

A SURVEY OF THE RESPONSIBILITY FOR INTERNAL MARKETING  
ACTIVITIES IN THE KENYAN BANKING SECTOR

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By

Atela G. Stella

A Management Research Project submitted in partial fulfillment of the  
requirement of the Masters of Business Administration degree (MBA), Faculty of  
Commerce, University of Nairobi

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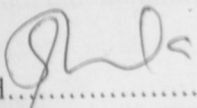


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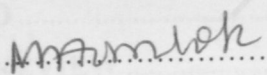
October 2006

## DECLARATION

This management Research Project is my original work and has not been submitted for a degree in any other University.

Signed..........Date.....17<sup>th</sup> OCTOBER 2006.....  
Atela, Grace Stella

This Management Research project has been submitted for examination with my approval as the University supervisor:

Signed..........Date.....17-10-2006.....

Mrs Margaret Ombok

Lecturer

Department of Business Administration

University of Nairobi

Nairobi, KENYA

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## ACKNOWLEDGEMENT

### DEDICATION

To my Dad and Mum; thanks for encouraging me and teaching me the value of education in life. Your patience and guidance that made this study a success. May God bless you abundantly for your selfless sacrifice.

I acknowledge the support I received from my dear sister Martha and brother Mark; you made a whole lot of difference through your financial giving.

Thanks to my Boss, Evans Mutat for being extremely understanding, supportive and allowing me breaks from work to attend to my studies. Special thanks to my many friends whose encouragement and support made going to school so much fun.

Finally, I am forever grateful to God Almighty without whom none of this would have been possible.

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Finally, I am forever grateful to God Almighty without whom none of this would have been possible.

## ABSTRACT

The Importance of internal marketing in the achievement of strategic business objectives in the service industries cannot be over emphasized, as it has been identified as the key to addressing the numerous challenges in the operating business environment well as the higher stakeholder expectations. The research done on internal marketing practices in Kenyan organizations does not however narrow down to whose responsibility it is, within the organizations, to spearhead internal marketing practices for better results. This study sought to establish the responsibility for internal marketing within the banking sector in Kenya.

This was a descriptive study and the population of interest included all the 44 Commercial banks operating in Kenya. A census study was carried out due to the small number of the Banks. Data was collected using a semi structured questionnaire which was administered using the drop and pick later method. The response rate was 72%. Data was analyzed using a standard deviation; mean scores and results presented in tables.

The study found out that internal marketing was to a large extent the responsibility of the human resources department, with a mean score of 3.6. The HR department practiced to a very large extent all the aspects of the HR policy that included hiring of the right people; following correct hiring procedure and offering equal opportunity while hiring. Marketing department played a key role in supporting internal marketing initiatives and was specifically involved to a large extent in provision of internal support systems with a mean score 3.11 and promotion of organizational culture that supports high performance by employees. The corporate affairs department was to a large extent responsible for the internal communication with a mean score of 3.0 and was to a small extent responsible for the overall activities of internal marketing in the local banks.

It was revealed through the study that in some banks the corporate affairs (Public Relations) department worked closely with the HR and Marketing departments and had joint responsibilities. Promotion of organizational culture was one aspect of internal marketing that was a joint responsibility by all the three departments. Within the large multinational banks, the roles of each department were clearly defined so that the HR department carried out the bigger percentage of the internal marketing activities while the corporate affairs handled all the internal communication which involved activities like production of staff newsletters, bulletins, all staff announcements, staff surveys and organizing staff functions. In the locally owned banks, departments are almost



amorphous with HR, Corporate affairs and marketing activities being handled by one department. The findings of this study led to the conclusion that the Human resource function is responsible to a large extent for internal marketing practices in the Kenyan banking sector. The promotion of good organizational culture and internal support systems and management methods were to a large extent a joint responsibility between the HR, Marketing and PR functions.

It is recommended that the HR functions within the banking sector in Kenya be sensitized of their role in spearheading internal marketing initiatives, for a more proactive approach and for effective implementation of internal marketing. If the HR function adopts a strategic approach to internal marketing it would lead to better achievement of organizational goals.

The study was limited by the lack of 100% participation by all banks as initially intended. This study also relied heavily on self-reported feelings by the respondents, which may have been biased, or their attitudes may change from time to time. Further research should be conducted to include other industries; both service based and manufacturing; to establish there is a shift in the responsibilities for internal marketing to other departments from human resource function.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

A wide range of critical business challenges characterizes the dynamic and rapidly changing environment in which organizations operate today (Higgins, 1989). The powerful forces of globalization have yielded significant effects on the levels of competition, efficiency and productivity of many companies in the world (Maleche, 2004). The impacts of information technology, intellectual capital and change cannot be overlooked (Samms, 2000). According to Ulrich (1998), successful organizations will be those that are able to quickly turn strategy into action manage processes intelligently and efficiently, maximize employee contribution and commitment and create the conditions that are seamless for change. Many companies have resorted to survival strategies that lead to profitability through growth in sales and revenues (Kirui, 2003). Changing customer values and orientations; economic stagnation, environmental decline, increased global competition and a host of other economic, political and social problems (Kotler and Armstrong, 1997) means that it is no longer enough to concentrate all efforts on products and marketing activities.

In order to survive in the midst of all the intensive competition, companies have been forced to develop strategies that will help them maintain profitability and retain their share of the market. According to Aosa (1999), the liberalization of the banking industry has led to many banks merging, making strategic alliances, forming partnerships, making acquisitions and even taking to the drastic measures such as downsizing. Evidently, the market has now been flooded with the entry of many new products (Maleche, 2004) that have been introduced to the market vide intensive and extensive promotional strategies (Nghu, 2001). For most industries, it is no longer enough to concentrate all marketing efforts on the external customers. Companies are spending large sums of money in training programs meant to improve their competitiveness and ability to deliver high quality service through their staff (Aosa, 1995). Among the key strategies banks will use to meet the challenges of the next decade will be effective markets and low products positioning, low cost funding, effective use of technology, the measurement and management of risks, changes in internal organization and management policies (Bank Marketing International, Dec1993 p8). Since products and services can be imitated, the only remedy in achieving a competitive edge in the industry is to focus on customer service. Excellent Service delivery to staff is fast becoming a tool for competitive edge.

Studies conducted by Liberman and Rotarius (2001) indicate that it is impossible to create happy customers with unhappy staff. Researches have tended to agree that satisfied internal customers are a critical prerequisite to the satisfaction of the external customer (Lovelock, 1996). Employees therefore play a significant role in customer attraction, service, satisfaction and retention. Staff embody the service brand in the eyes of the customers (Chernaton and Mc Donald, 1992). It is therefore important for organization to change their focus from just the external customers to the internal customers: the employees of the organization. The role of organizations' employees in customer care has come increasingly on the forefront and investment in people becomes integral to the service – profit chain (Schlesinger & Heskett, 1991). As people become one of the few sources of sustainable competitive advantage, organizations must align their HR function with their human capital strategy and their business strategy to succeed.

### **1.1.1 Internal Marketing**

Internal Marketing is defined as 'applying the philosophy and practices of marketing to the people that serve the external customers so that the best people can be employed and retained and they will do best possible work (Berry, 1984a, p32). Many arguments have been put forth as to whose responsibility internal marketing is. Bak et al (1994) sees internal marketing as 'employing a marketing perspective for managing an organization's human resources', thus placing it entirely in the HR docket. Moss (1998) in her dissertation demonstrates clearly that there are critical values of vision, reward and development, organizational culture that need to be taken into consideration in internal marketing, and that all these fall in the domain of HR, thus making HR better placed to champion the practice of internal Marketing. On the other hand Rafiq and Ahmed (1993) specifically attempt to draw a boundary around human resource management and tell the marketing profession to stay out' (Cited by Cahill, 1995 p 43). In response, Cahill (1995) refutes their proposition and advocates internal marketing as 'good human resource management with a view to satisfying external customers'. Moore (2003) argues that it is the responsibility of HR to engage the employees as stakeholders to the organizations' brand. He further asks "What hope is there of a brand engaging external customers if it can't engage its own workers?"

Ferguson and Brown (1991) argue that the function of marketing is not only to provide products for sale, but also to take care of the staff. According to Sasser (cited in Greene et al, 1994, p8) "the successful service company must first sell the job to employees before it can sell its services to customers". Henry (1994) argues that HR, with its close alignment to change initiatives and employee



attitudes is in a unique position to further the strategic aims of internal marketing. He further states that HR professionals understand the impact of change to employees and how people go through the various emotional reactions of the change curve. By using the service profit chain, a high level of employee retention and employee productivity may indicate high levels of employee commitment, which in turn comes from having satisfied and loyal employees (Heskett et al, 1994). Employee satisfaction comes from high quality support services and human resource policies that increase employees' commitment and motivation. Quirke (2002) claims that the sole responsibility for internal marketing initiatives lies with the Corporate Affairs, External Communication and Public Relations department, arguing that they are better placed to "handle both the internal and external customers on equal significance basis".

Yang (2003) argues that a marketing manager may not have the training skills for employees thus the need to have the HR function working closely with the Marketing function to incorporate the practices of marketing activities with employee's orientation and training program. Joseph (1996) and Lovelock (1996) propose the 'Service Management trinity' as the best approach to successfully implementing internal marketing practices. According to Yang (2003), it is important to build the right and appropriate internal environment to reinforce customer consciousness, in doing so marketing function, the Operations Functions, Support Functions and the HR function have to work together by means of internal marketing. Marketers need to concentrate on the internal market just as much as on the external market if they want marketing plans and strategies to be successfully carried out within the organization (Chaston, 1993).

One possible reason as to why many companies are adopting the internal marketing strategy is 'internal marketing is considered a prerequisite for successful external marketing' (Gronroos, 1990). Berry and Parasuraman (1991), George (1990), Gummeson (1987) and Lings (2000), claim that implementing Internal-marketing campaigns will result in an increase in service quality. Essentially internal marketing focuses on engendering marketing oriented management (Gronroos, 1983).

Internal marketing plays a significant role in establishing an important framework of legitimacy for new directions and transformations (Quirke, 2002). It can accommodate the constant process of change (Strum, 2001) that most companies ride on. It is also significantly useful in the process of knowledge development and in enhancing customer loyalty (Lings, 2000) because the customer builds a bond of trust and expectations with employees. Failure to practice internal marketing leads to gaps in the service delivery (Samms, 2000) such that the delivery does not live up to the brand. Ngahu (2001)



cites examples of bad ground and in flight service that can totally alter the perception of a 'customer friendly' airline, while a grumpy waiter in a fast food outlet can totally destroy the welcoming family brand values, that the outlet stands for. Internal marketing helps employees understand the company's strategies and thus are able to help the customers (Gronroos, 1985).

