A Triple Vision of the Effectiveness of Internal Marketing

Três Perspetivas da Efetividade do Marketing Interno

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Paula Rodrigues***

ABSTRACT

This article aims at evaluating the importance of Internal Marketing (IM) to the size of organizations, to the effectiveness of internal communication and to the sense of belonging of employees. To reach this objective, a survey was done. This was available on various social networks, what allowed us to collect a random sample. After analyzing the survey, it was possible to prove that the existence of a sponsor of the IM depends on the size of the organization, i.e., larger organizations are more likely to have someone in charge of IM than small firms; it was also found that the existence of IM promotes a more effective communication within the organization; and it was observed that the sponsor of IM plays a very dynamic role within an organization, as this entity stimulates the sense of belonging of employees. In the current context, the market requires a new attitude from organizations and the human element is undoubtedly the differentiating factor in the contemporary scenario. Small and medium sized organizations should not underestimate the importance of IM as this behavior may be an obstacle to economic growth and progress.

Keywords: Internal Marketing; Internal Communication; Sense of Belonging of Employees.

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RESUMO
O presente artigo tem como objetivo avaliar a importância do Marketing Interno (MI) na dimensão das organizações, na efetividade da comunicação interna, e no sentimento de pertença dos trabalhadores. Para atingir tal objetivo, foi realizado um questionário e disponibilizado em várias redes sociais, o que permitiu recolher uma amostra aleatória. Após a análise do referido questionário, foi possível verificar que a existência de um responsável pelo MI depende da dimensão da organização, isto é, as organizações de maior dimensão têm uma maior probabilidade de ter um responsável pelo MI; também se constatou que a sua existência promove uma comunicação mais efetiva dentro da organização; e foi observado que assume um papel muito dinâmico dentro da organização, uma vez que estimula o sentimento de pertença dos trabalhadores.
No contexto atual, o mercado exige uma nova postura das organizações e o elemento humano é, sem dúvida, o fator de diferenciação no cenário contemporâneo. As pequenas e médias organizações não devem subestimar a importância do MI, porque tal comportamento pode ser um obstáculo ao crescimento econômico e ao progresso.

Palavras-chaves: Marketing Interno; Comunicação Interna; Sentimento de pertença dos trabalhadores.

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1. INTRODUCTION
In the present context of the competitive market, all the organizations evaluate the market opportunities and the threats and consider all the possibilities to determine the organization’s strategy. The most competitive organizations began to realize that to become a distinguishing factor in the market they should stimulate internal environment and stimulate the strengths and overcome the weaknesses. Organizations require a
different management approach with greater emphasis on internal factors and resources and on the role of each employee in the IM building process.

In this context, the adaptation of a set of strategies of the traditional marketing - usually focused in the external environment - for use in the internal environment of organizations began to be used – known as Internal Marketing (IM). Within this initiative the organizations must transmit the business aims, values and economic performance, in order to encourage employees to actively take part in the success of the business. In a few words and in the point of view of IM, employees and customers have equal importance within the organizations and should be treated in the same way, as only they are able to achieve the goals.

The purpose of this paper is to examine the importance of IM in the scope of Portuguese organizations (more specifically in organizations based in the north of Portugal). The IM is analyzed in a triple vision: in the organization size, in the effectiveness of internal communication and in the sense of belonging of employees. The paper is organized as follows: section 2 describes the literature review, section 3 presents the research objectives, the sample and the research methods; section 4 shows the main results and section 5 describes the results. Finally, in section 6 the main conclusions and further research are described.

2. LITERATURE REVIEW

The search for organizational health is one of the biggest challenges of today’s business managers. Apart from the specific history, the external environment and the goals of each organization, it is vital to spring out its employees’ capabilities, passion and sense of commitment as important ingredients to achieve and to sustain high levels of performance.

