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Charity Begins at Home: Internal Marketing in UK Registered Charities

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Abstract

Internal Marketing (IM) has been the subject of academic debate over two decades. The discussion has been theoretically biased; there is a gap in empirical research to illustrate and measure the roles and objectives of IM in practice. This study investigates IM within large UK registered charities and attempts to measure its success. This paper also addresses a shortcoming of previous empirical work by focusing on employees' perception of outcomes not just activities.

The findings are that IM is practised in large UK registered charities, and that its key components are Development and Reward, Nurturing and Service, and Vision. These differ from those found in a for-profit environment. Within charities, IM is most successful in roles associated with organisational vision, and least successful in a reward role. The implications for implementation of an effective IM programme are that IM activities should have employees as participants and include monitoring and senior management involvement.

Charity Begins at Home: Internal Marketing in UK Registered Charities

1.   Introduction

Internal Marketing (IM) has been the subject of academic debate throughout the latter part of the twentieth and the beginning of the twenty-first centuries. Conflicting definitions have been offered, highlighting the breadth of the concept and its roles and objectives. The discussion remains theoretically biased, although empirical research has increased, particularly since the mid-1990s. However, further empirical research still needs to examine the roles and objectives of IM in practice; this study fills this gap.

The principal criticism of existing empirical research is that studies have focused on the activity of IM - whether IM is actually practised - rather than whether or not it is achieving its objectives. Eastham (1999, pp124) points out that IM activities are "merely the tools of delivery". Helman and Payne (1992) suggest that a lack of measurement may be due to the long-term nature of an IM programme, along with changing objectives and largely qualitative results. For instance whilst Rafiq and Ahmed (1993) argue the importance of seeing IM in terms of its outcomes, little research pursues this. Foreman and Money (hereafter F&M) (1995) uncovered three underlying components of IM, within for-profit service organisations - Development, Reward and Vision - but do not pursue the question of whether these components are successful.

The generalisability of empirical research to date is limited by its restriction to for-profit companies. Yet, giving employees something to believe in has been a consistent role of IM in several studies (F&M, 1995; Eastham, 1999; Lloyd-Williams, 1997). We might expect IM to be even more critical in companies where this vision is integral and the motivation is altruistic, for example, registered charities.

1.1   Potential Benefits of IM for Non-Profit Organisations

There are clear theoretical benefits for non-profit organisations in effective IM. With over 186,000 registered charities at the end of 1998, the increasing volume of marketing activity makes the choice for donors "vast and confusing" (Mintel, 1999: pp10). IM can reinforce the brand, allowing clear differentiation in the marketplace. Ensuring consistency of messages from within the charity can be especially challenging given the diverse stakeholders, ranging from trustees to volunteers, and their often disparate personal motivations (Kotler and Andreasen, 1991). In addition, the workload and lack of resources encountered by salaried staff can make it difficult for them to maintain their original motivation towards higher goals. Despite the moral high ground from which charities operate, lack of provision of basic health, security and quality of life benefits, alongside poor working conditions, add additional weight to reminding employees of their original motivations (Emanuele and Higgins, 2000).

1.2   Objectives of the Research

In light of the potential benefits for non-profit organisations in IM, the empirical research in this paper investigates whether IM is successfully undertaken amongst a high profile non-

profit population; namely large UK registered charities. It also aims to discover whether the same factors of IM exist in non-profit organisations as in a for-profit environment. We argue for a dedicated approach to understanding IM by sector rather than generalisability across sectors.

2. Literature Review

We begin by examining our current state of knowledge in this arena, developing our understanding of the roles of IM and arriving at a useful definition.

Whilst existing definitions of IM are diverse, Helman and Payne (1992: pp 3) point out that "internal marketing is not as nebulous and ill-defined as it might appear at first glance… at the core … are the interrelating themes of people, quality and managing relationships'. The aims and objectives of IM are also varied, but usually focus on achieving customer or market orientation.

2.1 Roles for IM

A survey of the major roles and objectives of IM leads to the adoption of a broad definition to be used as the basis for the empirical research. IM crosses several fields of academic research - services marketing, human resource management, quality management, organisational behaviour, and strategic management. IM has been linked with five different themes: service provision, selling strategy, integration, change, and HRM. Each is examined in turn below.

