Internal Marketing to face the "new normal" workplace challenges: Organizational Agility as a booster

Mercadotecnia Interna para enfrentar la “nueva normalidad” en los centros de trabajo: Agilidad Organizacional como refuerzo

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Abstract

The purpose of this research is to identify the new challenges and opportunities that companies had faced due to the radical transformation of work schemes during the COVID-19 contingency. During this environment of uncertainty and change, we look for an understanding of how organizational agility has helped companies to implement key Internal Marketing strategies to cope with such challenges, being able to differentiate between “brilliant improvisation” and a repeatable capability to be prepared for a future crisis or environmental challenging scenarios. This paper presents a proposed model that analyzes two relevant research gaps: 1) The relationship between Internal Marketing and Organizational Agility, and 2) The challenges of Internal Marketing inside an organization derived from an external crisis (COVID-19). Eight semi-structured long interviews, focused on understanding the employer's perspective, were developed with CEOs of SMEs in various industries in Mexico. The findings suggest five main challenges to enable Internal Marketing strategies through organizational agility: 1) communication 2) emotional well-being, 3) safety, 4) empowerment, and 5) digital tools management.

Keywords: Internal Marketing, Organizational Agility, COVID-19

Resumen

El objetivo de esta investigación es identificar los nuevos retos y oportunidades que las empresas han enfrentado debido a la radical transformación en los esquemas de trabajo durante la contingencia de COVID-19. Durante un entorno de incertidumbre y cambio, buscamos una comprensión de cómo la agilidad organizacional ha ayudado a las empresas a implementar estrategias clave de Mercadotecnia Interna para hacer frente a tales desafíos, y diferenciar entre lo que es una “improvisación brillante” y una reiterada capacidad para estar preparados para una crisis futura o escenarios desafiantes en el entorno. Este artículo presenta una propuesta de modelo conceptual que analiza dos brechas de investigación relevantes: 1) La relación entre Mercadotecnia Interna y Agilidad Organizacional, y 2) Los desafíos de la Mercadotecnia Interna al interior de una organización, derivados de una crisis externa (COVID-19). Se desarrollaron ocho entrevistas semiestructuradas con directores generales de PYMES en diversas industrias en México enfocadas en comprender la perspectiva del empleador. Los hallazgos sugieren cinco principales retos para viabilizar estrategias de Mercadotecnia Interna a través de la

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agilidad organizacional: 1) comunicación 2) bienestar emocional, 3) seguridad, 4) empoderamiento y 5) manejo de herramientas digitales.

Palabras Clave: Mercadotecnia Interna, Agilidad Organizacional, COVID-19

Introduction

The environment in which organizations operate is changing rapidly due to external and internal factors. Facing uncertainty, companies need to react and adapt quickly with agile strategies, under circumstances that are out of their control. In this sense, during a crisis, it is especially relevant to take advantage of developing organizational agility to survive in an uncertain environment. An example of this kind of crisis is the COVID-19 pandemic that forced companies to face different and new challenges to the working force system changing the entire work dynamic for enterprises (Hartmann & Lussier, 2020; Guerra-Leal, Ortiz & Ruiz, 2022).

According to the World Bank, worldwide, one-fourth of the companies saw their sales fall 50%, and on average their sales dropped 27%, from October 20 to January 2021, compared to the pre-covid levels. Also, a great number of companies closed and were hit harder due to the economic crisis that COVID-19 brought, while many others survived into a turbulent environment (World Bank, 2021). The companies that survived were pushed to implement internal changes to adapt to the new workplace dynamic and environment.

Companies were facing several challenges in different areas such as medicine, economics, business, technology, sociology, and psychology (Karabag, 2020). Particularly, in the workplace field, employees around the world were feeling anxious, unmotivated, and with high levels of uncertainty. In fact, 65% of businesses adjusted payroll by reducing hours, wages, or granting leave; and 11% of companies laid-off workers (World Bank, 2021). Also, uncertainty under this context depends primarily on health-related aspects (i.e., the mortality rate associated with the virus) (World Bank, 2020). Companies started to identify a need of implementing Internal Marketing strategies to go through the crisis and keep their employees’ emotional well-being, feeling safe, motivated, and committed. Additionally, there is strong evidence that employees prefer to work in companies that care about them (Vasconselos, 2008). That is where the issue of internal marketing becomes relevant, it is not only a human resource topic because for marketing managers employees are the face of the organization to its customers, and a key element to deliver a high quality of service.

