

Consideration of internal marketing:

The case of Japanese hotels

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Abstract

In the hotel industry, there is a normal issue of how to utilize limited human resources depending on the difficulty of securing competent human resources and a high turnover ratio, which is a regular task. Therefore, it is the hotel management issue of how to activate the organization and motivate employees. One of the effective concepts for activating an organization is Internal Marketing. Internal Marketing is known as a concept that leads to revenue by treating employees like customers and activating internal organizations in the field of service management. This paper focuses on Career Counseling as one of the concrete methods of Internal Marketing. Normally, Career Counseling is performed for individuals, however it has been shown in previous research that it can be applied to organizations. As an example of adapting Career Counseling to organizations, this paper chose the case of Hoshino Resorts to verify whether Career Counseling as an effective method of Internal Marketing is valid for the hotel organization. From previous research, this paper firstly outlined the definition of Internal Marketing, then described what Career Counseling is, then showed that Career Counseling is one of the Internal Marketing methods. In addition, the case of internal organization activation of Hoshino Resorts was considered, and it is suggested that Career Counseling as a method of Internal Marketing is one of the effective methods of internal organization activation.

Keywords

internal marketing, career counseling, activating organization, hotel organization, employee support

1. Introduction

It is a concept widely known in service management that employee satisfaction leads to an improvement in customer satisfaction and an increase in revenue, but what to use for that method is a matter of controversy. For example, “Credo” in Ritz-Carlton is often taken up as an optimal example of allowing employees to penetrate corporate philosophy, but this measure will be effective only if there is a trust relationship between employees and management as a prerequisite. Therefore, if we intend to raise employee satisfaction in order to increase customer satisfaction and increase revenue, we must first activate the internal organization and build a trust relationship between employees and management. That key is Internal Marketing. This is because Internal Marketing refers to “Treating employees like customers” as a central concept [Heskett et al, 2003]. In other words, this concept means ‘dealing’ employees carefully, and it is thought that this concept leads to employee satisfaction.

2. Aims and methods

This paper focuses on Career Counseling as a concrete method of Internal Marketing. It focuses on hotel organizations, through a literature review, firstly, outlining the definition of Internal Marketing and describing what is Career Counseling, then suggesting that individuals, as it has been shown in previous research, are adaptable to organizations. Career Counseling could be one of the Internal Marketing methods. In addition, the case of Hoshino Resorts’s internal organizational

activation is considered then it is suggested that Career Counseling as one of the Internal Marketing methods would be one of the effective methods of internal organization activation.

3. Definition of internal marketing

It is widely known that Internal Marketing has the concept of “treating employees like customers” as a central concept, but its definition differs among researchers and it is not constant. Here, representative definitions are presented based on Kimura [2007].

- “The purpose of Internal Marketing is motivating and getting conscious talents to customers” (Grönroos, 1981)
- “Consider an employee as an internal customer while paying attention to the purpose of the organization, to regard the work as an internal product that meets the needs of these internal customers and what is needed” (Berry, 1984)
- “Internal Marketing is a process that encourages employees to accept changes in the company’s philosophy and beliefs” (Reardon and Enis, 1990)
- “What we suggest is that Internal Marketing is planned to overcome organizational resistance to change and to collaborate, move and compile employees for effective implementation of collective functional strategies It means that it refers to efforts “(Rafiq and Ahmed, 1993)
- “Internal Marketing is a process of building relationships, in which the combination of employee autonomy and know-how, inspiring activities that bring about transformation within the organization to respond to market changes, new organized knowledge will be created and communicated” (Ballantyne 1997)

The seemingly common elements of these definitions are motivating employees and activating internal organizations to respond to change. Therefore, Internal Marketing can be regarded as a method for activating the internal organization. However, the aim is not only to revitalize the internal organization itself, but also to revitalize the internal organization and also to acquire external customers, increase revenues and improve performance.

