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The impact of internal marketing practices on customer relationship management in Algerian small and medium-sized enterprises: An analytical survey study of some enterprises in the Setif State-Algeria

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Abstract--The study aimed to find out the extent of the impact of internal marketing practices on customer relationship management, and this study was based on a set of tools including books, studies and previous research, as well as a field study that included the design and distribution of a form with the aim of collecting data from small and medium enterprises workers, of the state of Setif, The study has reached a set of results, the most important of which is that there is a relationship between the level of adoption of internal marketing practices and customer relationship management in the institutions, as well as the internal marketing practices affect ingesting the customer' knowledge, customer value, customer satisfaction and loyalty, In this way, combined internal marketing practices affect the customer relationship management.

Keywords--Customer value, customer satisfaction, customer knowledge, internal marketing mix.

Introduction

Successful organizations begin their strategic marketing activities from within, a concept known as internal marketing, which formally emerged in the early 1970s as a tool to enhance quality, service excellence, and customer satisfaction. The core principle of this concept is treating employees as an internal market or internal customers, job roles as internal products, and applying various marketing techniques—such as market research, segmentation, and the development of an internal marketing mix—within the internal environment.

By adopting internal marketing, organizations commit to treating their employees as valued internal customers, ensuring they receive sufficient attention and support. This approach enhances their skills and capabilities, ultimately improving performance and fostering employee satisfaction.

Research Problem

The central research question revolves around:

"To what extent do internal marketing practices influence customer relationship management (CRM) in Algerian small and medium-sized enterprises (SMEs)?"

Study Hypotheses

The research problem will be examined by testing the following hypotheses:

1. The elements of internal marketing significantly affect the dimensions of customer relationship management in the studied enterprises.
2. There is a correlation between the level of adoption of internal marketing practices and the effectiveness of customer relationship management in the studied enterprises.

Significance of the Study

A. Academic Significance

This study holds academic value as it explores modern managerial concepts, such as internal marketing and customer relationship management (CRM), while contributing to the theoretical framework of the subject. It provides insights into these concepts and attempts to establish a link between them.

B. Practical Significance

This study seeks to bridge two key concepts and aims to achieve effective customer relationship management through the adoption of internal marketing. By conducting an empirical study on SMEs in the Setif State (Wilaya), it also raises awareness among managers about the necessity of embracing internal marketing and other contemporary management practices. Additionally, it offers practical recommendations to enhance organizational performance.

Research Objectives

This study aims to:

1. Assess the level of adoption of internal marketing practices and their impact on CRM in Algerian SMEs.

2. Examine managers' awareness and perception of the need to adopt these practices to improve organizational performance.
3. Highlight the importance of implementing internal marketing and CRM concepts to achieve higher levels of customer satisfaction among Algerian enterprises.

Research Methodology

A descriptive-analytical approach was adopted, aligning with the study's objectives. This methodology facilitates data collection, classification, analysis, and interpretation to test hypotheses and derive conclusions. The tools and techniques used include:

- Review of theoretical literature related to the study's topic.
- Structured questionnaires for data collection.
- SPSS software for data processing and statistical analysis.

Literature Review

1. Study by Hameed Abdulnabi Al-Taie (2012)

Title: *"Measuring Evaluations and Practices of Internal Marketing in the Jordanian Hotel Industry from Employees' Perspectives."*

Objectives:

This study aimed to identify the methods and practices essential for the success of internal marketing in Jordanian hotels and to evaluate employees' perceptions of internal marketing practices in seven surveyed hotels. A sample of 210 employees was selected.

2. Study by Salwa Mahmoud Mahmoud Mattain (2010)

Title: *"The Application of Internal Marketing in Industrial Companies in Jordan."*

Objectives:

This study measured the dimensions of internal marketing in Amman's furniture manufacturing sector from employees' perspectives, addressing whether management adheres to providing a stable and secure work environment through internal marketing practices. The sample included 14 organizations with over 100 employees each.

3. Study by Abdelhakim Hattash (2006)

Title: *"The Modern Strategic Vision for Achieving Customer Satisfaction and Loyalty: Customer Relationship Management (CRM) – A Case Study of Algeria's Mobile Telecom Company, Mobilis."*

Objectives:

This study explored the nature of CRM and its implementation through information and communication technologies (ICT).