Companies needed to react rapidly, and Internal Marketing strategies were a key element for facing the main challenges in the workplace. Thus, organizational agility was needed to cope with challenges in an accelerated way. According to Harraf, Wanasika, Tate, and Talbott (2015), organizational agility is the ability to respond fast and effectively to environmental changes, but also to respond fast to unpredicted changes. During the COVID-19 crisis, organizational agility was not only a must, but it also performed as a company booster, in order to adapt to the “new normality”.

Therefore, the aim of this paper is to understand the main internal marketing challenges that companies have faced during the contingency and how the organizational agility enabled the implementation of key strategies to cope with them. This paper contributes to the literature by exploring how companies have been reacting to face those challenges and how Internal Marketing and Organizational Agility have worked together, in the context of COVID-19 contingency in Mexico’s northeast region. This paper presents a proposed model that analyzes two relevant research gaps: 1) The relationship between Internal Marketing and Organizational Agility, and 2) The challenges of Internal Marketing inside an organization derived from an external crisis (COVID-19). Most of the research conducted in Organizational Agility has been focused more on customers than on employees; the approach of this paper is to put employees at the center of organizational agility (Batra, 2020).

This study was carried out using a qualitative methodology to identify the most relevant challenges that companies have faced during the COVID-19 contingency, and looks for an understanding of the employer’s perspective through eight semi-structured long interviews with CEOs of SMEs in various
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industries in Mexico. Our findings suggest five main challenges that companies faced during a turbulent context, with high levels of uncertainty such as COVID-19: 1) communication 2) emotional well-being, 3) safety, 4) empowerment, and 5) digital tools management. We identified that Internal Marketing was a key strategy to address such challenges and that organizational agility was a booster to accelerate the implementation of tactics to cope with this scenario.

This research paper is structured as follows. In the first section, we present the theoretical framework about Internal Marketing, Organizational Agility, and how these constructs are related. In the second section, the qualitative method is explained. Later, in the third section, the results of the five main challenges that companies had faced since March 2020 are discussed. Finally, we state the conclusions of the main findings, contribution, and further research.

Theoretical Framework

Internal Marketing

Internal Marketing is defined as “a planned effort using a marketing-like approach, to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate and integrate employed towards the effective implementation of corporate strategies to deliver customer satisfaction through a process of creating motivated and customer-oriented employees” (Rafiq & Ahmed, 2000, p. 454); and as “the task of ensuring employees understand the brand promise and their part in delivering an on-brand customer experience” (Mosley, 2007, p. 128). In other words, internal marketing studies “the fact that the concept of external marketing to apply inside of an organization” (Huang, 2020, p. 412), by recognizing that the employee is the first customer, and it is important to motivate him/her and promote a great place to work in order to deliver the brand’s promised service.

Theories in this academic field include the marketing mix model, relationship marketing, social exchange theory, transaction cost theory, service profit chain, and the resource-based view (Qaisar & Muhamad, 2021) and integrates perspectives from diverse areas such as service marketing, human resources, and psychology (Dean, 2004), since the employee attitudes and behaviors are an antecedent to customer perceptions (e.g., satisfaction, loyalty, service quality) and behaviors (e.g., purchase). The service marketing perspective studies how to generate value through the internal service quality that employees receive and how it has an impact on external customers (i.e., customer satisfaction, perceived quality, loyalty), and as a consequence in profits (Dean, 2004; Heskett, Jones, Loveman, Sasser & Schlesinger, 2008; Towler, Lezotte & Burke, 2011). In contrast, the psychological perspective is related to human resource management by studying how to enhance the employees’ experience through a positive service climate (Schneider, 1987; Schneider and Bowen, 1993). In this study, we consider the organizational psychology or HRM perspective because we are interested in how companies have faced the COVID-19 challenges to promote a positive work environment.

