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# Integrating internal communications, human resource management and marketing concepts into the new internal marketing philosophy

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# Integrating internal communications, human resource management and marketing concepts into the new internal marketing philosophy

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## Abstract

Successful companies attach great importance to human resource management and internal communications, because they are aware of the value of those activities and of strategic advantage they can bring to the organization. They should also realize that it is necessary to live internal marketing philosophy, if they stream to offer quality products and services to both markets: internal and external.

The idea of satisfied employees for the benefit of satisfied customers is accepted and developed by both academicians and practitioners, through the concepts of internal marketing, internal communications and human resource management. Consequently, the paper had two objectives: (1) to analyze concepts of internal marketing (IM), internal communications (IC) and human resource management (HRM) parallelly, and define their scopes, overlaps and differences; and (2) to propose a new internal marketing philosophy that combines three before mentioned concepts.

The conclusion that emerged after reaching both objectives was that the new internal marketing philosophy should be grounded in a relationship marketing theory. It should not be limited to neither of three functional areas that are commonly connected to it – internal communications, human resource management or marketing. It is for sure that managing internal relationships should not be restricted to any function, and should not apply traditional marketing concepts and tools. That would ruin the nature of internal relationship marketing, and would not encompass all tasks it should fulfill.

## 1. Introduction

There is no sector existing within the marketplace that does not contain, or rely upon a service component. Under such circumstances, employees become a critical resource with a vital role in long-term success (Dunne & Barnes, 2000), through their involvement and contribution in serving customers and achieving customers' satisfaction. The proportion of customer-oriented employees in the organization's workforce brings a significant difference to its competitive position in the marketplace (Varey, 2001).

To have satisfied customers the organization must also have satisfied employees (George, 1977). Satisfied employees are a precondition for satisfied customers. Rosenblunth and Peters (1992 in Ewing & Caruana, 1999) go even further and say that the needs of the customer should come second to those of employees, as customer needs will only be successfully met after those of employees have been satisfactorily met.

The idea of satisfied employees for the benefit of satisfied customers is accepted and developed by both academicians and practitioners, through the concepts of internal marketing, internal communications and human resource management. Having that in mind, two objectives of this paper emerged:

(1) to analyze concepts of internal marketing (IM), internal communications (IC) and human resource management (HRM) parallelly, and define their scopes, overlaps and differences – Researches so far have dealt with dyads of those concepts. For example, the possibility of human resources and internal communications coexistence (Buffington, 2004), integration of human resource and marketing functions (Glassman & McAfee, 1992), and using marketing approaches to improve internal communications (Spitzer & Swidler, 2003) were studied. The triad of IM, IC and HRM is a subject that to date has not received any attention. The impetus for such analysis came as well from the business. Practitioners question whose responsibility are internal communications (of corporate communications or HR department), what is, and whose responsibility is internal marketing, etc.; and

(2) to propose a new internal marketing philosophy that combines three before mentioned concepts – To date the majority of researchers have been explaining internal marketing depending on their specialization. A holistic approach is missing and therefore a new direction is needed.

## 2. Theoretical background

The three concepts – IM, IC and HRM, are analyzed and described in terms of their definitions, objectives, activities, and organizational design. More attention is given to internal marketing, as this area is not unanimously defined. Therefore, different approaches and understandings of internal marketing are explained. Areas of internal communications and human resource management are given lesser attention since they are relatively unanimously understood by both academicians and practitioners.

*2.1. Internal marketing*

The standpoint of internal marketing is that employees of an organization are its first market. Hence, the concept of internal marketing is based on the idea of employee as customer. Among the first who advocated that idea were Sasser and Arbeit. In their opinion internal marketing holds that personnel are the first market of a service organization (Sasser & Arbeit, 1976).

The concept of internal marketing is not limited to the 'front-line' customer service staff alone (De Bussy et al., 2003). Even the employees who do not interact directly with customers may impact upon perceived service quality because they directly influence the service providers (George, 1990 in De Bussy et al., 2003). If all employees perform their jobs well they are a value-added component of the service and product offering.

