

A FEW CONSIDERATIONS ABOUT THE RELATIONSHIP BETWEEN HUMAN RESOURCES MANAGEMENT AND MARKETING ACTIVITY IN SERVICE BUSINESS

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Abstract:

For most services, the staff is the most important part of the product. Marketing theory does not specify exactly the position of personnel contact in the company's hierarchy. HR policies are associated with outcome performance, customer experience and company culture created within the service. The purpose of this paper is to demonstrate the fundamental link between Human Resource Management and Marketing activities within a services company.

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For most services, the personnel are the most important part of the product. Marketing theory does not specify exactly the position of personnel contact in the company's hierarchy. HR policies are associated with outcome performance, customer experience and company culture created within the service¹⁴⁶.

In service business, employees become a rare resource, meaning that the company must, through them, to ensure a positive relationship with customers, placing in a strategic philosophy which would allow a competitive advantage at the strategic and operational level, based on individualization and if possible the uniqueness.

Considering, for example, hotel accommodation service, we can identify the most common aspects of hotel service that can go wrong:

- Accommodation procedure received at front desk can be slow because of a bored and unfriendly receptionist;
- The room facilities are not as promised and correcting the situation is time-consuming in a slow process;
- Morning wake-up call does not happen;
- The check-out bill is made incorrectly and this requires an effort for the client to make things right;
- The interior of the hotel is disturbed by the noise of the party held by a group of tourists.

All these aspects illustrate the importance of the human resource management* in terms of meeting the quality customer expectations and more, managing their actions. A prompt action of front-line staff and their proper management can prevent many of these problems. Of course, the employees (and why not a part of clients) may be responsible for ensuring a quality service.

The importance of the human factor, as part of service offer, result from the following:

¹⁴⁶ S. B. Schneider, *The Service Organization: Climate is Crucial*, Organizational Dynamics (Autumn 1980), pp.52-65;

* In service business, by human resource understanding both personnel and clients.

- Most of services production process requires that their own personnel have an important contribution to its development, both at the service place and in the activities that are not visible to customers.
- Many services processes require the active involvement of consumers in it, they becoming co-producers of the service. It can be supposed that the client request service at his own initiative (for example, a client moving his car to a garage to request maintenance or repair). In the case of services provided to customer's mind or body is required its involvement in the service production process. Thus, a driving school can provide to the client the benefit of training only if he or she cooperates and follows the instructor advices;
- People who simultaneously consume services, mass produced*, many of them can receive an impairment of benefits after service provision. First, the characteristics of other service customers may affect service image. Thus a restaurant can build an exclusive image linked to his clients as people who spend a lot of money. Second, the presence of other customers in the service production process means that the quality of service, received by each client, depends on performance of other customers. By this effect they become co-producers of the service. Often fellow customers have an important role to play in improving the quality of services, where, for example, a large number of customers, making the transactions to be more attractive for everyone. On other occasions, fellow customers can contribute negatively to the production of services, such as outrageous behavior in a bar or a smoker in a restaurant where smoking is not allowed can disturb the mood of the other customers.

The public side of the service companies consists of contact personnel. This category of staff compared to the importance and complexity of the work they perform, is often underpaid or the least respected in most service businesses and even in society. For example, in the medical service, people most responsible for the patient's condition and contributing significantly to the perceptions about quality of healthcare services are nurses. When asked "What category of medical personnel is the most poorly paid" we can easily answer: nurses. In education, most responsible for the daily educations of students are teachers, most times being underpaid. Certainly examples could continue, so that the most responsible for customer interaction and perceptions formulation about the quality provided, are often the worst paid people in the company.

Considering the importance of contact between service personnel and customer, under these conditions does not have sense. For example, many service firms suffer because of staff turnover. In commerce business many sellers are leaving their jobs. For hiring and training each new seller, the manager must spend a lot of money. This means less profit...

Scientific management seeks to establish the collaboration between employee and employer in terms of division of labor and a direct management style. Proponents of scientific management have seen in this, mutual benefits for both the employee and employer. For the employee, specializing in one area of activity would provide an opportunity to earn more, while the manager would have greater control over work and would get high productivity. But, what Taylor has not provided, as the main proponent of scientific management, was hostility to the process of retraining employees.

The paternalism is often associated with the owners the type of "Quajer" or "Rowntree"¹⁴⁷, who trying to show that they are interested in their employees both at

* Services that are provided at the same time to several consumers.

¹⁴⁷ Quakers & Capitalism - Transition: Seeböhm Rowntree and the Awakening of 'Liberal' Economic Consciousness, June 15, 2011, <http://throughtheflamingsword.wordpress.com>

home and at work. In the services sector, many employers in the retail sector, such as Marks&Spencer adopt a paternal attitude towards their employees, giving them some benefits such as stable job, providing temporary housing, subsidizing social clubs, all meant to encourage employees to identify with the interests of the Company, thereby encouraging loyalty, which legitimizes managerial authority and determines its acceptance.

Mayo's study is similar to those of Herzberg¹⁴⁸ (1966) and Maslow¹⁴⁹ (1954). Maslow said that people have needs as much psychological as economic. Only when psychological needs were satisfied we can talk about economic needs. To Herzberg, people have low or high needs. The first are based on the financial needs of food and shelter while the last are psychological in nature and relate to recognition and membership in a group or organization.