4. Career counseling

Kottler et al. [2003] point out that the owner of a hotel or resort often does not have much interest or knowledge about facilities, as one of the problems unique to the hotel industry. If the owner is not interested in the hotel facilities, it can be inferred that people who work there are also not interested. If so, the owner is not interested in human resource development and career paths for hotel employees. However, the owner would be more interested in revenue. Because, of course, the earning situation of the hotel affects the economic situation of the owner. If the owner is not interested in what kind of situation the hotel facility is and if interest is in revenue, the hotel management is also interested in profit and short-term benefits. If what is sought is a short-term interest, it is difficult to think that the employee's awareness of working there will be long-term, and it will be difficult to extend the employee's future, that is, career. Therefore, Iijima [2001] points out that hotel marketing is becoming short-sighted marketing by Levitt, even as individuals and organizations that are aggregates, it is considered that something to pursue has to be short-sighted. Iijima [2001], points out that the turnover rate of hotel employees is higher than that of other industries, and since it is always high turnover regardless of the economic fluctuation, it is a structured phenomenon. If the employee cannot see the future at their current workplace, that is the hotel, employees think that behaviors trying to find a way in other workplaces, that is, off-going behavior, are obvious results. It is not limited to the hotel industry that employee turnover affects personnel costs greatly. Increasing the employee retention rate will contribute to improving the profitability of the company. Also, employee turnover implies that the experience, know-how and knowledge of the employee are also lost at the same time. In the hotel industry, many researchers including Lovelock and Wirtz (2007), and Kottler et al. [2003] point out that revenue is generated from the points of contact between customers and employees. If the employee is not interested by the management, it results in high employee turnover rates, and this means that the hotel abandons its big revenue source. Here is the importance of Internal Marketing in the hotel industry. One of the methods is Career Counseling, because Career Counseling is aimed at helping to extend the future of the individual.

4.1 What is career counseling?

The purpose of Career Counseling is to support individuals or groups to solve the current problems and to focus on the future as well, that is, how to form a career. Watanabe and Herr [2001] quoted from Herr and Cramer [1996] and defined Career

Counseling as follows:

Career Counseling is a process in which,

- the majority of the process is done through language,
- clients focused on clarifying their goals with counselors and acting towards it in a dynamic and cooperative relationship,
- helping clients who are responsible for their own actions and transformations, deepens their self-understanding, grasp the selectable behavior, acquire the skills necessary for planning and managing careers by themselves, acquiring information and make decisions,
- counselor is a process of taking various aid actions.

It is said that Career Counseling is while clients who are responsible for setting goals, making decisions and actions, and the counselor provides various assistance to clients in each process, and helps clients to achieve the goal. Therefore, Career Counseling can be a powerful support for employees who have difficulty to extend their future in the organization.

Before looking at how the concrete process goes forward, this paper will also present the definition of career. Kanai [2002] defines, based on the definition of Hall; "The career is the individually perceived sequence of attitudes and behaviors associated with work-related experiences and activities over the span of the person's life [Kanai, 2002]." and the definition of Feldman; "We need to investigate the succession of occupations and duties that individuals will take for 40 to 50 years, but we call a series of duties that individuals carry over throughout their work life as a career [Kanai, 2002]"

Career is a specific duty, occupation, and job in the long-term (usually decades) working life that can be unfolded on the basis of life or the whole life after starting adulthood full-time work. Continuity of experience and (large) clause retrospective meaning (in particular, at first glance, meaning and integration between experiences and experiences with low continuity) and future vision, a pattern of prospects [Kanai, 2002].