According to Nayal Pandey, and Paul (2021), the Covid-19 pandemic has deeply affected the way companies interact with consumers and employees, making factors such as digitization, hygiene, and sustainability more important in the new normal. Now, in this volatile and stressful time, employers should take the responsibility to care for employees’ mental health and well-being.

Therefore, organizational innovation with a procedural focus has been a key framework to respond to the needs of the people during this period (Rocha and Almeida, 2021). This innovation has been reflected in human resource management to encourage employee loyalty through social and psychological rewards (Abdullah, Huang, Sarfraz & Sadiq, 2021), as well as taking advantage of technology and safety as key points in the transformation process (de Lucas Ancillo, del Val Núñez & Gavrila, 2021).

Majerova, Gajanova, Nadanyiova & Kolinhofer Derecskei (2021), found that there has been a change in the intrinsic motivation sources of employees before and during COVID-19. Then, the principles and patterns of internal marketing communication and motivation systems should consider the phenomenon of “extrinsitination” of intrinsic factors that reflects the nature of humans as social
beings and indicates the need of effective communication as a stimulus for optimal functioning of the intrinsic motivation model of individual employees.

However, with the restrictive measures and physical distancing and isolation, remote working has brought anxiety, technostress, lack of social interaction, frustration, occupational burden, counterproductive work behavior, exhaustion, burnout, depersonalization, and increased turnover intention, so internal marketing has become more important to improve job satisfaction (Nemteanu and Dabija, 2021).

Organizational Agility

The environment in which organizations operate is changing rapidly due to external and internal factors. Under circumstances that are out of the enterprises' control, and facing uncertainty, companies need to react and adapt quickly with their strategies (Muduli & Pandya, 2018). Agility is considered an enabler for organizations, allowing them to act in a dynamic environment (Harsch & Festing, 2020). Organizational agility is the ability that companies have to respond fast and effectively to environmental changes, and is a must that separates successful organizations from those that stumble (Harraf et al., 2015).

Since different definitions of organizational agility exist, Yang and Liu (2012), synthesized them with the following definition: “Enterprise agility is a complex, multidimensional, and context-specific concept, comprised of the ability to sense environmental change and quickly respond to unpredicted change by flexibly assembling resources, processes, knowledge, and capabilities” (Yang & Liu, 2012, p. 1023). “Organizational agility is considered a core competency, competitive advantage, and differentiator that requires strategic thinking, an innovative mindset, exploitation of change, and an unrelenting need to be adaptable and proactive” (Harraf et al., 2015, p. 675).

During covid19 contingency, institutions changed the way they operated their business; the way governments manage health, monetary, and fiscal policy and, the way people work, study, and live (Ivanov, 2020; Moon, 2020). Several enterprises use their organizational agility to quickly adapt, while other intuitively developed such capability in order to survive; many others that were not as agile to develop it, had closed due for COVID-19. Agile companies can flourish, whereas unprepared companies may face extinction (Tilman, 2019).

The relevance of organizational agility and its bond with internal marketing was a key element for companies to face the challenges that COVID-19 brought, considering the urgent need to maintain employees motivated to align their efforts with the firm’s objectives.

Internal Marketing and Organizational Agility

Previous research on organizational agility has focused more on customers rather than employees; despite employee talent will draw a high premium service, which may emphasize employees as more valuable, or at least the same equal, value than customers (Batra, 2020). Internal marketing recognizes employees as internal customers, meaning they are the most important resource to the company (Rafiq & Ahmed, 2000, p. 454).

Considering such focus on employees and the nature of internal marketing, we can establish an inherent link with organizational agility. According to Harraf, 2015, ten pillars of organizational agility are foundational: culture of innovation, empowerment, tolerance or ambiguity, vision, change management, organizational communication, market analysis and response, operations management, structural fluidity and learning organizations (Harraf et al., 2015).

