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**THE INFLUENCE OF INTERNAL MARKETING  
AND EMPLOYEES' ENTREPRENEURSHIP  
ON KNOWLEDGE MANAGEMENT**

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**Key words:** internal marketing, entrepreneurship, employees' entrepreneurship, internal customer, knowledge management.

**A b s t r a c t**

In the paper the authors are seeking answer to the following questions: what connections exist between internal marketing, employees' entrepreneurship and knowledge management? Does employees' entrepreneurship directed at making knowledge depends on internal marketing? The conclusions of the questionnaire connected with the topic and which was carried out in some enterprises from the TriCity region are presented in the article.

**WPŁYW MARKETINGU WEWNĘTRZNEGO I PRZEDSIĘBIORCZOŚCI PRACOWNIKÓW  
NA ZARZĄDZANIE WIEDZĄ**

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**Słowa kluczowe:** marketing wewnętrzny, przedsiębiorczość, przedsiębiorczość pracowników, klient wewnętrzny, zarządzanie wiedzą, bodźce motywacyjne.

**A b s t r a k t**

W artykule autorki poszukują odpowiedzi na pytanie: jakie zależności zachodzą między marketingiem wewnętrznym, przedsiębiorczością pracowników i zarządzaniem wiedzą? Czy przedsiębiorczość pracowników ukierunkowana na zarządzanie wiedzą zależy od marketingu wewnętrznego? Wnioski z badania ankietowego, przeprowadzonego w różnych przedsiębiorstwach z rejonu Trójmiasta, w których poszukiwano odpowiedzi na te pytania, zaprezentowano w artykule.

## **Introduction**

Knowledge is a special asset of a modern enterprise (organization). The asset, which comes into being, develops and can be effectively made use of thanks to employees only. Therefore, the organization activities should aim at recruiting employees equipped with the knowledge indispensable for effective management of the organization and who are entrepreneurial – enterprising, ingenious, with the features of character that are helpful in acquiring and accumulating knowledge, which later on is used in the enterprise. Stimulating employees' entrepreneurship is assisted by the observation of internal marketing principles. These principles resolve themselves into treating an employee as an internal customer of the organization, and the relation enterprise-employee as a process of exchange, as a result of which both the organization and the employees gain benefits connected with satisfying their needs. The benefit for the organization is building an effective system of knowledge management. The benefit for employees is the satisfaction from the use of knowledge, skills, abilities and willingness to develop the organization. The authors carried out research, in which they verified the following hypothesis: creating knowledge indispensable for enterprise management requires the application of internal marketing principles, thanks to which employees' entrepreneurship manifests itself. The survey, which had a pilot character, was carried out among employees from the organizations operating in the TriCity region.

## **Theoretical assumptions**

Management theoreticians and practitioners emphasize that knowledge is a valuable intangible asset of the enterprise. The knowledge that is used in enterprises can generate the value added. Thus, it translates itself into a competitive position of the enterprise in the market. Knowledge understood as the whole collection of facts, skills in some branches, acquired as a result of education and life experience constitutes a tool enabling the employee who has it to deal effectively with the collected by him information.

Treating knowledge as the asset means (WALKOWIAK 2004, p. 44) that knowledge can be managed. Knowledge management is the process consisting of three phases (ROMANOWSKA 2001, p. 34):

- acquiring knowledge – increasing intellectual capital of the enterprise by, among others investing in employees (collecting the original knowledge, which enables the enterprise to gain a competitive advantage),
- sharing knowledge – creating new knowledge – team knowledge and organizational knowledge – its dissemination and implementation into practical uses,

– transforming knowledge into decisions (the most difficult phase) – its conversion into the value for the shareholders of the enterprise; the process, in which the real value emerges from the information resources, the actual knowledge and the wisdom of people.

Realizing knowledge management in the enterprise depends, however, on people who create the enterprise. These people are: top management, first of all, but also managers of particular levels of hierarchy and the other employees. It is necessary to take proper care so that everybody in the organization can understand the essence and significance of knowledge management, and that they can use it in their work. Mostly in contacts with shareholders of the enterprise.