Unlike the economic strategies of scientific management, human relations approach man as a social animal. Mayo in his study¹⁵⁰ conducted for the U.S. Western Electric, dismissed the argument that productivity was not related to work organization and economic benefits as suggested scientific management.

In the services sector many attempts have been made to shift some jobs as directed by the scientific management. However, it is necessary to balance the benefits achieved and improve work efficiency to prevent disinterest of employees for their work. In this way, scientific management may suggest that main sector of activity can be run more efficiently by dividing it in subsectors led by specialists.

In services, Human Resource Management is closely related to marketing activities. The role of marketing is to achieve organizational goals by satisfying customer needs. Human resource management focuses on achieving organizational objectives. Hence, we can say that in service, HRM must also focus on external customer satisfaction.

Within services companies, HRM must deal effectively three types of customers if, as already stated, HRM does not remain just a simple, distinct and independent marketing activity. These types are:

- Employees. The efficiency of this group interaction involves focusing on methods used in recruiting and motivating them. This group focuses its efforts on the internal marketing activity within the company. The concept of internal marketing cuts into various aspects of Human Resources Management (HRM) such as motivation, leadership, values and shared vision. It



¹⁴⁸ Frederick Irving Herzberg (April 18, 1923 – January 19, 2000) was an American psychologist who became one of the most influential names in business management. He is most famous for introducing job enrichment and the Motivator-Hygiene theory.

¹⁴⁹ Abraham Harold Maslow (April 1, 1908 – June 8, 1970) was an [American psychologist](#) who was best known for creating [Maslow's hierarchy of needs](#), a theory of psychological health predicated on fulfilling innate human needs in priority, culminating in self-actualization.

¹⁵⁰ The study began in 1924 by [isolating](#) two groups of workers in order to experiment with the impact of various incentives on their productivity.

also looks into the aspects of structure, service delivery systems^A, and procedures.

- Management. Functional managers in all sectors must be in a center of HRM activities for the success of functional activity and whole company.
- External groups. These groups include future employees and indirectly potential customers, intermediaries and other stakeholders such as groups of influence and governmental agencies that regulate service activities.

We can see the similarity between this approach and marketing triangle:

Employees and customers have an important role in a services company management. The success of HRM functions requires the ability to demonstrate its central importance in achieving business objectives, and for this, HRM functions must integrate the other functions, in order to ensure market needs. In services marketing, such integration should revolve around the customer having three basic directions:

- Identify customer needs: Human Resources Department must work since the beginning from the position of customers. Intimate knowledge of their needs will enable HR department to establish functional operations so as to achieve their satisfaction. HRM supports the marketing effort by recruiting and training the staff to be able to meet customer needs. Marketing function may receive information from the HRM function through ongoing monitoring of customer satisfaction. Such data can be used to establish personnel schemes and integrate them into total quality management process.
- Evaluation. Functions and personnel policies must be congruent with the general mission and objectives of the company.

It is almost a cliché to say that for some businesses, employees are actually *the business* in the sense of the importance of their contribution to it health. Importance given to HRM in any organization can be explained by examining three aspects of staff:

- The proportion of staff costs in the total costs recorded;
- The importance of customer and employee encounter in the service;
- The importance of contact personnel for the company and explanation of the particular role in ensuring customer satisfaction through the different roles played by contact personnel that performs dual functions in interaction with external and internal environment of the company.

Strategically the contact personnel are an important source of service differentiation. A way to approach the product differentiation problem is to separate service company into three parts:

- The concept of benefit or advantage;
- The servuction¹⁵¹ system;
- The service level¹⁵².

The concept of benefit or advantage is actually a sum of benefits received by the customer, which can be assessed only in his mind.

The basic idea of service level is that the service delivery system should be separated from how it operates. Often, for services companies, their own differentiation from other similar firms, in terms of the amount of benefits offered or in terms of service differentiation system used (a servuction itself), can be a challenge. For example, one extreme is the fact that many air companies offer customers a similar

¹⁵¹ Servuction is a concept that describes the process of creating a service. It was developed by P. Eiglier and E. Langeard in 1987 by combining the words service and production. Servuction is when the customer participates in the development of a service.

¹⁵² Service level measures the performance of a system. Certain goals are defined and the service level gives the percentage to which they should be achieved. Fill rate is different from service level.

amount of benefits, using the same type of aircraft and taking off from the same airport. Their only hope of competitive advantage is related to the service - how things happen.

Some of these differentiations may be achieved by the staff or by the system of material elements designed to support staff in providing the service. Often the deciding factor that makes the difference between an airline and another is confidence and attitude of service provider.

Conclusion

In services, human resources, especially contact personnel (first line personnel) take many of the marketing functions. In this sense, product development and service offer; serving process running in good condition (stages, content and quality); creating value to the customer (by price); service delivery; main and auxiliary service promoting; service evidence by highlighting the specific material elements of service; all become specific tasks for the service personnel within a service business. For these reasons, management must interfere in order to manage and to carry out specific functions to the services firm personnel.

Thus, there is a fundamental link between Human Resource Management and Marketing activities within a services company.

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