

THE USE OF INTERNAL MARKETING IN PERSONNEL MANAGEMENT OF LOCAL GOVERNMENTS IN SLOVAK REPUBLIC

^aKATARÍNA SÝKOROVÁ, ^bKATARÍNA PETRÍKOVÁ

Univerzita Mateja Bela, Ekonomická fakulta, Katedra verejnej ekonomiky a regionálneho rozvoja, Tajovského 10, 975 90 Banská Bystrica, Slovenská republika
 Email: ^akatarina.sykorova@umb.sk, ^bkatarina.petrkova@umb.sk

This paper was prepared with the support of the research project: VEGA no. 1/1010/11 Theoretical and methodological bases of planning in terms of public administration and their possible application in the Slovak Republic, UGA Relationship marketing strategy.

Abstract: Internal marketing activities are regarded as an important tool of employee's management in organizations and achievement of personnel management goals, which have been partially used in conditions of local government even though not conceptually worked out. The paper is aimed at definition of internal marketing activities as a component of personnel management in local government in Slovak Republic. In the theoretical part of the paper we define theoretical roots. Consequently we characterize relationship between local government and its employees; we analyze internal marketing activities in Slovak local governments. On the basis of our research we suggest possibilities of conceptual utilization of internal marketing in local government as an organization applying personnel management principles.

Keywords: Communication, employees, internal marketing, motivation, personnel management.

1 Introduction

Employees are a crucial factor that influences quality of production and efficiency, regardless of environment in which the organisation exists and performs. Local government is in comparison with private sector characterised by several specifications in employee's management. While the private sector is oriented on profit, the main goal of local government is to provide balanced and sustainable social-economic development of governed territory. To ensure competences of local government, its employees have to fulfil different qualification assumptions according to their role by the product production. Applying of suitable managerial tools plays also an important role in the relationship to employees. Internal marketing belongs to innovative approaches those deal with management of relationships with employees.

The aim of the paper is to evaluate activities and the use of internal marketing in local governments in Slovak Republic and to identify problem areas. On the basis of investigated theoretical roots we have set the field of research in real conditions of local governments in Slovak Republic. Empirical research was carried out with the use of questionnaire. Respondents of selected researched local governments were heads of municipal authorities (7%), majors (66%) and deputies of majors (18%) and 9% of respondents did not specified their position.

The questionnaires were distributed by interviewers or by electronic mail. The questionnaire contained twelve closed and combined questions, the final part comprised group of identity data of respondents representing local governments. Introductory questions investigated character of relationships between local government and its employees (kind of relationship, importance and quality of relationship for local government and activity of partners in this relationship). Further we studied utilized tools of internal marketing, goals that should be met by their use, frequency and reasons of conflicts in the relation to employees. In our research we verify following hypotheses:

Hypothesis 1: We assume that in relationships between local governments and employees prevails partner relationship.

Hypothesis 2: We assume that education, as an internal marketing activity, is in relation to employees in local government deficiently used.

The statistical sample was defined according quota sampling. We stated two basic quotas – quantitative criteria and region in which is local government located. The sample contains of 100

local governments. It is created from small local governments in the size from 0 to 999 inhabitants (66%), middle sized local governments from 1000 to 4999 inhabitants (28%) and big local governments with more than 5000 inhabitants (6%). Data from questionnaire were worked out by using MS Excel and were evaluated by using statistical program SPSS. We verified the hypothesis by using methods of statistical induction and mean volumes.

2 Internal marketing and basis of its examination as a part of personnel management

Employees perform the crucial task in achieving objectives of an organization and they have eminent influence on quality of production (Payne, 2006). Several authors (Gummeson, 1994; Morgan a Hunt, 1994; Payne, 1996) accentuate, that organization should perceive employees as partners and first customers whose are using its production.

Personnel management deals with theory of employee's management. Its basic task is to motivate employees to participate in raising productivity of organization (Werther, Davis, 1992) as well as local government. Several authors for example Vetráková (1996), Alexy, Antalová (2002) coincided on four basic objectives of personnel management:

1. Sociable objective – to access responsible to social requests and minimize negative influence those requests on organization;
2. Organizational objective – personnel management has to contribute to raising effectiveness of organization. It is an instrument, how to achieve strategic objective of organization.
3. Functional objective – level of services and activities provided by personnel departments should be effective and should achieve standard of organization;
4. Personal objective – to help employees achieve their personal objectives, if these objectives increase contribution of organization.