The positive results in the use of knowledge management principles are achieved by internal marketing. Internal marketing consists in managing internal relations. Its aim is to make all employees understand all the decisions taken in the enterprise and to build up the fundamentals of loyalty and identification with the company (FRACKIEWICZ 2004, p. 205). Internal marketing assumes that in order to meet the external customer's requirements, to create the competitive value in the form of an offer, it is necessary to show equal respect to employees, who are internal customers. In internal marketing the same principles of behavior are obligatory as these followed by the enterprise when they deal with the external customer, that is:

– the market in the center of interest – the organization should carry out segmentation of the internal market in order to absorb groups of employees on the basis of the accepted criteria (e.g. entrepreneurship, ambition, commitment, analytical abilities, communicativeness, personality, etc.). It will enable, among others delegating proper tasks in knowledge management to an appropriate employee. The segmentation taking into account similar criteria should also refer to potential employees of the organization.

– focus on the customer – identification of employees' needs and behaviors may serve better communication in the organization and at the same time create a sense of togetherness and understanding in the realization of the organization's aims. The information about employees' is also indispensable to elaborate the system of motivating employees and to plan and carry out staff trainings.

– projecting internal marketing areas – bidirectional internal communication, the system of motivation and trainings as the main areas of internal marketing play the fundamental role in simulating the process of knowledge management.

– benefits – beneficiaries of the activities within internal marketing are employees and the organization itself. Employees satisfy many needs, starting from the need of: safety, belonging to somewhere, respect and self-realization

and ending with the need of knowledge. The organization gets employees loyalty and thanks to it reduces the costs of recruitment and trainings. Simultaneously, it increases employees' efficiency in acquiring knowledge, sharing it and transforming it into decisions. In other words, the organization obtains the efficient system of knowledge management.

The stimulating knowledge management through the areas of internal marketing presents Figure 1. There are very strong connections (the bold lines) between the first stage of knowledge management process – acquiring knowledge – and internal communication and the system of motivation as the principles of internal marketing. On the contrary, motivation and trainings exert an influence on next stages of the knowledge management process: sharing knowledge and transforming knowledge into decisions.

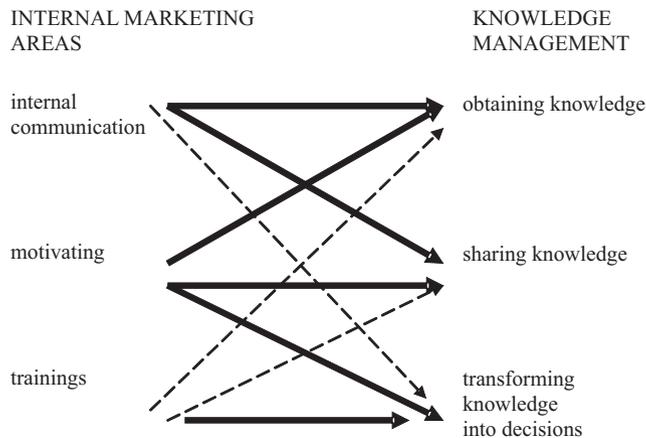


Fig. 1. Stimulating knowledge management through the areas of internal marketing  
Source: The authors' own elaboration.

Internal marketing focuses on employees as the very special asset of the enterprise, whose active participation is essential in the process of knowledge management. Therefore, it is important to know what potential employees represent and to what extent and if at all the organization can have an influence on increasing this potential. Already in the recruitment phase entrepreneurial people should be favored – that means these people who demonstrate competence, creativity, engagement in organizational problems and an innovative approach to problems. Once they become members of the organization, the aim of internal marketing is to stimulate entrepreneurship of these employees (and the organization). As a result, the accumulated and used (through this entrepreneurship) knowledge contributes to an increase of the

enterprise's worth and employees gain satisfaction from a possibility of its application in order to meet a set of enterprise's targets.