The **definitions** of internal marketing vary to a great extent. The literature analysis revealed that it is possible to classify them according to their scope and dominant perspective into the following groups: (1) internal marketing as a mere synonym of human resource management; (2) internal marketing as a usage of marketing techniques in internal marketplace; (3) internal marketing as a precondition for satisfied external customers; and (4) internal marketing as a source of competitive advantage. The representatives of each group and their definitions are given in Table 1.

**Table 1:** Four groups of internal marketing definitions

| Dominant perspective | Authors | Definitions |
|---|---|---|
| IM as a synonym of HRM | MacStravic (1985 in Dunne & Barnes, 2000) | IM encompasses the efforts of an organization to recruit, train, motivate and reward its members toward more satisfying marketing behavior. |
| | Grönroos (1990 in Varey, 2001) | IM is a management philosophy that provides managers with an understanding and appreciation for the roles of employees in the corporation, requiring that they have a holistic view of their jobs. |
| | Varey (2001) | IM is continuous training to enhance the service providers' knowledge of their services and capabilities, their awareness of market opportunities and their marketing skills (p. 217). |
| | Kotler (2003) | IM is a task of hiring, training, and motivating able employees who want to serve customers well (p. 23). |
| IM as a usage of marketing techniques in internal marketplace | Reardon & Enis (1990) | IM is the application of persuasion strategies, both novel ones and those common to external marketing, to convince people in-house that they are connected to the customer (p. 376). |
| | Reardon & Enis (1990) | IM is the employment of the same skills that are employed in external marketing to market in-house, in order to persuade employees that they are vital links in the production-customer satisfaction chain (p. 379). |
| | Piercy & Morgan (1991 in Rafiq & Ahmed, 1993) | IM is the development of marketing program aimed at the internal marketplace in the company, by using the same basic structures used for external marketing (p. 84). |
| | Gilmore & Carson (1995 in Varey, 2001) | IM is the spreading of the responsibility for all marketing activity across all functions of the organization, and the proactive application of marketing principles to 'selling the staff' on their role in providing customer satisfaction within a supportive organizational environment (p. 300). |
| | Ozretić Došen (2004) | IM encompasses internal market research and segmentation, internal product policy, internal pricing, internal sales and distribution, and internal communication and promotion. |
| IM for the purpose of satisfied external customers | Ballantyne (2000) | IM is a strategic approach to challenging both the attitudes and behavior of staff towards an understanding of the centrality of the customer (p. 47). |
| | Varey (2001) | IM can be seen as a management approach that enables and motivates all members of the corporation to examine their own role and communication competence and to adopt a customer consciousness and service orientation (which requires an interest in the problems of customers), whether front-line service performers or back-office service support workers, to meet the needs of external customers through a commitment to the corporation's goals (p. 214-215). |
| | Varey (2001) | IM can be seen as a means of promoting marketing orientation (p. 218). |
| | Kotler (2003) | IM must precede external marketing because it makes no sense to promise excellent service before the company's staff is ready to provide it (p.23). |
| IM as a source of competitive advantage | Hales (1994 in Varey & Lewis, 1999) | IM is aimed at the attraction, retention, and motivation of "service-minded", "customer-conscious" employees to aid the perceived service quality and effective external marketing of the enterprise as a way to competitive advantage. |
| | Ballantyne et al. (1995 in Ballantyne, 2000) | IM is any form of marketing within an organization which focuses staff attention on the internal activities that need to be changed in order to enhance external market place performance. |