Distinctiveness of the Current Study

This study differs from previous research in several aspects:

1. **Variables Examined:** It links **internal marketing** and **CRM**, a connection not explored in prior studies.
2. **Research Setting:** It focuses on SMEs in **Setif, Algeria**, unlike previous studies that examined large firms.

3. **Sector Coverage:** It includes both **industrial and service-sector SMEs**, whereas most earlier studies were limited to large enterprises.

1- Internal Marketing Strategy

1-1- Conceptual Foundations

Internal marketing emerged in **service-oriented firms** as a means to enhance service quality, given the direct link between service performance, employees, and consumers. Over time, it expanded to other sectors (Matali, 2016).

Key Definitions:

- **Berry (2000):**
"Treating employees as internal customers and jobs as internal products, designed to meet their needs while achieving organizational goals." (Dunmore, 2002, p. 19).
- **Kotler:**
"Training and motivating internal customers (employees), especially frontline staff, to work as a team in delivering customer satisfaction." (Suwaidan & Al-Barwari, 2009, p. 57).
- **Berry & Parasuraman (2000):**
"Attracting, developing, motivating, and retaining qualified employees by designing jobs that meet their needs—a philosophy treating employees as internal customers." (p. 176).

1-2- Elements of Internal Marketing

Studies highlight critical components for building an internal marketing strategy (Al-Nsour, 2012):

- a) **Hospitality & Customer Relations:**
 - Training staff in **courtesy and professionalism** to strengthen customer interactions.
- b) **Quality Control:**
 - Improving **technical quality** (product standards) and **functional quality** (service delivery).
- c) **Personal Selling:**
 - Training employees in **sales techniques** and using **reward systems** to enhance performance.
- d) **Work Ethics:**
 - Fostering a **positive work environment** to reduce employee turnover and improve service delivery.

2- Internal Marketing Mix

The internal marketing mix adapts traditional marketing principles to employees (Kimora, 2017; Al-Sahhaf & Al-Sayed, 2002):

Element	Description
Product	Job design to attract top talent (" <i>Job attractiveness</i> ") (Vioma, 2000).
Price	Psychological cost to employees (e.g., handling difficult customers).

Element	Description
Promotion	Using communication tools to influence employee attitudes and behaviors.
Place	Channels for delivering internal "products" (e.g., meetings, training sessions).

Extended Internal Marketing Mix (Ahmed & Rafiq, 2002):

- **Physical Evidence:** Training materials, policies, and guidelines.
- **Processes:** How employees receive internal "products" (e.g., training, structural changes).
- **Participants:** Individuals involved in delivering/receiving internal services.

3- The Nature of Customer Relationship Management (CRM) in Small and Medium-Sized Enterprises (SMEs)

Customer Relationship Management (CRM) is a modern concept applied in large, medium, and even small enterprises. However, its implementation in **SMEs** is often limited and characterized by unique features, including:

- **CRM in SMEs relies on creativity** in managing customer lists and retaining them.
- **Strong personal relationships** often develop between SMEs and their customers due to direct interactions.
- **Centralized decision-making**, where the owner controls all CRM and marketing activities.
- **High customer satisfaction and loyalty**, as SMEs tend to specialize in meeting their customers' specific needs.
- **No need for complex databases**, since SMEs typically operate in local markets with a limited customer base.
- **Owner-driven policies**, where the owner determines target customers, their volume, and the terms of engagement.
- **Customer value stems from direct interaction** with the owner, who strives to fulfill customer expectations.
- **Limited formal CRM practices**, as communication is often direct and localized, with most CRM activities managed personally by the owner.

3-1- The Contribution of Internal Marketing to Developing Customer Relationship Management (CRM) Dimensions in SMEs

1.3.1 Internal Marketing's Role in Enhancing Customer Value

The way products are presented to customers is crucial. Even high-quality products may fail to impress if their delivery or presentation is poor. This highlights the importance of internal marketing, which is essential for sustaining successful customer relationships. Employees play a key role in convincing customers of a product's quality and alignment with their expectations, while also ensuring courteous service and timely delivery. This requires adapting to different customer profiles and maintaining professionalism.

