



## Corporate Communications: An International Journal

Change management: the role of internal communication and employee development

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### Article information:

To cite this document:

Tony ProctorIoanna Doukakis, (2003), "Change management: the role of internal communication and employee development", *Corporate Communications: An International Journal*, Vol. 8 Iss 4 pp. 268 - 277

Permanent link to this document:

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# Change management: the role of internal communication and employee development

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## Keywords

Change management, Communication management, Structural design, Employees development

## Abstract

Introducing change into an organisation usually raises resistance from those who have the most to lose because of the introduction of the envisaged change. This article looks at the introduction of change in the management structure produced in a large public organisation. The key to successful introduction of the change was seen to lie in effective communication. The customary cascading down of information from the top of the organisation to the rank and file managers was found to be ineffective when a large-scale structural reorganisation programme was being introduced and this led to a search for more effective ways of communication. The partial answer appeared to lie in providing information from the top directly to all employees through the means of new technology – an intranet and extensive use of e-mail. While this provided a substantial solution to the problem, it still left some questions better answered by management training initiatives.

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Corporate Communications: An International Journal  
Volume 8 · Number 4 · 2003 · pp. 268-277  
© MCB UP Limited · ISSN 1356-3289  
DOI 10.1108/13563280310506430

## Introduction

In this paper, the introduction of change in the organisational structure of a large public organisation and the difficulties that arose in facilitating the change will be looked at. First, general sources of resistance to change will be reviewed and then key aspects of management in the public sector that have a bearing on the introduction of change into such organisations will be discussed. The paper will then go on to look at the specific problems faced by a public organisation when faced with the problem of introducing substantial organisational change and how it set about tackling the various issues involved.

## Sources of resistance to change

In *The Prince*, ch. 5, Machiavelli (rep. 1993) wrote:

... there is nothing more difficult to take in hand, more powerless to conduct or more uncertain in its success than to take the lead in the introduction of a new order of things because the innovators have for enemies all those who would have done well under the old conditions and lukewarm defenders in those who may do well.

Resistance to change emanates from many sources (see, for example, Lawrence and Greiner, 1970; Thomson, 1990, 1993). Fear of the unknown, lack of information, threats to status, fear of failure, and lack of perceived benefits are examples of such sources. Another reason is that people resist being treated as pawns – particularly where an organisational reshuffle is involved. People like to feel that they are in control of what is happening to them and the more that change is imposed from the outside by others the more they will see it as something to feel threatened about and the more they will resist it. People resort to using their last remaining power base – their will to co-operate.

Blocks to effecting change reflect such things as a lack of adequate resources to implement ideas, a lack of commitment and motivation in those required to implement ideas, resistance to change, procedural obstacles, perceived risk associated with implementing ideas, political undercurrents, lack of cooperation in the organisation and so on.



## Management in the public sector

In the public sector, civil servants and public boards manage industries and services on behalf of the public. Unlike the private sector, there are no shares to sell or annual general meetings to attend. Consequently, the public are unable to indicate directly their satisfaction or dissatisfaction with management performance. Voters can of course express their views on government performance through the ballot box, but this is a crude indicator of satisfaction or otherwise with a given state of affairs. Votes reflect broad manifesto pledges and not, usually, the views about the quality of service from any one particular state sector. For this reason there appears to be greater scope for managerial discretionary behaviour by management in the public sector compared with the private sector.

Once we acknowledge that managers are able to some degree to pursue their own goals rather than that of profit maximisation – or whatever is the acknowledged corporate goal – then the question arises as to what are the goals of management and what are their effect on output and costs. The subject has been the interest of several leading academic theorists (Baumol, 1959; Williamson, 1964; Marris, 1964; Cyert and March, 1963). A common feature underlying models concerned with these goals is that they each reject the corporately espoused objective assumption in favour of an alternative target that management seeks to achieve. These targets stem from the study of what motivates different managers where there is a separation of the ownership from the management (control) function. That is an agency relationship, which leaves managers with some degree of freedom to pursue non-profit goals, at least in the short term. Baumol (1959), for instance pointed out that manager's salaries might well depend on fast growth of revenues and are thus rewarded for expanding the business. Williamson (1964) argued that managers in large organisations have enough discretion to pursue those policies that give them personally the most satisfaction. He argued their status and power in the organisation could be measured in terms of the number and quality of the subordinate staff they control. In either of these cases, the pursuit of managerial objects could be seen as detrimental to the

achievement of corporate objectives. Marris (1964), however, put forward the view that management would surely see what was really in their long-term interests and try to reconcile their personal ambitions and motivations with what the corporate objectives were. After all, if their rewards did not lead to the long-term benefit of the organisation then their personal survival, let alone their personal satisfaction, could not be assured. Cyert and March (1963) took the issue even further, arguing that managers in an organisation had to work in coalition. Each manager had his/her own objective to achieve and this not only had to be in keeping with the overall corporate objectives but also had to take account of the fact that other managers in the organisation would also be seeking similar objectives for themselves. Hence, a complex process of bargaining must take place between these various groups within the organisation to determine their collective goals.

