable | Beta  | T Value | P Value | R² and Adj. R² Values |
|----------------------|--------------------|-------|---------|---------|-----------------------|
| Reward and Vision    | Competitor Orientation | 0.178 | 2.135   | 0.035   | 0.519 – 0.507         |
| Reward and Vision    | Customer Orientation | -0.098 | -1.006  | 0.316   |                       |
| Reward and Vision    | Interfunctional Coordination | 0.796 | 7.801   | 0.000   |                       |
| Personnel Development| Competitor Orientation | 0.186 | 2.335   | 0.021   | 0.563 – 0.552         |
| Personnel Development| Customer Orientation | 0.253 | 2.716   | 0.008   |                       |
| Personnel Development| Interfunctional Coordination | 0.420 | 5.031   | 0.000   |                       |
In the multiple regression analysis model was developed to determine the effect of the dimensions of internal marketing on the dimensions of market orientation, significant and positive effect was determined among all dimensions in the %5 level of significance except “reward and vision – customer orientation”. There are high-level of significant effect among “reward and vision – interfunctional coordination” (β=,796); medium-level of significant effect among “personnel development – customer orientation” (β=,253), “personnel development – interfunctional coordination” (β=,420); low-level of significant effect among “reward and vision – competitor orientation” (β=,178), personnel development – competitor orientation” (β=,186).

Table 4. Regression Table Showing the Effect of Internal Marketing and Market Orientation on Business Performance

| Independent Variable          | Dependent Variable | Beta  | T Value | P Value | R² and Adj. R² Values |
|------------------------------|--------------------|-------|---------|---------|-----------------------|
| Reward and Vision            | Business Performance | ,525  | 6,808   | ,000    | 0,275 - 0,269         |
| Personnel Development        | Business Performance | ,610  | 8,493   | ,000    | 0,372 – 0,366         |
| Competitor Orientation       | Business Performance | ,419  | 5,095   | ,000    | 0,175 – 0,169         |
| Customer Orientation         | Business Performance | ,503  | 6,430   | ,000    | 0,253 – 0,247         |
| Interfunctional Coordination | Business Performance | ,536  | 7,021   | ,000    | 0,288 – 0,282         |

In the linear regression analysis model was developed to determine the effect of internal marketing and market orientation, significant and positive effect was determined among all dimensions in the %5 level of significance. There are medium-level of significant effect among the dimensions of “competitor orientation – business performance” (β=0,419); low-level of significant effect among the dimensions of “reward and vision – business performance” (β=0,525), “personnel development - business performance” (β=0,610), “customer orientation - business performance” (β=0,503) ve “interfunctional coordination - business performance” (β=0,536).

When the analyses is evaluated, it is seen that internal marketing practices have significant effects on both market orientation and business performance. In a similar vein, market oriented approach has significant effect on business performance. In this context, hypotheses were developed within the scope of scales and sub-dimensions, all hypotheses were supported except H₂. Finding are presented on the Table 5.

Table 5. Hypotheses Results

| Hypotheses                              | Result      |
|-----------------------------------------|-------------|
| H₁ Reward and vision - competitor orientation | Supported  |
| H₂ Reward and vision - customer orientation    | Rejected    |
| H₃ Reward and vision - interfunctional coordination | Supported  |
| H₄ Personnel development - competitor orientation | Supported  |
| H₅ Personnel development - customer orientation | Supported  |
| H₆ Personnel development - interfunctional coordination | Supported  |
| H₇ Reward and vision - business performance    | Supported    |
| H₈ Personnel development - business performance | Supported  |
| H₉ Competitor orientation - business performance | Supported  |
| H₁₀ Customer orientation - business performance. | Supported  |
| H₁₁ Interfunctional coordination - business performance. | Supported  |

It can be indicated that the internal marketing and market-oriented approach have a positive effect on business performance due to the supported hypotheses. In addition, a significant and positive effect of internal marketing on market orientation has been found. There are some studies in the literature that supports these findings. In this context, researches of Ergün (2013), Bakan and Büyükkeş (2014), Hamşoğlu (2018) can be given as an example of this studies. Additionally, it is stated that internal marketing has an effect on several business strategies. Within this framework, some evaluations are carried out such as internal marketing affects profitability positively (Çağlar, 2004: 20), provides competitive advantage, (Güleş and Bülbü, 2004: 76), enhances organizational commitment (Yüce and Kavak, 2017: 79), contributes development of intrapreneurship (Uygun and Akın, 2017: 845-847),
increase job satisfaction, and provides exhibit of customer and market-oriented approach of employees (İşler and Özdemir, 2010: 115; Yeniçeri, Kurt and Akgül, 2020; Uygun et al., 2013: 142).