Each pillar is very closely related to internal marketing since they are vehicles that contribute to maintain motivated employees and being productive, addressing internal marketing issues, at the time they are mediators to the organizational agility. For example, empowerment, is an organizational agility pillar (Harraf, 2015), since it allows the organization to shorten the decision-making time, reduces delays, improves response and delivery times; and at the same time is also key to maintain employees involved and motivated (Yao, 2013; Muduli & Pandya, 2018; Boukis, 2019).
Thus, in this paper, we explore the key internal marketing challenges that companies faced during the contingency, and how the organizational agility enabled the quick adoption of strategies to face them.

**Method**

At the end of the first year of the COVID-19 contingency, we conducted an exploratory study, with a qualitative methodology to identify the most relevant challenges that companies have faced from the internal marketing perspective. A total of eight CEOs of SMEs of various industries in Mexico were contacted for a semi-structured long interview, using a convenience sample method, and following the recommendations of Kuzel (1992).

The demographic profile of the interviewed business leaders includes males and females between 29 and 52 years old (average 43.375 years) in c-level positions of small and medium enterprises in Mexico. (See Table 1).

<table>
<thead>
<tr>
<th># of Participant</th>
<th>Age</th>
<th>Gender</th>
<th>Industry</th>
<th>Company Size</th>
<th>Job Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant 1</td>
<td>41</td>
<td>Female</td>
<td>Services</td>
<td>Less than 25 employees</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 2</td>
<td>29</td>
<td>Male</td>
<td>Services Management</td>
<td>Less than 25 employees</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 3</td>
<td>52</td>
<td>Male</td>
<td>Logistics</td>
<td>More than 50 employees</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 4</td>
<td>41</td>
<td>Male</td>
<td>Events</td>
<td>Less than 25 employees</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 5</td>
<td>45</td>
<td>Male</td>
<td>Internet</td>
<td>More than 100 employees</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 6</td>
<td>45</td>
<td>Male</td>
<td>Retail</td>
<td>More than 100 employees</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 7</td>
<td>51</td>
<td>Male</td>
<td>Technology</td>
<td>More than 50 employees</td>
<td>CEO</td>
</tr>
<tr>
<td>Participant 8</td>
<td>43</td>
<td>Female</td>
<td>Services</td>
<td>Less than 25 employees</td>
<td>CEO</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

The guide of topics discussed during the interviews includes implications and challenges of COVID-19 in the Internal Communication and Internal Marketing of the Company, areas of priority attention in human talent issues, changes in Strategy, type of support the company has developed for employees, perception regarding the emotional and mood state of the collaborators, and needs of collaborators during the contingency. Some of the questions that were applied to the participants were as follows: *Which are the implications and changes on the work dynamic of your company due to the contingency? Which are the main changes? What has been performed differently? Which are the pain points that you have identified? Regarding Internal Marketing and Internal Communication, which have been the challenges you cope with during COVID-19? What has changed in the communication process? What is your perception of your employees’ emotional state and state of mind during this contingency? What are their primary needs in this regard? What kind of support did you offer to your employees to face the contingency? Which has been the priority to focus on?*

The researchers analyzed, codified, and interpreted, as suggested in the literature (Spiggle, 1994), the interview transcriptions to identify the main challenges that COVID-19 had brought to the new workplace dynamic. A total of five big challenges were identified and how organizational agility was a key element to respond with new internal marketing practices at the workplace: **communication, emotional well-being, safety, empowerment, and digital tools management.** Each of them will be conceptualized in the next section.

**Findings and Discussion**

1. **Communication**
COVID-19 has impacted many aspects of our lives. Social distance and isolation have undoubtedly affected our interaction with others, and in the case of workplaces, it is not an exception. Our interviewees state that there has been a greater emphasis on internal communication to guarantee a fluid, clear, and effective communication throughout the organization. This has been perhaps one of the most important challenges due to the radical change in the form of remote work that was implemented in most work environments.