Entrepreneurship is a skill consisting in noticing or finding the reasons for self-realization and getting along in the conditions of insecurity or risk. It is determined by an access to real resources, financial resources, human capital and knowledge (MIETLEWSKI 2003, p. 45); entrepreneurship consists in creating new solutions that are inseparably connected with risk (entrepreneurship characteristic). Entrepreneurship involves seeking and creating new opportunities and making innovations – and on this basis – creating new values (products and services of new values). The above definitions underline the particular role of an entrepreneurial person (entrepreneur) in an economic activity. Therefore, among the categories, in which definitions of entrepreneurship appearing in literature can be classified, the category referring to individual characteristics of an entrepreneur is especially important. The characteristics of an entrepreneurial person – predispositions for being entrepreneurial<sup>1</sup>, such as: initiative, strong will, persuasive skills, risk taking (rather moderate), flexibility, creativity, independence, ability to solve problems, sense of direction for the future, a crave for success, imagination, optimism, leadership, ability to work hard – are the basis for all the activities this person undertakes and that concern the organization (enterprise). Therefore, it is possible to say that individual entrepreneurship (of employees) manifests itself through the set of personal features, which are the attributes of the employee and which determine his/her activity in the enterprise (organization) oriented towards market opportunities, including the creation of new economic ventures and the improvement of enterprise management (knowledge management).

Entrepreneurship requires the combination of two phenomena: the existence of entrepreneurial individuals and the conditions (opportunities) for entrepreneurship. Entrepreneurial individuals are not only owners-entrepreneurs, but also managerial staff and all employees. On the other hand, the conditions that are indispensable for the development of entrepreneurship are: a tendency of the enterprise to develop, pro-effectiveness organizational culture, innovative organizational structures, and finally internal marketing oriented towards entrepreneurship.

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<sup>1</sup> The others are: 1) a functional approach to entrepreneurship – as the process of creating something different, new – you pay attention in it to economic functions realized as a result of entrepreneurial activities, 2) individual characteristics of an entrepreneur – a predisposition to be entrepreneurial, managerial behavior – an approach to entrepreneurship as the chase for opportunities without taking into account restrictions imposed by currently controlled resources (the behavioral theory of entrepreneurship) (Szelągowska-Rudzka, Mietlewski, 2006, s. 2-3).

## The description of the research and conclusions

The research was carried out with the use of a questionnaire in April 2007. It had a pilot character and there were 107 respondents that took part in it. The analysis was performed on 102 correctly filled questionnaires. Among the respondents dominated women (65%) and employees of the basic level (85%) at the age of 21-40 (93%). The surveyed people were employees of sales departments (29%), finance departments (17%) and production departments (10%) (the others were: marketing 9%, personnel 8%, others 23%). The companies operate in the following branches: services (26%), trade (21%), industry (10%) (and: building and education 6% each, transport 5%, tourism 3%, the others 17%). The questionnaire consisted of three parts and the characteristics of the respondents. The first part diagnosed the entrepreneurial attitude among the respondents, which means their creativity, innovativeness, responsibility, engagement in the realization of the strategy, willingness to introduce developmental changes. The second part dealt with the activities within internal marketing: individual treatment of employees, internal communication, motivation and trainings. The third part, on the other hand, examined the organization's orientation towards acquiring, using and sharing knowledge (elements of the system of knowledge management) among and by employees as well as creating mechanisms that make this possible. The questionnaire used a five-degree scale.

In order to verify the research hypothesis the significant analysis and the regression analysis were carried out.

The results from research presents Figures 2-4 and the regression model.

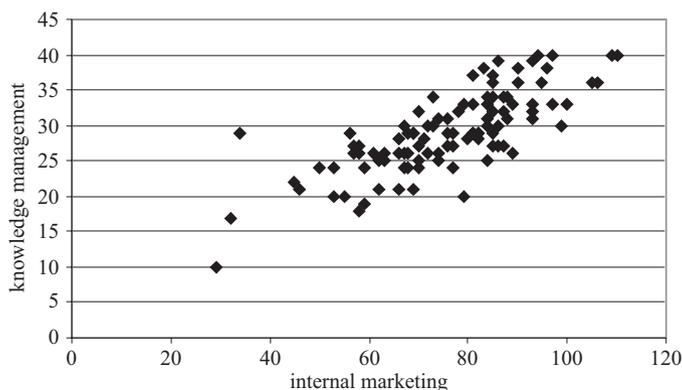


Fig. 2. The influence of internal marketing on knowledge management

Source: The authors' own elaboration.