### **1.1.2 The banking Industry in Kenya**

The banking industry in Kenya comprises of 44 commercial banks, three non- financial institutions, four building societies, two mortgage finance companies and forty forex bureaus (CBK Report, 1998). The major players in the industry are Standard Chartered Bank (SCB), Barclays Bank of Kenya (BBK), Kenya Commercial Bank (KCB), National bank of Kenya (NBK), Citibank, Credit Finance Corporation (CFC), Commercial Bank of Africa (CBA) and National Industrial Credit Bank (NIC), (Khan, in Afri Invest, June 2000 Issue. No.4). Banks have the prime responsibility of providing for financing requirements of businesses and carry the overriding responsibility of deposit safety (Baughn and Walker, 1997)

Competition within the banking sector in Kenya is very stiff; this is due to the number of players in the industry (Maleche, 2004), resulting from CBK's encouraging the non-bank financial institutions to convert into commercial banks and more companies entering the banking industry (Aosa, 1999). This has called for innovation and creativity so as to maintain a competitive edge above the others. The large banks control up to 70% of the market (Aosa, 1999). The economic trends in the world have had an impact on the Banking industry in Kenya. Companies have increased their use of Information Technology (IT) in their operations and creative use of computers in business has led to the impressive reduction in costs as well as injecting increased flexibility, speed and convenience in conducting business (Aosa, 1999). The impact this has had on erosion of market share is tremendous.

Banks have also changed their focus in the business from managing customer savings to managing the financial requirements and needs of their customers, while shifting the focus to the totality of the customers' financial requirements. According to Aosa (1999), this led to the realization that banking business is not about crowd control; rather it was prudent account management. Kenyan Banks for a long time were over dependent on the interest-based income (Maleche, 2004). According to the Central Bank Supervision report for 1998, 85% of Bank's revenue was interest based, 10% was from Bank charges while 3% was from Foreign exchange transactions. The liberalization of the banking industry has led to many banks merging, making strategic alliances, forming partnerships, making

acquisitions and even taking to the drastic measures such as downsizing (Aosa, 1999). Evidently, the market has now been flooded with the entry of many new products (Maleche, 2004) that have been introduced to the market via intensive and extensive promotional strategies (Ngahu, 2001). For most industries, it is no longer enough to concentrate all marketing efforts on the external customers.

The diverse challenges in the business environment call for a different approach, shifting away from the traditional strategies, of product development and diversification, aggressive marketing campaigns, promotional strategies and re-branding which are all focused on the external customer (Maleche, 2004). The use of customer service to provide a competitive edge is fast becoming everyone's strategy, but attention should be on the role of employees in enhancing service delivery (Zeithaml and Bitner, 1996). In uncertain economy, internal marketing is increasingly becoming the most cost effective way to motivate employees to optimize performance and sales (Billings, 2002). A customer oriented environment results from an internal marketing endeavor. Internal marketing is more than a strategy; it represents efforts to change the values and beliefs of an organization by promoting the firm and its services to the employees (George, 1990). To the Banks in Kenya, Internal marketing may be the only competitive weapon left in the face of diverse business challenges. Even though an organization may have excellent products, and may have developed a well conceived positioning for their brand and devised a good communication program, its products can still flounder because of insufficient attention to the role of staff in producing and delivering the service (Chernatony and McDonald, 1992). The practice of internal marketing has the potential to deliver sterling business results to service oriented companies, under which category banks fall.

## **1.2 Statement of the problem**

The Banking industry occupies a key position in the Kenyan economy, creating deposits that act as the effective money supply for business activities, carrying the overriding responsibility of deposit safety and fulfilling the role of financial intermediaries, besides provision of numerous financial services and ultimately creation of employment (Kamanu, 2004). Banks in Kenya have not been spared of the business challenges that have dogged many companies today, which require organizations to build new capabilities. Intense competition, fast changing technological advancements, demanding customers, and similar products offered have led to erosion of market share and diminishing profits. The traditional forms of competitive advantage; cost management, technology, product features, robust marketing strategies, services technology, and distribution footprints can be copied, but the people and the culture in an organization cannot be copied (Howcroft, 2004). They have become table

stakes, one must have them to be a player in the industry, but they do not guarantee a company to be a winner (Ulrich, 1998).

Winning, in the new economy will spring from organizational capabilities; employee competence (Ulrich, 1998). Banks, being service based, cannot thrive unless their employees are engaged fully. Employees who believe they are valued- share ideas, work harder than the necessary minimum and relate better to customers (Howcroft, 2004). One of the ways of maximizing on the employee potential is the use of internal marketing (Quirke, 2004). There is a strong link between good internal marketing and greater profitability (Zeithaml et al, 1985). According to Zeithaml and Bitner (2000), internal marketing hinges on the assumption that the employee satisfaction and customer satisfaction are inextricably linked. Employees have the opportunity to really differentiate a company in the market (Strum, 2001). The practice of internal marketing ensures continuity of the business through customer satisfaction (Collins and Payne, 1991). Empirical studies have shown that not only are the actions of staff fundamental to a high quality service delivery but also the morale of staff influence customer satisfaction with the service or product offering (Quirke 2002). Satisfied customers are more likely to remain loyal and the end result is bigger market share and higher revenues (Zeithaml and Bitner, 2000).

Different authors have presented conflicting and diverse views as to who should be the owner of the internal marketing responsibilities. For example, Collins and Payne (1991) argue that HR departments are more than ever responsible for internal marketing activities, stating that organizations now want internal marketing to not only distribute information efficiently but also to create understanding and meaning and to translate communication into action. On the other hand, Piercy and Morgan (1990) concede that Marketers need to apply their marketing strategies and tools used for the external customers to employees through internal marketing. Hogg and Carter (2000) claim that due to their sensitivity to the audiences, which is a positive attitude, Corporate communicators are better placed to carry out internal marketing activities within the organization, as they are likely to treat employees as people whose commitment and conviction has to be sought not demanded. According to Varey and Lewis (1995), for internal marketing to be effectively executed, all functions should embody the practice. While the importance of all departments practicing internal marketing cannot be understated, it is essential that one unit should take ownership of internal marketing initiatives for it to be effectively carried out.



Studies on the practice of internal marketing in organizations indicate that indeed internal marketing is practiced in most organizations. Nganga (2004), in her research work established that Kenya Power and Lighting Company Ltd (KPLC) practices internal marketing. Studies by Yang (2003), confirms that internal marketing is essential for business continuity. Kamanu (2004), confirmed that Banks in Kenya practice internal marketing, albeit to a moderate extent, as the activities cut across many functions. However, for effective implementation of internal marketing practices, one department should take ownership, responsibility and accountability. No doubt if one department were entrusted with the full responsibility of internal marketing in banks, there would be more focus in the coordination of the activities thus enhancing the practice to a very large extent. The studies done on internal marketing however did not mention whose responsibility it is to spearhead internal marketing practices in companies, neither was a mention of who, in the organization can be held accountable for the role of internal marketing. It is not known, within the Banks in Kenya, who is responsible for spearheading internal marketing activities. This study sought to fill the gap by answering the following questions:

- i ) Whose responsibility is it to spearhead internal marketing activities in commercial banks in Kenya?
- ii ) Does the responsibility for internal marketing activities vary between local and multinational banks?
- iii ) In cases where responsibility for internal marketing is shared between departments, what is the distribution of activities?



### 1.3 Objectives of the study

The objectives of this study were to:

- i. Determine whose responsibility it is to spearhead internal marketing activities in commercial banks in Kenya.
- ii. To determine the extent to which responsibility for internal marketing varies between local and multinational banks.
- iii. To establish the distribution of activities in cases where responsibility is shared between departments.

### 1.4 Importance of the study

The findings of this study are expected to be useful to the following:

- i) The banking sector in Kenya in effective implementation of internal marketing practices through the ownership of the activities by one department.
- ii) Other organizations, seeing that internal marketing can be effectively implemented if one department spearheaded the activities can sufficiently put in place sound internal marketing practices and policies, thus enhancing the role of employees in delivering to the customer.
- iii) Future scholars and researchers, who may want to explore the subject of internal marketing

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 The concept of internal marketing

Internal marketing is defined as the process of promoting the firm, its products and/or services to employees and communicating the brand mission, philosophy, core values, corporate vision, organizational goals and priorities to staff (Piercy and Morgan, 1991). It is based on the fact that staff represent the 'real face' of the corporate brand (Samms 2000). Internal marketing is the process of selling to employees, who are seen as internal customers, while their jobs are the products. Internal marketing is the task of successfully hiring, training and motivating able employees to serve the customers well (Kotler, 2000). Internal marketing must precede external marketing. Internal marketing concept emerged from service marketing and its main concern was to get everyone involved in service encounters - the front line or contact staff – to perform better in the interaction with the customer (Gummerson, 2000). The usage of the concept has extended beyond its traditional field and now is acceptable in all kinds of organizations. In internal marketing, the market consists of employees in the organization and, according to theories of quality management; employees in the organization are internal customers to one another. Berry and Parasuraman (1996), define internal marketing as attracting, developing, motivating and retaining qualified employees through job products that satisfy their needs.

Some definitions of the concept emphasize customer consciousness among the employees such as given by Gronroos (1994) which states that 'employees are best motivated for service mindedness and customer oriented performance by an active, marketing like approach, where a variety of activities are used internally in an active marketing like coordinated way. Internal marketing belies the philosophy of treating employees as customers indeed. It is the strategy of shaping job products to fit human needs. The emphasis here is laid on the importance of satisfying employees' needs in order to attract, develop, motivate and retain the best qualified personnel and it has strong influx of human resource thinking. An employee's ability to influence and satisfy the needs of others inside the organization is considered an antecedent to external customer satisfaction. Only if the internal customer relationships work, can the quality of the out come be excellent, thus creating satisfied or better still, delighted external customers (Gummerson, 2000). Employees meet, greet and serve customers in a variety of ways, face to face, on line, via telephone etc. Customer relationships depend on their attitude and their loyalty. It is therefore important to motivate staff by communicating freely with information flowing

horizontally and vertically, upwards and downwards. Internal marketing views employees as internal customers and jobs as internal products (Berry, 1980) and a company needs to sell its jobs to employees before selling its services to external customers (Sasser and Arbeit, 1976).

According to Lovelock (1984), internal marketing is viewing the employees as internal customers, viewing their jobs as internal products and then endeavoring to offer internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization. He argues that internal marketing can help an organization to attract the best possible employees and get the best possible work from them. By satisfying the needs and wants of its internal customers, an organization upgrades its capability for satisfying the needs of its external customers. Customer retention is more critical than customer attraction. The key to customer retention is customer satisfaction. A satisfied customer buys again, talks favorably about the company to others, pays less attention to competing brands and their advertising and buys other products that the company adds to its line (Kotler, 2000). According to Zeithaml and Bitner (2000), internal marketing hinges on the assumption that the employee satisfaction and customer satisfaction are inextricably linked.

Other definitions of internal marketing emphasize on the need to understand the firm's mission, vision and objectives by the employees. According to Johnson et al (1985), internal marketing is 'the firm's efforts to provide all members of the organization with a clear understanding of the corporate mission and objectives, and with the training, motivation and evaluation to achieve the desired goals. The most recent definition of the concept of internal marketing stresses the purpose of enhancing service quality. It is a strategy for developing relationships between staff across internal organizational boundaries. This is done so that staff autonomy and know how may combine in opening up knowledge generating processes that challenge any internal activities that need to be changed. The purpose of this activity is to enhance quality of external marketing relationships (Ballantyne, 2000). Internal marketing is therefore a philosophy for the management of service organizations where employees are seen as customer market, whose overall objective is to enhance service quality.