To achievement of listed objectives scale of personnel activities contributes, which we have tabulated into Figure 1. Personnel management contributes to goodwill creation. It creates good relations with employees, mobilizes them to higher performance, supports their innovative competences and so creates assumption of effective performance of organization.

We agree with assertion of Alexy and Antalová (2002) that synthesis of those activities points on basic activities of personnel management, namely: discover, raise, trainee, evaluate and afford possibilities of personal development.

Internal marketing that contributes to achieve the goals of personnel management is considered to be an important tool of employee's management. It is used partially and not conceptually worked out in local governments. Internal marketing focuses on development of communication, responsibility and putting through of united objectives. The basic task is to build awareness of internal and external customers and to remove functional barriers of effective organization creation. (Michalová, 2004).

There exists several approaches defining content and tasks of internal marketing. Berry (1995) understands internal marketing as satisfaction and motivation of employees caused by satisfying their needs with the objective to reach higher labour productivity. Grönroos (1990) accentuates particularly internal marketing as development of custom oriented behaviour of employees. Narver and Slater (1990) focus mainly on common cooperation among particular departments in organization. Piercy (2002, In: Harwood, Garry, Broderick, 2008) understands internal marketing as a part of strategic planning process oriented on implementation and communication of defined organization's objectives to employees.

Figure 1: Relations between objectives and activities of personnel management

Objectives of personnel management				Activities contributing to achieving of personnel management's objectives
Sociable	Organizational	Functional	Personable	
x				Law-abidingness
x	x			Obligate services
x				Relationship between management and labour union
	x			Planning in personnel sphere
	x			The selection of employees
	x		x	Training and education
	x	x	x	Evaluation of employee's performance
	x	x	x	Employee's placing
	x		x	Motivation of employees
	x		x	Awarding
	x	x	x	Control

Source: authors according to Werther, Davis (1992, p. 25).

From the aspect of relationships with employees as partners, is the essence of internal marketing understanding employees as customers with their own needs and wishes. Therefore we incline to social approach of internal marketing definition according to Vareya a Lewisa (In: Harwood, Garry, Broderick, 2008, s. 120), i.e. internal marketing is an integrated process. That is part of building and development of positive working relations, cooperation and success. Obtaining trust, faithfulness and loyalty of employees as internal customers is the basis of internal marketing as well (Proctor, 2007).

Internal marketing (Ďaďo, Petrovičová, Kostková, 2006, s. 200) enables to provide standard level of provided services, raise productivity and to cut costs, strengthen the mission of a company, strengthen image of an organization in the customer's eyes and to motivate staff in the process of services to increase their professional level.

In larger sense internal marketing includes activities connected with presentation of organization on the market and in narrow sense recruiting with the use of personnel advertising as well, cooperation with institutions on the labour market, sponsorship as well as the use of communication tools (Klimentová, 2008). Implemented internal marketing has to affect in accordance with external marketing, their principles are essentially the same.

Grönroos (In: Janečková, Vašítková, 1999) defines three objectives of internal marketing. General objective means to obtain motivation of employee oriented on customer care and his needs. Strategic objective means to obtain creation of internal environment supporting customer care and development of municipality. Tactical objective represents the participation on the municipal vision, promotion of municipal product including providing services by the municipal authority's employees.

Instruments, with those deals internal marketing, are communication between management and employees, education of employees, improving of customer services, remuneration for individual performance (Diačiková, 2008). It is evident connection to personnel management of an organization. Cooperation of personnel management and marketing management promotes satisfying of customer needs in three basic areas. Personnel management prepares and educates employees according to market segment they are responsible for, to correctly impress on it. Employees are evaluated according to their contribution to objectives of organization. To that should be adjusted their education and evaluation. Personnel management affects critically also by effective cooperation of all functional departments of organization, and so helps to achieve organization's objectives. For employees are determining moments their recruitment, training and education, development of career, remuneration, monitoring and control. Working satisfaction motivates them to better performances and to achieving of organization's objectives.

Janečková a Vašítková (2008) class among basic instruments of internal marketing forms of communication tool public relations

namely confidence building of employees, publishing annual reports, building of corporate culture. Other tools are creating of pleasant working atmosphere and working environment.