IM and service provision: the concept of IM appeared first in the field of services marketing, where the notion of inseparability (Berry, 1981) focused attention on the importance of the service employee in service delivery. Here, IM's role is to ensure a customer service ethos is perpetuated throughout the organisation, employees being aware of both their internal and external customers (Berry, 1981). This notion of a chain of internal customers leads to the concept of the internal market (Gummesson, 1987), with the caveat that IM may place too much emphasis on the internal environment and lose sight of the external customer (Rafiq and Ahmed, 1993; Cahill, 1995).

IM to sell strategies and missions: much of the literature discusses the importance of a strategy being accepted internally for it to be successful externally (Piercy and Peattie, 1988; Greene *et al*, 1994; Mudie, 1987). Piercy and Morgan (1991) state that just telling people about something does not motivate them; it must be marketed. Employees become more satisfied because IM helps them to identify with the company's goals and values (Taylor and Cosenza, 1997, 1998) allowing consistency in brand, image and positioning (Greene *et al*, 1994; Hogg *et al*, 1998). The concept of 'living the brand' has been adopted by several companies, and staff not only live the brand but are also involved in its evolution (Gofton, 2000; Murphy, 2000).

IM and integration: integration is a key theme in the IM literature, with quality often seen as a means for IM to achieve integration. Cahill sees IM's role as similar to Total Quality Management, but with an eye on the customer (Perks, 1998). IM is also linked closely with relationship marketing; for instance, Day (1994) and Taylor and Cosenza (1997) discuss IM's role in managing and improving internal interpersonal relationships. Thomson *et al*, (1999) assert that employees will never understand relationship marketing unless they experience it for themselves; the result should be partnership and mutual dependency. For partners, the

concept of shared vision is important and this vision is the catalyst in itself for integration and organisational learning - "it is not what the vision is but what it does that is important" (Senge, 1990: p154).

IM and change: IM is seen as both initiator and implementor of change. IM can help an organisation to undertake and see the benefits of these changes (Piercy and Morgan, 1991) but can also facilitate change by encouraging new ideas from employees (Taylor and Cosenza, 1997). IM can be used to remove functional barriers (Helman and Payne, 1992) but initially it has a role in highlighting these barriers to strategic success (Piercy and Morgan, 1991). IM research can serve a diagnostic role within an IM programme, yet other diagnostic tools have been developed starting with the external customers' perspective, using blueprinting (Lings, 1999).

IM and HRM: Gofton (2000) sees IM as "where marketing and HRM meet". IM is seen as a method of better designing jobs for employees (Greene *et al*, 1994). In doing this, companies can attract and keep the best people who will perform better (Taylor and Cosenza, 1998) because their actions are consistent with organisational objectives (Helman and Payne, 1992). Participation and training are seen as key to IM's role in HRM with IM being seen as a two-way process (eg Greene *et al*, 1994; Rogers *et al*, 1994; Ballantyne, 1997; Taylor and Cosenza, 1997, 1998).

2.2   Our Chosen Definition

The move from transactional to relationship marketing, and market orientation, has driven changes in IM. For the purposes of this study, IM is defined as "the application of marketing, HRM and allied theories, techniques and principles to motivate, mobilise, co-opt and manage employees at all levels of the organisation to continually improve the way they serve external customers and each other. Effective internal marketing responds to employees needs as it advances the organisation's missions and goals" (Benoy, 1996: p56).

3.   Research

This study develops the F&M (1995) research carried out on for-profit organisations. Their study addressed the issue of measurement by focusing on many of the roles for IM discussed above, and examined motivation for IM, measuring ratings of (dis)agreement on fifteen statements relating to roles of organisation-wide IM. Factor analysis was then used to uncover the underlying components of this IM type, and found three factors; Development, Reward, and Vision.

In F&M's case, statements were rated by Marketing and HRM Managers, ie those thought most likely to implement IM. In this study, respondents were employees from many levels and departments within each organisation, ie those who were the target of IM. Ratings of statements could thus be taken to indicate which roles IM was the most or least successful at achieving by focusing on IM's outcomes.

