

LABOUR ECONOMICS, PERSONNEL MANAGEMENT AND MARKETING

UDC 658.8.007

DOI <https://doi.org/10.26661/2414-0287-2019-2-42-21>

MANAGEMENT OF INTERNAL MARKETING OF AN ENTERPRISE ON THE BASIS OF THE SYSTEM-REFLEXIVE APPROACH

Venherova O.V.*Zaporizhzhia Institute of Economics and Information Technologies
Ukraine, 69041, Zaporizhzhia, 16 Kyiashka str.*

e.vengerova@i.ua

Key words:

internal marketing, reflection, system-reflexive approach, department of internal marketing, personnel, internal customer, company culture, management.

The article is devoted to the topical issue of internal marketing management at Ukrainian enterprises. Based on the analysis of scientific publications, the author has identified tasks performed by internal marketing management at an enterprise. The internal marketing of an enterprise has been proved to be a part of the overall managerial process and a marketing strategy component. The author has analysed the structure of internal marketing management system, which made it possible to establish its similarity to the marketing mix "4P." The basic elements of internal marketing system are labour, wages, workplace and company culture. The research analyses organizational forms of internal marketing currently used in practice by Western companies. It argues that the key issue here is not to aim for an ideal organizational form of internal marketing but to achieve maximum interaction between all departments of a particular enterprise. At the same time, one of the most advantageous organizational forms of internal marketing involves an independent internal marketing department as a link between senior management and employees. The author offers a reflexive model of internal marketing management at an enterprise. The model is based on the possibility of influencing employees' idea of the company, its management and internal marketing department. The expediency of using the proposed model in practice by Ukrainian enterprises has been substantiated. The implementation of the model will allow them to build employee loyalty which will result in improved performance and quality of customer service.

УПРАВЛІННЯ ВНУТРІШНІМ МАРКЕТИНГОМ ПІДПРИЄМСТВА НА ОСНОВІ СИСТЕМНО-РЕФЛЕКСИВНОГО ПІДХОДУ

Венгерова О.В.*Запорізький інститут економіки та інформаційних технологій
Україна, 69041, м. Запоріжжя, вул. Кияшка, 16б***Ключові слова:**

внутрішній маркетинг, рефлексія, системно-рефлексивний підхід, департамент внутрішнього маркетингу, персонал, внутрішні клієнти, корпоративна культура, управління.

Розглянуто проблему управління внутрішнім маркетингом на вітчизняних підприємствах. На підставі аналізу наукових публікацій визначено завдання, які виконує управління внутрішнім маркетингом на підприємстві. З'ясовано, що внутрішній маркетинг на будь-якому підприємстві є частиною загального управлінського процесу та складовою маркетингової стратегії. Досліджено структуру системи управління внутрішнім маркетингом, що дозволило встановити її подібність до комплексу маркетингу «4Р». Базовими елементами системи внутрішнього маркетингу є праця, оплата праці, робоче місце, корпоративна культура. Визначено, що кожен із цих елементів поділяється на складові, що визначають глибину процесу управління внутрішнім маркетингом. Розглянуто організаційні форми внутрішнього маркетингу, які застосовуються на практиці в західних компаніях. Установлено, що найважливіше – не прагнути до досконалості організаційної форми внутрішнього маркетингу, а досягти максимальної взаємодії між всіма відділами конкретного підприємства. Однією з найбільш вдалих організаційних форм внутрішнього маркетингу є та, у якій існує окремий департамент внутрішнього маркетингу як єдина ланка між керівництвом вищого рівня та звичайними працівниками. Запропоновано рефлексивну модель управління внутрішнім маркетингом на підприємстві, яка ґрунтується на можливості управляти уявленням працівників про компанію, керівників та департамент внутрішнього маркетингу. Обґрунтовано доцільність використання запропонованої моделі в практичній діяльності вітчизняних підприємств. Реалізація на практиці моделі дасть змогу сформувати лояльність персоналу до підприємства, що сприятиме зростанню ефективності праці та якості обслуговування споживачів.

Statement of the problem

The marketing is currently at its peak of popularity. Enterprises are crafting various marketing strategies struggling to attract as many consumers as possible. At the same time, some executives seem to forget that their own employees are at the same time their immediate consumers. They are the first to see problems from within the organization, they are aware of the strength and weaknesses of your products and services. An employee can share some information about the company without its knowledge or spread by word of mouth. It is important to motivate employees into distributing positive information about the company and its products. In order to do that, an enterprise needs internal marketing management which allows it to build employee loyalty and promote its products to external consumers more efficiently. Since the majority of enterprises today have poor, inefficient or even no internal marketing, research into internal marketing management is highly topical and well-timed; it is also requires careful consideration.