Local government should create through internal marketing internal relations with their employees and elected representatives, as primary customers of local government. It uses perfect communication, education of employees and improvement of provided services with oriented on individual approach to customer. Quality of internal structure of organization and quality of municipal management are important aspects as well. Intent of internal marketing is not only to communicate vision, mission and objectives of organization to all bodies and organizations of local government, but also to motivate employees to try to achieve and identify with them and so gradually build and constantly strengthen loyalty of employees. Result of internal marketing in public administration should be an employee who ready responds in contact with customer and diagnose him. He is specialist in his field, is able to solve concrete situation, to understand customer's problems, is communicable, creative and capable and cares for own visage. There are posed different claims on employees in direct contact with customers as well as on managing workers in the sphere of services. Management has to understand internal marketing as a part of management, communication with employees, an important component of services management and creation of corporate culture.

3 Results and discussion

Important aspect of mutual relation between local governments and their employees is definition of character or relation, which we defined in the preliminary question in the questionnaire. According to answers, 82% of local governments perceive their employees as partners, 9% of local governments see them as partners as well as rivals. 9% of respondents did not point their attitude. This implies that 91% of local governments cooperate with their employees on the basis of partnership.

Comparing practical results with theoretical roots we concluded, that representatives of local governments confirm implication of foreign authors (chapter 2). Relationship with employees is understood as partner what creates basic assumption for application tools of internal marketing.

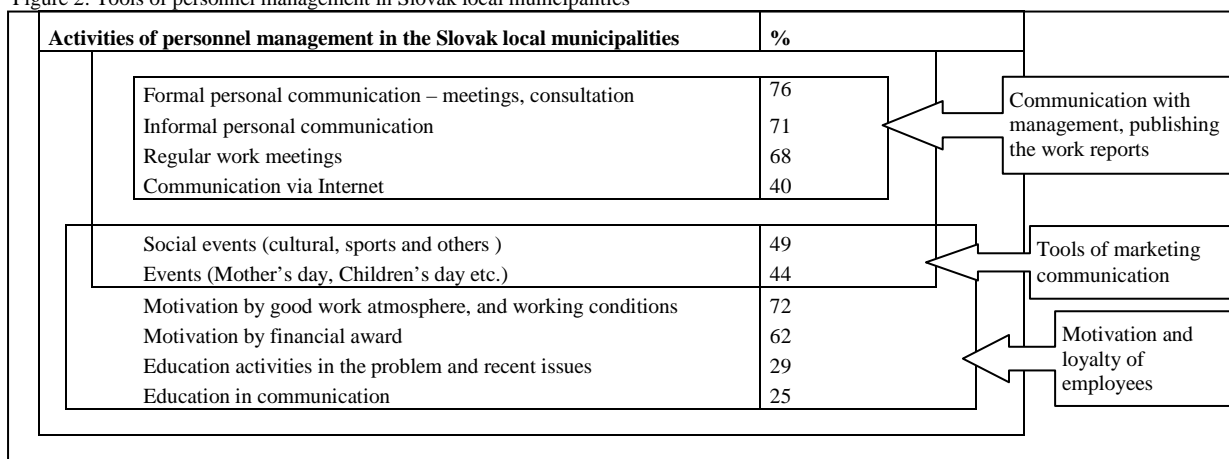
Importance of relation with employees and quality of this relation was valuated on the basis of graphical scale, which was transformed into numerical values in the interval from 1 to 10, where 10 means the most important, the most qualitative and 1 at least qualitative, at least important. Importance is understood as required level of relationships between employee and local government. Quality of relation is understood as real level of relationship in local government. From research results that average importance of relationship with employees is 9.53 point with standard deviation ± 0.99 point. That means that importance of relationship ranges from 8.54 to 10 points. Quality of relationship was evaluated at the level 4.23 point with standard

deviation ± 0.74 point, what means that quality of relationship ranges from 3.49 to 4.97 point. We noticed difference 5.20 point in comparison of listed characters. That means, that however local government realized importance of its employees and their value for local government, real quality of relations with employees indicates the need to focus on building of mentioned relation with more frequent use of till now mentioned tools. The possibility of enhancement relationships with employees in local government is implementation of several tools of management relation with employees from private sector. To those tools belongs building of corporate culture, social programs for employees, possibilities to attend professional and scientific

undertakings, raise qualification, attendance at research activities etc.

Following answers of respondents, we continued in examination of tools, which use local government by building and managing relations with employees. Representatives should mark enumeration of all activities and tools, which they use (i. e. arbitrary number of answers). Answers of respondents are worked out in figure 2 and we divided them according to tools defined by Janečková and Vašítková (2008) and middles by Diačiková (2008).