The spending of public money is subject to very close scrutiny. Anything that smacks of nepotism, corruption or even foolishness is investigated and rebuked with utmost severity. There is a tendency for large public bodies to grow larger as new services are made available for the public and for older ones, which have seen better days, to be maintained for political reasons. From time to time shock waves run through the entire structure of such large organisations

Organisations consist of people. Often many of these people are not visible to the public. They work behind closed, and often locked, doors. Their lives are regulated by the orderly passing of time and the paperwork through which they have to sift in order to produce reports that hopefully will better the lives of those who live within the perimeter of the municipality. Like the invisible man they pass among us unnoticed. However, when the holocaust of change makes itself known many of these invisible persons become sacrificial victims to the god of change. Out of the ashes, the phoenix of change rises to new heights and the spawning of new departments, new ideals, new organisational structures, and, in fact, new everything under the sun, continues with unabated enthusiasm. For many, substantial change spells out a loss of job, early retirement, a change of career or responsibility, or, just plain misery.

In recent years, one public organisation has been the object of considerable change. Moreover, following the changes that have occurred, there has been a feeling that what has been left behind takes the form of a disgruntled set of employees whose anger and resentment needs to be assuaged.

## The problem

Senior management were faced with their first priority and that was to find ways of saving expenditure. Staffing levels were an obvious target for savings and became the focus of immediate attention. A thorough analysis of the situation indicated that there appeared to be far too many levels of management – especially at the middle management level. In some cases, the number of levels of management between the chief executive and the groundfloor workers was as great as eight. The senior managers therefore decided to embark on a voluntary redundancy scheme which had the intention of encouraging middle managers to take early retirement and/or generous redundancy payments on the understanding that their positions would not be replaced.

## A study to establish the feelings of employees

While these initiatives were in train the organisation commissioned a study to identify the quality of the communication processes with employees. The senior management of the organisation had felt that there was room for improvement both in terms of communication and management style but was unsure as to what this should be. The actions it had taken were a response to these feelings. It hired the services of a firm of consultants and they undertook the brief. The consultant's study took the form of a survey and questionnaires were sent to home address of employees of the organisation. The overall response rate was just over 30 per cent and over 1,000 completed forms were returned. The findings indicated that employees liked working with and for the public and their community. In particular, they felt that they wanted to work for an establishment that provided excellent services and that was respected and trusted. However, in recent

times, difficulties caused by change and uncertainty had led to low job satisfaction and pride in organisation and staff feeling that they were under-valued/uncared for. Moreover, cuts in resources had left staff feeling pressurised.

Staff understood there was a need for change but believed there had been a focus on financial objectives at the expense of services and staff. Management style was viewed as “macho”, “uncaring”, “remote” and “secretive”. There was a feeling that there was a “veil of secrecy” over everything that was happening in the organisation. The process of cutting staff numbers was seen as indiscriminate and poorly managed. There was a feeling that management just wanted to pay people off and could not be bothered with the detail. Management, it was thought, had a target of “so much” to trim from its budget and they were not concerned about whom they were going to get rid of and what skills they would lose as long as it met its target. Consequently, a culture of fear existed within the organisation and people did not know whether their name was on the list of people to be removed.

## Internal communication

Poor communication was seen as a key driver of negative feelings and among the organisation's employees and it was considered that the only way to find out what was happening was either from the rumour mill or local newspaper. Employees did not feel that the senior management team had a clear vision or that communication was open or honest. Staff called for a more managed approach to communication including a schedule for change which is adhered to, and, more than lip service paid to staff consultation.

There was still a need to look specifically at what improvements could still be made to improve communication and staff morale among staff of the organisation. In response, the writers undertook some forty in depth interviews with staff at all levels in the organisation to ascertain staff opinions regarding the above findings and actions in order to ascertain an appropriate course of action.