## **2.2 The Importance of Internal Marketing**

According to Gronroos (1983), organizations should adopt internal marketing in their processes so as to attract, retain, and make employees behave in a desired manner. He argues that internal marketing should be viewed as a managerial philosophy that has strategic as well as tactical implications throughout the firm at various functions. The overall purpose of this philosophy is to become better at



marketing to external markets. Frontline staff in service industries have an immediate effect to customer satisfaction and this is the basis of the introduction of the concept of internal marketing (Nganga, 2004). Internal marketing involves the company and the staff who are the service providers and it takes place through the enabling of promises. In order for providers and service systems to deliver on promises made, they must have the skills, abilities, tools and the motivation to deliver. Though it may be easy to make promises, providers need to be recruited, trained, provided with tools and appropriate internal systems and rewarded for the good service, for the promises to be made good.

The service-marketing triangle consists of three sides that are all essential to the process to be successful. The faces consist of external marketing, interactive marketing and internal marketing (Gronroos, 2000). External marketing entails making promises to customers through communication and help set customer expectations, interactive marketing entails keeping the promises that have been made. It is critical from the customers' point of view. Employees of the firm are central to keeping or breaking the promises (Zeithaml et al, 1985). Interactive marketing occurs in the moment of truth when the customer interacts with the organization and the service is produced and consumed. Internal marketing is then the enabling process for the promises to be kept through the use of technology, rewards, support systems and employee empowerment.

The three sides are critical to the success of the total marketing effort. According to Payne (1999), the purpose of internal marketing activities is to create a stable workforce with reduced absenteeism, labour turnover and a workforce with high level of morale initiative and responsibility committed to customer service. In order to attain the overall objective of internal marketing, the firm needs to create an internal environment in which the employees behave in a desired way facilitated by active and inter functional activities (Gronroos, 1983). Open communication with employees is a key to successfully rallying them around new initiatives and opportunities aimed at building business. The result of a good internal marketing process is employee loyalty and customer promises are kept, in turn yielding satisfied customers, which in the long run translates to higher profit margins for the company.

### **2.3 The facets of internal marketing**

Gronroos (1985) referred to 3 objectives of internal marketing as; Overall- to achieve motivated customer conscious and care oriented personnel, strategic- to create an internal environment that supports customer conscious and sales mindedness among personnel and finally; tactical – to sell service campaigns and market efforts to employees. The objective of internal marketing process at a



strategic level is to pave way for an environment that enhances customer focus and work motivation among the employees. This is accomplished through supportive management methods, Human resources policy that supports the hiring of the right people into jobs, internal training policy, planning and control procedures and organizational culture and highly engaging the people so that they are retained in the organization. At a tactical level, the objective of internal marketing is to totally focus on employees. This, according to Gronroos (1985) is based on the principles that employees are the first market of the service company, an understanding among the employees why they are expected to perform in a certain way and acceptance among the employees of the service and the activities of the company, a fully developed and internally accepted service and working information channels.

### **The Human Resource policy**

A motivating HR policy needs to be logical and just in nature. This starts with creation of job descriptions that help the staff to fully understand their positions, roles and expectations, and that are customer oriented. According to Finnigan (1983), job descriptions must be clear about the job requirements and about the person that is best suited for the job. In matching the person and the job, the job description must consider the knowledge based on education, skills related to a specific job, experience which is familiarity acquired from having done something repeatedly or at least once before and finally the personality. Personality is the foundation for developing interest and growth and will strongly influence the motivating factors (Argyris 1999).

The main issue as relates to the HR policy is the recruitment and reward systems of the organization. Argyris (1999) defines recruitment as those practices and activities carried on by the organization with the primary purpose of identifying and attracting potential employees. The HR policy on recruitment has the potential of building a competency model that will help identify candidates with the right mix of technical, team and leadership skills and abilities. The resourcing policy should support recruitment of the rightly talented people through the matching of their profiles and personal attributes to the job profile and the organizational culture. The Policy on reward can potentially be used in developing a retention strategy that will help ensure the right people are well rewarded financially through salary packages as well as recognition for their individual and collective contribution towards the corporate strategy (Samms, 2000). The HR policy, according to Chris (1985) outlines training and development programs, performance management systems and compensation programs designed to reinforce and promote behavior that supports Customer focus.

### **Training, development and Employee empowerment**

To grow and maintain a workforce that is customer oriented and focused on delivering quality, it is important for an organization to develop its employees to deliver service quality. Once the right talent has been hired, the organization must train and work with these individuals to ensure service performance. A focus on development can help them acquire the knowledge and skills they require to perform their roles to optimum levels. To provide quality service, employees need ongoing training in the necessary technical skills, knowledge and 'in the process' or interactive skills (Varey and Lewis, 2001). Continuing professional development is needed and should not only cover technicalities of the work itself but more importantly, the cultivation of customer relations (Cahill, 1996).

Training is specific to the needs of the organization (John and Crane, 1994). Training helps people to perform better in a job either through improving their fit with the job requirements or through creating a better fit with the overall strategies, philosophies and the culture of the organization as a whole. Training and development processes are concerned with influencing people to contribute more to the organization and should be applicable to performance in a current or anticipated job, relatively complete its coverage of various job requirements and efficient in a cost/ benefit sense (Argyris, 1999). Successful companies invest heavily in training and make sure that the training fits their business goals and strategies. All staff, from the frontline people, to the supervisors, managers and support staff need a combination of skills and interactive training.

Empowerment means giving the employees the desire, skills, tools and authority to serve the customer (Zeithaml and Bitner, 1996). Many organizations have discovered that to be truly responsive to customer needs, frontline providers need to be empowered to accommodate customer requests and to recover on the spot when things go wrong. Zeithaml and Bitner, 1996 argue that while the key to empowerment is giving employees authority to make decisions on the customer's behalf, it is insufficient when exercised solely. Employees need the knowledge and tools to be able to make these decisions and they need incentives to encourage them to make the right decisions. Flexibility, quick decisions and authority given to frontline staff characterize an empowered organization.

### **Internal Support Systems and processes**

To be efficient and effective in their jobs, service workers require internal support systems that are aligned with their need to be customer focused (Zeithaml and Bitner, 1996). Without customer focused internal support and customer oriented systems it is nearly impossible for employees to deliver quality service no matter how much they would like to. This entails provision of the tools and equipment

required to perform tasks right, the appropriate use of technology and enabling work environment are all important if high quality customer service has to be attained. The frontline staff frequently interact with customers, and actually produce and deliver the service to the customers.

The internal support systems enable the interaction and the moments of truths in the service encounter to be done successfully. Defective organizational systems often disrupt and damage the staff – customer encounter in service delivery. Technology plays a crucial part in the service delivery process and it should thus be used optimally to support all the marketing initiatives including the service delivery to customers. A bank teller who is expected to deliver customer satisfaction through accuracy in transactions needs easy access to up to date customer records, a well staffed branch (so that he is not constantly facing long queues of impatient customers) and supportive customer oriented supervisors and back office staff. These internal support systems can be as critical as the skills and competencies of contact employees in creating customer satisfaction. Internal processes should be designed with customers' value and customer satisfaction in mind. Internal procedures must support quality service performance (Zeithaml and Bitner, 1996).

### **Organizational Culture**

The culture of the organization heavily influences the behavior of employees. Corporate culture can be defined as the pattern of shared values and beliefs that give the members of an organization meaning, and provide them with the rules for the behavior in the organization. Culture is more often as 'what we do around here' or 'central themes'. Experts have suggested that a customer oriented, service oriented organization will have at its heart a 'service culture' defined as 'a culture where an appreciation for good service exists and where giving good service to internal as well as ultimate external customers is considered a natural way of life and one of the most important norms by everyone' (Milbank, 1994).

A customer oriented environments offers results from the internal marketing endeavor. Internal marketing is more than a strategy; it represents efforts to change the values and beliefs of an organization by promoting the firm and its products and services to employees (George, 1990). To successfully integrate any management philosophy into organizational culture, management must show it is aware that the health of the enterprise depends on the degree to which core groups of employees subscribe to and share a common set of belief; and values and are served by the company's activities (Nganga, 2004). The integrative elements of such an inner directed vision include positioning of the service concept, which it is hoped will lead to low turnover, low training costs and



the opportunity to develop shared goals and values (George, 1990). The top management of the organization has the responsibility of integrating the management philosophy of internal marketing into the overall culture of the organization.

### **Management methods**

The objective of management methods is to create an internal relationship that enhances customer consciousness and work motivation among employees (Gronroos, 1996). The importance is to create and communicate the company spirit to all employees for the good and better of the customer. Management methods have to be those that motivate employees and demand a decentralization of the decision making process through empowerment. The management should lead employees to be motivated and committed to their work through empowerment and a career system that provides commitment and growth.

Management methods can be supported by such strategies as provision of extensive training, career and advancement opportunities, excellent internal support and attractive incentives and offering quality goods and services that employees are proud to be associated with. The management team has to believe in making employees satisfied with their employer. Happy employees are believed to be more productive, produce better quality for customers and ultimately stay in their jobs longer, thus producing long term benefits for the company. Flexible and family oriented culture and policies, flexible working hours; year-end bonuses are part of the incentives that can be used as a management tool in getting employee fully engaged.

### **Internal Communication**

Internal communication is a fundamental element of internal marketing, now more than ever, because businesses are facing unprecedented pressures to deliver in a rapidly changing environment (Quirke, 2004). Organizations need to engage the energy, creativity and commitment of their employees by using internal communications as a strategic tool in addressing the business challenges. Billings (2003) claims that effective communication can help manage change and make implementation easier and reduce resistance to change amongst employees. He further claims the communication reduces confusion while enhancing employee motivation and demonstrating clear leadership.



Communication within the organization is instrumental in connecting employees to the organization, connecting employees within the organization and finally connecting employees to the customers (Compton et al, 1987). The connections can be done by telling the employees what is happening within the organization, where it is going, what the role of employees is and what is expected of them, and generally providing feedback on how the business is doing. According to Carlzon (1987), internal communication helps build a culture that provides a competitive edge that cannot be easily copied, while at the same time reducing the cost of recruitment and cost of replacement.

Bowen et al (1990) claims that there is a strong link between good internal communication and greater profitability. They argue that greater customer loyalty depends on greater employee loyalty and satisfaction. Better communication in turn creates better employee satisfaction and improves employee perception of their line managers. Higher satisfaction reduces employee turnover and higher retention of staff creates higher customers satisfaction and greater customer retention. Finally, according to Piercy and Morgan (1991), higher customer retention equals higher profitability.

#### **2.4 Human Resources function and internal marketing**

People deliver services to people in real time and the honors of delivering the service appropriately is wholly dependent on the Human resource function and the strategies it adopts. Internal marketing is often seen as the domain of marketing; however a broader understanding of how people impact upon the organizations ability to deliver to the external customers has significant ramifications for HR (Howcroft, 2004). It has been argued that HR has every thing to do with a company's ability to deliver to the external customers. Every person within the organization impacts on the external customer whether they are answering a phone in the call Centre, determining the ROI on pricing structures in Finance, talking to customers about the companies' products and services or sorting out the software program issues for the IT department (Finnigan, 1983). The people in the organization have the opportunity to really differentiate the company from many players in the market. People and the culture created within the organization cannot be copied and can thus be an effective competitive tool and strategy.