Analysis of recent studies and publications

The issues of internal marketing management at Ukrainian enterprises have been studied by T. Ananieva, O. Muzyka, O. Naumova, O. Okunieva, I. Reshetnikova, M. Sahaidak, N. Strupynska, O. Tretiak and others. It has also been studied by a number of researchers abroad including C. Beck, A. Wilson, T. Davis, P. Kotler, D. Shipley, D. Schultz and others. It should be noted that foreign sources pay considerably more attention to the issues of internal marketing building and management. In particular, K. Lazorko and M. Zajac from Poland point out that internal marketing is a key element that determines the effectiveness of employer branding strategy implementation. Therefore, it is critical for Polish companies to explore the implementation of the general marketing strategy through internal marketing management [1].

As far as approaches to internal marketing management are concerned, researchers' opinions differ. Thus, Y. Naurazbaieva, M. Shesternina, E. Kasymova believe that internal marketing should be managed using an integrated approach which includes methods, marketing tools and strategic human resource management and which is aimed at identifying and satisfying employees' needs. The scientists offer to use the integrated approach to internal marketing management based on neurolinguistic programming, methods of strategic management and marketing [2, p. 522].

S. Suslov argues that internal marketing management system of an enterprise should comprise the following blocks: analysis of the enterprise's external environment, analysis of the current internal marketing situation, internal marketing planning, internal marketing organization, control over and performance evaluation of implementing internal marketing activities [3, p. 10].

At the same time, increasingly more Ukrainian researchers present works on system-reflexive enterprise management and system-reflexive marketing. In particular, justifying the expediency of using, the system-reflexive approach in strategic marketing management, A. Dlihach argues that this approach enables managers to build the environment which ensures congruence of interests achieved by means of building a shared vision both internally — in cooperation with all internal

stakeholders — and externally — with customers, consumers, etc. [4, p. 105].

Given the limited number of existing publications on this topic, it seems relevant to study the potential of internal marketing management using the system-reflexive approach.

Objectives of the article

The purpose of this paper is to improve the process of internal marketing management at an enterprise based on the system-reflexive approach. In order to achieve it, the following objectives have been set:

- Identify the basic tasks of internal marketing management;
- Analyse the structure of internal marketing management system;
- Offer a reflexive model of internal marketing management at an enterprise.

The main material of the research

N. Mushketova and O. Lekarenko argue that the main task of internal marketing is ensuring effective interaction within an organization and establishing productive working environment for its personnel [5]. Yet, it is far from being the only task of internal marketing. Otherwise, it would be more like a motivation system than marketing. Within the framework of internal marketing, a position is seen as a product which a potential employee wants to get. The payment for this product is the employee's professional and personal skills, ability to convey their company value to customers and consumers. These skills and abilities are measured by the employer in monetary terms through wages. Other tasks of internal marketing include the following:

1. Managing resistance to change in a company. In the world where innovations determine not only competitive advantage but also, more importantly, the future of companies, dealing with resistance to change and encouraging employees to accept organizational and operational innovations is one of the main managerial tasks. In order to do it successfully, managers should be assisted and consulted by marketing specialists who understand how to deliver the company value to its consumers.
2. Improving communication between different departments and reducing tension between them. Internal marketing is supposed to enhance workplace consolidation in order to meet the needs of external consumers as efficiently as possible. As I. Reshetnikova points out, it is not only the front-line personnel but also the products or services themselves and the company's tangible assets that determine how satisfied consumers are and how well their needs are met [6, p. 51].
3. Personnel focus, taking into account employees' interests. The happier company workforce is, the more enthusiastic they are about doing their work well and rendering company values to consumers (customers).
4. Creating a positive work environment, building company culture. Unfortunately, some Ukrainian managers have a distorted idea of the "company culture" concept. They believe it is represented in various elements of company style, for example employee uniform or wearing clothes of certain colour or in organized cultural or sports events unpopular with employees but nevertheless obligatory for them to participate.

In order to formulate the principles of internal marketing management based on the system-reflexive approach, it is necessary to identify the components of internal marketing management system at an enterprise.

N. Mazur and O. Bratko specify that internal marketing has the following main components: labour which is an enterprise’s internal product, wages which are the internal price of the product, workplace (company premises), and product promotion by means of building company culture [7].

O. Kolesnyk distinguishes the following components in internal marketing structure: company mission (goals), marketing strategy, marketing implementation, employee-targeted internal marketing programs, internal customers [8, p. 54].

Summarizing the above, internal marketing components can be structured as following (Fig. 1).

Figure 1 demonstrates the complexity of internal marketing system at an enterprise. It is a kind of the marketing mix “4P” but in a different interpretation. In a

way, internal marketing works as a company motivation system but of a more complex structure. Indeed, many scientists around the world including a well-known marketing expert Philip Kotler believe that the line between marketing and management has become so blurred that we should refer to it as marketing management within a company [9].