3.1   Research Hypotheses

Following the literature review and secondary research, three research hypotheses were developed:

H1: Large UK registered charities undertake IM activities.

H2: Large UK registered charities are seen by employees to be successful in their IM activities.

H3: The components of IM in non-profit organisations differ from those found in a for-profit environment.

3.2   Research Methods

A quantitative study was undertaken, allowing for statistical analysis of the collected data and comparison with the results of F&M's (1995) research. Thirty charities were contacted, being the ten largest charities in each of the top three categories defined by Mintel (1999): General Welfare, International Aid, and Medicine and Health. The final sample consisted of seven charities who agreed to participate. Each distributed between 15 and 40 questionnaires to a sample of staff (total sample size, 235 employees).

Informal discussions were undertaken with staff from four charities, who were responsible for implementing IM within their organisation. The purpose of these discussions was to understand IM practices in charities at a practical level and to pilot the questionnaires checking for the appropriateness of content in a non-profit context.

Two questionnaires were then devised as detailed in Table 1 below.

Table 1: Questionnaires, Objectives, Content, and Sample

Questionnaire	Purposes	Content	Completed by
Management	Gain management perspective on IM	Charity, demographics, IM activities, roles, responsibility for IM, monitoring of IM	One manager per charity
Employee	Section 1: assess all IM activities perceived by employees	11 multi-choice questions on IM activities	all charity employees
	Section 2: test success of IM roles and discover key components of IM	17 statements, rated on 7-point Likert scale *	all charity employees
	Section 3: assess impact of charity context	5 statements, rated on 7-point Likert scale	all charity employees

The primary questionnaires were pilot-tested within a charity. The questionnaires were then forwarded in pre-prepared packs including a covering letter, envelopes and prize draw incentive of retail vouchers, to each of the seven charities who had agreed to take part in the research. These were then distributed internally by one person within each charity. Distribution by a member of the organisation itself yielded a very high response rate in most cases. Response rates per organisation ranged from 13% to 75%, with an average rate of 48% deriving from the 112 total usable responses. In the five organisations with the highest response rates, employees were either personally asked by the contact to complete the questionnaire, or the contact included their own covering letter with the pack.

Statistical tests were then undertaken on the data to test each hypothesis. All statistical tests were undertaken at a 95% confidence level.

> **H1: Large UK Registered Charities undertake IM activities.**
> In testing this hypothesis, analysis was first undertaken to discover whether large UK Registered Charities undertake IM (as defined by Benoy (1996)) and what activities are used to deliver their IM. The results are analysed from both a management and an employee perspective.

Results from the management questionnaires show that managers surveyed believe their charities undertake IM. From Tables 2 and 3 we can see that charities' management feel IM is used more in reinforcing strategies and goals than in its original role of reinforcing service, and that IM is used to inform and align employees more than to reward them.

Table 2: Management Views of Rikes if IM

IM Role	Frequency
Company Goals	5
Brand Values	5
Mission/Vision	4
Appeals News	4
Company Policy/Culture	3
Service Standards	2
Base: 5 managers	

Table 3: Management Reasons for Undertaking IM

Reason for Undertaking IM	Frequency
To keep employees informed	5
To involve employees	5
To motivate employees	4
To reinforce the organisation's brand	4
To help employees understand how they fit into the organisation	4
To reward staff for their role	2
Base: 5 managers	

That IM is undertaken is confirmed by the fact that of the 112 usable employee questionnaire responses returned, all respondents perceived at least half of the IM activities outlined. Frequency distributions were undertaken for each of these IM activities (see Table 4), which we have placed into two broad groups based on the level of interaction required from the employees. We have designated IM activities into those where employees are broadly recipients (ie passive IM) and those where they are participants (ie interactive IM activities).

Table 4: Frequency of IM Activities

Passive Activity	% frequency of response	Interactive Activity	% frequency of response
Newsletter	97	Team meetings	97
Campaign updates	87	Training	89
Intranet	71	Discussion forums	78
Annual report	54	Education	63
Marketing plan	46		
Base: 112 employees across 7 charities			

In summary, the evidence is conclusive from both managers and employees that IM is practised in this context. The most frequently cited IM activities are newsletters and team meetings.