Closeness and frequency are two of the most relevant dimensions that our leaders highlighted: “We are looking for more frequent and closer internal communication with employees, despite home office and the internal policies for working under this format.” (Participant #4). The leaders interviewed developed an agile response to the challenges of the environment, because they did not have enough time to develop a strategic communication plan. In some of the cases from one day to the next, they had to work remotely.

These companies implemented diverse strategies related to internal marketing communications during this contingency, such as virtual meetings for tracking job performance, projects scripts and actions to maintain the corporate culture, brand essence, and brand image; social media branding campaigns to be closer to external customers; constant communication and feedback for employees and; communication to ensure that all employees know about their access to contingency support and benefits. “The communication increased during COVID-19 crisis” (Participant 6). As Majerova et al. (2021) suggested, an effective communication continues to be a big challenge in the new normal the change in the patterns of internal marketing communication that have affected the nature of humans as social beings; and a fundamental pillar of organizational agility (Harraf et al., 2015).

2. Emotional well-being

Another relevant topic, repeatedly highlighted by business leaders interviewed, was employees’ emotional well-being. They themselves have had extended work hours in home office than before in offline work: “If we look back, we will realize that people are tired of being in quarantine” (Participant #5), Achieving work-life balance has surely been a challenge.

Additionally, job uncertainty predominates because employees are fearful of losing their jobs. They are being affected in their wages (there is a lower income, because of lower financial performance in companies). Some companies have made wage adjustments, lowering them to keep the enterprise alive and to promote productivity (e.g. variable wages). All this scenario has caused the employees to feel tired and unmotivated. However, a relevant insight is that young people have adapted better than older ones to be more productive.

The emotional well-being of employees during the contingency has been negatively affected and is not optimal, just as Nemteanu and Dabija (2021) stated. Some enterprises report that their employees are “trying to keep calm by doing occupational therapy and avoiding news overexposure that generates fear” (Participant #6). In contrast, other companies have implemented personal care-related practices (e.g., birthday cakes sent to the employees’ homes, so they could celebrate with their families). A key takeaway is that little details can make the difference between making our employees feel good or bad.

Employers recognized that the focus during the contingency is on “providing support so that employees can keep their jobs and salaries” (Participant #1). Some companies have highlighted the importance of enhancing the employees’ experience through a positive service climate (Schneider, 1987; Schneider & Bowen, 1993), as well as offering them facilities such as mental health care (i.e., access to psychologists for employees and their families), and employee integration dynamics because of the number of personal and job activities employees face every day, there is very little time for attending social meetings). This shows that in some way, the companies in the sample employ the
principles of agility by responding quickly to changes in the environment, developing organizational fluidity, managing change, and organizational learning (Harraf et al., 2015).

3. Safety

A third recurring theme was safety. The interviewed employers concluded that during a contingency the best way to support employees is to “keep them safe and informed”. These companies showed agility by providing protocols to keep them safe in record time. “Our priority is to create the perception that we worry about them on this crisis” (Participant #1).

Some of the initiatives were: campaigns for adopting COVID-19 protocols, and explaining how employees can be safe from the virus; protocols aligned to government and health regulations to promote employee safety from COVID-19 in the workplace; medical support (i.e., access to medical consultations for employees and their families and access to COVID-19 tests, or financial support for taking the test); personal protection equipment for COVID-19 (e.g., mouth covers, masks, gloves, antibacterial gel); sanitization areas at the work facilities and workstations; access to nearby coworking spaces and transportation services (to avoid the use of public service); and help to buy groceries and provisions.

Lined with de Lucas Ancillo et al. (2021), a priority for companies is to help people keep their jobs and protect them from infection.

4. Empowerment

Empowerment is a relevant topic even for agility (Harraf et al., 2015), so companies need to empower employees so they can adapt faster to the new strategies (Žitkienė & Deksnys, 2018), and for internal marketing in order to maintain them motivated (Rafiq & Ahmed, 2000), so “employees can feel they are essential to the organization” (Participant #6).