The company internal marketing must be managed by experienced managers consulted by marketing specialists. Having analysed the international scientific framework, A. Fedorchenko and O. Okunieva distinguish the following forms of organizing internal marketing in a company: communication between executives and employees through assistants; introduction of the internal marketing department; cross-functional interaction; a designated member of personnel department is responsible for internal marketing; marketing specialists help executives to manage internal marketing; partnership of marketing and labour managing departments [10, p. 162].

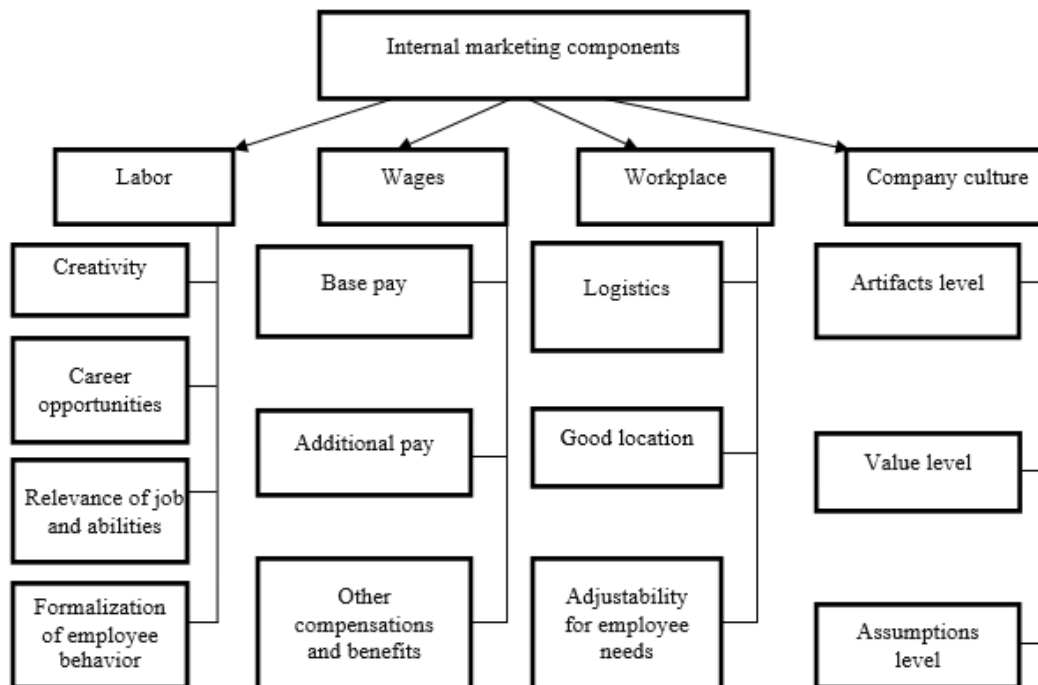


Fig. 1. Internal marketing components

Source: generalized by the author [7, 8].

In our opinion, the most advantageous form of organizing company internal marketing is the structure which involves forming an independent internal marketing department. Other forms of organizing company internal marketing can also be used, especially when a company’s resources are limited and it cannot afford to organize a specialized department.

Thus, we have identified three main subjects of management, namely: company management, internal marketing department and personnel. The objects of management are the relations that these subjects of management develop in the process of internal marketing implementation. Since internal marketing is formed at an enterprise in order to build up the loyalty of staff who are supposed to deliver the company value to end-users, company management use internal marketing department to manipulate employees’ behaviour and ideas in order to

reach the goal. It allows us to conclude that choice of the system-reflexive approach for internal marketing management is quite logical.

Reflexive approach is used by a large number of researchers, so we will not resort to a detailed description of this scientific approach. Let us consider our reflexive model of internal marketing management structure (Fig. 2).

Figure 2 demonstrates interdependence of the three subjects in the process of internal marketing management. Every subject has both real (I_r) and ideal (I_d) idea of the other subject of management. Likewise, every subject has a certain idea of itself and presents itself ideally to others. Arrows in the scheme represent relations between the subjects’ ideas (dotted arrows represent inverse relations).

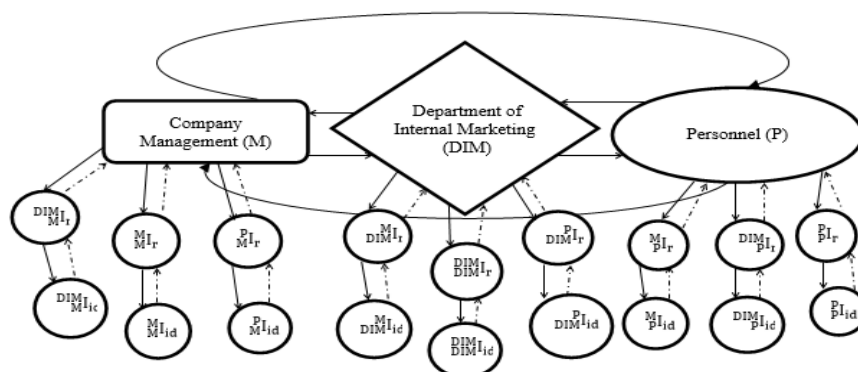


Fig. 2. Reflexive model of internal marketing management structure at an enterprise

Source: designed by the author.