H2: Large UK Registered Charities are seen by employees to be successful in their IM activities

To assess the success of these activities, mean ratings were calculated from employees' ratings of (dis)agreement with the 17 statements in section two of the employee questionnaire. These are cited in Table 5.

The highest ratings concern the organisation's vision, and there is also indication that employees feel their organisations are prepared to invest in employee development.

Employees disagree somewhat with two statements relating to rewarding staff, but are ambivalent about the other eight statements. These are actually the most specific statements, probing whether charities' IM educates as well as trains, teaches employees why they undertake tasks not just how, whether they actually use the feedback they collect, and whether staff feel as valued as their external customers.

Table 5: Mean Ratings of Success Factors for IM

Success Factor for IM	Mean Rating #
This organisation offers employees a vision that they can believe in.	5.25**
This organisation's vision is communicated well to its employees.	4.91**
This organisation views the development of knowledge and skills in employees as an investment rather than a cost.	4.62**
In this organisation, employees are actively encouraged to give feedback and make suggestions to improve performance.	4.58**
This organisation prepares its employees to perform well.	4.53**
Skill and knowledge development of employees happens as an ongoing process in this organisation.	4.43**
This organisation communicates to employees the importance of their roles in serving others (either internally or externally).	4.34**
This organisation places considerable emphasis on communicating with employees.	4.20
In this organisation, employees are properly trained to undertake their roles in serving others.	4.15
This organisation has the flexibility to accommodate the differing needs of employees.	4.10
This organisation teaches its employees 'why they should do things' and not just 'how they should do things'.	4.01
This organisation values employees in the same way it values its external customers and supporters.	3.91
This organisation uses feedback, suggestions, or data gathered from employees to improve their jobs and to develop the direction and policy of the organisation.	3.89
In this organisation, an employee's performance is measured and/or rewarded in away that encourages teamwork.	3.86
This organisation goes beyond training and educates its employees as well.	3.78
In this organisation, those employees who provide excellent service are rewarded for their efforts.	3.63**
Employees are measured and/or rewarded on performance that contributes most to the organisation's vision.	3.54**
Base: 112 employees across 7 charities p<0.05, **p<0.01 – one sample t-tests against neutral rating 4 # 1 = strongly disagree, 7 = strongly agree.	

Independent samples t-tests were used to determine whether mean ratings on the above 17 statements differ according to the degree of employee involvement in IM, ie was IM seen as more successful where employees were active participants or passive recipients.

These tests show that interactive activities have a stronger positive effect on employees' mean ratings of many statements than more passive activities. Involvement in team meetings, education workshops, and receipt of training all have a positive effect on several statements.

In addition, the same tests were undertaken to determine if ratings also differ dependent on whether respondent's charities monitor IM and whether senior management are amongst those responsible for IM's design and implementation. Most interestingly, respondents working in those charities that monitor IM (according to management) gave a consistently higher rating on eight statements than those working in charities where management claimed not to monitor (Table 6).

Table 6: Comparative Ratings Showing the Effect of Monitoring IM

Statement	Mean rating of employees with no monitoring	Mean rating of employees with monitoring	
This organisation's vision is communicated well to its employees.	4.63	5.45	**
This organisation views the development of knowledge and skills in employees as an investment rather than a cost.	4.30	5.09	**
This organisation prepares its employees to perform well.	4.40	4.96	**
This organisation places considerable emphasis on communicating with its employees.	3.90	4.90	**
In this organisation, those employees who provide excellent service are rewarded for their efforts.	3.24	4.54	**
This organisation values employees in the same way it values its external customers and supporters.	3.72	4.48	**
Employees are measured and/or rewarded on performance that contributes most to the organisation's vision.	3.16	4.35	**
This organisation goes beyond training and educates its employees as well.	3.53	4.22	**
Base: 112 employees across 7 charities. ** p<0.01			

Similarly, those employees whose charities senior managers are involved in the design and implementation of IM, also rated 11 statements significantly higher than those in organisations where senior management are not involved in the IM programme (Table 7).