Figure 2: Tools of personnel management in Slovak local municipalities



Source: Own workmanship of questionnaire research results.

The local self-government builds and maintains the relationships with employees the most by tools of marketing communication. They include various forms of formal, informal communication, communication via Internet. These findings confirm the recommendation of experts (Grönroos, 1990, Gummesson, 2008 Janečková, Vašítková, 2008, Diačiková, 2008), who prefer the application of communication tools in the management of relationships with employees. They stress the use of personal communication, which allows obtaining immediate feedback from employees, as well as the dialogue between management and employees. The survey results show that the representatives of local municipalities are trying to provide sufficient space for mutual communication and exchange of information in the employee's managing.

According to the respondents' answers, electronic communication is inadequate used. However, it brings the possibility of faster, easier, more precise informing between management and employees, as well as employees themselves.

Motivation of employees is developed by local self-governments through creating a good working atmosphere and working conditions, financial award, organizing various social, cultural and sporting events, and through the possibility to be involved in various educational activities

Based on a comparison of theoretical assumptions (2. chapter) and the survey results, we have come to the knowledge that there is a deficit of local governments in real use of employee's training in the current and problem issues, but also in communication. Several authors (Janečková, Vašítková, 1999, Egan 2008, Harwood, Garry, Broderick, 2008) stress the role of events in relationships and loyalty building. Because the fact, that organizing various social, sports and cultural activities is used only in 49% (44%) of local self-governments and there absents realization of "team building" activities, we can conclude that the effort to build loyalty and good relations is insufficient in local municipalities. Moreover, we found by the primary research that in real terms, it is not possible to separate the tools,

because they interrelate. It makes possible to achieve a synergistic effect of their application.

We examined the objectives of the personnel management. We compared the results with the aims of internal marketing defined by Grönroos (In Janečková, Vašítková, 1999). Respondents could mark any number of answers (Figure 3).

The local government builds relationships with their employees in order to achieve their satisfaction, awareness, create a healthy work environment, improve of their work, raise their educational level, support the application of theoretical knowledge in practice, but also to involve them in solving municipal problems and issues of further local development. The relationship between local self-government and employees is also supported by legislation, e.g. Labour Code, Law on the work in the public interest and so on.

The local municipalities in Slovakia contribute by their staff management activities to achieve the general objective of internal marketing defined by Grönroos, which is to satisfy the needs and provide customer care by meeting the needs of the employee. The fulfilling strategic objectives (i.e. building internal environment) is only partial. The share of local self-governments, which seek to achieve it through its activities, is lower. The most critical situation is in achieving a tactical objective. Only half of the local self-governments support by cooperation with its employees the development of municipality and its activities, common solving the municipal problems, promotion etc. In view of these facts, the absence of local self-government effort to gain loyalty of the employees through their participation in local development and the development of common activities was confirmed again. It is necessary for fulfilling the general objective of internal marketing at a higher level firstly to achieve the satisfaction of own staff by the incentives of their working environment. Their satisfaction is then transformed into customer satisfaction. The objectives aimed at creating good working conditions for

Figure 3: The objectives of personnel management in Slovak local government

The objectives of personnel management in local government		Rate %
General aim	Creating a healthy working environment	68
	Satisfaction	60
	Provision of information	54
	Law obligation	44
	Ensuring effective cooperation	39
Strategic aim	Increasing the quality of work	59
	Application of theoretical knowledge in practice	52
	Increasing the educational level	46
	Providing better quality of public services	43
	Easier implementation of new management practices in municipality	39
Tactical aim	Improving living standards in municipality	29
	Development of municipality and its activities	46
	Help to solve the problems in the municipality	38
	Building a good image of the municipality	37
	Promotion of municipality	34
	Development of common activities	35

Source: Own workmanship of questionnaire research results.

employees belong to the strategic objective of internal marketing and in our case, they are not met, the final level of satisfaction of employees and customers is doubt.

In evaluation of relationship activity between local self-governments and employees, respondents identified which partner is more active. The activity in developing and managing relationships with employees is equally divided between both parties (self-government and employee) in 81% self-governments. 14% of municipalities must implement more activities as employees. Employees are more active in 2% of municipalities. Only employees are active in 1% of self-government and 2% of self-governments did not answer the question. The fact that in more than two-thirds of surveyed local self-governments is activity divided proportionally creates the conditions for the development of mutual communication, sufficient information and space for mutual debate in solving working problems. Utilization rate of that activity is not transformed sufficiently in achieving objectives of internal marketing, which we describe in figure 3.