**Objectives and activities** of internal marketing were also discussed by many researchers, as revealed in Table 2.

**Table 2:** Objectives and activities of internal marketing

| Authors | Objectives/activities |
|---|---|
| Arndt (1979 in Varey & Lewis, 1999) | Three major tasks for internal marketing are: (1) the dissemination of information to and from all internal groups involved in or affected by the marketing activities, for the efficient implementation of marketing decisions; (2) the development of competence, especially important where "the organization is the product" (i.e. in service business); and (3) the development and maintenance of incentive and motivation systems which reward marketing performance. |
| MacStravic (1985 in Dunne & Barnes, 2000) | Two primary focuses of internal marketing are: (1) it is designed to complement external strategic marketing efforts through the facilitation of personal interaction between staff and internal clients. These interactions are instruments for encouraging customer attraction and satisfaction; (2) more fundamentally, it serves to develop and maintain motivated and satisfied work force that contributes to the organizations external and strategic marketing objectives, as well as to quality, productivity and efficiency. |
| Compton et al. (1987 in Dunne & Barnes, 2000) | The objectives of IM initiatives are: (1) to help employees understand and accept the importance of the interactions with the customer and their responsibility for the total quality and the interactive marketing performance of the firm; (2) to help employees understand and accept the mission, strategies, goals, services, systems and external campaigns of the firm; (3) to continually motivate the employees and inform them about new concepts, goods, services and external campaigns, as well as economic results; and (4) to attract and keep good employees. |
| Grönroos (1990 in Dunne & Barnes, 2000) | The purpose of IM is to motivate employees toward service-mindedness and customer-oriented performance by an active marketing-like approach, where a variety of activities are used internally in an active and coordinated way. |
| Gilmore & Carson (1995 in Dunne & Barnes, 2000) | The range of IM activities includes: (1) the internal and external marketing interface; (2) the application of the marketing mix to internal customers; (3) the use of marketing training and internal communication methods to sell the staff on their role within the organization; (4) the involvement and empowering of staff to allow them to make decisions in relation to dealing with customers; (5) the development of managers and employees' role responsibility and cross-functional participation; and (6) the functional responsibility of the organization for internal marketing integration. |
| Ewing & Caruana (1999) | The main objective of the internal marketing function is to obtain motivated and customer conscious personnel at every level, since the internal marketing concept holds that the organization's personnel are the first market of a company (p. 18). |
| Varey (2001) | The duty of IM is to develop employee awareness of their roles and help them to commit to active participation in the marketing or exchange process, i.e. to make the corporation more marketing-oriented (p. 214). IM has a role in reducing conflict between the functional groups of the corporation by eroding barriers through improved sharing of information and alignment of objectives around external customer satisfaction and marketing principles (p. 221). |

Views on **organizational responsibility** for internal marketing are diverse. Rafiq and Ahmed (1993) state that there are marketers who assume that marketing should be the lead department in implementing internal marketing programs, although this could be a potential source of inter-functional conflict. They suggest that strategic management is responsible for implementing internal marketing, because this indicates to employees the level of organizational commitment to internal marketing. Ballantyne (2000) suggests that marketing department may provide leadership for internal marketing, but that "the recurring cycle of activities demands collaboration between departments" (p. 58). Same is acknowledged by Dalton and Croft (2003), who state that the "additional complication with internal marketing is that the delivery is not concentrated in one function or department" (p. 66).

*2.2. Internal communications*

Organizations more and more acknowledge the necessity of internal or employee communications. As Argenti (1996) emphasizes, since contemporary organizations "become more focused on retaining a happy workforce with changing values and different demographics, they have necessarily had to think more seriously about how they communicate with employees" (p. 80). Management nowadays needs to give the internal audience equal attention to those external to the organization (Wright, 1995 in Dolphin, 2005), and

"communications professionals have to recognize the importance of integrating the internal message with those messages communicated externally" (Dolphin, 2005, p. 185).

Internal communications can be **defined** as transactions between individuals and groups in organizations at various levels and in different areas of specialization (Frank & Brownell, 1989 in Dolphin, 2005). Kalla (2005) defines internal communications as "all formal and informal communication taking place internally at all levels of an organization" (p. 304), while Orsini (2000) defines them as "the full range of ways that people communicate with each other within the organization" (p. 31).