Table 7:
Comparative Ratings Showing the Effect of Senior Management Involvement in IM

Statement	Mean rating of employees with no Snr Mgmt Involvement	Mean rating of employees with Snr Mgmt Involvement	
This organisation's vision is communicated well to its employees	4.59	5.33	**
This organisation views the development of knowledge and skills in employees as an investment rather than a cost.	4.19	5.13	**
This organisation prepares its employees to perform well.	4.32	4.97	**
Skill and knowledge development of employees happens as an ongoing process in this organisation.	4.01	4.87	**
This organisation places considerable emphasis on communicating with its employees.	3.89	4.71	**
In this organisation, those employees who provide excellent service are rewarded for their efforts.	3.06	4.56	**
This organisation teaches its employees 'why they should do things' and not just 'how they should do things'.	3.79	4.46	**
This organisation values employees in the same way it values its external customers and supporters.	3.68	4.38	*
This organisation goes beyond training and educates its employees as well.	3.42	4.26	**
Employees are measured and/or rewarded on performance that contributes most to the organisation's vision.	3.08	4.26	**
In this organisation, an employee's performance is measured and/or rewarded in a way that encourages teamwork.	3.46	4.25	**
Base: 112 employees across 7 charities * $p<0.05$ ** $p<0.01$			

H3: **The components of IM in non-profit organisations differ from those found in a for-profit environment**

In order to test this hypothesis, analysis first determined the components of IM in large UK registered charities. These components were then compared with those found by F&M (1995) in a for-profit environment.

After data suitability tests, Factor Analysis (orthogonal rotation) was undertaken on the 17 statements in Table 8. Three underlying components of IM were identified, and were named Development and Reward, Nurturing and Service, and Vision.

The variables in Development and Reward (Factor 1) concern two roles of IM – helping employees develop, understand and perform their role, and rewarding those activities which contribute to the organisation's success. Those in Nurturing and Service (Factor 2) principally concern how organisations value their employees as individuals, are flexible to their needs and respect and encourage their involvement in the organisation. IM's role in supporting and encouraging good service (both internally and externally) is part of this. Finally, both the variables in Vision (Factor 3) concern IM's role in reinforcing the organisation's vision.

In order to make a direct comparison with the key components found by F&M (1995), it was necessary to remove the two new variables from the factor variate, and undertake factor analysis on the 15 statements adapted from F&M only. The factors remain the same: Development and Reward, Nurturing and Service, and Vision.