In the light of the fact that people are the only competitive weapon left for organizations, no other group has the ability to impact and influence all of the people across the organization like HR does (Gummerson, 1987). People practices and the HR strategies are important and undoubtedly contribute to the success of any organization, the impact and the contribution can however be significantly

increased with the HR function playing a more central role in organizational culture and delivering to the customers. According to Henry (1984), HR has a role to understand the company's brand and what it promises to the customers and be clear on what this means to the organization internally and define this through being explicit about the values and behaviors that define internal organizational culture. Quirke (2002) concedes that HR has a bigger responsibility in leading the process and making sure every person in the business understands, believes in, and is prepared to behave in a way that will bring the brand promise to life both to the internal customers and to the external customers. It is the responsibility of HR, according to Howcroft (2004), to review all of the people practices to ensure that they support the culture and develop the leaders to live the culture in everything they do within the organization.

It has been often argued that it is crucial to align brand values and employee values to make sure they are consistent. Recruitment, training, performance management, management competencies, appraisal measurement and reward are all part of HR's remit and exert a powerful influence on internal marketing initiatives (Gronroos, 1983). According to management consultancy Bain & Co., higher customer retention equals higher profitability. To achieve this, organizations have to engage, retain and educate employees, and this primarily falls within the jurisdiction of the HR function (Varey and Lewis, 1994).

The HR departments have spent considerable amount of time demonstrating the link between satisfied customers and satisfied employees (Quirke, 2001). They have identified factors that build employee satisfaction ensuring that employees are happy and willing to have good interactions with customers. They have concentrated efforts towards ensuring employees are willing and able to effectively advocate for their organization by providing employees with information and knowledge they need to speak in an informed way about what is going on in the organization, why their products are good, and why their leaders are taking the well-informed and judicious positions on key issues (Lings, 2000). HR is increasingly involved with developing an employer brand that as a way of attracting and retaining people. This means that HR has to be able to link its work to the corporate brand. To reduce labor turn over, and improve employee retention, companies want to give employees a greater sense of belonging so they have a deeper connection with the organization. Employees are likely to deliver on the brand promise effectively if they feel a sense of ownership and pride in what the company stands for and proud to be associated with strong well known brands (Varey and Lewis, 1994). HR surveys have often tested employee engagement and satisfaction. HR also owns the employee attitude surveys,

which are now shifting from checking the employee satisfaction to a wider assessment of employee engagement in turning strategy into action.

HR decisions and strategies, when approached from the point of view that the primary goal is to motivate and enable employees to deliver customer oriented promises successfully, can be useful in helping an organization ensure that service employees are willing and able to deliver quality services and that they stay motivated to perform in customer oriented and service minded ways (Piercy and Morgan, 1990). According to Rafiq and Ahmed (1993), the facets of internal marketing are basically HR strategies in closing service delivery gaps. The themes organized around building a customer oriented, service minded workforce are; hire the right people, develop people to deliver service quality, provide the needed support systems and retain the best people.

Finnigan (1983) suggests that starting with the right service delivery people from the beginning is one of the best ways to ensure that the customers receive the best service from the organization. Considerable attention then needs to be focused on hiring and recruiting the service personnel, which is contrary to the traditional practice where service personnel are the lowest on the corporate ladder and work for a minimum wage (Cahill, 1996). To get the best people, the organization through its recruitment function needs to identify the best people in the market and compete with other organizations to hire them (Zeithaml et al 1996). Berry and Parasuraman(1985) refer to this 'as competing for talent market share. This calls for using a variety of methods, to recruit employees, beyond advertising in the newspapers. These ideas include use of recruitment agencies, communicating with the prospective employees through appropriate media such as university campus publications, career fairs and organizational incentives on employees to recruit potential employees (Collins and Payne, 1991).

In identification of the potential employees, it is important to look at the service competencies as well as the service inclinations (Piercy and Morgan, 1990). Service competencies are the skills and knowledge necessary to the job, while service inclinations refers to the interest in doing service related work, which is reflected in the attitudes towards service and orientation toward serving customers and others on the job (Zeithaml et al 1996). Research has indicated that service effectiveness is correlated with having service oriented personality characteristics such as helpfulness, thoughtfulness and sociability. This same research defines service orientation as a syndrome containing elements of good adjustment, likeability, social skill and willingness to follow rules. In this aspect of internal marketing, HR function plays a key role.



According to Barnes (1991) to grow and maintain a workforce that is customer oriented and focused on delivering quality, an organization must develop its employees to deliver service quality. To provide service quality, employees need ongoing training in the necessary technical skills and knowledge and in the process or interactive skills (Chaston, 1993). It has been, traditionally, the role of the HR function to deliver training to employees to enable them perform their current roles as well as prepare them for future roles. Most organizations are effective in training their employees on technical skills, which can be either acquired through formal training or on the job coaching. Service employees also need training on interactive skills that allow them to provide courteous, caring, responsive and empathetic service. Successful companies invest heavily on training and make sure that the training fits their business goals and strategies.

Service workers require internal support systems that are aligned with their need to be customer focused (Piercy and Morgan, 1990). HR has a role to provide the employees with tools that allow them to diagnose performance and identify areas of improvement. HR can also ensure that the staff get the necessary training or coaching in teamwork, conflict management, communications and team effectiveness skills. It solely the responsibility of HR to ensure that there is an enabling environment for staff to perform their duties optimally. Health and safety issues are also in the domain of the HR function.

HR has the challenge of developing the right reward and recognition systems through analyzing the compensation arrangements to identify the extent to which those arrangements support the customer service initiative (Strum, 2001). Creating a strategic compensation plan that will better support the customer focus attitudes amongst employees (Quirke, 2002). Through effective reward and recognition systems, employees who support the customer focus strategy of the organization are encouraged thus promoting a performance culture within the organization.

## **2.6 Public Relations (Corporate Communications) and Internal Marketing**

The Corporate communication and Public Relations departments are responsible for provision of professional advice on strategic marketing and public relations issues (Piercy and Morgan, 1990). The team develops and implements marketing and communication strategies to co-ordinate corporate marketing and public relations across the organization, ensuring campaigns have maximum impact. Chaston (1993), outlines the responsibilities of the Public Relations (PR) Team as: developing and



implementing internal and external communications strategies for key corporate issues; ensuring information is communicated to staff and the public in a timely and effective manner, production of the staff newsletters magazines, as well as other corporate publications and strengthening the image and reputation of an organization by ensuring quality, consistency and appropriateness throughout all methods of communication. The PR function has the responsibility to maintain good publicity for the organization by ensuring the information circulated to the mass media puts the organization in a positive but not inaccurate light and to see that the inaccurate rumors or misleading stories are quickly corrected.

Communication within the organization is key in building relationships among employees throughout the work place, thus enabling them to feel connected within the organization (Strum, 2000). There are other recommended methods of building internal relationships amongst employees, according to Howcroft (2004), role switching enhances information sharing whereby employees from different departments inter change their roles for a short period for experience purposes. Quirke (2004) emphasizes the importance of sharing information within the organization through channels such as staff meetings, Staff forums like Town Halls, video conferencing and special events.

The Corporate communications department / PR team has definite strengths that come in handy in enhancing internal marketing practices. According to Barnes (1994), corporate communicators generally have excellent planning skills gained from planning external campaigns. They have expertise in issues identification and scenario planning and therefore have the ability to plan ahead and communicate change internally. Hogg and Carter (2000) claim that due to their sensitivity to the audiences, which is a positive attitude, Corporate communicators are better placed to carry out internal marketing activities within the organization, as they are likely to treat employees as people whose commitment and conviction has to be sought not demanded. Good communication demands the simple skill of effective writing; corporate communicators often have a journalism background that gives them the ability to make language accessible.

Internal communications provides a mechanism for cross functional participation in the coordination of activities in the organization and is a valuable method for reinforcing service quality and ensuring that employees know what to do and their role in the organization (Peck et al, 1999) Internal marketing includes both an attitude management aspect and communications management aspect (Gronroos, 1994). According to Lovelock et al (1996), internal communications are critical in maintaining and nurturing a corporate culture founded on specific service values. The goals of internal

communications include; ensuring efficient and satisfactory service delivery; achieving productive and harmonious working relationships and building employee trust, respect and loyalty (Lovelock et al, 1996).

## **2.7 Marketing Function and internal Marketing**

The Marketing Team is responsible for provision of professional advice on strategic marketing issues, including marketing planning, service development and promotion, as well as dealing with marketing strategies for specific corporate projects and implementing the corporate identity (Chaston, 1993). The team maintains a range of corporate guidance for staff that may also be of use to outside organizations. Moore (2004) defines the new role of marketing in the 21st Century as 'resolving the conflicting needs and interests of Stakeholders'. He further states the roles of a marketing department in the organization as: learning the unmet needs of customers through research, creation of brand promise that is meaningful to both customers and employees, translating the brand promise to all customer facing employees, carry out and publish the results of customer surveys and measure and evaluate the delivery of the brand promise. This essentially puts the role of training the customer facing employees on customer interaction and service issues, product knowledge under the umbrella of marketing.

According to Moore (2004), marketers need to widen their sphere of influence within the organizations to ensure the passion of good brands spreads amongst the employees. This, he claims, will be effectively accomplished if the training role was in the marketing docket. Internal marketing is an essential services marketing activity that ensures that the providers and service systems are able to deliver on the promises made by providing the skills, abilities, tools and motivation to deliver. They must be enabled through the provision of what it necessary to deliver. A customer-oriented environment results from an internal marketing endeavor, which essentially makes marketing more than a strategy; it represents efforts to change the values and beliefs of an organization by promoting the firm and its services to the employees (George, 1990). Satisfying the needs of internal customers upgrades their capability to satisfy the needs of external customers. Collins and Payne (1991) claim that marketing starts from the inside out and if your staff are unwilling to support your marketing efforts, the results can be detrimental. Schneider, (1998) argues that employees should believe in the products and services that are offered by their employer, they should stand 100% behind the mission of the brand for the marketing efforts to bear fruit. Internal marketing thus plays a key role in informing and involving the employees in the initiatives and strategies that are taking place within the company. American companies have for a long time looked to employee communication programs as

a key way to retaining and attracting staff. Marketing is increasingly becoming the cost effective way to motivate employees to optimize performance and sales (Billings, 2002).