When a company consistently fulfills its promises, it builds trust with customers, positively influencing their future purchasing intentions. This fosters long-term loyalty, a competitive advantage that all firms strive to achieve. Customer value is reflected in acquisition costs, making it more cost-effective to retain existing customers than to attract new ones. Effective CRM strategies, supported by internal marketing, ensure business continuity and strengthen customer relationships (Bousta, 2011).

3-2- Internal Marketing's Role in Improving Customer Satisfaction

As Don Schultz states:

"If you're thinking about adopting a new CRM system, save your money until you're sure your team is on board." (Chief Marketer, 2019).

Internal marketing aims to increase employee satisfaction, which directly impacts customer satisfaction—whether through direct or indirect interactions. Satisfied employees are more likely to:

- Demonstrate higher loyalty to the company.
- Stay well-informed about key business objectives, strategies, and organizational policies.

Employees who believe in the company's mission and methods are more motivated and loyal. While external strategies focus on customer satisfaction with products/services, internal strategies prioritize employee job satisfaction and service quality.

A positive correlation must exist between internal and external dimensions. If one element fails, it disrupts the entire business operation. Thus, employee satisfaction alone is insufficient—it must be aligned with a quality-driven environment to translate into customer satisfaction and, ultimately, profitability (Ioan & Ivana, 2011).

3-3 Internal Marketing's Role in Strengthening Customer Loyalty

Customer loyalty is a key growth driver for businesses, stemming directly from satisfaction, which depends on service quality and perceived value. Loyalty is cultivated through motivated, satisfied, and committed employees. Studies confirm that internal marketing significantly enhances customer loyalty through:

3.3.1 Recruitment for Loyalty

- Longer employee tenure increases their knowledge and value to the company.
- Employees who interact directly with customers directly influence loyalty.
- A trust-based relationship develops between employees and customers over time.
- Losing experienced employees can lead to customer attrition (Churchill & Halpern, 2001).

3.3.2 Training for Loyalty

- Finding skilled employees is challenging; even technically proficient hires need cultural training to align with company values.
- Training should emphasize:
 - Balancing business and social goals.
 - Targeting the right customer segments for long-term relationships.

- Exceeding customer expectations—satisfaction is the minimum; loyalty is the ultimate goal.
- Role-playing exercises can help frontline employees develop loyalty-building strategies (Churchill & Halpern, 2001).

3.3.3 Incentives for Loyalty

- SMEs should treat employees like their best customers.
- Retaining trained staff is cost-effective compared to turnover expenses (recruitment, training, lost productivity).
- Rewards and recognition boost job satisfaction and retention.
- Losing top performers risks customer loyalty and increases operational costs (Churchill & Halpern, 2001).

4. Data Analysis

4.1. Analysis of Internal Marketing Data

A. Analysis of Responses on Recruitment & Training

The following table summarizes respondents' perceptions regarding recruitment and training practices in SMEs within the Setif region:

Table 1: Analysis of Responses on Recruitment & Training Statements

N	Phrase	Totally		agree		Disagree		Totally disagree		Neutral	
		frequency	%	frequency	%	frequency	%	frequency	%	frequency	%
1	The organization employs individuals with customers who can deal	21	29.6	39	54.9	5	7	0	0	6	8.5
2	The institution organizes training for courses for those responsible managing customer information	5	7	40	56.3	9	12.7	1	1.4	16	22.5
3	Your training helped you develop your complaints skills in handling customer	18	25.4	35	50.7	5	7	1	1.4	11	15.5
4	The training process develops the with employee's communication skills the customer	20	28.2	41	57.7	2	2.8	1	1.4	7	9.9
5	The administration develops training objectives programs based on the set	13	18.3	30	42.3	6	8.5	6	8.5	16	22.5
General average			21.9		52.38		7.6		2.54		15.78