The interviews revealed further information that had not been elicited from the previous

study but was something which was held at least in part to be a truism by the senior managers in the organisation. In essence, there was a problem within middle management. More specifically in terms of the quality of people management and both upward and downward communication that was taking place. The middle management in the organisation was overall poorly prepared for its job of managing people. In particular, the prime method of giving out information in the organisation followed the model of "cascading" downward the information. In theory, the chief executive met with the senior managers, who were each responsible for the smooth running of a portfolio of departments. At these meetings key information was produced which needed to cascade down through the organisation through the various levels of middle and front-line management until it eventually was provided to the front-line operatives. For a variety of reasons, information was being withheld, changed, manipulated, delivered unreasonably late, and so on. The result was that in many quarters workers felt ill informed of what was going on in the organisation and very insecure. The organisation had a history of making front-line operators redundant, etc. and there was considerable fear about the safety of their jobs.

A central issue was that related to the slimming down of the organisation to make a leaner organisation. A policy of voluntary severance had been adopted to promote and enable the divestment of staff. Unfortunately, while the senior managers clearly felt that there were benefits to be had as a result others did not generally share this feeling:

What we have done is to use a certain level of intuition and allow people to leave where we feel as managers that we can afford to let people go and in some areas we have just not let anyone go at all. We have let any manager who puts himself forward leave in the belief that (1) they are not likely to be that good any way and (2) we have too many managers (senior manager).

... we have got rid of a lot of experienced staff because there has been a move to trim down the workforce ... As a result, a lot of people have gone who used to do valuable jobs and they have not been replaced. Because of the gaps produced communication has fallen to pieces. Nobody is stepping into their shoes and taking on their roles. Those people went, some at very short notice and then we were left to deal with the aftermath of that. It became difficult to manage ... When we see that and all the staff see that in

other parts of the organisation the morale drops. It is a kick in the teeth we have still the same amount of work left. The attitude seemed to be that it did not matter where they came from. We were left to cope with the residual problem as this operational level (front-line manager).

Three lines of action were identified as a means of combating the organisational malaise that existed. The first of these was wherever possible and through the use of IT to short-cut the passage of information through the various levels of middle management and to make it directly available to front-line managers and operatives. The second was to provide middle management with sound training in management skills. The third was to introduce a system of employee development which would focus attention on the important communication issues and which when linked to the other two lines of action would have a synergistic effect. At the same time, it was felt that there was need to reduce the tiers of middle management, which in some cases could run to four and five tiers deep.

At the heart of the recommendations was the proposal for a programme of employee development. This, it was felt, would provide a solution to the general problem encountered by the organisation. The kind of activities that would be involved in such a programme were as follows:

### **Facilitating the practice of employee development**

- (1) Informing the internal market (employees) about the organisation's mission and its role within it.
- (2) Ensuring that the internal information and communications channels work effectively in order to promote and sell ideas and services internally.
- (3) Implementing special motivation programmes directed at front line service providers that recognise that front line personnel form a critical means of meeting competition.
- (4) Applying mechanisms that measure the gap between internal customer expectations and performance.
- (5) Recognising a greater desire on the part of employees to play an active role in all aspects of work life that affects them.
- (6) Auditing employer-employee interactions.

- (7) Developing internal audits to critically assess organisational performance with respect to the internal service and determining where performance gaps occur.
- (8) Using marketing tools and concepts (e.g. segmentation) internally with employees.
- (9) Getting managers to accept the need for understanding employee capabilities – their attitude, know-how and skills – and to participate in an employee development strategy.
- (10) Continually striving to create an internal environment, which enhances employee-customer interaction.
- (11) Establishing an open information climate in order to improve interpersonal interactive communication channels and to apply an employee development programme.
- (12) Using mass communication techniques – e.g. newsletters, videotapes – about new marketing strategies, etc., to provide employees with helpful information.
- (13) Initiating a programme to educate employees on important organisational issues.
- (14) Viewing the development of knowledge and skills as an investment rather than as a cost.
- (15) Teaching employees “why they should do things” and not simply “how they should do things”.
- (16) Motivating employees through reward incentives to provide excellent service.
- (17) Demonstrating how the work of every employee fits the broader scheme of business operations and how their work contributes to the firm.
- (18) Continually practising internal market research.
- (19) Continually keeping employees informed of new developments within the organisation.
- (20) Continually trying to define to employees, management’s perceptions of them.
- (21) Encouraging employees to innovate without fear.
- (22) Encouraging the participation of employees in the use of quality management techniques across the organisation.
- (23) Establishing a network service which answers employees’ questions, fields their complaints, remedies situation, and alerts top-level management to potential trouble spots in employee concerns.
- (24) Using staff manuals, bulletin boards and meetings to disseminate knowledge about firm policies, plans and actions.
- (25) Seeking employees’ suggestions as to changes and improvements that would be beneficial in improving the level of customer service.
- (26) Taking actions based upon what is learned from the internal survey.
- (27) Ensuring that there are sufficient objective indicators of employee development results to be able to judge its overall usefulness

Rust *et al.* (1996) suggest that the term “employee development” is used to refer to the activities an organisation must implement in order to “woo and win over the hearts and minds of its employees to achieve service excellence”. Woodruffe (1995) defines employee development as treating both employees and customers with equal importance through proactive programmes in order to achieve organisational objectives. Payne (1993) suggests that the key aims of internal marketing are the development of internal and external customer awareness and the removal of functional barriers to achieving organisational effectiveness.