F&M (1995) also found three factors. These were named Development, Reward, and Vision. Figure 1 shows a visual comparison of the components of factors in each study. Essentially, whilst the third factor, Vision, is the same in both studies, the first two Factors in F&M's (1995) study are combined in the present study to form one factor, Development and Reward. Nurturing and Service is a new factor, not found by F&M, reflecting the specific context of charities.
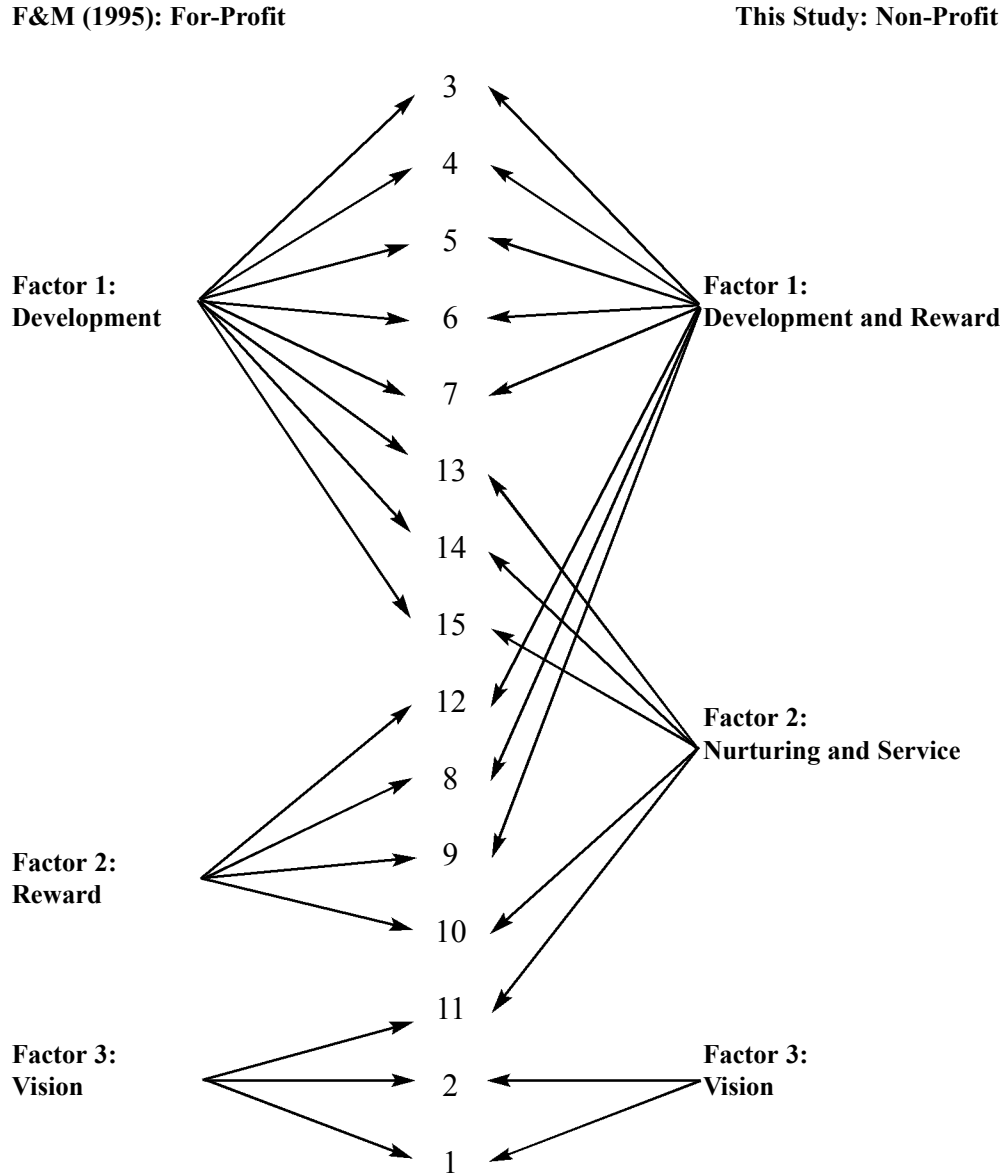
4. Discussion and Conclusions

The evidence shows that IM (as defined by Benoy) is practised by large UK registered charities. Participating managers all state that they practise IM, doing so principally to reinforce the organisation's mission, goals and strategies. This emphasises the development of IM since it is used much less in its original role of reinforcing service standards (Berry 1981). All managers say that they use IM to communicate company goals and brand values, and most use IM to inform employees about specific appeals and keep them in line with the mission. The management view is that IM is used to align, inform and motivate employees, more than to reward.

Employees are aware of IM directed towards them by their organisations, citing all of the IM activities listed on the questionnaire. These activities fall into two broad types; passive recipient (newsletters, individual campaign updates, automatic receipt of the annual report and marketing plan and access to an intranet) and interactive participant (team meetings, discussion forums, education activities and training). However, as Eastham (1999) points out, these activities are merely the tools of delivery. Of greater importance is the success of the implementation which requires a focus on outcomes (Rafiq and Ahmed, 1993) examining the views of those who are the target of IM.

Table 8: Results of Factor Analysis showing components of IM in large UK Registered Charities

Items	Factor 1 Development and Reward	Factor 2 Nurturing and Service	Factor 3 Vision
1. This organisation offers employees a vision that they can believe in			.87
2. This organisation's vision is communicated well to its employees			.79
3. This organisation prepares its employees to perform well.	.63		
4. This organisation views the development of knowledge and skills in employees as an investment rather than a cost.	.72		
5. Skill and knowledge development of employees happens as an ongoing process in this organisation.	.83		
6. This organisation teaches its employees 'why they should do things and not just 'how they should do things'.	.64		
7. This organisation goes beyond training and educates its employees as well.	.82		
8. In this organisation, an employee's performance is measured and/or rewarded in a way that encourages teamwork.	.68		
9. Employees are measured and/or rewarded on performance that contributes most to the organisation's vision.	.71		
10. In this organisation, employees are actively encouraged to give feedback and make suggestions to improve performance.		.64	
11. This organisation uses feedback, suggestions, or data gathered from employees to improve their jobs and to develop the direction and policy of the organisation.		.65	
12. This organisation communicates to employees the importance of their roles in serving others (either internally or externally).		.72	
13. In this organisation, those employees who provide excellent service are rewarded for their efforts.	.62		
14. In this organisation, employees are properly trained to undertake their roles in serving others.		.57	
15. This organisation has the flexibility to accommodate the differing needs of employees.		.80	
16. This organisation places considerable emphasis on communicating with its employees		.59	
17. This organisation values employees in the same way it values its external customers and supporters.		.57	