Source: by author with SPSS output

The analysis of the survey data reveals that 84.5% of employees in the studied SMEs agree their organizations prioritize hiring competent staff capable of handling customer relations (54.9% agree + 29.6% strongly agree), while 7% disagree and 8.5% remain neutral. Regarding training practices (items 2-5), responses show moderate agreement levels (42.3%-54.9%) with minimal disagreement, indicating generally positive but not exceptional training effectiveness. This suggests that while most Setif SMEs successfully recruit customer-oriented personnel, their training programs achieve only adequate results, highlighting an opportunity to enhance training quality and consistency to fully leverage internal marketing potential. The small but notable percentage of

neutral/disagreeing responses (15.5% combined for recruitment) points to areas needing improvement in HR practices and internal communication.

b. Analyse des réponses pour la dimension communication interne : à travers le tableau suivant :

Table 02 : Analyse des réponses aux énoncés de l'item de communication interne

N	Phrase	Totally		agree		Disagree		Disagree		Neutral	
		frequency	%	frequency	%	frequency	%	frequency	%	frequency	%
6	The internal communication system affects external communications with customers	26	36.6	35	49.3	2	2.8	1	1.4	7	9.9
7	The organization relies on different forms of communication to exchange customer-related information	28	39.4	34	47.9	1	1.4	0	0	8	11.3
8	The company uses modern technological means in the process of communicating with the customer	20	28.2	23	32.4	6	8.5	0	0	22	32.4
9	Management disseminates marketing information among individuals	14	19.7	28	39.4	14	19.7	7	9.9	8	11.3
10	The quality of internal communication contributes to a rapid response to customer requirements	28	39.4	30	42.3	2	2.8	1	1.4	10	14.1
General average				32.6		42.2		7.04		2.54	

Source: by author with SPSS output

The table indicates a moderate consensus (74.92%) among surveyed employees regarding internal communication statements, with 32.66% strongly agreeing and 42.26% agreeing. On average, 9.58% disagreed while 15.8% remained neutral. This trend can be attributed to the fact that most studied enterprises are micro, small, or medium-sized, lacking access to the diverse communication tools typically available to larger corporations.

C. Analysis of responses to the motivation and empowerment item: Through the following table:

Table 3: Analysis of responses to the motivation and empowerment item phrases

N	Phrase	Totally		agree		Disagree		Totally disagree		Neutral	
		frequency	%	frequency	%	frequency	%	frequency	%	frequency	%
11	Motivation contributes to the organization's response to customer requirements	20	28.2	43	60.6	2	2.8	0	0	6	8.5
12	Management is keen to know the needs and desires of workers	18	25.4	28	39.4	13	18.3	3	4.2	9	12.7
13	The organization raises job satisfaction to maximize customer satisfaction	16	22.5	24	33.8	10	14.1	4	5.6	17	23.9
14	The organization attaches great importance to employee suggestions related to customer retention	15	21.1	24	33.8	12	16.9	9	12.7	11	15.5
15	The organization involves employees in customer-related decisions	10	14.1	25	35.2	17	23.9	8	11.3	11	15.5
16	Management considers workers as internal customers	12	16.9	24	33.8	9	12.7	3	4.2	23	32.4
General average		21.36		40.26		14.78		6.33		18.08	

Source: by author with SPSS output

The data reveals moderate agreement (61.62%) among surveyed employees regarding motivation and empowerment practices. While 21.36% strongly affirm the effectiveness of the motivation/empowerment system, with total agreement reaching 48.46%, a significant 21.11% express disagreement. Notably, high neutral responses were recorded for empowerment-related statements (14-16) at 15.5%, 15.5%, and 32.4% respectively, reflecting constraints on creative freedom and opinion-sharing within organizational activities.

4-2 Data Analysis of Customer Relationship Management Items

A. Customer Knowledge Item: This is evident from the following table:

Table No. (4): Means and Standard Deviations for Customer Knowledge Item Items

N	Paragraph	Arithmetic Mean	Standard Deviation	Significance	level	Relative Importance
17	The organization has the ability to information related to the collect customer	4.21	0.695	0.000	high	2
18	The organization has a database to customer information manage	4.30	0.852	0.000	high	1
19	The organization has a system for customer complaints managing	3.82	0.931	0.000	high	4
20	The company is constantly working to know the customer's desires	3.94	0.876	0.000	high	3
21	The organization applies the concept of customer orientation	3.46	0.998	0.000	high	5
the total		3.94	0.635	0.000	high	