The role of internal communications is "building and nourishing employee relations, establishing trust, providing timely and reliable information and thereby contributing to general motivation, particularly in times of change and stress" (Dolphin, 2005, p. 171). Spitzer and Swider (2003) suggest that effective internal communications should have three basic **objectives** (p. 70-71): (1) the information that is communicated to the employee audience is understood and accepted by the audience with respect to the content, intent, relevance, and merit of the message; (2) the goals of the communications with regard to motivating, directing, informing, or gaining the participation of the employee audience is achieved among the majority of employees; and (3) the end result of an improved internal dialogue is achieving improvement in one or more of the core success components: product quality, sales, profitability, workforce performance and satisfaction, and, ultimately, customer satisfaction. According to Argenti (1998), the goals of internal communications in order of their importance are (p. 201): (1) to create the sense that employees are an important asset to the organization; (2) to improve morale and foster goodwill between employees and management; (3) to inform employees about internal changes; (4) to explain compensation and benefit plans; (5) to increase employee understanding of the organization and its products, organization, ethics, culture, and external environment; (6) to change employee behavior toward becoming more productive, quality oriented, and entrepreneurial; (7) to increase employee understanding of major health/social issues or trend affecting them; and (8) to encourage employee participation in community activities.

**Activities or responsibilities** of internal communications are many, such as: planning and executing effective internal communications (e.g. measuring employee view and acting on such feedback, sharing information more widely and ensuring senior management visibility); protecting and championing the desired corporate culture; ensuring a continuing supportive role by the HR department; empowering employees (e.g. encouraging self-managed teams, monitoring and continuously improving measurement assessment, reward and recognition systems); and enhancing internal relationships and learning (e.g. establishing internal support networks, encouraging employees to talk to managers and recognizing examples of successful practice) (Dalton & Croft, 2003).

In practice there are various combinations to whom the head of internal communications **reports**. It could be HR director, head of corporate communications department, head of PR department, marketing director, or even CEO. The type and size of the organization, organizational culture, managerial style, financial resources, staff, what the organization expects or demands from the function, or the volatility of the business environment may decide these approaches (Kitchen, 1997 in Dolphin, 2005; Buffington, 2004).

*2.3. Human resource management*

Human resource management as a specialized function in organizations began to grow around 1900s (Mathis & Jackson, 1988). However, the decade of the 1980s brought a serious transformation in the practice and study of human resource management. Intense business competition forced organizations to think about the new source of wealth and competitive advantage – employees. Therefore the field of HRM was not only "catapulted to critical positions within firms" (Graham & Bennet, 1998, p. 4), but "has discovered, and indeed begun to embrace, a strategic perspective" (Dyer & Holder, 1988, p. 1). Moreover, in the 21st century, "in a world in which all work is knowledge work and intellectual capital is crucial for economic success, it is logical that the ability to attract, retain, and use the talents of people provides a competitive edge" (O'Reilly & Pfeffer, 2000, p. 257).

HRM is commonly **defined** as a "process of acquiring, training, appraising, and compensation employees, and attending to their labor relations, health and safety, and fairness concerns" (Dessler, 2005, p. 4), and as a "strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its goals"

(Armstrong, 1999, p. 3). Hall and Goodale (1986, p. 4) add that HRM is a "process of bringing people and organizations together so that the goals of each are met," with the aim of the "optimal degree of fit among the four components – the environment, organization, job, and individual".

The overall **goal** of HRM is to enable organizations to be successful through their people. More extensively, HR aims are to (Armstrong, 1999, p. 4): (1) provide a range of services which support the achievement of corporate objectives as part of the process of running the organization; (2) enable the organization to obtain and retain the skilled, committed and well-motivated workforce it needs; (3) enhance and develop the inherent capacities of people – their contributions, potential and employability – by providing learning and continuous development opportunities; (4) create a climate in which productive and harmonious relationships can be maintained between management and employees and in which feelings of mutual trust can be developed; (5) develop an environment in which teamwork and flexibility can flourish; (6) help the organization to balance and adapt to the needs of its stakeholders (owners, government bodies or trustees, management, employees, customers, suppliers and the public at large); (7) ensure that people are valued and rewarded for what they do and achieve; (8) manage a diverse workforce, taking into account individual and group differences in employment needs, work style and aspiration; (9) ensure that equal opportunities are available to all; (10) adopt an ethical approach to managing employees which is based on concern for people, fairness and transparency; and (11) maintain and improve the physical and mental well-being of employees.