The concept of employee development advocates that employees should feel that management cares about them and tries to meet their needs. The successful application of the concept is translated into positive employee attitudes towards their work including organisational commitment, job involvement, work motivation and job satisfaction. Some empirical support for a significant relationship between employee development and consumer satisfaction exists (Tansuhaj *et al.*, 1987). There is also evidence of a relationship between internal marketing and service quality. Employee development strives to ensure that employees will input maximum rather than minimum effort thereby better satisfying the needs and wants of external customers (Berry, 1981; Donnelly *et al.*, 1985; George, 1990; Sasser and Arbeit, 1980). Lack of commitment from employees can be harmful to an organisation, resulting in poorer performance arising from inferior service offerings and higher costs. Hogg (1996) has suggested that employee development could be the answer to gaining

employee commitment, succeeding where traditional internal communications programmes have failed.

Underpinning the success of any programme of internal marketing are the concepts of trust, empowerment and effective communication. We will consider these concepts in more detail below.

## Trust

The research produced the following comment by one manager:

... one of the problems is the lack of honesty. We need to be more honest than we currently are. I think change can take place in certain ways, it can take place in reorganizing services, it can take place in reorganizing structure, and it can take place in helping people adapt to the new demands (front-line manager).

Trust may be thought of as not deliberately or accidentally, consciously or unconsciously taking unfair advantage of a person. It means that one can put one's situation at the moment, status and self-esteem in the group, relationship, job, career, even life in the other person's hands with complete confidence (McGregor, 1967). Trust means a belief that those on whom we depend will meet our expectations of them.

Trust can take a number of different forms (Mink *et al.*, 1993). It may be the confident expectation that people will do what they say they are going to do. This kind of trust can be established and maintained by making and keeping simple day-to-day agreements including meetings, return phone calls and deadlines, and, by setting and following meeting guidelines such as attendance, involvement and roles. Alternatively, it may be reflected in a willingness to engage in reciprocal sharing and openness, to share relevant information when it is needed. The latter form of trust requires a willingness and ability to be open and share relevant information while meeting the needs of self, team member and the organisation. Yet another type of trust is associated with the confidence that other people care about our physical and psychological wellbeing, a certainty as to the safety of our environment. This last kind of trust can be threatened by personal criticism, hence open discussion between management and employees is

essential in producing a setting where this kind of trust can occur.

People exhibit trust if they understand and agree with the other's intentions. This means:

- understanding the other's motives;
- believing that the other is forthright and honest with them and not withholding information for his/her own interests or to manipulate them or others;
- believing that the other is really interested in them as persons and have their best interests at heart.

There is considerable scope for misunderstanding based on not knowing or trusting the intentions of the other person. Sharing and clarifying intentions and checking out and questioning, rather than assuming the intentions of others can develop understanding and trust, however. People also trust one another to the extent that others are perceived to be competent to do the things that they say they are going to do.

While organisations may demand commitment and trust from their employees this is not necessarily a reciprocal arrangement. To build commitment and loyalty managers within an organisation need commitment and loyalty from people towards their own team that embraces themselves, their supervisor and their internal or external customers. High commitment to customer expectations automatically generates a desire to improve the quality of products and services to those customers and that is where team morale starts to be good. Building commitment to meeting customer expectations requires action and loyalty develops after commitment has been established.

## Empowerment

Empowerment to act is a motivating factor for getting people to be committed to what they do. Empowerment is about training, communication, recognition and motivation. It involves the acceptance of responsibility by employees for their own actions and allowing them to make mistakes without fear of reprisal. It is about trust and accountability. Bureaucracy operates by dividing work into small pieces and building walls between them. "Empowerment" simply gives individuals bigger pieces and removes close supervision

by superiors and unnecessary rules. It gives people the opportunity to do the job they are assigned without interference. Bureaucracy has reached its limits in that it blocks the responsiveness and continuous innovation that are essential in modern day organisations.