Source: by author with SPSS output

The analysis of Table 4 reveals that surveyed employees' responses regarding customer knowledge show moderate agreement (means 3.40-4.20) for statements

19-21 and strong agreement (means 4.20-5) for statements 17-18, with an overall mean of 3.93 (SD=0.635) significantly exceeding the hypothetical average of 3, confirming this dimension's importance. The items were ranked by relative importance as follows: 1) maintaining customer databases (mean=4.30, SD=0.852), 2) collecting essential customer information (mean=4.21, SD=0.695), 3) understanding customer needs (mean=3.94, SD=0.867), 4) complaint management systems (mean=3.82, SD=0.931), and 5) implementing customer-oriented concepts (mean=3.46, SD=0.635), indicating that while most studied SMEs have established customer data infrastructure, they need to strengthen their customer-centric approaches.

B. Customer value item: This is evident from the following table:

Table No. (05): Means and standard deviations for customer value item statements

N	Paragraph	Arithmetic Mean	Standard Deviation	Significance	level	Relative Importance
22	The company is characterized by its quick response to customer needs	3.96	0.948	0.000	high	4
23	The institution is keen to provide a suitable atmosphere to receive the customer	4.28	0.778	0.000	high	1
24	The company works to develop and improve its products and services to meet customer needs	4.20	0.786	0.000	high	2
25	The company provides the product with the quality required by the customer	4.14	0.798	0.000	high	3
26	The company provides the product at the right price to the customer	3.75	1.079	0.000	high	5
27	The company allows customers to submit suggestions regarding the company's services and products	3.38	1.211	0.010	high	6
the total			3.95	0.633	0.000	

Source: by author with SPSS output

Table (5) shows that all arithmetic means of surveyed employees' responses regarding the motivation and empowerment dimension fall within the moderate agreement range [3.40-4.20], except for one statement in the neutral range [2.60-3.40], indicating high acceptance of this dimension, as the studied enterprises create significant customer value, confirmed by an overall mean of 3.95 (SD=0.633) exceeding the hypothetical average of 3. The relative importance ranking of customer value items reveals: 1) "The enterprise consistently provides a suitable environment for customer reception" (mean=4.28, SD=0.778), demonstrating customer importance; 2) "The enterprise develops and improves its products/services to meet customer needs" (mean=4.20, SD=0.786); 3) "The enterprise provides products with the required quality" (mean=4.14, SD=0.798); 4) "The enterprise responds quickly to customer needs" (mean=3.96, SD=0.948); and 5) "The enterprise offers products at appropriate prices" (mean=3.75, SD=1.079), while "The enterprise allows customers to submit suggestions about products/services" scored lowest (mean=3.38, SD=1.211).

C. Customer satisfaction and loyalty item: This is evident from the following table

Table No. (06): Averages and standard deviations for the customer satisfaction and loyalty item phrases

N	Paragraph	Arithmetic Mean	Standard Deviation	Significance	level	Relative Importance
28	The organization continuously monitors customer satisfaction levels.	3.86	0.798	0.000	high	4
29	The organization works to resolve customer problems in a timely manner.	3.99	0.918	0.000	high	2
30	The organization considers the number of complaints as a measure of dissatisfaction.	3.65	1.232	0.000	high	5
31	The organization seeks to transform customer satisfaction into lasting loyalty.	3.90	1.002	0.000	high	3
32	Customer loyalty is linked to the quality of services provided.	4.46	0.753	0.000	high	1
the total		3.97	0.629	0.000		

Source: by author with SPSS output

The analysis of Table (6) demonstrates that all mean scores of employee responses concerning customer satisfaction and loyalty fall within the moderate agreement range [3.40-4.20], with one exception showing strong agreement [4.20-5], confirming the importance of this dimension. The overall mean of 3.97 (SD=0.629), exceeding the baseline of 3, indicates that the surveyed enterprises effectively foster customer satisfaction and loyalty. Key findings reveal: 1) service quality is the primary loyalty driver (mean=4.46, SD=0.753); 2) prompt issue resolution is well-implemented (mean=3.99, SD=0.918); 3) satisfaction-to-loyalty conversion needs improvement (mean=3.90, SD=1.002); 4) satisfaction monitoring is consistent (mean=3.86, SD=0.798); while 5) complaint-based dissatisfaction measurement is least prioritized (mean=3.65, SD=1.232). These results suggest that while service fundamentals are strong, strategic loyalty development requires further attention.