Another result obtained from the study is that the market-oriented approach has a significant and positive effect on business performance. There are some studies that supported this in the literature as well (Çakıcı and Eren, 2005: 157; Şahin and Aytekin, 2019: 17; Bulut et al., 2009, 513; Slater and Narver, 1994: 46).

Within the scope of the finding obtained, banks as important and labor intensive institutions need to focus on internal marketing practices and develop policies that motivate employees, meet their expectations, and satisfy their requirements. Because effective and efficient use of human resources which is evaluated within the scope of internal marketing can both contribute to business performance and actualize several important business strategies.

4. CONCLUSION AND RECOMMENDATIONS

The banking sector has been rising its importance day by day all over the world. Nowadays, it is known that almost all monetary and commercial transactions are carried out via banks. It is observed that new banks have been popping up in the sector due to the importance of banks and increasing demand. Thus, competition has been growing up and banks implement various marketing strategies to take advantage against competitors in the fierce competition environment. Within this framework, internal marketing practices is one of most important strategy used. Firstly; the needs, expectations, and requirements of employees are met and then market-oriented activities are carried out with internal marketing strategies used more intensive by especially private banks. It is urged upon on this phenomenon in the study.

The main purpose of the study is to examine the effect of internal marketing practices and market-oriented approach of banks on business performance. Meanwhile, it is also investigated whether internal marketing practices affect market-oriented approach or not. There are various studies in the literature investigate the effects of internal marketing practices and customer-oriented approach on business performance separately. However, any studies couldn’t find which examines the effect of these two concepts on each other and business performance. This circumstance constitutes the originality of the study.

According to the findings of the study, it has been determined that internal marketing practices and market-oriented approach of banks affects business performance positively. Besides, the effect of internal marketing on market-oriented approach of banks has been found as well. When dimensions are considered; it’s seen that the reward and vision approach of banks contribute the employees to work as competitor-oriented and interfunctional coordinated but not customer oriented. In addition, it is found that policies of banks towards personnel development contribute to employees to work as competitor oriented, customer-oriented, and interfunctional coordinated. Moreover, all dimensions (reward and vision, personnel development, competitor orientation, customer orientation, interfunctional coordination) have a positive effect on business performance. According to results, it is thought that banks ought to attach importance to internal marketing activities and turn onto market-oriented strategies to take an advantage in the fierce competition environment. It is thought that these kinds of studies evaluated as subjective assessments make great contributions on indicators of banks such as profitability, sales, and market value financial performance of banks. Therefore, making both subjective and objective assessments at the same time. In this context, the findings of this study can be linked with previous studies (Slater and Narver, 1994; Çağlar, 2004; Güleş and Bülbul, 2004; Çakıcı and Eren, 2005; Bulut et al., 2009; Özdemir, 2010; Ergün, 2013; Uygun et al., 2013; Bakan and Büyükbecioğlu, 2014; Yüce and Kavak, 2017; Uygun and Akin, 2017; Hamşoğu, 2018; Şahin and Aytekin, 2019; Yeniçeri et al., 2020) which found parallel results with this study. Hence, it can be stated that this study’s findings are supported by the literature.

Rejection of banks for questionnaires and adopting part-time or distance working methods limited the sample size. Evaluations made totally in the scope of subjective elements are also another limitation of the study. For this reason, it is proposed to evaluate both public and private banks in the scope of both objective and subjective assessment criteria with a greater sample size for future studies. Nonetheless, the mediator role of market orientation for the effect of internal marketing on business performance can be suggested to future studies to investigate. Moreover, it can be useful to implement these evaluations on universities, hospitals, municipalities, and retail businesses which operate in the service sector.
DECLARATION OF THE AUTHORS

Declaration of Contribution Rate: The authors have equal contributions.

Declaration of Support and Thanksgiving: Within the scope of the research, we would like to thank the employees of the bank branches operating in Erzurum Center and Oltu District, for their participation in the survey.

Declaration of Conflict: There is no potential conflict of interest in the study.

REFERENCES

Ahmed, P. K. and Rafiq, M. (2002). Internal marketing: Tools and concepts for customer-focused management. Great Britain: Butterworth-Heinemann.

Ayas, N., Çelik, M. and Hacıoğlu, G. (2017). İçsel pazarlamının iş performansı üzerindeki etkisi: İş tatmini ve işten ayrılma niyetinin aracı rolü, Conference: VI. International Vocational Schools Symposium.

Ayyıldız Ünlü, N. A. (2009). Politik pazarlamada pazar yönlülük ve otantik liderliğin önemi, Ege Akademik Bâğlantı, 9 (4), 1243-1273.