Lovelock (1984) concedes that marketing plays a pivotal role in getting employees to feel loyal to what they sell to customers and thus customers to be loyal as well. Experts agree that it is vital to ensure that employees exemplify the brand promise to the end customer. Internal marketing is an important implementation tool, which aids communication and helps to overcome resistance to change. It involves all staff in the new strategies and initiatives. The marketing function has the tools of marketing, at their disposal, for development and of strategies designed to win understanding and cooperation of the employees (Piercy and Morgan, 1990). They have the responsibility of identifying the needs and concerns of these groups, address them and motivate them to behave in ways that will maintain and improve service standards thereby increasing customer satisfaction. Chaston (1993) suggests that service innovations targeted at the existing and potential customers must be designed with customer needs and concerns in mind and a strong orientation towards the market place. Whereas gaining acceptance of the service innovations among the management and staff members is a human relations problem, Cahill (1995) agrees that the formation of a task force is one way of moving the project off the drawing board into the development phase and giving the dream a dimension, and this is wholly a marketing initiative. The final implementation requires that members of the task force interact with the operating personnel in the field. Winning the Cooperation of the employees requires that they be represented on the taskforce itself. Senior field management will need to sell the project to staff should they need to win the acceptance at unit or branch level.

The process of implementation of internal marketing follows a similar familiar pattern as external marketing. It involves analysis of objectives, setting of strategies, tactics and control (Jobber 1995). Objectives of marketing should be set while the strategy used should be internal marketing, the tactics will then include an internal application of the marketing mix and could include the use of staff forums, presentations, an intranet, away days, videos, personal visits by company directors or use of newsletters. The evaluation could be done by way of checking performance against set objectives; example could be the number of attendees on the away days, visits to the intranet page, etc.

The traditional 4 Ps of marketing mix can be used in internal marketing with the product as the job, the price as the opportunity cost for engaging in the job, the place as the location where the jobs are offered near the living places of internal customers and promotion, such as reward policies and communication. Four elements of the product component of internal marketing are; selecting the right



personnel (Gronroos, 2000), effects of training (Cahill, 1995), considerations of empowerment (Brown et al) and effects of teamwork (George, 1990). The price component according to Berry (1984) and Flipo (1986) is the opportunity costs of engaging in the job, and service pricing can be a market-tool in the service field just as price is important to marketing goods. Berry (1984) conducted a marketing research in the Banking Industry and proposed that internal marketing firstly, enables a bank to attract and retain the best employees and secondly, requirements for employee satisfaction can be found from the internal marketing research.

Rafiq and Ahmed (1993) mention that communication is characterized as a crucial component of internal marketing as there is a relationship between internal customers and suppliers, prior to the services, which are delivered to customers and between internal and external customers. The communication channels and social interactions between these parties need to be smoothly created. Berry (1984), suggests that advertising campaigns not only get external customers' attention and encourage potential customers to buy products, but also should attract employees as a possible second audience, and motivate employees to perform correctly and accordingly. This essentially means that internal customers have to be told what advertising and promotional campaigns are on at any particular point in time. Some practical methods include the provision of internal brochures and booklets to service providers and effective application of two-way communication channels. The place component according to Flipo (1986) is a location where the jobs are offered near the living places of internal customers. Allocating the right persons to the right place is crucial especially customer contact employees.

With respect to the interdependence between internal marketing strategies and external marketing strategies, Flipo (1986) proposes that 'the more cooperative the interrelations (customer -orientation for personnel, useful participation for clients), the easier the marketing objectives are to meet.' This implies that external customer satisfaction will be influenced by internal satisfaction and that satisfied employees, who are motivated on the basis of their needs and wants, determine to what extent external customers are satisfied. It is therefore necessary, according to Lings (2000) to design and implement an internal marketing strategy, because of its focus on stimulating employees' enthusiasm on producing consistent behavior.



## **2.8 Internal marketing: the responsibility of Human Resources, Marketing and Public Relations functions**

Many arguments have been put forth by different authors as to whose responsibility internal marketing is. Bak et al (1994), sees internal marketing as 'employing a marketing perspective for managing an organization's human resources', thus placing it entirely in the HR docket. Moss (1998) in her dissertation demonstrates clearly that there are critical values of vision, reward and development, organizational culture that need to be taken into consideration in internal marketing, and that all these fall in the domain of HR, thus making HR better placed to champion the practice of Internal Marketing. On the other hand Rafiq and Ahmed (1993) specifically attempt to draw a boundary around human resource management and tell the marketing profession to stay out' (Cited by Cahill, 1995 p 43). In response, Cahill (1995) refutes their proposition and advocates internal marketing as 'good human resource management with a view to satisfying external customers'. Moore (2003) argues that it is the responsibility of HR to engage the employees as stakeholders to the organizations' brand. He further asks "What hope is there of a brand engaging external customers if it can't engage its own workers?" Collins and Payne (1991) argue that HR departments are more than ever responsible for internal marketing activities, stating that organizations now want internal marketing to not only distribute information efficiently but also to create understanding and meaning and to translate communication into action.

On the other hand, Piercy and Morgan (1990) concede that Marketers need to apply their marketing strategies and tools used for the external customers to employees through internal marketing. Hogg and Carter (2000) claim that due to their sensitivity to the audiences, which is a positive attitude, Corporate communicators are better placed to carry out internal marketing activities within the organization, as they are likely to treat employees as people whose commitment and conviction has to be sought not demanded. According to Varey and Lewis (1995), for internal marketing to be effectively executed, all functions should embody the practice. Developing shared values in support of customer oriented corporate culture is critical to the success of an organization. In high contact service organizations, the quality of personal service encounters plays an important role in creating customer satisfaction (Lovelock, 1996). Palmer (2001) introduces the concept of Internal relationships which eh says can occur between business units, functional departments and individual employees with the aim of encouraging and facilitating cross -functional cooperation rather than specialization. While the importance of all departments practicing internal marketing cannot be under stated, it is essential that one unit should take ownership of internal marketing initiatives for it to be effectively carried out.

1983). According to Henry (1984), HR has a role to understand the company's brand and what it represents. Ferguson and Brown (1991) argue that the function of marketing is not only to provide products for sale, but also to take care of the staff. According to Sasser (cited in Greene et al, 1994, p8) "the successful service company must first sell the job to employees before it can sell its services to customers". Henry (1994) argues that HR, with its close alignment to change initiatives and employee attitudes is in a unique position to further the strategic aims of internal marketing. He further states that HR professionals understand the impact of change to employees and how people go through the various emotional reactions of the change curve. By using the service profit chain, a high level of employee retention and employee productivity may indicate high levels of employee commitment, which in turn comes from having satisfied and loyal employees (Heskett et al, 1994). Employee satisfaction comes from high quality support services and human resource policies that increase employees' commitment and motivation. Quirke (2002) claims that the sole responsibility for internal marketing initiatives lies with the Corporate Affairs, External Communication and Public Relations department, arguing that they are better placed to "handle both the internal and external customers on equal significance basis".

Yang (2003) argues that a marketing manager may not have the training skills for employees thus the need to have the HR function working closely with the Marketing function to incorporate the practices of marketing activities with employee's orientation and training program. Joseph (1996) and Lovelock (1996) propose the 'Service Management trinity' as the best approach to successfully implementing internal marketing practices. According to Yang (2003), it is important to build the right and appropriate internal environment to reinforce customer consciousness, in doing so marketing function, the Operations Functions, Support Functions and the HR function have to work together by means of internal marketing. Marketers need to concentrate on the internal market just as much as on the external market if they want marketing plans and strategies to be successfully carried out within the organization (Chaston, 1993).

Within the context of referring to internal marketing as the process of attracting, developing, motivating and retaining qualified employees through job products that satisfy their needs (Peck et al, 1999), some authors have simply considered internal marketing as another name for human resources. It has been, traditionally, the role of the HR function to deliver training to employees to enable them perform their current roles as well as prepare them for future roles (Gummerson 2000). Recruitment, training, performance management, management competencies, appraisal measurement and reward are all part of HR's remit and exert a powerful influence on internal marketing initiatives (Gronroos,

1983). According to Henry (1984), HR has a role to understand the company's brand and what it promises to the customers and be clear on what this means to the organization internally and define this through being explicit about the values and behaviors that define internal organizational culture.

3.1 Research Design

This was a descriptive study which aimed to determine whose responsibility it is to implement internal marketing. Peck et al (1999) attempt to delineate the scope of internal marketing from the human resource management function, by emphasizing that marketing's contribution to the Human resources management is in ideas of generating a customer or employee orientation. According to Peck et al (1999), it is difficult to implement internal marketing within the context of both the traditional marketing concept and in a functional organization, as it becomes difficult to define the boundaries of the concept. He further emphasizes that even though internal marketing responsibilities lie with the marketing department, it should not be solely left to the marketing department.

According to CBK report of January 2005, there were a total of 44 banks operating in Kenya (see appendix 3). Given the small number of banks a census study was conducted.

3.3 Data Collection

Primary data was collected from the respondents by use of a semi-structured questionnaire, which was administered using a drop and pick method. A follow up by phone and electronic mail was done to enhance the response rate. The questionnaire was pre-tested to determine clarity of the questions. The questionnaire had been divided into two sections. Section I consisted of questions that were intended to provide general information about the banks. Section II consisted of Likert type questions that were aimed at obtaining information relating to responsibilities for internal marketing activities within the bank and establishing the distribution of responsibility for internal marketing activities among the various departments involved in cases where the responsibility was shared, and establishing what each department does.

The respondents were the Line Manager of the Marketing Manager, PR Manager and HR Manager. In most Kenyan Banks these often were General Managers/Chief Executive Officers or their equivalents.

3.4 Operationalizing the internal marketing Dimensions

The definitions of internal marketing dimensions were defined as in table 3.1. The questionnaire used the 5-point Likert scale to measure the extent to which each activity was performed by the marketing department, HR department, PR or any other departments within the bank. The scale was as follows:



## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Research Design

This was a descriptive study which aimed at determining whose responsibility it is to spearhead internal marketing activities in Kenyan Banks. A descriptive study, according to Cooper and Schindler (2003) is concerned with finding out what, why, who, where, when and how of a phenomenon which is the concern of the current study. Nganga (2004) has used the design in a related study.

#### 3.2 The Population

The population of study was all banks operating in Kenya under the Banking Act, chapter 487. According to CBK report of January 2005, there were a total of 44 banks operating in Kenya (see appendix 3). Given the small number of banks a census study was conducted.

#### 3.3 Data Collection

Primary data was collected from the respondents by use of a semi-structured questionnaire, which was administered using a drop and pick method. A follow up by phone and electronic mail was done to enhance the response rate. The questionnaire was pre tested to determine clarity of the questions. The questionnaire had been divided into two sections. Section I consisted of questions that were intended to provide general information about the banks. Section II consisted of likeart type questions that were aimed at obtaining information relating to responsibilities for the internal marketing activities within the bank and establishing the distribution of internal marketing activities amongst the various departments involved, in cases where the responsibility was shared, and establishing what each department does.

The respondents were the Line Managers of the Marketing Manager, PR Manager and HR Manager. In most Kenyan Banks these often were General Managers, Chief Executive Officers (CEOs) or their equivalents.

#### 3.4 Operationalizing the internal marketing Dimensions

The determinants of internal marketing dimensions were defined so as to operationalise the variables. The activities involved in each of the dimensions were expounded in the table below. The questionnaire used the 5-point Likeart scale to measure the extent to which the Marketing department, HR function, PR or any other departments within the Banks practiced the activities.