As it has been widely recognized in the literature of marketing, organizations depend on employees to deliver quality services to compete and grow (Gronroos, 1990; Boshoff and Tait, 1996; Zeithaml, Berry and Parasuraman, 1996). The adaptation of a set of strategies and elements of the traditional marketing - usually used in the external environment - for use in the internal environment of organizations allows communication to flow through all hierarchy levels, enhancing on its employees a sense of belonging and of property, by allowing them to participate in organizational
strategies and by providing an interaction between employees from different hierarchical levels and different areas.

In this context, IM emerged, and it refers to the way an organization with varying degrees of sophistication motivates its employees towards a behavior and customer awareness. Berry (1981) adds that by treating employees as customers, service quality would improve. Rafiq and Ahmed (2000) acknowledged the importance of IM as an appropriate tool to increase employee motivation and satisfaction. They also presented what they considered the five elements of internal marketing: employee motivation and satisfaction; customer orientation and customer satisfaction; inter-function coordination and integration; marketing-like approach to the above; and finally implementation of specific corporate or functional strategies. It can be than concluded that IM represents a convergence of a number of previously separate management applications, included in but not limited to human resource management, employee relations, strategic management, quality management, corporate communications and macro-marketing, among others (Finney and Mette Scherrebeck-Hansen, 2010).

It should be noted that IM should be seen as a process that operates across the functional departments and between staff and management (Varey, 1995). Ballantyne (1991) has highlighted the need for marketers to influence and motivate staff to change the internal process as required, collaboratively, for effective external market orientation. Wheatley (1987) claims that IM is continuous training to enhance an organisation’s knowledge of their services, capabilities, awareness of market opportunities and marketing skills. This is according to Vandermerwe and Rada (1988) who emphasize corporate knowledge as a distinctive competency of the firm that creates value for customers. IM can affect a change in behaviors and attitudes to market responsiveness, and thus improve the market orientation of the firm (Wheatley, 1987; Gummesson, 1991). Thus, IM orientation combined with a high level communicational skill, enables the development of market capability throughout the organization.

IM penetrates the whole organization. The process of IM involves not only personal management, but also internal communication. Daft and Weick (1984) refer internal communications as a complex, interpretative process through which employees coordinate the work processes essential to the functioning of any organization. Employees today are likely to want more information about the company for which they
work (Argenti, 1998), so internal communication is the catalyst of organizational excellence and effectiveness (Grunig, 1992) and it should be continuous (Young and Post, 1993). Gronroos (1990) suggests that internal communications are central to the alignment of employees’ attitudes with organizational goals. As staff and management contact increases, the opportunities for communication sharing about the needs and wants of employees will also increase. This leads to the ability to disseminate information. In the IM context, information dissemination is particularly important.

While Asif and Sargeant (2000) suggested that there had been little academic interest to date in the subject of internal communications, a conference board study referred to employees communications’ as a new top management priority’ (Young and Post, 1993). No organizational relationships are as important as those with employees (Cutlip et al., 1985). However, if they are to be effective, organizations must ensure that a communication culture pervades the entire organization (Asif and Sargent, 2000).

Groysberg and Slind (2012) affirm that globalization, new technologies and change in how companies create value and interact with customers have sharply reduced the efficacy of a purely directive, top-down model of leadership. Traditional corporate communication must give way to a process that is more dynamic and more sophisticated. More importantly, that process must be conversational. Smart leaders today, according to Groysberg and Slind (2012), engage with employees in a way that resembles an ordinary person-to-person conversation more than a series of commands from a higher identity does. By talking with employees, rather simply issuing orders, leaders can preserve or recapture some of the qualities-operational flexibility, high levels of employee engagement, tight strategic alignment that enable start-ups to out-perform better established rivals.