In other words, a career is a meaning of work as a foundation based on life. What is the process to support such a career? Watanabe and Herr [2001] introduce the model advocated by Gysbers et al., as follows:

- Part 1: Confirming, clarifying and specifying clients' goals or problems
 - Sub-step 1: Opening
 - Sub-step 2: Collecting information about the client
 - Sub-step 3: Understanding behavior of clients and setting hypothesis
- Part 2: Stages of achieving the goals of the client or solving problems
 - Sub-step 1: Setting goals and making action plan
 - Sub-step 2: Evaluation of results
 - Sub-step 3: Termination of counseling relationship

Part 1 is the stage of building the foundation to achieve the purpose of why the client comes to counseling, the client is deepening self-insight, clarifying and expanding his self-image. For that reason, the counselor gives top priority to the client's deepening of insight by focusing on "the inner world unique to that person". At the same time, it means that the counselor tries to understand what the client thinks, what to worry about and wishes. This is because the best source of information on client behavior is the "client, the subject of action". The more they can tell as accurately as possible, the more realistically it will be useful information to solve the problem. Therefore, it can be said that the key is that the client can deepen their trust in the counselor and face the counselor themselves. In this way, the client will take action that gives top priority to clarifying goals (problem solving) that must be addressed now.

Part 2 is the stage where the client takes "concrete actions" towards the target, achieves the goal and concludes the counseling relationship, that is, the client acts toward a concrete goal process. The counselor initially aims to help the client "first to start", i.e., to set goals and to establish specific action plans towards it, and the client will implement an action plan. Secondly, the counselor will assist the client in self-assessing how the client implemented the action plan and what the outcome was. At this time, the counselor examines both the process of executing the plan and the outcome of the action. And, if necessary, the counselor rebuilds the action plan and makes corrections to help achieve the set goals. Finally, the counselor, together with the client, concludes counseling when it can be confirmed that the direct goals set up in the counseling process have been achieved.

In actual Career Counseling, this process is not a one-way progression in order, but a reversible thing that goes forward or backward depending on the client's condition and circumstances. The important thing is that the subject is the client and the counselor is the supporter. To that end, the counselor is primarily to understand the internal world of the client, in other words, how the client perceives the situation in which the client is located. This means that Career Counseling takes the same process as counseling. That is, even in Career Counseling, the counselor understands the client by looking at the world the client is looking at, and provides assistance for the client to think and act on their own, not instruction.

4.2 Expansion to group

Career Counseling is conducted not only for individuals, but also for groups. Its definition is "to have the purpose of deepening insight into their problems and goals to be solved by each member, making decisions and acting towards solution" [Watanabe and Herr, 2001]. In other words, the goal is that individual members achieve each goal using group dynamics, there is no group goal. Its ultimate purpose is to promote and strengthen psychological development, including individual career development of each member, while focusing on individual attitudes and thinking, emotions, desires, and behavior. Watanabe and

Herr [2001] summarize the function of group approach as follows:

- Promotion of self-understanding and problem solving
By providing a psychologically safe and supportive environment, cooperation among group members deepens in such environments, each and every client evaluates their own career and psychological development, and career problems and individuals. Conflict and deepening the insight into the emotional aspects of the dilemma and promoting actions to solve his/her problems.
- Information provision and utilization
In order for each member to gather information to expand the choice of solving psychological tasks of his/her profession, career path, and other individuals, to share them among members, and to make each member useful for solving their own problems. It is to make it possible to utilize it.
- Motivation
Creating readiness to understand the importance of searching for multiple choices that each member can realize.
- Teaching
The process of choosing, determining and planning is probably emotional, it is certain that the approach to intelligently explain or teach a method is of little use, but on the other hand, course selection is basic. It is cognitive and teaching about unknown information or situation in that sense also has meaning.
- Act actually
The group is also an opportunity to try out how to act on their own through various simulated experiences and surrogate experiences. For example, each person projects him/herself on each scene through role playing, case studies, video, discussions, etc., analyzes "how you feel" on each scene. They can notice the emotions of the members and promote the development of emotional aspects.
- Development of attitudes
Attitudes and values that greatly influence personal behavior, self-image, etc. are learned and built in relationships with important others such as family members and friends. Consequently, the group is an important and useful place to communicate, clarify, reconsider, and develop their values, attitudes, and self-images.
- Explore
Because the group consists of almost the same level of developmental stage and tasks, each member can search for their own experience with confidence, feed back to each other and analyze each other with confidence.