Table A: Operationalizing the internal marketing dimensions

Internal marketing dimension	Associated activities/Variables	Relevant questions
Internal communication	Staff newsletters Staff functions e.g. town halls, Internal memos Staff surveys Bulletins Regular meetings to develop communication and trust	1-6 25-29 44
	Job switches and first hand days	
HR policy	Hiring the right people Right skills set for jobs Retention of talent Equal opportunity hiring Staff development	7-10 30-31
Training	Understand job and responsibilities Training that helps staff to perform better Training that helps staff understand organizational goals Training that keeps staff updated Training for growth and career advancement	11-14
Support systems and processes	System allows corrective measures to be taken Processes and procedures in place Provision of materials and equipment for work Proper support in place Coordination between departments	15-19 37
Support systems	Feedback system Complaints management Helpdesk for immediate assistance	
Management methods	Open door policy Team building activities Leading by example Value employee satisfaction Recognition of accomplishment Recognition of excellent performance Supervision for results in quality work	20-24 32,35,36 38-40
Organizational Culture	Values Shared goals Leadership styles Performance standards defined	33,34 38-40

3.5 Data Analysis

Descriptive statistics were used to analyze the data. Frequency tables were used to analyze the general information data in part I, while data in part II was analyzed using mean score and standard deviation to determine the extent to which the practice of internal marketing activities varied between departments in the banks. The same were used to determine the differences in the practice of internal marketing between local and multinational banks. The results were then summarized using tables and pie charts.

4.2 Findings

This section presents the various findings of the research, giving an analysis of the distribution of activities by departments in cases where the responsibilities for internal marketing are shared between departments. The table below indicates the distribution of the activities

Table 1: Activities of the Human Resource Department

Activity	Frequency	Total
Production of staff Newsletters	5	13
Organizing staff get together	9	26
Announcements to all staff	5	14
Staff news updates	5	21
Organizing job switches	6	18
Totals	31	100

Source: primary data

From the table above, it is evident that the human Resource department carries out the major activities that comprise internal marketing to a large extent. Organizing staff get together was found to be the most practiced by the HR department to largest extent compared to the other activities.

Table 2: Activities of the marketing department

Activity	Frequency	Total
Production of staff Newsletters	5	9.3
Organizing staff get together	2	9.3
Announcements to all staff	3	15.6
Staff news updates	19	22.7
Organizing job switches	2	7.3
Totals	32	74.2

Source: primary data



## CHAPTER FOUR

### DATA ANALYSIS AND FINDINGS

#### 4.1 Introduction

This chapter deals with data analysis, findings and discussion of the research findings. The data for part A and B is summarized in the descriptive statistics like mean scores, percentages and frequencies presented in tables where appropriate. Data in this study is summarized and presented in terms of proportion and mean scores of the second part of the questionnaire. Out of the 44 respondent banks, 32 completed the questionnaires, giving a 73% response rate.

#### 4.2 Findings

This section presents the various findings of the research, giving an analysis of the distribution of activities by departments in cases where the responsibilities for internal marketing are shared between departments. The table below indicates the distribution of the activities

**Table 1: Activities of the Human Resource Department**

Activity	Frequency	Percent
Production of staff Newsletters	5	17
Organizing staff get together	9	28
Announcements to all staff	5	16
Staff news updates	7	21
Organizing job switches	6	18
<b>Totals</b>	<b>32</b>	<b>100</b>

Source: primary data

From the table above, it is evident that the human Resource department carries out the major activities that comprise internal marketing to a large extent. Organizing staff get together was scored as the one practiced by the HR department to larger extent compared to the other aspects.

**Table 2: Activities of the marketing department**

Activity	Frequency	Percent
Production of staff Newsletters	3	9.4
Organizing staff get together	3	9.4
Announcements to all staff	5	15.6
Staff news updates	19	59.4
Organizing job switches	2	6.2
<b>Totals</b>	<b>32</b>	<b>100</b>

Source: primary data

A summary of the activities within the four major departments within the banks it can be deduced that

The marketing department was responsible for staff news update to a very large extent as can be deduced from the Table 2 above. It was responsible for organizing job switches to a very small extent, while production of staff newsletters and organizing of staff get together were done by the marketing department to a moderate extent.

formed from members of different departments to facilitate this

**Table 3: Activities of the corporate affairs department**

Activity	Frequency	Percent
Production of staff Newsletters	4	12.5
Organizing staff get together	1	3.1
Announcements to all staff	5	15.6
Staff news updates	22	68.8
Organizing job switches	0	0
<b>Totals</b>	<b>32</b>	<b>100</b>

Source: primary data

Staff news update was to a very large extent the responsibility of the corporate affairs or the PR department, while announcements to all staff and production of staff newsletters was practiced to a moderate extent. The implication from this table is that the internal communication aspect of internal marketing is mainly the responsibility of the Corporate Affairs or the Public relations departments within the banks in Kenya

**Table 4: Activities of the other departments**

Activity	Frequency	Percent
Production of staff Newsletters	2	6.2
Organizing staff get together	30	93.8
Announcements to all staff	0	0
Staff news updates	0	0
Organizing job switches	0	0
<b>Totals</b>	<b>0</b>	<b>100</b>

Source: primary data

From the above table the other departments were mainly involved in the organization of staff get together while the rest of activities were practiced to a very small extent by the other departments (Table 4).

A summary of the activities within the four major departments within the banks, it can be deduced that most banks organize a lot of staff get-togethers as a way of improving their cohesiveness and building strong teams. The response rate was however generally moderate for the other activities. It can be deduced that the HR and the PR departments carry out the bulk of the activities. The other departments are largely involved when it comes to organizing staff get together where in most banks a committee is formed from members of different departments to facilitate this.

**Table 5: Number of years in operation**

No of years	Frequency	Percent
Less than 6yrs	1	3.1
<6yrs less than 10yrs	2	6.3
More than 10yrs	29	90.6
<b>Total</b>	<b>32</b>	<b>100</b>

Source: primary data

Percent = (Frequency \*100)/32

From the data it can be concluded that most banks have been in operation for more than 10 years implying that they have established themselves longer in the market.

**Table 6: Analysis of Ownership of Banks.**

Ownership	Percent
Foreign owned	60
Locally owned	30
Hybrid of local & foreign	10
<b>Total</b>	<b>100</b>

Source: primary data

The Table 6 shows the composition of ownership of the banking sector. Approximately 60% of the total banks are foreign owned and have been in operation for more than 10 years. In contrast 30% of the banks in the financial sector are locally owned and the rest being a mixture of the two at varied proportions.

**4.3 Respondents characteristics.**

The target respondents were the Human Resource Managers, Marketing Managers, Public Relations Managers and CEOs of the banks. The table below gives a summary of the respondents' characteristics.



**Table 7: Length of stay of respondents at current job**

ownership	Years at job		
	1-6yrs	7-10yrs	>11 yrs
Foreign	57	31	12
Local	22	46	32
Hybrid	34	37	29

Source: primary data

The Table above shows that a large proportion of the respondents (46%) in the locally owned banks had been in their current jobs for between 7-10 years compared to 31% in the foreign owned and 37% in the hybrid category. Only 12% of the respondents had worked for their current employers for a period more than 10 years compared to 57% who have worked for less than 6 years in the foreign owned category. There was not much discrepancy between those who worked for less than 6 years (34%) and more than 10 years (29%) in the hybrid category.

#### **4.4 Internal marketing activities as practiced by the different departments**

This section presents the core findings of the study. The findings are presented by various dimensions of the internal marketing which include management methods, internal communication, the human resource policy, internal support systems and processes, training and organizational culture as outlined in chapter two.

A mean score of 4.5 would be interpreted as indicating that the particular activity was practiced to a very large extent whereas a mean score of 3.5 or more but less than 4.5 would indicate that the element was practiced by the department to a great extent. A mean score of 2.5 or more but less than 3.5 would indicate that the department to some extent practices the element. A mean score that is 1.5 or more but less than 2.5 would indicate that the department to a small extent practices the element. A mean score of less than 1.5 would indicate that the element is practiced to almost no extent at all.

This section aims at establishing the extent to which the various internal marketing practices were carried out by the different departments based on the mean score.

**Table 8: Internal communication**

Activity	Mean score				Standard deviation			
	HR	Marketing	PR	Other	HR	Marketing	PR	Other
staff newsletters	2.95	3.35	3.58	2.21	0.87	0.89	0.89	0.82
Staff functions	2.86	2.79	2.78	2.77	0.91	0.91	1.0	0.94
Internal memos	2.77	2.49	2.21	2.23	0.94	1.07	0.82	0.94
Staff surveys	3.51	3.35	3.27	2.51	0.82	0.89	0.93	0.95
Bulletins	2.15	3.20	3.89	2.1	0.78	0.88	0.91	1.21
staff meetings	3.13	3.05	2.57	2.50	0.78	0.95	1.3	1.1
Job switches	2.30	2.44	2.67	2.0	0.75	1.02	0.99	1.00
<b>Overall Mean</b>	<b>2.81</b>	<b>2.91</b>	<b>3.0</b>	<b>2.33</b>	<b>0.84</b>	<b>0.94</b>	<b>0.98</b>	<b>0.99</b>

Source: primary data

From the table above, the responsibility of internal communication within the local banks is to a very large extent the PR function with a mean score of 3.0 and to a large extent a Marketing and HR department’s responsibility with mean scores of 2.91 and 2.8 respectively. Other departments practice internal communication to a small extent. The standard deviations are less than 1, indicating that there was little variance in the results.

**Table 9: The Human resource policy**

Activity	Mean score				Standard deviation			
	HR	Marketing	PR	Other	HR	Marketing	PR	Other
Hiring right staff	3.95	2.35	2.51	2.01	0.97	0.81	0.79	0.85
Right skills set	3.5	2.79	2.22	2.25	0.81	0.82	1.03	0.94
Talent retention	3.66	2.69	2.21	2.29	0.93	1.05	0.62	0.85
Equal opportunity	3.45	2.15	2.11	2.45	0.87	0.92	0.73	0.69
Staff development	3.15	3.00	2.07	2.10	0.85	0.84	0.81	1.01
staff meetings	3.63	3.05	2.52	2.14	0.85	0.75	1.13	1.21
Job switches	3.73	2.64	2.67	2.03	0.97	1.05	0.89	1.110
<b>Overall Mean</b>	<b>3.58</b>	<b>2.67</b>	<b>2.33</b>	<b>2.18</b>	<b>0.89</b>	<b>0.86</b>	<b>0.86</b>	<b>0.85</b>

Source: primary data

From Table 9 above, the activities associated with the HR policy were practiced to a very large extent by the HR department, while the PR and marketing departments, practiced such activities to a moderate extent. The other departments were responsible to a very small extent.

Table 10: Training

Activity	Mean score				Standard deviation			
	HR	Marketing	PR	Other	HR	Marketing	PR	Other
Training for; Job and responsibilities	3.45	2.15	2.59	2.00	0.87	0.91	0.69	0.95
Better performance	3.25	2.29	2.62	2.21	0.91	0.72	1.33	0.97
Organization 'goals	3.67	2.59	2.41	2.19	0.83	1.09	0.82	0.86
Career development	3.85	2.17	2.64	2.42	0.88	0.96	0.78	0.79
Staff development	3.25	2.99	2.44	2.18	0.75	0.84	0.82	1.21
Overall Mean	3.49	2.44	2.54	2.2	0.85	0.91	0.90	0.96

Source: primary data

To a great extent, training was the responsibility of the HR function in the banking sector in Kenya. The Marketing and PR departments were responsible for training to a moderate extent within the Kenyan banking sector.