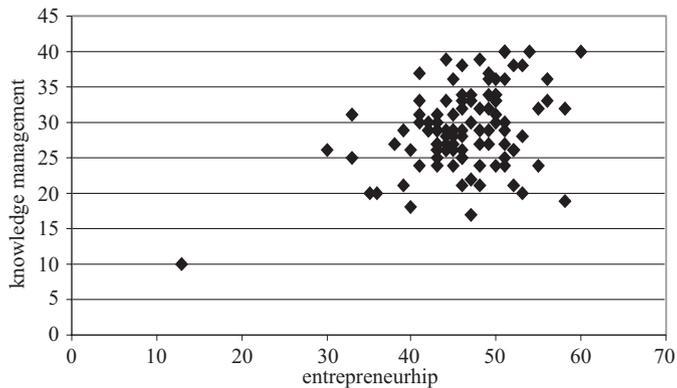


Fig. 3. The influence of entrepreneurship on knowledge management  
Source: The authors' own elaboration.

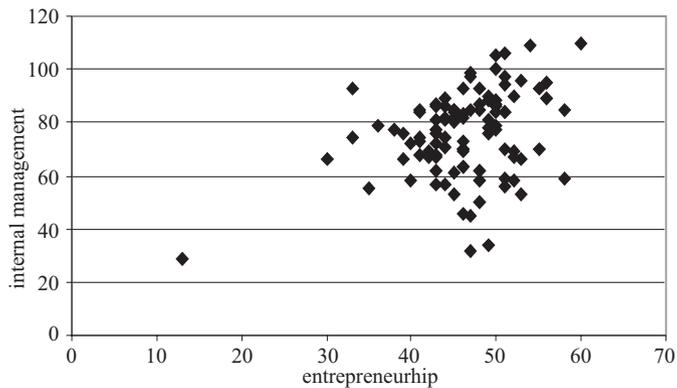


Fig. 4. The influence of internal marketing on entrepreneurship  
Source: The authors own elaboration.

The regression model:

The evaluation of knowledge =  $0.3 * \text{the evaluation of entrepreneurship} + 0.72 * \text{the evaluation of internal marketing}$

The conclusions obtained from the analysis of the data are the following:

1. The correlation analysis carried out at a 5% level of essentiality indicated the occurrence of:

- the essential connection between the evaluation of internal marketing and the evaluation of knowledge management (the coefficient 0.77) (Fig. 2)
- the poor positive dependence between the evaluation of entrepreneurship and the evaluation of knowledge management (0.41) (Fig. 3)
- the poor positive dependence between the evaluation of entrepreneurship and the evaluation of internal marketing (0.34) (Fig. 4)

2. The regression analysis (model) showed that the evaluation of internal marketing affects the evaluation of knowledge twice as much (0.72) as the evaluation of entrepreneurship (0.3). On the other hand, the changeability of the evaluation of knowledge is accounted for (by the evaluation of internal marketing and the evaluation of entrepreneurship) in 62%, that means that there exist some other variables influencing the evaluation of knowledge, which were not taken into account in the research.

So, the applied statistic methods enabled, in relation to the examined enterprises, verifying positively the posed research hypothesis: creating knowledge that is indispensable for enterprise management requires the application of internal marketing principles, thanks to which employees entrepreneurship manifests itself.

### In conclusion

The organization should aim at building up its position in the market by improving the system of knowledge management. In order to the realization of internal marketing principles and employees' entrepreneurship help to accomplish this aim. The indicated dependence between internal marketing and employees entrepreneurship in the examined enterprises makes it possible to draw the conclusion that internal marketing can stimulate individual entrepreneurship, which in turn will contribute to a synergy effect of the influence of the discussed variables on knowledge management.

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