Means of achieving HR goals are various HR **functions or activities**. Bahtijarević-Šiber (1999) groups them into the following: strategic human resource management, human resource planning, job analysis, recruitment and selection, performance management, motivating and compensating, training and development, career management, creation of adequate organizational climate and culture, health and safety issues, labor relations, and employee services.

The HR practice is very well developed and present in contemporary organizations. Most of them have a stand alone department **responsible** for HR activities, led by HR director, and employing HR professionals.

*2.4. The relation between three concepts*

The three concepts (IM, IC and HRM) are firstly compared in pairs. Secondly, their common characteristics and main differences are elaborated.

2.4.1.   The relation between IM and HRM

Although there are different understandings of internal marketing, one can conclude that it is the overlap between marketing management and human resource management. The same is articulated by Glassman and McAfee (1992), Varey (2001), and Dunne and Barnes (2000), who propose that the concept of  'human resource as customer' would "best be served through the contributions of both the marketing and human resources functions as it reflects the common roots of each discipline within psychological theory" (p. 192).

Some researchers think that the important role of internal marketing is to foster effective human resource management (Ewing & Caruana, 1999), which implies the subordinate position of internal marketing in relation to HRM. On the contrary, there are researchers that consider HRM not proficient to ensure employees' feeling that management cares about them and their needs. Thus, that should be "the major thrust of the internal marketing concept" (Ewing & Caruana, 1999, p. 20). Human resource experts, however, argue that they are already charged with this responsibility. Finally, there are researchers that do not find IM necessary for organizations that have a good HR practice. For example, Tansuhaj et al. (1991 in Foreman & Money, 1995) suggest that organizations do not need to provide IM programs if they pay attention to employee needs and base management decisions on those needs. In addition, Foreman and Money (1995) question whether it is always necessary to treat all employees as customers. If the answer is no, which depends on the nature of the organization, in their opinion there is no sure case for IM.

2.4.2.   The relation between IM and IC

There are researchers who view internal communications as a key component of the wider concept of internal marketing, because "internal marketing covers all contacts with internal stakeholders" (Dalton & Croft, 2003, p. 65). As Dortok (2005) explains, internal communications "need to be undertaken

strategically to encourage employees to a 'value adding' attitude" (p. 337). This is analogous with the view of Moss et al., (1997 in Dolphin, 2005), that a major part of internal communications is concerned with updating the front-line personnel so that they can deliver a quality product or service.

Unfortunately, the reality in many organizations is that they know more about their customers than about their employees, although "both audiences are critical to overall business performance" (Spitzer & Swidler, 2003, p. 72). Marketing-based internal communications should be the key to "forging strong emotional contracts between individuals and the organization" (Thomson & Hecker, 2000, p. 57), and they have the responsibility to "promote and protect the brand to the internal audience" (Dalton & Croft, 2003, p. 56). Aforementioned implies that the link between IM and IC exists.

2.4.3.  The relation between IC and HRM
There are three perspectives on the relationship between internal communications and human resource management.

The first perspective regards internal communications as a responsibility of HR, rather than marketing or PR, because of a number of reasons, including a greater focus on the link between behavior and business results; an emphasis on leadership, coupled with an understanding that good leaders need to be good communicators; and the development of "an integrated view of people" (Anonymous, 2002). One of the reasons organizations position internal communications under the human resource department is the thinking that HR department "has the best understanding of what the community inside an organization needs and wants" (Buffington, 2004, p. 34). Sims (1994) agrees, declaring that it is the responsibility of human resource management personnel to ensure that communications processes are fully functioning and that the human resource management function should be the primary conduit for open and integrative communications processes within an organization.