Table 11: Internal support systems and processes

Activity	Mean score				Standard deviation			
	HR	Marketing	PR	Other	HR	Marketing	PR	Other
Systems support; Corrective actions	2.95	2.55	2.19	2.75	0.77	0.88	0.79	0.85
Processes in place	3.28	2.69	2.22	2.29	0.81	0.76	1.34	0.95
Materials for work	3.27	2.71	2.14	2.49	0.78	1.19	0.88	0.88
Feedback	3.45	2.29	2.24	2.47	0.98	0.99	0.79	0.79
Complaints hotline	3.55	2.85	2.64	2.68	0.75	0.87	0.86	1.311
Overall Mean	4.0	3.11	2.79	2.98	0.99	1.12	1.11	1.15

Source: primary data

Provision of internal support systems and processes within the Banking sector in Kenya is to a very large extent the responsibility of the HR function. The marketing department is responsible for this dimension of internal marketing to a great extent while the PR and the other departments within the banks are only moderately responsible, with a mean score of 2.79 and 2.98 respectively. The lower standard deviation indicates that the results did not vary too much as there was general agreement amongst the respondents. The HR function was responsible to a large extent for ensuring that there



was a feedback system in place, with a mean score of 3.45 as compared to taking corrective actions, which was HR 's responsibility to a small extent.

promoting a culture of shared values and goals. The organizational culture as an aspect of management

Table 12: Management methods

Activity	Mean score				Standard deviation			
	HR	Marketing	PR	Other	HR	Marketing	PR	Other
Open door policy	4.15	2.05	2.10	2.00	0.97	0.78	0.79	0.85
Team building	3.27	2.19	2.41	2.23	0.75	0.86	1.11	0.95
Leading by example	3.66	2.21	2.25	2.28	0.71	1.89	0.89	0.89
Recognition	3.48	2.22	2.56	2.77	0.88	0.79	0.79	0.89
Employee satisfaction	3.85	2.54	2.76	2.55	0.85	0.97	0.76	1.11
Overall Mean	3.98	2.86	2.97	2.93	1.03	1.28	1.01	1.17

Source: primary data

Table 13: Overall internal marketing dimensions

From the above table, the responsibility for ensuring proper management methods are in place to support employees at work as an aspect of internal marketing lies with the HR function within the banking sector in Kenya. Ensuring that there was an open door policy was to a very large extent a function of the HR department with a mean score of 4.15 and a standard deviation of 0.97 indicates that there was a major consensus amongst the respondents that HR was responsible. The marketing department, PR and other departments were to a moderate extent responsible for this. Employee satisfaction was to a large extent the responsibility of the HR function.

Organizational

Table 13: Organizational Culture

Activity	Mean score				Standard deviation			
	HR	Marketing	PR	Other	HR	Marketing	PR	Other
Values	3.78	3.05	3.10	2.09	0.77	0.68	0.80	0.85
Shared goals	3.75	3.18	3.41	2.27	0.79	0.87	1.13	0.78
Leadership styles	3.65	2.98	3.11	2.68	0.78	1.55	0.90	0.88
performance standards	3.81	3.20	3.56	1.77	0.98	0.79	0.79	0.99
Overall Mean	3.75	3.10	3.30	2.20	0.83	0.97	0.91	0.88

Source: primary data

Table 14: Internal support systems and the HR function

From table 13 above the responsibility for promoting a culture of shared goals and values was to a very great extent HR's while Marketing and PR were responsible to a great extent. Ensuring that

performance standards were in place and that all staff understood them was to a large extent the responsibility of HR, which was also rated as responsible for providing leadership by example and promoting a culture of shared values and goals. The organizational culture as an aspect of internal marketing was one area of joint responsibility as both the PR and Marketing department seemed to practice it to a large extent within the Kenyan banking sector. Marketing department however seemed to be responsible only to a moderate extent for leadership styles.

The PR department was more responsible for promoting shared goals more than the marketing department with their mean scores being 3.41 and 3.18 respectively. With all the departments scoring a mean score of over 3.10, it clearly emerged that this is a responsibility that is shared amongst the departments within the banking industry in Kenya.

**Table 14: Overall internal marketing dimensions**

Dimensions	Mean score				Standard deviation			
	HR	Marketing	PR	Other	HR	Marketing	PR	Other
Internal Communications	2.81	2.91	3.0	2.33	0.84	0.94	0.98	0.99
HR Policy	3.58	2.67	2.33	2.18	0.89	0.86	0.86	0.85
Training	3.49	2.44	2.54	2.2	0.85	0.91	0.90	0.96
Support systems and processes	4.0	3.11	2.79	2.98	0.99	1.12	1.11	1.15
Management methods	3.98	2.86	2.97	2.93	1.03	1.28	1.01	1.17
Organizational culture	3.75	3.10	3.30	2.20	0.83	0.97	0.91	0.88
<b>Average</b>	<b>3.60</b>	<b>2.85</b>	<b>2.82</b>	<b>2.47</b>	<b>0.91</b>	<b>1.01</b>	<b>0.96</b>	<b>1.00</b>

Source: Primary data

Table 13 above gives the overall dimensions of internal marketing and the standard deviations associated with each of the variable as well as the mean scores for each. From the table, the responsibility for spearheading internal marketing activities within the local banks to a great extent lies with the HR department with a mean score of 3.60 and a standard deviation of 0.91. The Marketing department and the Public relations department are responsible for internal marketing activities to a moderate extent. Provision of internal support systems and the HR policy fell in HR’s docket to a very large extent, while the department was responsible for promoting organizational culture that supports high performance by employees and good management methods were to a large extent the responsibility of the HR Function.

Internal communication was the responsibility of the PR department to a large extent with a mean score of 3.0, and organizational culture was PR's responsibility to a larger extent with a mean score of 3.30. Internal systems and processes were the responsibility of the marketing department with a standard deviation of 1.1

The literature covered in this study pointed out the various modes of internal marketing and their associated departments. Various factors that influence the choice of marketing channel were discussed. In its earlier parts the literature also discussed the importance of marketing to any business set up. The study was not a replica of any other but attempted to establish the responsibilities for internal marketing activities within the banking sector in Kenya.

## 5.2 Discussion

From the research findings as presented in chapter 4, several conclusions may be drawn. These are now discussed with regard to the objectives of the study. Barlett and Ghoshal (2007), emphasize that people are the heart of the strategy and that the knowledge, experience and personal attitudes of people are the key factors in enabling the success of any strategy. This research sought to find out who responsibilities it is to spearhead internal marketing activities within the banking industry in Kenya.

A greater proportion of the surveyed firms indicated that internal marketing is mainly the responsibility of the Human Resources Department. This therefore explains why most of the firms interviewed use HR policy and training in ensuring they communicate their desired results to their employees. However, this is not to say that management methods, support systems, culture and internal communications are not in use, in fact it was noticed that organizational culture and internal communication was used a lot in delivering key messages to employees.

This study found out that the HR department was responsible to a very large extent for spearheading most of the activities associated with internal marketing within the Kenyan banking sector. In fact all the banks all the aspects of internal marketing had touched on a HR policy that supported hiring, hiring of the right people, following correct hiring procedure and offering equal opportunity. Hiring, was all conducted to large extent by the HR department. The responsibility of HR also supported retention of best staff, empowering staff in their jobs, staff development, staff planning and



## CHAPTER FIVE

### DISCUSSION, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

The objective of this study was to determine the responsibilities for internal marketing practices within the banking sector in Kenya as well as ascertain the distribution of the activities between major departments in cases where the responsibilities are shared.

The literature covered in this study pointed out the various modes of internal marketing and their associated departments. Various factors that influence the choice of marketing channel were discussed. In its earlier parts the literature also discussed the importance of marketing to any business set up. The study was not a replica of any other but attempted to establish the responsibilities for internal marketing activities within the banking sector in Kenya.

#### 5.2 Discussion

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A greater proportion of the surveyed firms indicated that internal marketing is mainly the responsibility of the Human Resources Department. This therefore explains why most of the firms interviewed use HR policy and training in ensuring they communicate their desired results to their employees. However, this is not to say that management methods, support systems, culture and internal communications are not in use. Infact it was noticed that organizational culture and internal communication was used a lot in delivering key messages to employees.

This study found out that the HR department was responsible to a very large extent for spearheading most of the activities associated with internal marketing within the Kenyan banking sector. In most of the banks all the aspects of internal marketing that touched on a HR policy that supports employee hiring of the right people, following correct hiring procedure and offering equal opportunity while hiring, were all practiced to large extent by the HR department. The responsibility for a HR policy that supported retention of best staff, empowering staff in their jobs, staff development, pegging promotion

to performance and having fair salary review systems were all rated as being to a large extent the role of the HR department.

The study also revealed that the responsibility for promoting an organizational culture that supports teamwork, regular meetings to develop good communication and trust, encouragement of feedback and communication and enhancing a culture of shared values was to a large extent a shared responsibility between the departments with the PR department playing a bigger role to a moderate extent as compared to the marketing department. Other departments were involved to a very small extent in the practice of activities associated with internal marketing. Most respondents indicated that the other departments mainly participated in the meetings, job switches and swaps, town halls and staff get-together functions and to a moderate extent the responsibility falls with them.

The Management methods/ style, according to this research was to a large extent the responsibility of the HR function and to a moderate extent the joint responsibility of both the marketing and PR departments. Open door policy, staff empowerment, treating employees as customers and creation of an environment that encourages quality work are some of the aspects that were rated as being to large extent the responsibility of the HR function. Provision of good internal ambience, recognition of sterling performers, leading by example, staff involvement in decision making were rated as being the marketing Department's responsibility to a moderate extent. Provision of internal support systems was to a very large extent the responsibility of the other departments within the banking institution. This may be explained by the fact that each business unit had autonomy of operation and each business head had the responsibility of ensuring good support system that facilitates good performance by employees.

Looking at the summary statistics, on the average, most organizations agreed that marketing involved the use of Internal Communication, Support Systems and Processes, Management Methods and Organizational Culture. However, they disagreed that HR policy was equally effective in achieving internal marketing. And on average were neutral in all the other statements. The initial factors matrix indicated that support systems and processes not affecting HR policy loaded heavily on factor 1, which it provides internal communication heavily loading on factor 3 and organizational culture loaded heavily on factor 4.

From the final varimax rotation, in conjunction with the summary statistics, the most important factor is the use of HR policy and training as well as management methods and support systems and

processes having a mixture strategy since it does affect other types of marketing. Most respondents however, noted that recently there has been a problem with the laws in Kenya and this has a negative effect on the usage of marketing.

### **5.3 Conclusion**

The findings of this research study have revealed that the Human resource function is responsible to a large extent for internal marketing practices in the Kenyan Banking industry. The provision of internal support systems, the management methods and promotion of a good organizational culture to a large extent the responsibility of the Human resource function. The study has also revealed that the Marketing department and the PR share in the responsibilities for internal marketing to a moderate extent especially as relates to internal communication, organizational culture and management methods.