The important issue is also to identify the frequency and causes of conflicts in the researched relationships. Up to 28% of representatives of local self-governments reported the occasional occurrence of conflict in relation with the employees. Only single conflict with staff was occurred in 29% of municipalities. 36% of self-governments have no conflicts in relations with employee. The repeated conflicts have occurred in 4% of municipalities and 3% of local self-governments did not respond. Overview of conflict causes is shown in figure 4. There was not a limited number of responses

Figure 4: Reasons for conflicts of local self-government and its employees

Reasons for conflicts with employees	Rate in %
Lack of financial funds	20
Different goals and priorities	12
Bureaucracy	7
Lack of legislation	7
No qualification	7
Lack of awareness	6

Source: Own workmanship of questionnaire research results.

The most serious problems in relationships with employees are lack of funds for their remuneration and inconsistencies in the objectives and priorities. Other categories of conflicts appeared in respondents' answers less often. For example: the bureaucracy, lack of awareness, and no qualification. Based on the results of the analysis, we consider positively that the relationship between management and local government's employees is less prone to conflict. Disputes do not impair significantly the operation and activities of local self-

governments in Slovakia. The possibilities of conflict's prevention can be seen in the targeted application of internal marketing to relationships with employees that lacks in the local municipalities of SR as shown our research outputs.

4 Conclusions

Internal marketing has become an important part of personnel management in business practice and partly is implemented also in the activities of local self-governments. His activities and methods are interconnected and it makes possible to achieve synergies in their implementation.

Before making the questionnaire survey we identified two hypotheses. The first hypothesis is: the employees in the surveyed municipalities are perceived by the self-government's representatives mostly as partners (91% of local authorities). We verified it by binomial test (significance level 0.05). The results of the test are presented in the figure 5 (part A). By the evaluation of the test, we found that the partnership with employees prevails in relations between local self-governments and employees. Hypothesis 1 is confirmed.

The local municipalities in Slovak Republic use different tools in managing of their employees. In comparison with the theoretical knowledge and outcome of the survey, the local self-governments in Slovakia emphasize various forms of personal communication. Data about the management tools in the relationships with employees we used to verify the second hypothesis: the education as an activity of internal marketing is used in local self-governments in relationship with employees insufficient. By a binomial test (significance level 0.05), we confirmed the hypothesis. In defined activities, we identified space for improvement and better meeting the needs of local self-government's employees (figure 5, part B).

To improve the using of internal marketing tools in local municipalities is necessary:

- to provide wider opportunities for further education of employees, which build their loyalty to the self-government and increase their qualifications, precise their skills and abilities,
- to expand the use of electronic communication between management and employees and between employees themselves. The basic premise is a functioning information system in local municipalities, whose improvement should be an integral part of the computerization of public administration,
- to foster loyalty to the organization by organizing various social, cultural or sports events with the formal and informal nature.

Figure 5: Binomial tests

Part A

The nature of relationships		Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)	Exact Sig. (2-tailed)	Exact Sig. (2-tailed)/2
Employees of local municipality	answer	partners	82	0,90	0,50	0,000	0,000	0,000
	answer	other answers	9	0,10	-	-	-	-
	Total	-	91	1,00	-	-	-	-

Part B

The use of education	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)	Exact Sig. (2-tailed)	Exact Sig. (2-tailed)/2
yes	37	0,37	0,50	0,012a	0,012	0,006
no	63	0,63	-	-	-	-
-	100	1,00	-	-	-	-

Source: Own workmanship of questionnaire research results.

The general objective of internal marketing is a satisfied employee and then a satisfied customer, which is also confirmed by the local self-government because the effort of local self-government is to provide to the employee – information, satisfaction, good working environment. Subsequently, the activities of local self-governments focus on quality of their work, which translates into provided products. The last group of objectives achieved by the government at least, is the development of municipality, building its image, problem-solving. For the proper application of internal marketing, local self-governments should follow all these objectives in the same extent, what lacks in Slovak local municipalities. The local self-governments should focus more on creating incentives for good working environment for employees (offices, their equipment, supporting effort to implement innovative practices, staff training, etc.), as well as their involvement in the creation of programs, plans and development strategies of local municipality, problem solving etc. Only by these activities, it is possible to support the sense of employee loyalty to local self-government, which is important for the organization's image and quality of products.