One of our core drivers as humans is to feel a sense of self-worth. This drives all sorts of behaviors from the highly functional to the highly dysfunctional. Part of self-worth for most of us is to have a sense of belonging and what gives us such sense will vary from person to person (Crofts, 2012). Within an organization, both IM and business communication are key factors to trigger the sense of belonging among individuals. It is of utmost importance for employees to feel the emotion of being part of the project and have the opportunity to establish interpersonal connections and cultivate a spirit of mutual support towards the achievement of a common goal. It is
then crucial to understand the anatomy of the sense of belonging.

In this paper, one aims at evaluating the importance of IM in a triple vision: in the organization size, in the effectiveness of internal communication and in the sense of belonging of employees. In the next section the research objectives, the sample and the research methods will be described.

3. RESEARCH OBJECTIVES

The main question behind our research is to realize how Portuguese managers perceive the importance of the IM. To reach this objective, we intend to examine the IM in three scopes of organization: organization size, internal communication and the sense of belonging of employees. Thus, the following hypotheses were tested:

- Hypothesis 1: the existence of a sponsor of the IM depends on organization size;
- Hypothesis 2: evaluating if the effectiveness of internal communication depends on the existence of IM;
- Hypothesis 3: evaluating the role of IM and communication in the construction of the sense of belonging.

3.1. Sample description

An online survey was organized and e-mailed to 600 contacts and was available in various social networks. The final result was 103 valid responses.

In our sample, 48,5% of the total respondents are female (corresponding to 50 respondents) and 51,5% are male (corresponding to 53 respondents). Only 2,9% are less than 25; 72,8% are between 25 and 45 and 24,3% are more than 45 years old.

Regarding schooling and qualifications, 32% of the respondents have a basic level, 48,6% have secondary education, and 19,4% have a higher level (Masters or PhD). Most of the respondents (86,4%) work in the organization integrated in the tertiary sector (service) and geographically the organizations are concentrated (78,6%) in NUTS III Grande Porto.

In the context of the number of workers in the organization, 32% of the total of respondents work in organizations of up to 10 workers, 18,5% until 50 employees and 49,5% over 51 employees. As far as the annual sales/turnover is concerned, 20,4% of the total of respondents indicated that the turnover of the organization is up to 500,000€,
50.5% above 500.000€, and 29.1% not mentioned.

In the presence of the organization on the internet, it was found that 83.5% of the respondents stated that their organization has a site on the internet and only 17.5% said that they do not have one. Regarding the intranet, it was found that 69.9% of respondents indicated that their organization has intranet and the remaining do not have it. In the analysis of the update intranet contents, we observe that 39.8% are updated daily, 8.7% two or three times a week, 8.7% weekly, 1.9% biweekly, 6.8% monthly, 2.9% up to one month, 2.9% do not know and 28.2% do not answer to this question.
### Table 1 - Sample Description