The second perspective does not offer clear boundaries between the fields. For example, Farrant (2003) says that "contemporary internal communications work towards winning people's participation and involvement in the enhanced achievement of the organization's goals" (p.14), precisely what HR mission is. Argenti (1998) stresses that "more than anything else, communication is the key to getting workers to become more productive", while HR experts give evidence that it is HR goal (Wright, McMahan & McWilliams, 1994; Boxall & Purcell, 2000; Khandekar & Sharma, 2005). Among the tasks of internal communications, Dalton and Croft (2003) number the employee attitude survey, while various employee surveys are customary HR activities.

The third perspective stresses the importance of human resources management and communication skills to be brought together for strategic advantage (Dolphin, 2005). As Argenti (1996) implies, although many of internal communications activities can be handled through human resource departments, "the communication itself and the strategy for communicating these ideas must come from communications experts in the corporate communication function" (p. 80). Even more, internal communications should be less a problem for the human resource department and more an opportunity for everyone to work for the greater good of the whole organization (Argenti, 1998). The idea of strategic  collaboration is supported by Buffington (2004), who states that human resource department needs to "direct the schedule and the substance of what has to be released, but the communications department makes sure the language is in an appropriate style for the audience and decides the medium it will use for delivering the information" (p. 34). Ideally, both the corporate communications and human resource departments should have someone in charge of communications to employees (Argenti, 1998).

2.4.4.  Common characteristics and main differences between the concepts
At the end of this analysis it should be acknowledged that all three concepts have the following common characteristics: (1) they are all essential to the achievement of corporate goals; (2) they are all in strategic relation to the business results; (3) they all aim and lead towards more satisfied, loyal and productive employees; (4) they are all based on a win-win paradigm; and (5) they are all oriented towards the same target group, that is employees, although they are labeling them differently (internal market or internal customer for internal marketer; internal audience, internal public or internal stakeholders for internal communications professionals; and associates or colleagues for human resource management professionals).

The analysis revealed that concepts overlap to a great extent, while there are only few considerable differences. The concepts differ in their operationalization, in terms of their typical functional responsibility within organizations, and principal responsibility for the implementation. Responsibility for internal marketing is of marketing or HR department; internal communications are responsibility either of internal communications, corporate communications, public relations, marketing, or HR department; while the responsibility for human resource management is on HR department.

### 3. A new internal marketing philosophy: Integrating internal communications, human resource management and marketing concepts

There are researchers who think that traditional marketing concepts, principles, models and methods are fully viable to internal markets[1]. However, authors of this paper regard classical marketing concepts and tools inappropriate to the internal markets[2]. In the age of relationship marketing it is more appropriate to introduce the idea of **internal relationship marketing** – a new internal marketing philosophy. As stated by Thomson and Hecker (2000), "unless they experience relationship marketing themselves, internal customers are never likely to understand or be motivated enough to use the approach to drive all their dealings with external customers or with other vital stakeholders within and around the organization" (p. 57-58).

Internal marketing seen as a relationship creates an organization built of networks, processes and projects (Gummesson, 2001), which imposes interfunctional dependency. It implies the existence of an internal supply chain, comprising internal suppliers and customers (Foreman & Money, 1995). Internal exchanges emerge along the value chain and all employees become a part of a value creation process. In that way, not only employees in contact with external customers are those who promote the marketing philosophy, rather it is broadened to all employees (Sinčić, 2005). The fact that very often back-office employees "see themselves as disconnected from the customer, so they do not think about their performance in terms of customer satisfaction" (Reardon & Enis, 1990, p. 378) is consequently eliminated, as the capability of serving customers effectively depends on both "full-time" and "part-time" marketers (Gummesson, 2001).

Furthermore, instead of insisting on the differences and firm boundaries between the areas of internal marketing, internal communications and human resource management, a new internal marketing philosophy should integrate their ideas. The term "internal marketing" therefore could be used as a synonym for the internal relationship marketing philosophy, while internal communications and human resource management should be viewed as key activities (key functions) in implementing that philosophy. This should, indeed, be the leading viewpoint in organizations, since (both external and internal) marketing cannot survive in isolation from other functions. As Gummesson (2001) stresses, "marketing management theory does not specifically address the dependency between functions, although many researchers pointed to the inadequacy of functional silos" (p. 45). Marketing may be organized as a function (which is common in organizations), but marketing philosophy is spread throughout the organization. The same is true for internal marketing philosophy.