Company management can use this model to manipulate their employees' ideas in order to build a positive image and brand or product loyalty. Taking into account Figure 1, where we modelled internal marketing system, presented in Figure 2 reflexive model of management should be used in the process of building company culture. Implementation of the internal marketing management model based on the system-reflexive approach involves understanding psychology of the company employees and their motivation to work. The internal marketing model we offer can be used in both manufacturing and service industries.

Conclusions

In spite of the fact that the internal marketing concept has not gained popularity in Ukraine yet, its significance for

the general marketing strategy of an enterprise is obvious. Building employee loyalty is a primary goal for a company, especially if it is customer-focused and plans to be in the market for as long as possible. Every business chooses its own organizational form of internal marketing, but it is more advantageous to opt for an independent department of internal marketing. Use of the system-reflexive approach in the process of internal marketing management can promote and accelerate building employee loyalty at an enterprise.

The author's further research will be aimed at finding the ways of quantitative evaluation of internal marketing interaction structure.

References

1. Lazorko, K., & Zajac, M. (2014). Internal marketing and talent management as integral elements of employer branding strategies. *Economic Processes Management*. № 1. Retrieved from: http://epm.fem.sumdu.edu.ua/download/2014_1/2014_1_4.pdf. [in English].
2. Naurzabayeva, Yu.V., Shesternina, M.V., Kasimova E.R. (2015). Model upravleniya vnutrennyim marketinhom vuza [The model of management of the internal marketing of higher education institute]. *Sovremennye issledovaniya sotsialnykh problem – Modern Research of Social Problems*, 10 (54), 519-537 [in Russian].
3. Suslov, S.S. (2012). Formirovanie i razvitie sistemy upravleniya vnutrennim marketinhom v sfere obshchestvennogo pitaniya [Formation and development of the internal marketing management system in the field of public catering]. *Extended abstract of candidate's thesis*. St. Petersburg: SPbGAU [in Russian].
4. Dlihach, A.A. (2012). Sistemno-refleksivnoe strateshicheskoe marketinhovoe upravlenie [System-reflective strategic marketing management]. *ETAP: ekonomicheskaya teoriya, analiz, praktika - STAGE: economic theory, analysis, practice*, 7, 104-115 [in Russian].
5. Mushketova, N.S. & Lekarenko, E.N. (2012). Sistema vnutrenneho marketinha: tseli, zadachi, element [Internal marketing system: goals, objectives, elements]. *Izvestiya Volhogradskogo gosudarstvennogo tekhnicheskogo universiteta. Seriya «Aktualnye problemy reformirovaniya rossiyskoi ekonomiki (teoriya, praktika, perspektiva)» - News of the Volgograd State Technical University. Series "Actual problems of reforming the Russian economy (theory, practice, perspective)"*, 14, 142-148 [in Russian].
6. Reshetnikova, I.L. (2015). Vnutrishnii marketynh u systemi marketynhu pidpriemstva [Internal marketing in the enterprise marketing system]. *Marketynh i menedzhment innovatsii - Marketing and Management of Innovations*, 1, 45-55. [in Ukrainian].
7. Mazur, N. & Bratko, O. (2016). Vnutrishnii marketynh v systemi upravlinnia personalom [Internal marketing in the personnel management system]. *Proceedings from MIIM '16: IX Mizhnarodna naukovo-praktychna konferentsiia «Innovatsiini protsesy ekonomichnoho i sotsialno-kulturnoho rozvytku: vitchyzniani ta zarubizhnyi dosvid» – The Ninth International Scientific and Practical Conference «Innovative processes of economic and socio-cultural development: domestic and foreign experience»*. (pp. 79-81). Ternopil: TNEU [in Ukrainian].
8. Kolesnik, E.N. (2014). Personal kak sostavlyayushchaya marketinhovoho potentsiala kompanii [Staff as a component of the company's marketing potential]. *Chelovecheskiy kapital i professionalnoe obrazovanie - Human capital and vocational education*, 4 (12), 51-57 [in Russian].
9. Keller, K., Kotler, F. (2018). *Marketynh menedzhment [Marketing management]*. St. Petersburg: Piter [in Russian].
10. Fedorchenko, A.V. & Okunieva, O.V. (2015). *Vnutrishnii marketynh pidpriemstva: teoriia, metodyka, praktyka [Internal marketing of the enterprise: theory, methodology, practice]*. Kyiv: KNEU [in Ukrainian]