<table>
<thead>
<tr>
<th></th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>50 (48,5)</td>
</tr>
<tr>
<td>Male</td>
<td>53 (51,5)</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>&lt;25 years</td>
<td>3 (2,9)</td>
</tr>
<tr>
<td>[25 at 45] years</td>
<td>75 (72,8)</td>
</tr>
<tr>
<td>&gt;45 years</td>
<td>25 (24,3)</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>33 (32,0)</td>
</tr>
<tr>
<td>Secondary</td>
<td>50 (48,6)</td>
</tr>
<tr>
<td>Superior</td>
<td>20 (19,4)</td>
</tr>
<tr>
<td><strong>Sector of the organization</strong></td>
<td></td>
</tr>
<tr>
<td>Tertiary (service)</td>
<td>89 (86,4)</td>
</tr>
<tr>
<td>Other sector (primary and secondary)</td>
<td>14 (13,6)</td>
</tr>
<tr>
<td><strong>Location of the organization</strong></td>
<td></td>
</tr>
<tr>
<td>NUTS III Grande Porto</td>
<td>81 (78,6)</td>
</tr>
<tr>
<td>Other location</td>
<td>22 (21,4)</td>
</tr>
<tr>
<td><strong>Number of workers in the organization</strong></td>
<td></td>
</tr>
<tr>
<td>&lt;10</td>
<td>33 (32,0)</td>
</tr>
<tr>
<td>[10 at 50]</td>
<td>19 (18,5)</td>
</tr>
<tr>
<td>&gt;50</td>
<td>51 (49,5)</td>
</tr>
<tr>
<td><strong>Annual turnover of the organization</strong></td>
<td></td>
</tr>
<tr>
<td>&lt;500.000€</td>
<td>21 (20,4)</td>
</tr>
<tr>
<td>&gt;500.000€</td>
<td>52 (50,5)</td>
</tr>
<tr>
<td>Not mentioned</td>
<td>30 (29,1)</td>
</tr>
<tr>
<td><strong>Organization has site on the internet</strong></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>86 (83,5)</td>
</tr>
<tr>
<td>No</td>
<td>17 (16,5)</td>
</tr>
<tr>
<td><strong>Organization has intranet</strong></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>72 (69,9)</td>
</tr>
<tr>
<td>No</td>
<td>31 (30,1)</td>
</tr>
<tr>
<td><strong>Update intranet contents</strong></td>
<td></td>
</tr>
<tr>
<td>Daily</td>
<td>41 (39,8)</td>
</tr>
<tr>
<td>Two or three times a week</td>
<td>9 (8,7)</td>
</tr>
<tr>
<td>Weekly</td>
<td>9 (8,7)</td>
</tr>
<tr>
<td>Biweekly</td>
<td>2 (1,9)</td>
</tr>
<tr>
<td>Monthly</td>
<td>7 (6,8)</td>
</tr>
<tr>
<td>Up to one month</td>
<td>3 (2,9)</td>
</tr>
<tr>
<td>Not known</td>
<td>3 (2,9)</td>
</tr>
<tr>
<td>Not mentioned</td>
<td>29 (28,2)</td>
</tr>
<tr>
<td><strong>The presence of the organization in social networks</strong></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>91 (88,3)</td>
</tr>
<tr>
<td>No</td>
<td>12 (11,7)</td>
</tr>
</tbody>
</table>

Source: authors’ own research.
Furthermore, and as far as the presence of the organization in social networks is concerned, it was found that 88.3% of the respondents affirmed that their company is present in any social network and 11.7% said that the organization is not present in any. Other questions were asked in the survey. These will be a focus of analysis in the following section along with hypothesis testing.

3.2. Research Methods

In the first step, we use the Runs test that allows one to verify if the sample is random. In the null hypothesis, it assumes that the sample is random, and otherwise, in the alternative hypothesis. We used the age variable and the p-value = 0.461 was obtained for the median, mean and mode, that means that we reject the alternative hypothesis for a level of significance of $\alpha=0.05$. In this sense, the sample is random.

In the second step, the normality of the variables is verified, because it influences the use between parametric and nonparametric tests. For this purpose, we used the Kolmogorov-Smirnov (K-S) test, that in the null hypothesis assumes that the variable follows the normal distribution, and conversely in the alternative hypothesis. All variables presented a p-value = 0.000, what means that the alternative hypothesis is accepted, i.e., the variables do not follow a normal distribution.

As our variables do not follow a normal distribution, we must use the nonparametric tests. We will use nonparametric tests that were chosen taking into account the scale of each variable.

4. RESULTS

Hypothesis 1: the existence of a sponsor of the IM depends on organization size.