Hypothesis Testing

A. First Hypothesis

Variable Definitions:

- **Independent Variables (Internal Marketing Practices):**
 - Recruitment & Training
 - Internal Communication
 - Motivation & Empowerment
- **Dependent Variables (Customer Relationship Management Dimensions):**
 - Customer Knowledge
 - Customer Value
 - Customer Satisfaction & Loyalty

Sub-Hypotheses:1. **Sub-Hypothesis 1:**

- Null Hypothesis (H_0): Internal marketing practices do not affect customer knowledge.
- Alternative Hypothesis (H_1): Internal marketing practices significantly affect customer knowledge.

2. **Sub-Hypothesis 2:**

- Null Hypothesis (H_0): Internal marketing practices do not affect customer value.
- Alternative Hypothesis (H_1): Internal marketing practices significantly affect customer value.

3. **Sub-Hypothesis 3:**

- Null Hypothesis (H_0): Internal marketing practices do not affect customer satisfaction & loyalty.
- Alternative Hypothesis (H_1): Internal marketing practices significantly affect satisfaction & loyalty.

Testing Methodology:

- **Regression Analysis & Multiple Correlation Coefficient (R)** will be used to examine the relationships.

First Phase: Testing the Impact on Customer Knowledge

- **Dependent Variable:** Customer Knowledge
- **Independent Variables:** Internal Marketing Practices (Recruitment & Training, Internal Communication, Motivation & Empowerment)

Expected Analysis:

1. **Regression Coefficients (β):** Measure the strength and direction of influence.
2. **R^2 (Coefficient of Determination):** Indicates the % of variance in customer knowledge explained by internal marketing.
3. **p-values:** Determine statistical significance ($p < 0.05$ rejects H_0).

Example Interpretation (Hypothetical):

- If **Recruitment & Training** shows $\beta = 0.35$, $p = 0.01$ → Significant positive impact on customer knowledge.
- If **Internal Communication** has $p > 0.05$ → No significant effect (fail to reject H_0).

Next Steps:

- Repeat analysis for **Customer Value** and **Satisfaction/Loyalty** in subsequent phases.

This is evident from the following table

Table No. (07): Selecting the first sub-hypothesis

Motivation and Empowerment	Internal Communication	Recruitment and Training	
	0.546		R^2
	0.739		R
3.291	4.255	0.467	T
0.002	0.000	0.642	Sig

Source: by author with SPSS output

The regression and multiple correlation analysis results demonstrate a statistically significant collective influence of internal marketing practices on customer knowledge, with a strong multiple correlation coefficient ($R=0.739$) and a determination coefficient ($R^2=0.546$) indicating that 54.6% of variations in customer knowledge levels are attributable to internal marketing implementation. All examined components - internal communication, motivation, and empowerment - showed statistically significant t-values at $\alpha=0.05$, leading to rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_1) confirming that internal marketing practices significantly impact customer knowledge. These findings empirically validate the crucial role of systematic internal marketing strategies in enhancing organizational understanding of customers within the studied SMEs.

Second: The Second Stage

Within this stage, we define the variables as follows:

Dependent variable: Customer value.

Independent variables: Internal marketing practices.

This is evident in the following table:

Table No. (8): Testing the second sub-hypothesis

Motivation and Empowerment	Internal Communication	Recruitment and Training	
0.511			R^2
0.715			R
5.129	2.283	-0.562	T
0.000	0.026	0.576	Sig

Source: by author with SPSS output

The multiple regression analysis results demonstrate a statistically significant collective impact of internal marketing practices on customer value, as evidenced by a strong multiple correlation coefficient ($R=0.715$) and a determination coefficient ($R^2=0.511$) indicating that 51.1% of variations in customer value levels can be attributed to internal marketing implementation. All examined components - internal communication, motivation, and empowerment - showed statistically significant t-values at $\alpha=0.05$, leading to rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_1) confirming that internal marketing practices significantly influence customer value. These findings empirically validate that: (1) a robust predictive relationship exists ($R=0.715$), (2) internal practices explain over half the variance (51.1%), (3) all components are statistically significant, (4) the strategic importance of internal marketing investments is confirmed, and (5) a quantitative basis for managerial decisions in SMEs is established.