Since these functions are interrelated, Watanabe and Herr [2001] point out that it is possible to take advantage of several functions at the same time, and can also be utilized in group work.

There is a job, club as a group approach, applied to group work aimed at employment support. According to Watanabe

and Herr [2001], the job club is a career group work developed by Azrin et al., who are American counseling psychologists, and originally it is very difficult to get a job. It is a professional search program targeted at clients based on behaviorist counseling. In Canada, it has been successfully implemented for elderly unemployed people and has been introduced to other countries. In Japan, youth employment support, that is publicly established in each region as contract work by the Ministry of Health, Labor and Welfare, is implemented mainly for NEET, Part-timer, who are regarded as particularly difficult workers at the institution [Ministry of Health, Labor and Welfare, 2012].

According to Watanabe and Herr [2001], chiefly targeted are people with a criminal record, welfare recipients, physically and mentally handicapped, high school dropouts, and they are commonly-based on various social obstacles and experiences of negative experiences of the past, not only the occupation selection behavior is not acquired, but also people who lost both self-esteem and motivation to work. Azrin and colleagues said, "Failure has not learned the necessary actions or has learned inefficient actions, failures lead to unexpected failures, and therefore inefficient behaviors and maladaptive behaviors. It causes the self-esteem to lose its self-esteem." based on the idea of developing self-esteem, they developed a program to encourage people to follow each action step one by one. The emphasis was on strengthening in the course of the program, that is, approval from other people and success experience, and it is the idea that this strengthening is indispensable for recovering confidence. The advantage of the group process for adult groups with social impairment is that they can teach and support each other, so that they can become self-respecting and can learn social skills with confidence. Hotel employees are not the people who have difficulty to get a job. However, not being interested by the management, that is, not being approved, it may be considered that they cannot have self-esteem for that. Therefore, the outside face of being in a working state is different from the subjects of the job club, but there is commonality in the inside. It is thought that development to a group is possible even to an organization which is an aggregation of groups. Examples of deployment to organizations can be seen in the case of Hoshino Resorts [Nakazawa, 2009].

5. Development into an organization: The case of Hoshino Resorts

Currently, Hoshino Resorts has 6 hotels (overseas 1); Hoshinoya as a core hotel, 3 Hotels; Resornare as a resort hotel, 14 Japanese style hotels; Kai and 8 other accommodation facilities (overseas 1). It has about 100 years of history, however it was only a regional hotel in Karuizawa (Nagano prefecture in Japan) until just over 20 years ago.

What president Hoshino emphasizes most in management is human resources. In 1991, Hoshino, who took over as president from his father, was most troubled by employment and establishment of employees. Hoshino studied hotel management at graduate school of Cornell University. Firstly, he started

changing the old constitution of the company, considering the necessity to eliminate waste and inefficiency, and completely re-examining the management style from top down. For example, he introduced numerical management based on the survey of customer satisfaction, and he progressed reform one after another. The reform gradually improved. However, employees retired one after another. With no employees established, excellent service could not be provided, naturally, customer satisfaction did not rise and sales did not increase. At that time, Hoshino Resorts was only a mere one regional hotel in Karuizawa, so even recruiting employees, applicants did not gather as he expected. He persuaded the employees who wished to resign seriously, but the employees never tried to change their mind. Hoshino was at a loss, and what he noticed was the "dissatisfaction with the organization" as the biggest reason for employees to resign. While employees were dissatisfied with Hoshino's top down reform, there was no place to express that dissatisfaction, or to argue. Employees were exhausted of being ordered to work by management and they resigned. Hoshino decided to shift the axis of reform from the top to the employees, and stated to employees as follows.

- Doing empowerment positively.
- Let employees say to people what they want, when they want, the things they want.
- Increasing the motivation of employees by having them act on their own discretion.