Bakan, İ. and Büyükbeşte, T. (2004). Örgütsel iletişim ile iş tatmini unsurları arasındaki ilişkiler: Akademik örgütler için bir alan araştırması, İ.İ.B.F Dergisi, (7), 1-30.

Barney, J. (1991). Firm resources and sustained competitive advantage. Journal of management, 17(1), 99-120.

Berry, L. L. (1980). Services marketing is different. Business, 30(3), 24-29.

Berry, L. L. (1981). The employee as customer. Journal of Retail Banking, 3(1), 33-40.

Berry, L. L., Hensel, J. S. and Burke, M. C. (1976). Improving retailer capability for effective consumerism response. Journal of Retailing, 52(3), 3-14.

Berry, L.L. and Parasuraman A. (1991). Marketing services: Competing through quality. New York: The Free Press.

Bouranta, A., Mavridoglou, G. and Kyriazopoulos, P. (2005). The impact of internal marketing to market orientation concept and their effect to bank performance. Operational Research, 5(2), 349–362.

Bulut, Ç., Yılmaz, C. and Alpkan, L. (2009). Pazar oryantasyonu boyutlarının firma performansına etkileri, Ege Akademik Bâğlantı, 9(2), 513-538.

Coban, G. and Eren, D. (2017). Internal marketing and firm performance in hotel businesses: The role of market orientation, European Journal of Business and Management, 23(99), 53-66.

Compton, F., George, W. R., Grönroos, C. and Karvinen, M. (1987). The service challenge: Integrated for competitive advantage, American Marketing Association, Chicago, IL, 7-12.

Çağlar, Y. (2004). Orman işletmeciliğinde verimlilik yönetimi eğitim, Ankara: MPM Yayınları.

Çakıcı, A. C. and Eren, D. (2005). Otel işletmeciliğinde pazar yönlülük ve pazar yönlülük - performans ilişkisi üzerine bir araştırma ve sonuçları, H.Ü. İktisadi ve İdari Bilimler Fakültesi Dergisi, 23(1), 157-178.

Erdem, B., Gündüz, K. and Gündüz, M. (2013). Pazar yönlülük, inovasyon yönlülük ve firma performansı ilişkisi: Ankara'da faaliyet gösteren düdük ve beş yıldızlı otele işletmelerinde bir araştırma, İşletme Araştırmaları Dergisi, 5(2), 74-104.

Ergün, Z. (2013). İçişel pazarlama uygulamalarının işletme performansı üzerine etkisi: kamu-özel hastane karşılaştırması, Selçuk Üniversitesi İktisadi ve İdari Bilimler Fakültesi Sosyal ve Ekonomik Araştırmalar Dergisi, 13(25), 223-247.

George, W.R. (1977). The retailing of services - a challenging future, Journal of Retailing, 53(3), 85-98.

Grönroos, C. (1981). Internal marketing – an integral part of marketing theory. Marketing of Services, 236-238.
Grönroos, C. (1990). Relationship approach to marketing in service contexts: the marketing and organizational behavior interface. *Journal of Business Research, 20*(1), 3-11.

Güleş, H. K. and Bülbül, H. (2004). *Yenilikçilik işletmeler için stratejik rekabet aracı*, Ankara: Nobel Yayınları.

Hamşoğlu, A. B. (2011). Pazar yönlülük, kalite yönlülük ve işletme performansı ilişkisi: İlaç sektöründe yapılan bir çalışma, *Ege Akademik Bülten*, 11(1), 91-101.

Hunt, S. D. and Morgan, R. M. (1995). The comparative advantage theory of competition. *Journal of Marketing, 59*(2), 1-15.

İşler D. B. and Özdemir, Ş. (2010). Hastane işletmelerinde içsel pazarlama yaklaşıımının iş tatmini ve örgütsel bağlılığa etkisi: Isparta ili örneği, *Hacettepe Sağlık İdaresi Dergisi*, 13(2), 115-142.

Kale, S. H. (2006). Internal marketing: An antidote for macau's labor shortage. *UNLV Gaming Research and Review Journal, 11*(1), 1-11.

Karahan, K. and Özcütiş, V. (2008). Pazar yönlülük: Aksaray ili perakende hizmetlerinde bir uygulama. *Selçuk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*, 20, 479-492.

Karamustafa, K., Güllü, K., Acar, N. and Ulama, Ş. (2010). Konaklama işletmelerinde pazar odaklılık uygulamaları. Ankara: Detay Yayınları.

Kaurav Singh, P. R., Paul, J. and Chowdhary, N. (2015). Effect of internal marketing on hotels: Empirical evidence for internal customers. *International Journal of Hospitality & Tourism Administration, 16*, 311-330.