Third: The Third Stage

Within this stage, we define the variables as follows:

Dependent variable: Customer satisfaction and loyalty.

Independent variables: Internal marketing practices.

This is evident in the following table

Table No. (09): Testing the third sub-hypothesis

Motivation and Empowerment	Internal Communication	Recruitment and Training	
0.229			R ²
0.479			R
2.011	2.336	-0.878	T
0.048	0.022	0.383	Sig

Source: by author with SPSS output

The regression analysis results demonstrate a statistically significant yet moderate influence of internal marketing practices (internal communication, motivation, and empowerment) on customer satisfaction and loyalty, with a multiple correlation coefficient ($R=0.479$) and determination coefficient ($R^2=0.229$) indicating these practices explain 22.9% of the variance in satisfaction/loyalty levels. While all three components showed statistically significant t-values at $\alpha=0.05$, leading us to accept the alternative hypothesis (H_1) that internal marketing affects satisfaction/loyalty, the relatively low explanatory power suggests these practices should be combined with other loyalty-building strategies for optimal results, highlighting both the importance and limitations of internal marketing in cultivating customer loyalty within SMEs.

Testing the Second Hypothesis

Within this hypothesis, we define the variables as follows:

Dependent Variable: Customer Relationship Management (reflected by the overall average of the responses to the second axis).

Independent Variables: Internal Marketing Practices (expressed by the averages for each item).

To test this hypothesis, we use regression and multiple correlation coefficients, as shown in the table:

Table No. (10): Testing the Fourth Hypothesis

Motivation and Empowerment	Internal Communication	Recruitment and Training	
0.754			R
0.569			R ²
4.647	3.832	-0.517	T
0.000	0.000	0.607	Sig

Source: by author with SPSS output

The regression analysis results reveal a statistically significant influence of internal marketing practices on customer relationship management (CRM), with a strong multiple correlation coefficient ($R=0.754$) and determination coefficient ($R^2=0.569$) indicating that 56.9% of CRM performance variation is explained by internal marketing implementation. While internal communication, motivation, and empowerment demonstrated statistically significant impacts ($p<0.05$), recruitment and training showed no significant

effect, leading to acceptance of the hypothesis that internal marketing adoption relates to CRM performance in the studied SMEs. These findings emphasize that continuous employee engagement through communication and motivation systems - rather than initial hiring practices - drives over half of CRM effectiveness, providing empirical justification for strategic investments in internal marketing programs while suggesting the need to reevaluate recruitment and training approaches to better align with CRM objectives.

Conclusion

This study sought to examine the internal marketing strategies in small and medium-sized enterprises (SMEs) and explore the nature of customer relationship management (CRM) in these organizations, while assessing the impact of internal marketing practices on CRM dimensions. Through statistical analysis, the following key findings emerged:

- Demographics: 67.6% of SME managers in Setif are male, mostly under 30 years old. While 19.7% have a secondary education or lower, 80% hold university degrees.
- Workforce Experience: Most employees have less than five years of experience in their respective fields.
- Business Profile: The majority of these firms have been operational for over 20 years, with 78.6% active in local/national markets and 21.1% in international markets. Medium-sized enterprises dominate compared to small and micro firms.
- Internal Marketing Impact:
 - Internal marketing practices significantly influence customer satisfaction and loyalty.
 - They enhance customer value perception.
 - They collectively affect all CRM dimensions, except recruitment and training, which showed no significant impact.
 - A strong correlation exists between internal marketing adoption and CRM effectiveness.

Recommendations

Based on these findings, the study proposes the following:

1. Modernize Internal Marketing Strategies to attract and retain skilled talent.
2. Enhance Customer Communication by adopting advanced tools for faster, more efficient interactions.
3. Implement a Customer Knowledge System, including a dynamic database to track and update client information.
4. Adopt CRM as a Core Philosophy to develop effective marketing strategies.
5. Prioritize High Customer Value through excellent service and feedback integration.
6. Center Business Operations Around Customers by ensuring satisfaction and fostering long-term loyalty.

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