Figure 1: A Comparison of IM Components in For- and Non-profit Organisations

F&M (1995): For-Profit   This Study: Non-Profit

Factor 1:
Development

Factor 1:
Development and Reward

3
4
5
6
7
13
14
15
12
8
9
10
11
2
1

Factor 2:
Nurturing and Service

Factor 2:
Reward

Factor 3:
Vision

Factor 3:
Vision

Mean employee ratings show that they see IM as most successful in reinforcing charities' missions (or vision) and allowing them "to be part of something that matters" (Taylor and Cosenza, 1997: p5). This can be seen from ratings of the individual statements "this organisation offers employees a vision they can believe in", and "this organisation's vision is communicated well to employees", but also from the mean rating of the combined statements in the factor 'Vision'. Mean ratings also demonstrate employees' agreement that IM is successful in showing organisational commitment to invest in their development. This is evidenced by the positive ratings for the statements "this organisation views the development

of knowledge and skills in employees as an investment rather than a cost", "this organisation prepares its employees to perform well", and "skill and knowledge development of employees happens as an ongoing process in this organisation". However, when these statements are included with others in the factor 'Development and Reward' the mean drops to ambivalence.

This may be explained by the fact that IM appears least successful in a reward role within a charity context; respondents somewhat disagree that they are rewarded either for teamwork, or for contributing to the company's mission. This is consistent with only two managers seeing rewarding employees as a reason for undertaking IM. Further evidence is provided by the fact that reward is not a separate factor as it is in a for-profit environment. This is likely to be an artefact of the charity context where reward is a lower motivator than in other sectors. Or it could be a reflection of the ambiguity of the term 'reward'. Although reward can be defined as material perhaps, in the world of charities, it is more altruistic.

The interactive nature of some IM activities in large UK Registered Charities may explain why employees also agree that IM is successful in encouraging their feedback, and suggestions to improve future organisational performance. Evidence has been presented that interactive IM activities have a greater positive effect on employee's mean ratings than more passive ones. Informal discussions also highlighted that the level of interaction in IM activities is currently an issue. In one organisation, the Intranet's interactive capabilities are beginning to be harnessed through staff 'chat rooms' on such topics as whether the charity's aims are being achieved. In another organisation, internal qualitative research has suggested that IM would benefit from being more interactive and new IM initiatives are being designed. This supports the growing importance of employee involvement and two-way communication as a theme in the IM literature, and particularly supports Varey's (1995: p47) assertion that "two way communication establishes mutual understanding and trust". Additionally, there is an association between the monitoring of IM and employees' mean ratings on its effectiveness, possibly because monitoring signals an organisational commitment to IM, and encourages two-way communication.

Finally, there appears to be some confusion amongst employees of large UK Registered Charities as to the source of IM in their organisations. Only one of the surveyed organisations had a dedicated IM department; yet over half of employees (52% respondents) across all seven charities claim to be aware of a specific team or individual responsible. The managers surveyed claimed that there is, in fact, shared responsibility, involving both marketing and HRM departments, reinforcing the view that IM fuses marketing and HRM (Gofton, 2000). In two organisations, senior or strategic management were involved in the design or implementation of IM and in these organisations employees' mean ratings are consistently higher on eleven out of the seventeen statements measuring IM's success, reinforcing the importance of senior management involvement in IM and supporting previous comment (Rafiq and Ahmed, 1993; Benoy, 1996; Quester and Kelly, 1999).