Hoshino shifted to a system in which employees thought on their own, argued freely, and raised customer satisfaction. As a result, retirees have decreased and employees' consolidation has progressed. However, a new problem emerged. University graduate new employees resigned one after another. Until then, it was almost impossible to recruit university graduates, Hoshino himself went to a recruiting seminar for university students and repeatedly talked about his vision. As a result, in the mid-1990s, Hoshino Resorts was able to adopt several university graduates, with the evaluation that "vision is clear, management policy is clear, and it is a fun company." However, this time the problem of employee consolidation emerged. When university graduate employees passed several years and became executive candidates, they resigned one after another. Hoshino persuaded detention, but had no effect. The main resignation reasons were "studying more and becoming an excellent hotel person" and "going abroad". While asking why they resigned, Hoshino noticed that few people said "I quit because I hate the company," and "I quit because I am tired of work." The main reason for resignation was "doing other things more.", "satisfaction with work but impossible to be in Karuizawa for a long time considering the life stage." There was a problem that the company did not respond to the feelings and circumstances of employees. Hoshino thought that the company forcing employees to take what they should do leads to resignation. From this awareness, Hoshino concluded that resignation can be pre-

vented if the company can provide a plan that they can extend the future; a career they desire, and formulate and support a plan. This can be said to be the right approach of Career Counseling for supporting clients to create a career.

Hoshino devised a system that enables various ways of working such as starting to support employees' desired ways of working or the careers that employees are aiming for. Each system was produced through the voices of employees.

- Telecommuting

A system for employees who have no choice but to move away from the area where Hoshino Resorts is located due to marriage and other reasons. For example, there is a reservation booking via internet. It is thought that it is the same idea as a call center, and customer correspondence is possible regardless of the residential area.

The company does not lose employees with high skills, employees do not lose their jobs, it can be said to be a system that is beneficial to both.

- Educational leave

A system that allows employees to take a leave of absence for up to one year. For employees who wish "I want to spend time for my growth". Unpaid salary during the period, however, there is a social insurance payment. For example, there is an advance to the chef graduate school. The employees who used the system are not cooks, but chose the culinary graduate school to become a general manager who can understand the dishes. In the background, there was the advice of Hoshino saying, "I want you to go to the place that will surprise people in the surroundings." Another one took this system and went to India to do volunteer activities and learn Indian dance.

Hoshino considers that employees visiting a lot of places can create the worth on their work in the hotel business. That is, it can be said to be a system that is beneficial to both as well.

- Nu

A system that allows employees to change their work place according to the season. It was established in response to the voice of employees who want to work in different places every season. For example, in spring and summer, they work at Breston Court in Karuizawa or Risonare in Yamashiro, in autumn and winter, working at Tomamu in Hokkaido or Alts Bandai in Fukushima and so on.

As the same as the system of Telecommuting, the company does not lose employees with high skills, employees do not lose their jobs, it can be said to be a system that is beneficial to both.

- Holiday employee

For employees who want to increase their holidays. It is utilized in resorts where the busy season comes on Saturdays and Sundays. Even for employees who want to spend a lot of time on their hobbies, even for companies that want a manpower only during the busy season.

For employees, they can spend enough time to do their hobby, for the company, they do not need to pay unnecessary labor costs.

Employees who use these systems, after returning to work, are more aware of their contribution to the company, that is more loyalty than before. Employees who used Educational Leave twice said that the company came to think that "I want to give back somehow because the company helped realize the life I want to realize. This employee said that in the past she felt "a sense of resistance to doing work beyond the boundaries of my work". In addition, after returning, she said that her feelings had changed and "I want to please customers without regard to the frame of work." This can be said to be a manifestation of commitment to the company. Hoshino is conscious of continuing the system when diversifying the way of work. Regardless of the ideal system, it will be difficult to continue as the company's burden increases. Therefore, these schemes are not costly. Employees who choose a variety of ways of working are seeking a diversity of ways of working and they do not require more than necessary compensation. In other words, employees seek "freedom", not "money". If the management tries to compensate as a price to constrain freedom, it cannot meet the needs of employees and it cannot restrain turnover. These systems are the realization of "meeting the needs of customers" which is the basic concept of marketing. It is consistent with "treating employees as customers" which is the central concept of Internal Marketing. The central concept of these systems is "to adapt the company's system to the needs of employees, not to adapt the needs of employees to the company's system", that is, to recognize the diversity of employees.