The new internal marketing philosophy requires the involvement of a number of departments working in unison. A **collaborative approach** and mutual respect for what each department brings to the table is needed. Alike is pointed by Varey (2001), who states that internal marketing management should be seen as "a holistic, systemic and corporation-wide concept and not solely in the interests of the marketing department" (p. 222). Internal marketing cannot and should not be the exclusive responsibility of any department (corporate communications, human resources management, marketing or any other). The cross-

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[1] See Reardon & Enis, 1990; Piercy & Morgan, 1991 in Ballantyne, 2000; Rafiq & Ahmed, 1993; Gilmore & Carson, 1995 in Dunne & Barnes, 2000; Forman & Money, 1995; Ballantyne, 2000; Dunne & Barnes, 2000; Spitzer & Swidler, 2003. Same is suggested by Berry, one of the first researchers of internal marketing. He supports the idea of traditional marketing concepts and techniques in internal marketing, and defines internal marketing as "viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers, while addressing the objectives of the organization" (Berry, 1984 in Rafiq & Ahmed, 1993, p. 220).
[2] Similar is pointed by Rafiq and Ahmed (1993), who state that there are limits to what can be achieved by marketing techniques in internal environment: (1) one side in the exchange process (internal customer) is not sovereign in his/her choice (i.e. internal customer can be forced to buy); (2) the internal customer cannot be always treated as customer (i.e. internal customer in not "always right"); (3) there are problems in definition of the internal product; and (4) it is not clear how internal customers are paying.

functional coordination between departments should be encouraged. Marketing experts, for instance, should be involved in job analysis, recruitment and selection activities, performance and compensation management, training and development. Moreover, the impetus for a new internal marketing philosophy should come from the decision makers, the responsibility for the dissemination is on the middle management, while everyday implementation should be the responsibility of all employees.

For the successful **implementation** of internal marketing philosophy, particular attitudes and behaviors are required. The whole organization has to adopt internal marketing philosophy, organizational culture and management style have to support it, the philosophy itself should be aligned with external marketing strategy and organizational goals, and employees should understand their contribution to serving customers.

To sum up, internal marketing should be viewed as a management philosophy, rather than a short-term campaign aimed to boost attention to customers. It should really be the convergence of a number of previously separate business areas and techniques, such as strategic management, quality management, human resource management, corporate communications and customer relationship marketing.

## 4.  Further research

This paper is one of the first trying to fuse different and commonly detached areas of internal marketing, internal communications and human resource management in a new philosophy of internal marketing. In order to fully define this philosophy, it is necessary to conduct empirical researches. Two main future research directions are evident:

(1) exploration of the existence of internal marketing philosophy in organizations, i.e. whether internal marketing is really a philosophy spread through the organizations, whose responsibility it is, etc., and

(2) exploration of the relationship between the level of existence of internal marketing philosophy and organizational performance, with the long-term goal of assessing causal relationship between the two through longitudinal study.

## 5.  Conclusion

Successful companies attach great importance to human resource management (Kravetz, 1988; Ulrich & Brockbank, 2005; Huselid, Becker & Beatty, 2005), and internal communications (Young and Post, 1993; Farrant, 2003; Dolphin, 2005; Dortok, 2006), because they are aware of the value of those activities and of strategic advantage they can bring to the organization. They should also realize that it is necessary to live internal marketing philosophy, if they stream to offer quality products and services to both markets: internal and external.

The new internal marketing philosophy should be grounded in a relationship marketing theory. It should not be limited to neither of three functional areas that are commonly connected to it – internal communications, human resource management or marketing. It is for sure that managing internal relationships should not be restricted to any function, and should not apply traditional marketing concepts and tools. That would ruin the nature of internal relationship marketing, and would not encompass all tasks it should fulfill.

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