The activity in the relationship between local self-governments and employees is divided proportionally. These relationships belong to the less conflicted. The most common cause of conflicts between management and employees of local self-governments is the lack of funds. This problem can be solved only partially, that is why the local government should implement other motivational tools, such as creating a nice atmosphere in the working environment, moral evaluation of employees and others. The problem in these relationships is a poor communication between management and employees, which is partly due to inconsistencies in the objectives and priorities of employees and local governments.

Local government should build loyal employees; gain their trust by financially less demanding motivation tools and to see them as first customers and partners. A good cooperation between local self-government and its employees are becoming crucial competitive advantage in local municipality. Nowadays, when there are increasing attempts to implement practices from the business sector in public administration, the importance of internal marketing in the public sector will grow.

Literature:

- Alexy, J., Antalová, M. *Trh práce a manažment ľudských zdrojov*. Bratislava: Ekonóm, 2002. 252 s. ISBN 80-225-1633-3.
- Berry, L. L. *Relationship marketing of services – growing interests, emerging perspectives*. In: Journal of the Academy of Marketing Science, roč. 23, 1995, č. 4, s. 237 – 245.
- Diačíková, A. (online). *Interný a externý marketing knihovníka a informačného špecialistu*. In INFORUM 2008: 14. konferencia o profesionálnych informačných zdrojoch, 2008. s. neuvedené. [cit. 27. 4. 2009]. Dostupné na: <http://www.inforum.cz>.
- Morgan, R. D., Hunt, S. D. *The commitment-trust theory of relationship marketing*. In: Journal of Marketing, roč. 58, 1994, s. 20 – 38. ISSN 1547-7185.

- Ďaďo J., Petrovičová, J., Kostková, M. *Marketing služieb*. Bratislava: Epos, 2006. 295 s. ISBN 80-8057-662-9.
- Egan, J. *Relationship marketing. Exploring relational strategies in marketing*. Gosport: Ashford Colour Press, 2008. 311 s. ISBN 978-0-273-71319-7.
- Gronroos, C. *Services management and marketing. Managing moments of truth in service competition*. Lexington: Lexington Books, 1990. 320 s. ISBN 978-0669-2003-55.
- Gummesson, E. *Making relationship marketing operational*. In: International Journal of Service Industry Management, roč. 5, 1996, č. 5, s. 5-20. ISSN 0956-4233.
- Gummesson, E. *Total relationship marketing*. Oxford: Butterworth – Heinemann, 2008. 376 s. ISBN 978-0-7506-8633-4.
- Harwood, T., Garry, T., Broderick, A. *Relationship marketing – perspectives, dimensions and contexts*. Glasgow: Bell and Bain, 2008. 242 s. ISBN 978-0-07-71142-0.
- Janečková, L., Vašítková, M. *Marketing měst a obcí*. Praha: Grada, 1999. 184 s. ISBN 80-7169-750-8.
- Janečková, L., Vašítková, M. 2008. *Marketing služieb*. Praha: Grada, 2008. 232 s. ISBN 978-80-247-2721-9.
- Klimentová, L. (online). *Personálny manažment verzus personálny marketing*. [cit. 27. 4. 2009] Dostupné na: <http://www.law.muni.cz>.
- Michalová, V. *Manažment a marketing služieb*. Bratislava: Ekonóm, 2004. 218 s. ISBN 80-225-177-5-5.
- Narver, J. C., Slater, S. F. *The effect of a Market Orientation on Business Profitability*. In: Journal of Marketing, roč. 54, 1990, č. 4, s. 20-35. ISSN 1547-7185.
- Payne, A. *Marketing služieb*. Praha: Grada, 1996. 248 s. ISBN 80-7169-276-X.
- Payne, A. *Handbook of CRM*. Oxford: Butterworth-Heinemann, 2006. 438 s. ISBN 978-0-7506-6437-0.
- Proctor, T. *Public sector marketing*. Glasgow: Bell and Bain, 2007. 225 s. ISBN 978-0-273-70809-4.
- Werther, W. B., Davis, K. *Lidský faktor a personální management*. Praha: Victoria Publishing, 1992. 635 s. ISBN 80-85605-04-X.

Primary Paper Section: A

Secondary Paper Section: AH