Whilst IM in charities is clearly achieving success in certain roles, there are many statements on which employees are ambivalent. These statements could be said to probe more deeply the success of charities' IM; whether they educate rather than just train, whether they actually use the feedback they collect and whether the value they place on employees is equal to the value placed on external customers. It may therefore be concluded that there are still some areas of charities' IM need improvement. Adopting more interactive tools or activities, involving senior management or monitoring IM activities may help.

However, both carry implications for charities, requiring financial and human resource investment. Yet charities are under increasing pressure from donors and the media to increase efficiency and to spend income on the cause and not overheads or administration (Mintel,

1999). Paradoxically, therefore, this pressure may impact on investment in IM, yet that very investment may increase efficiency in the long term.

The non-profit context does appear to make a difference. In for-profit environments, F&M (1995) uncovered three components of IM in their analysis of responses; Development, Reward, and Vision. The factors we discovered differed. Although there were also three, UK Charities revealed key components of Development and Reward, Nurturing and Service, and Vision.

In our study, Development and Reward combined to form one factor. Development concerns IM's role in helping employees develop, understand and perform their roles; preparing employees well, viewing skill and knowledge development as both an investment and an ongoing process; teaching employees why they undertake tasks, not just how, and educating, not just training them. Reward concerns IM's role in rewarding activities which contribute to the organisation's success through teamwork and good service.

Reward was a separate factor for F&M (1995) suggesting that rewarding staff is either more important or simply more formal in for-profit companies. Perhaps this reflects the different motivations of staff in each sector, however, charities' financial constraints are likely to prohibit monetary rewards for employee efforts in any case. Rewards for charity employees are more likely to be in the form of personal development; hence the emergence of a single factor, Development and Reward.

Nurturing and Service was not a component of IM found by F&M (1995) in a for-profit environment. Many of the statements in Nurturing and Service were components of Development in for-profit companies. Lloyd-Williams (1997: p63) found the component Nurturing in the IM of UK financial services, which she defined as "making employees feel as though the organisation cares for and values them". But the constructs of Nurturing in large UK Registered Charities are far broader than in financial services - the latter essentially concerned communication and a dedicated resource responsible for IM. In this study, Nurturing concerns the value organisations place on their employees as individuals, their flexibility towards employee needs, and the interactive nature of IM through the encouragement and use of feedback. Supporting and encouraging good service is also part of this factor.

Vision is replicated as an independent factor in both this study and F&M's (1995). In large UK Registered Charities, Vision concerns how well the organisation defines, reinforces and communicates its mission. As previously discussed, of the three factors created, this is the only one for which employees' mean rating is not neutral - they tend to agree with the collective statements about their organisation's vision. Whilst in part, this may be due to the factor containing just two constructs, it may also suggest that a strong mission affords charities the ideal integrator upon which to build its IM. This echoes Drucker's (1989) view that non-profit organisations have an advantage over for-profits in IM practice, in that they start with the mission and not financial returns.

In conclusion, whilst the number of components of IM in both non-profit and for-profit organisations is the same, their character understandably differs between the two contexts. It is unlikely that the factors of IM will differ by category since the motivations of both managers and employees will vary.

5.   Management Implications

A key implication of the evidence presented here is that interactive IM activities appear to be more successful in achieving IM's objectives than more passive activities. The findings also suggest that monitoring should be part of any IM programme, to reinforce management commitment to IM and encourage interaction. Informal discussions suggested that monitoring of IM, if present at all, was likely to be unstructured and irregular - only one organisation surveyed claimed to undertake IM research, measuring internal customer satisfaction as well as the success of individual IM activities. Analysis of the mean ratings shows that monitoring helps in reinforcing the organisation's vision and in nurturing employees.

Senior management involvement in the design and implementation of IM also appears to be important. In the two organisations where this is the case, employees mean ratings are consistently higher on eleven out of the seventeen statements measuring IM's success. Senior management involvement may also help alleviate the confusion currently surrounding the source of IM in large UK Registered Charities.

IM is very successful in charities in its role of reinforcing the mission, and it is suggested that management use this strength as the backbone of any IM programme.

The above suggestions may help charities' management to improve employee ratings on those statements which probe more deeply the success of charities' IM; whether they educate rather than just train, whether they actually use the feedback they collect, and whether the value they place on employees is equal to the value placed on external customers.

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