Introducing diverse systems makes management difficult. Therefore, many companies formulate consolidation rules and aim for unified management, but at the same time, they lose the characteristics of each employee, and individuals cannot meet the needs of different working methods. Hoshino adopted a policy to transform employees' ideas to overcome a large number of employee resignations and to maximize employee ability by responding to individual needs. The original purpose of a company is to improve performance, create profits, and contribute to society. Hoshino's idea of seeking to demonstrate its capabilities and to enhance the contribution to the company by supporting the employees' way of living (i.e. career) rather than managing employees is exhausting the company's original purpose. It can be said that it is a very reasonable way of thinking to achieve. The purpose of Career Counseling is to recognize the character of the opponent and to support it to extend it, thereby realizing the way the opponent desires and the way of life they desire. Hoshino did not introduce the system though conscious of Career Counseling, but it can be said that the system formulated and introduced is an exact embodiment of Career Counseling.

The case of Hoshino Resorts suggests that the central concept of Internal Marketing's "treating employees as customers"

not only works effectively to hire and keep employees. In addition, employees who are carefully treated like a customer by a company will realize improvement in corporate performance by raising motivation, enhancing loyalty, and having a strong commitment. Initially, Hoshino tried to advance the reform from top down, but invited employee's opposition. University graduates who were attracted by a clear vision began to join, but eventually they also left their jobs. What Hoshino had noticed was not "what should be presented by the company", but to adapt the company's system to the needs of employees, in other words, the company is always supporting the realization of the figure that employees themselves want to realize. It can be said that this idea changed from corporate focus to employee focus. This transformation of ideas became the source to realize the current figure of Hoshino Resorts. In addition, this idea is a concept linked to the core policy of counseling; "Person Centered Approach", "Supporting rather than Guidance". This method can be applied not only to hotels but also to other industries. In particular, it can be said that it is an effective method for SMEs (small and medium-sized enterprises) suffering from recruitment and establishment of employees. The key to realizing performance improvement is "supporting rather than managing" employees.

6. Conclusion and future research subject

In this paper, targeting hotel organizations, it was aimed to suggest that Career Counseling is an effective method of Internal Marketing which is regarded as an effective concept for organizational activation. Firstly, the definition of Internal Marketing was confirmed and secondly the method of Career Counseling was reviewed. Furthermore, this paper focused on Hoshino Resorts as an actual case of applying Internal Marketing, and suggested Career Counseling can be applied as an effective method of Internal Marketing.

The case of Hoshino Resorts shows that it is an important factor of organizational change to practice "treating employees like customers" which is the central concept of Internal Marketing. "Treating employees like customers" can be said to treat employees carefully as an indispensable existence, or to utilize employees as a precious resource. The change of Hoshino's mind as a president became a catalyst for Hoshino Resorts to make a leap forward. It is important for companies to present employees with "what they should be" and not to put them in a frame, but to support employees' "precious existence" and to support them. The case of Hoshino Resorts shows that it leads to a conversion, and eventually to the improvement of performance. "Supporting the desire of employees", employees will become more human resources to contribute to the company by increasing loyalty for the company, having a strong commitment, acting voluntarily and moving forward. In this paper, the comprehensive effective measures of this "support" as Internal Marketing are considered and Career Counseling as a concrete implementation method is picked up and presented with examples.

However, in Hoshino Resorts, it was the owner who introduced Internal Marketing which became possible; Hoshino, the president, noticed, and changed the idea and executed it. If this awareness is not due to Hoshino but one employee, one manager, and understanding of top management could not be obtained, it is considered that it is difficult to introduce as pointed out by Grönroos [2007]. A future research subject will be to introduce and promote Internal Marketing even when understanding of top management cannot be gained and how to promote understanding of top management. It is necessary to verify whether it is possible.

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