The responsibilities for internal marketing did not vary to a large extent between the large multinational banks and the locally owned banks, based on the research findings.

### **5.4 Recommendations**

There is need for banks in Kenya to sensitize their HR functions of their responsibilities in spearheading internal marketing activities within their organization for effective implementation and for better results that would contribute to the attainment of the overall organizational objectives. The practice of internal marketing in the Kenyan Banking sector would yield meaningful results and place the banks ahead of the industry competition. It is highly recommended that an integrated approach to internal marketing be adopted; where the HR function is the owner of the initiatives and all the other functions within the organization join together in achieving this objective.

#### **Limitations of the study**

This section discusses both general and methodological limitation of the study and suggestions for further research. A major limitation of the study was that some banks never agreed to participate in the study citing lack of time especially as priority was given more to work. The content of the study would have been better if these banks had participated. The respondents in this study were mainly the HR manager, the Marketing Manager and the PR Manager or their equivalent who are mainly very busy people, thus unavailable to respond to the questionnaire, yielding a lower than expected response rate. There was also a limitation of time allocated for carrying out the study. More time was required and

access and review the otherwise very scattered literature, which would have further enhanced the quality of the study.

The study relied heavily on self-reported feelings. Respondents may have been biased or dishonest and their attitudes may change with time. The nature of this study looked closely into the responsibilities of internal marketing within the Kenyan banking sector, which means employees may have given a 'wish list' expecting that the management may have access to the findings and this may have affected the objectivity of the study.

Resource constraints were also another limitation confining the study of those easily available. A larger response would have been suitable for the study but it was not possible.

### **Suggestions for further research**

This study dwelt on establishing whose responsibility it is to spearhead internal marketing activities within the banking sector in Kenya. The study could be expended to include other industries in the country encompassing both service based and non-service based industries. Time and resource constraints did not allow for this to take place.

There is need for research to establish the strategies organizations have put in place to ensure that internal marketing is owned by the HR function and is actively the responsibility of the function, which will mean effective use of internal marketing in achieving the overall organizational objectives.

Research should therefore be done to establish the effects of other forms of marketing as well as compliance with the same. A further research should be done to establish and clearly define the mode of classification of marketing into its various types.



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## **APPENDIX 1: Introduction letter**

Stella G Atela  
University of Nairobi  
P.O. Box 30197-00100  
Nairobi

June 8, 2005

Dear Sir/Madam

### **RE: REQUEST FOR RESEARCH DATA**

I am a postgraduate student at the University of Nairobi, Faculty of Commerce. I am conducting a management research on " the responsibility for Internal marketing activities in the Kenyan Banks."

In order to undertake the research, you are have been selected to from part of the study. This is therefore to request your assistance in filling the attached questionnaire as truthfully as you can. The information you give will be treated in confidence and is needed purely for academic purposes. Even where a name has been provided, it will not under any circumstances appear in the final report.

A copy of the final report will be made available to you upon request.

Your assistance and cooperation will be highly appreciated.

Yours Sincerely,

.....  
Stella G Atela  
(Student)

.....  
Margaret Ombok  
Dept of Business Administration  
(Supervisor)



## APPENDIX 2: Questionnaire

### Part I

#### General information

1. Name of the organization.....
2. Your name.....(Optional).
3. Please indicate your job title.
  - (a) HR Manager
  - (b) Marketing Manager
  - (c) PR Manager
  - (d) CEO
  - (e) Other (Please specify) .....( )
4. How many years have you worked in this organization?
  - (a) <1 year
  - (b) 1 to 5 years
  - (c) 6 to 9 years
  - (d) >10 years
5. Using the categories below, please indicate the ownership of the Bank.  
(Please tick one)
  - (a) Foreign owned
  - (b) Locally owned
  - (c) Hybrid of local and foreign
6. Department.....

## Part II

To what extent is each of the following activities the responsibility of HR, Marketing, PR or Other department within your bank? Indicate on a scale of 1 to 5 where:

- 1 very large extent
- 2 large extent
- 3 moderate extent
- 4 small extent
- 5 no extent

Activities	Dept.	Very large extent	Large extent	Moderate extent	Small extent	No extent
1. Production of staff newsletters	HR					
	Marketing					
	PR					
	Other					
2. Organizing staff get together	HR					
	Marketing					
	PR					
	Other					
3. Announcements to all staff	HR					
	Marketing					
	PR					
	Other					
4. Staff news updates	HR					
	Marketing					
	PR					
	Other					
5. Organizing job switches	HR					
	Marketing					
	PR					
	Other					
6. Staff meetings to develop communication and trust	HR					
	Marketing					
	PR					
	Other					
7. Attracting best staff from the market	HR					
	Marketing					
	PR					
	Other					
8. Retention of employees within the organization	HR					
	Marketing					
	PR					
	Other					

Activities	Dept.	Very large extent	Large extent	Moderate extent	Small extent	No extent
9.champion diversity and Inclusion in hiring	HR					
	Marketing					
	PR					
	Other					
10.Staff empowerment to enhance service delivery	HR					
	Marketing					
	PR					
	Other					
11.Training on job responsibility	HR					
	Marketing					
	PR					
	Other					
12.Training on organizational goals	HR					
	Marketing					
	PR					
	Other					
13.Training for career advancement	HR					
	Marketing					
	PR					
	Other					
14.Training on customer service skills	HR					
	Marketing					
	PR					
	Other					
15.Provision of materials and equipment for work	HR					
	Marketing					
	PR					
	Other					
16.Coordinated effort between departments	HR					
	Marketing					
	PR					
	Other					
17.employee relationship management	HR					
	Marketing					
	PR					
	Other					
18.Guidance on processes, policies and procedures	HR					
	Marketing					
	PR					
	Other					
19. Employee satisfaction as key to excellent service delivery	HR					
	Marketing					
	PR					
	Other					

Activities	Dept.	Very large extent	Large extent	Moderate extent	Small extent	No extent
20.Fostering team building to enhance teamwork	HR					
	Marketing					
	PR					
	Other					
21.Coaching on organizational values	HR					
	Marketing					
	PR					
	Other					
22.Encouraging friendships at work to create good work environment.	HR					
	Marketing					
	PR					
	Other					
23.Recognition of service heroes	HR					
	Marketing					
	PR					
	Other					
24. Developing a customer focused culture	HR					
	Marketing					
	PR					
	Other					
25.Employee awareness creation on new products and rebranding	HR					
	Marketing					
	PR					
	Other					
26. Use of internal communication to nurture corporate culture	HR					
	Marketing					
	PR					
	Other					
27. Clear job objectives for all staff	HR					
	Marketing					
	PR					
	Other					
28.HIV and AIDs staff campaigns	HR					
	Marketing					
	PR					
	Other					
29.Brochures and handouts materials for staff	HR					
	Marketing					
	PR					
	Other					
30.Staff empowerment in jobs	HR					
	Marketing					
	PR					
	Other					



Activities	Dept.	Very large extent	Large extent	Moderate extent	Small extent	No extent
31.Health and safety programs	HR					
	Marketing					
	PR					
	Other					
32.Staff involvement in decision making	HR					
	Marketing					
	PR					
	Other					
33.Promoting a performance oriented culture	HR					
	Marketing					
	PR					
	Other					
34.Promotion of culture of shared values	HR					
	Marketing					
	PR					
	Other					
35.Encouraging open door policy	HR					
	Marketing					
	PR					
	Other					
36.Encourage sharing of ideas	HR					
	Marketing					
	PR					
	Other					
37.Staff training on technological advancement	HR					
	Marketing					
	PR					
	Other					
38.Supervision for quality work	HR					
	Marketing					
	PR					
	Other					
39.Encourage a "I believe I belong" culture	HR					
	Marketing					
	PR					
	Other					
40.Promote "Know me, care me, focus me" culture	HR					
	Marketing					
	PR					
	Other					
41.Clear job descriptions for staff	HR					
	Marketing					
	PR					
	Other					

Activities	Dept.	Very large extent	Large extent	Moderate extent	Small extent	No extent
42. Encourage positive manager-staff relations	HR					
	Marketing					
	PR					
	Other					
43. Measuring ability to deliver quality service	HR					
	Marketing					
	PR					
	Other					
44. Clear performance management system	HR					
	Marketing					
	PR					
	Other					
45. Implementing systems that are sensitive to customer needs	HR					
	Marketing					
	PR					
	Other					
46. Creating reward plans that support customer focus attitudes	HR					
	Marketing					
	PR					
	Other					
47. Creation of a brand promise that is useful to both staff and customers	HR					
	Marketing					
	PR					
	Other					
48. Promotion of the bank and product to employees	HR					
	Marketing					
	PR					
	Other					

**Thank you very much for your cooperation**

### APPENDIX 3: List of Commercial Banks in Kenya

LIST OF COMMERCIAL BANKS IN KENYA	
1	African Banking Corporation
2	Akiba Bank Ltd
3	Bank of Africa (Formerly Credit Agricole)
4	Bank of Baroda Ltd
5	Bank of India (K) Ltd
6	Barclays Bank of Kenya Ltd
7	CFC Bank Ltd
8	Charterhouse Bank
9	Chase Bank (K) Ltd
10	Citibank N.A
11	City Finance Bank Limited
12	Commercial Bank of Africa Ltd
13	Consolidated Bank of Kenya Ltd
14	Co-operative Bank of Kenya Ltd
15	Credit Bank Ltd
16	Daima Bank Ltd
17	Development Bank of Kenya
18	Diamond Trust Bank of Kenya
19	Dubai Bank Ltd
20	Equatorial Commercial Bank Ltd
21	Equity Bank
22	Fidelity Commercial Bank Ltd
23	Fina Bank Limited
24	First American Bank of Kenya Ltd
25	Giro Commercial Bank
26	Guardian Bank
27	Habib Bank A.G. Zurich
28	Habib Bank Ltd
29	Imperial Bank Limited
30	Industrial Development Bank Ltd
31	Investments & Mortgages Bank Ltd
32	Kenya Commercial Bank Ltd
33	K-Rep Bank
34	Middle East Bank Kenya Ltd
35	National Bank Of Kenya
36	National Industrial Credit Bank
37	Oriental Commercial Bank (Formerly Delphis Bank)
38	Paramount -Universal Bank
39	Prime Bank
40	Southern Credit Banking Corp.
41	Stanbic Bank Kenya Ltd
42	Standard Chartered Bank (K)Ltd
43	Trans-National Bank Ltd
44	Victoria Commercial Bank Ltd

Source: Central Bank of Kenya Report-January 2005

#### **APPENDIX 4: List of foreign owned commercial Banks in Kenya**

1. Citibank N.A
2. Habib Bank AG Zurich
3. Habib Bank
4. Bank of India
5. Barclays Bank of Kenya
6. Standard Chartered Bank
7. Development Bank of Kenya Limited
8. Stanbic Bank Limited
9. Bank of Baroda Limited
10. Diamond Trust Bank Kenya Limited
11. K-rep Bank Limited
12. Credit Agricole Indosuez

**Source:** [www.centralbank.go.ke](http://www.centralbank.go.ke)