In this sense, some changes in the new work environment are: home office schemes, flexible schedules, reduced working hours, and optional in-person attendance in the workplace, which represents a challenge for companies to trust their workers and empower them to take responsibility, commit, fulfill their work and go beyond what is expected of them. “Some collaborators are used to receiving instructions, but now they have to self-manage to perform their activities” (Participant #3).

Some of the new skills and competencies of the employee in this new normality are: self-management and self-decision making (before COVID-19, employees were directed by their superiors, now they are on their own most of the time), better organization of time (since homeworking implies common family interruptions, punctuality problems, distractions, obstacles), and working for multitask departments, with multifunctional teams (each area learning tasks from other areas to provide support when needed, as a result of job dismissals).

5. Digital tools management

For the reasons already mentioned, digital transformation accelerated during the COVID era. These SMEs stated the integration of multi-platform communication using digital tools, such as social media (Whatsapp, Facebook), Zoom, Meet, Google Drive, and newsletters, among others.

We also identified cases of companies giving support with office equipment and workstations to their collaborators (e.g., computers, desks, monitors, internet service, cellphones). As de Lucas Ancillo et al. (2021) propose, taking advantage of technology, the contingency has brought new and different digital tools for meetings, communication, tracking projects, and monitoring performance and KPIs. The main challenge in this topic has been on “training employees in the use of digital tools” (Participant #3), multitasking activities, and, especially, at the front desk for customers and suppliers. “A big challenge
for the team is to be on time in virtual meetings” (Participant #5).

After all the analysis and discussion of results, we present below the resulting model (Fig. 1), which summarizes the panorama of the challenges that companies face in this new normality, that with an agile response have implemented internal marketing actions.

**Figure 1**

*Conceptual Model – Relationship between Internal Marketing challenges and strategies, and organizational agility as a booster*

**Conclusion**

It is evident that the COVID-19 contingency has changed work dynamics and organizations are facing important challenges maintaining effective communication with their employees, keeping them motivated, with optimal emotional well-being, supporting them and making them feel accompanied, and protecting them from the infection.

According to the results of the qualitative study, the main challenges on internal marketing that employers are facing are: to maintain effective communication with their employees, to maintain them motivated with optimal emotional well-being, to keep them safe from infections, to support them, and make them feel empowered, and to give them the digital tools to keep the business afloat.

Although it seems we are near the end of the contingency, companies are still struggling with the effects of the changes in the work environment, and the changes they were facing at the beginning of the pandemic are still on the table. Companies need to move agilely by implementing internal marketing
strategies and providing protocols to keep employees safe and motivated whenever a crisis comes knocking at the door. In fact, once the pandemic is over, it is possible that companies will need to face a post-pandemic scenario, in which once again the organizational agility would be key; it is important to differentiate between “brilliant improvisation” (Winter, 2003) and a repeatable capability.

Therefore, organizational agility must be enabled. Leaders must develop a proactive and innovative mindset to corner the market by flexibly assembling their people, processes, and resources, as well as attending and solving these internal marketing challenges fast and effectively. This organizational capability to quickly respond to the internal or external changes is a key for a company to survive; but also, it is a great opportunity to be transformed, and to implement long-lasting changes that will enhance the dynamic of the company for good.

Some of the limitations of this investigation are that it is an exploratory study with a convenience sample, and a qualitative methodology limited to a specific context of companies in Monterrey, Mexico. Although this method allowed us to deepen our understanding of the employers’ perspective, a triangulation of research methods would have been really useful. Therefore, for further research, it would be interesting to explore and compare cases of companies to identify the best internal marketing practices that emerged during COVID-19 and promote to implement them further. We also could expand the sample size and include company leaders of other regions of the country and even include the perspective of employees on how they have responded to such internal marketing initiatives. From the employees’ perspective to internal marketing challenges, it could be relevant to explore if social distancing in the new remote work schemes has driven digital transformation and whether it has affected human connection and the work environment. Additionally, based on the conceptual model resulting from this research, it would be possible to design a quantitative research instrument and measure the relationships between the variables. Finally, it is important to mention that literature about the relationship between organizational agility and internal marketing is scarce, so this paper contributes to extend the literature on the field.

References


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