In the questionnaire, it is asked if in your organization exists a sponsor of the IM and communication. In the total of responses, 58% of the respondents expressed the existence of a sponsor of the IM (standalone and/or integrated in another department), and 42% expressed non-existence.
The organization size is evaluated in two dimensions: the number of employees and the annual sales/turnover. For both dimensions, to test our hypothesis, we apply the chi-square test. In this test the null hypothesis is that the existence of a sponsor of the IM does not depend on organization dimension, and conversely in the alternative hypothesis. In the case of the number of employees, the Pearson's chi-squared test is $\chi^2 = 20,855$ with p-value = 0.000. We reject the null hypothesis that means that the existence of a sponsor of the IM depends on the number of employees, for a level of significance $\alpha=0.05$. In the case of annual sales, the Pearson's chi-squared test is $x^2 = 13,841$ with p-value = 0.001. We reject the null hypothesis which means that the existence of a sponsor of the IM depends on annual sales, for a level of significance of $\alpha=0.05$.

One should note that the objective of the IM is to establish and maintain relationships between management and employees, and between different organizational functions (Kelemen and Papasolomou, 2007). This enables organizations to respond adequately to external market conditions, aligning conveniently their internal capabilities with external opportunities. In the actual context, the market requires a new attitude of the organizations, and the human element is undoubtedly the differentiating factor in the contemporary scenario. It is important to refer that through IM and communication the organizations can encourage and motivate their employees, get them to know the culture, the mission, the vision and the values of the organization.
Considering all the benefits that an organization can have with the existence of IM, the small organizations must change their behavior. Above all, they must appreciate their workforce and abandon conservative work habits, otherwise this may be an obstacle to growth and progress.

**Hypothesis 2: evaluation if the effectiveness of internal communication depends on the existence of IM.**

In the survey, we ask *How do you assess the effectiveness of internal communication in the organization?*. The answers were measured in the Likert Scale, a five-point scale between “not satisfactory” and “very satisfactory”. In the total of responses, we observe that 27% have a “very satisfactory” level of internal communication, 36% “quite satisfactory”, 21% “satisfactory”, 15% “less satisfactory” and 1% “unsatisfactory”.

**Graphic n.º 2 – The effectiveness of internal communication in the organization.**

To evaluate our hypothesis, we apply the Mann-Whitney test in that the null hypothesis is that the effectiveness of internal communication does not depend on IM, and conversely, in the alternative hypothesis. The Mann-Whitney U is 1157,000 with p-value = 0.035, we reject the null hypothesis that means that the effectiveness of internal communication depends on IM, for a level of significance α=0.05.

We also assessed whether the respondents who answered “very satisfactory” and “quite satisfactory” to the effectiveness of internal communication in the organization
A Triple Vision of the Effectiveness of Internal Marketing
Maria da Glória Ribeiro, Ana Pinto Borges, Paula Rodrigues

depended on the existence of an IM sponsor in their organization. We applied chi-square test, restricting the answers to “very satisfactory” and “quite satisfactory”. In this test the null hypothesis is that the effectiveness of internal communication does not depend on the existence of IM, and conversely, in the alternative hypothesis. The chi-squared test is $\chi^2 = 7.954$ with p-value $= 0.005$, we reject the null hypothesis, the effectiveness of internal communication “very satisfactory” and “quite satisfactory” depends on the existence of IM, for a level of significance of $\alpha=0.05$.

In the survey, and as described above, the technological resources and the tools used by the organizations to stimulate IM and facilitate the communication were also evaluated, thereby promoting a greater interaction and cohesion between the organization and its employees. We observed that the majority of respondents, 83.5% and 69.9% respectively, revealed that their organizations have a web site and have intranet. It is generally agreed that intranets are an important vehicle for internal communication in business and that these assume a particular relevance in the context of electronic communication networks (Remondes, 2011).

Castro (2005) evidences that these networks are a derivative of the new information technologies and communication, which not only constitute channels, but also open up possibilities for creativity. Bekin (2004) states that the intranet is making the processes of the organizations more agile, efficient and less prone to failure. It should be noted that, in our study, although the percentage is quite high in relation to the presence of the internet in the organizations, the frequency of updating the intranet contents is quite low, since only 39.8% are daily.