Kocaman, S., Durna, U. and İnal, M. E. (2013). Konaklama işletmelerinde içsel pazarlama uygulamalarının örgütsel bağlılığa etkisi, *Uluslararası Alanya İşletme Fakültesi Dergisi*, 5(1), 21-29.

Kohli A. K. and Jaworski B. J. (1990). Market orientation: The construct, research propositions and managerial implications, *Journal Of Marketing, 54*, 1-18.

Kotler, P. and Armstrong, G. (2017). *Principles of marketing (17th Global Edition)*. United Kingdom: Pearson.

Lings, L. N. (2000). The impact of internal market orientation on external market orientation and business performance: an empirical study of the u.k. retail market. *ANZMAC 2000 Visionary Marketing for the 21st Century: Facing the Challenge*, 697-702.

Liu, H. (1995). Market orientation and firm size: An empirical examination in uk firms. *European Journal of Marketing, 29* (1), 57-71.

Money, A. and Foreman, S. (1996). The measurement of internal marketing: A confirmatory case study. *Journal of Marketing Management, 11*(8), 755-766.

Murray, J. G. (1979), The importance of internal marketing, *Bankers Magazine, July/August*, 38-40.

Naktiyok, A. (2003). Yönetici değerleri ve pazar yönlülük bir uygulama. *Erçyes Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi*, (20): 95-116.

Narver, J. C. and S. F. Slater, (1990). The effect of a market orientation on business profitability. *Journal of Marketing, 10*, 20-35.

Nikoomaram, H. and Maatoofi, A. R. (2011). The effect of learning orientation on market orientation and performance in small-sized firms: Evidence from Iran. *European Journal of Social Sciences, 18* (4): 632-642.

Panigyrakis, G. G. and Theodoridis, P. K. (2008). Internal marketing impact on business performance in a retail context. *International Journal of Retail & Distribution Management, 37*(7), 600-628.

Park, C. W. and Zaltman, G. (1987). *Marketing management*. Chicago: Dryden Press.

Rafiq, M. and Ahmed, P. K. (2000). Advances in the internal marketing concept: Definition, synthesis and extension. *Journal of Services Marketing, 14*(6), 449-462.

Sasser, W.E. and Arbeit, S. F. (1976). Selling jobs in the service sector. *Business Horizons, June*, 61-65.
Shapiro, B. P. (1988). What the hell is “market oriented”? Harvard Business Review, 66 (November-December), 119-125.

Slater, S. F. and Narver, J. C. (1994). Does competitive environment moderate the market orientation-performance relationship?. Journal of Marketing, 58(1), 46-55.

Suliyanto, S. and Rahab, R. (2012). The role of market orientation and learning orientation in improving innovativeness and performance of small and medium enterprises. Asian Social Science, 8(1): 134-145.

Şahin, A. and Aytekin, M. (2019). Pazar odaklılığın işletme performansına etkisi: türkiye’de faaliyet gösteren katılım bankaları üzerinde bir araştırma, International Journal of Economic and Administrative Studies, 22, 17-38.

Türköz, I. and Akyol, A. (2008). Internal marketing and hotel performance. An international Journal of Tourism and Hospitality Research, 19(1), 149-177.

Uygun, M. and Akın, P. D. (2017). İçsel pazarlama uygulamalarının hizmet çalışanlarının müşteri ve iç girişimcilik yönlü davranışlar geliştirmelerindeki rolü. Uluslararası Yönetim İktisat ve İşletme Dergisi, ICMEB17 Özel Sayısı, 836-853.

Uygun, M., Güner, E. and Mete, S. (2013). Hizmet işletmelerinde iç müşteri yaklaşımının çalışanların müşteri yönü davranış geliştirmesindeki rolü. Organizasyon ve Yönetim Bilimleri Dergisi, 5(1), 129-149.

Winter, J. P. (1985). Getting your house in order with internal marketing: A marketing prerequisite. Health Marketing Quarterly, 3(1), 69-77.

Yeniçeri, T., Kurt, P. and Akgül, V. (2020). İçsel pazarlama uygulamalarının örgütsel bağlılığa etkisinde iş tatmininin aracı rolü: Bankacılık sektöründe bir araştırma, Business & Management Studies: An International Journal, 8(1), 476-501.

Yüce, A. and Kavak, O. (2017). İçsel pazarlama faaliyetlerinin örgütsel bağlılık ve işten ayrılma niyeti üzerindeki etkisi: Bir araştırma. Balkan ve Yakın Doğu Sosyal Bilimler Dergisi, 3(3), 79-96.

Zaman, K., Javaid, N., Arshad, A. and Bibi, S. (2012). Impact of internal marketing on market orientation and business performance, International Journal of Business and Social Science, 12(3), 76-87.