Regarding the existence of intranet within organizations, and although 69.9% of the respondents revealed that the organization has intranet, it is however important to encourage the use of this means of communication between the employees. At anytime, the employees may be surprised by a colleague who shares the conclusion of an action before the deadline, or by a colleague of a commercial department that shares the closure of a relevant business, thus contributing to the happiness of others, being this the best that can occur in the field of IM: employees build the success in a participatory and collaborative manner, sharing their successes and, thereby, livening it up in an authentic and viral way (Remondes, 2013).

In the analysis of our survey, a high percentage of organizations in social
networks was also observed, what may already be an indication that they need to make themselves known and to communicate to the outside world.

Hypothesis 3: evaluation the role of IM and communication in the construction of the sense of belonging.

In our questionnaire, we ask How do you evaluate the role of IM and communication in the construction of the sense of belonging of the organization? The answers are measured in the Likert Scale, a five-point scale from not important and fundamental. In the total of responses, we observe that 38% expressed that it is “very important”, 34% "fundamental", 22% "important", 5% “less important” and 1% “not important”.

Graphic n.º 3 – The importance of IM in the sense of belonging of the organization.

To evaluate our hypothesis we applied the Mann-Whitney test that in the null hypothesis is that the sense of belonging of the organization does not depend on IM, and conversely, in the alternative hypothesis. The Mann-Whitney U is 1033,000 with p-value = 0,044, we reject the null hypothesis that means that the sense of belonging of the organization depends on IM, for a level of significance of α=0,05.

We also assessed whether the respondents who answered that it was “very important” and “fundamental” to the existence of IM and communication in the sense of belonging of the organization depended on the existence of IM. We applied the Chi-Square test, restricting the answers to “very important” and “fundamental”. In this test
the null hypothesis is that the sense of belonging does not depend on the existence of IM, and conversely, in the alternative hypothesis. The chi-squared test is $\chi^2 = 7,953 \ x^2 = 7,953$ with p-value = 0,005, we reject the null hypothesis, given that the good evaluation (“very important” and “fundamental”) depends on the existence of IM, for a level of significance of $\alpha=0,05$.

Creating a proper atmosphere for employees to develop their sense of belonging is quite challenging for organizations. To make employees aware of the vision of the business, of the values and of the procedures will drive them to achieve a greater personal fulfillment. The result is almost empirical: higher productivity and high morale among workers, contribute to reinforce a positive and dynamic image of the organization. The workplace should not be considered merely a place where individuals contribute constructively but also a place individuals can inhabit. It is then crucial to explore and understand the anatomy of this sense of belonging.

5. CONCLUSIONS AND FURTHER RESEARCH

As an organizational function, the IM is gaining importance, meriting a special issue on the topic. As this importance is evident, we evaluate the importance of IM in the organization size, in the effectiveness of internal communication and in the sense of belonging of employees. To face this objective we collected a random sample through an online survey.

By analyzing the survey responses, it was possible to prove that the existence of a sponsor of the IM depends on the organization size; the existence of IM inside the organization promotes more effective communication within the same; besides the sponsor of IM plays a very dynamic role within an organization, by stimulating the sense of belonging of employees.

The managers of the small sized organizations are responsible for the prevention of the inexistence of IM, of the spreading of miscommunication and for the inexistence of sense of belonging of the employees. The result of this situation could have far reaching effects on the team and on each member’s activities and behavior, for instance: demotivation, decrease of decision ability, frustration and passivity. The result can be disastrous and translated into a high rate of employee fluctuation, in ineffective management of all activities of the organization, in failing to reach the organization’s
objective, in ineffective target and strategy, in ineffectiveness in marketing, and in inability to compete.

Further research must consider the other side of the communication. It must contemplate the advantages of web-enhanced brand communities as a level for relationship-marketing communication. The study of brand communities not only provides companies with an additional communication channel, but it also allows the possibility of establishing linkages to devoted users. Research of brand communities must be done to show that these communities have positive effects on the consumers’ attachment to an organization.

REFERENCES
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