Despite the importance of empowerment, little appeared to have been done to alleviate the distress caused by the lack of empowerment in the organisation being studied:

... Front line managers feel that they are not proper managers because they have to keep referring things back to middle managers for permission to do. Spending the budget is a case in point. There is insufficient delegation of authority. This is time wasting and frustrating. There was also some evidence of what was felt to be unnecessary interference from above in countermanding of priorities (Front line manager).

Empowerment in service sector organisations can take on a number of different forms. These different approaches evidence a range of managerial meanings being applied that are based on different perceptions of business problems, motives for introducing empowerment and perceived benefits to be gained from empowerment. Empowered employees willingly take responsibility for the service encounter, they respond more quickly to customer needs, complaints and changes in customer tastes (Barbee and Bott, 1991). The organisation will experience lower labour turnover (Cook, 1994), there will be high staff morale and employees will take responsibility for their own performance and its improvement (Barry, 1993). Employees' inherent skills and talents will be put to work for the organisation (Ripley and Ripley, 1993) to produce more satisfied customers (Johns, 1993) and greater profits (Plunkett and Fournier, 1991).

### The need for effective communication

Despite the efforts undertaken by the organisation to improve internal communications, the writers found that there were still problems:

The only way get information is looking through the newspapers. It seems to be like a secret society we have little secrets and we are not going to tell you. We know a lot of the secrets of the chief executive, of course, because the unions

think they know and they tell everyone. That is how the rumours get going. (Front-line manager).

Rumours still abounded. Moreover, the intent and purpose of top management decisions still seemed to be lacking:

I think at the moment there are a lot of feelings of lack of self confidence for a whole variety of reasons ... we are not told the rationale of decisions, we don't question the decisions but we need to know why and what is their purpose (front-line manager).

Communication involves individuals sharing meaning. It provides the means of creating and implementing behavioural changes both within and without an organization (see, for example, Dibb *et al.*, 1991, Cheney, 1991). When dealing with the external market, the role of the marketing communicator includes the facilitation of a sense of shared understanding with external customers about the organization itself, its values, and the identity of its brands and the specific benefits of its products/services. At the intra-organizational level, however, the communication process has been shown to have a variety of additional roles including:

- (1) Encouraging the motivation and commitment of employees by ensuring an understanding of the company's objectives and goals (McDonald, 1995; Foreman, 1997).
- (2) Enhancing overall levels of service quality by ensuring that an understanding of the needs of the customer is fostered at every level within the organization (Acito and Ford, 1980; Piercy and Morgan, 1994; Reukert and Walker, 1987; Wolfenbarger and Gilly, 1991).

Both of these themes have also been developed in the burgeoning employee development literature (see, for example, George and Grönroos (1989); George (1990); Greene *et al.* (1994); Sargeant and Asif (1998); Caruana and Celleya (1998)). Both the employee development and the more specific internal communications literature concur that a variety of benefits could accrue to an organization from the effective management of its communication processes.

Management needs to ensure that its service delivery staff are in a position to honour the service promises made to its external customers through marketing communication (see, for example,



Parasuraman *et al.*, 1985; 1988; Zeithaml, 1996). The organisation needs to integrate the overall approach it takes to both internal and external communications. Employees should fully understand the service standards that are being offered to customers and show commitment to these standards. Consistency is achieved if a company develops a policy of producing all its communications within a consistent framework. From an internal perspective such a framework would need to take full account of the complex nature of the relationships that develop between individuals and departments at all levels within the organisation.

The key to effecting change is to involve people in the process early, to consult with them and to get them to take ownership of the new ideas that are to be introduced for themselves (see for example Coch and French, 1948). To sustain a programme of change it is essential to understand the culture of the organisation in which new ideas are to be introduced. New ideas that run counter to the traditional values of an organisation are the ones that are most difficult to introduce. Organisational culture is the pattern of shared values and norms that distinguishes it from all others (Kotter, 1997). Before one should think about implementing change one needs to create a readiness for change within an organisation. One needs to think of the organisation as an internal market for change initiatives where ideas have to be marketed. This means that opinions and attitudes have to be assessed and potential sources of resistance have to be identified. Commitment to change can be instigated by helping people develop a shared diagnosis of what is wrong in an organisation and what can and must be improved (see Kotter, 1997).

Communication is the spearhead of ensuring that successful change can take place. It helps to overcome ambiguity and uncertainty and provides information and power to those who are the subject of change. It enables them to have control over their destiny, to understand why change is necessary and provides the support to fear. Through open communication channels people can express their doubts about the effectiveness of proposed changes and can understand the necessity for new ideas. Relying on an attempt to implement ideas only from the top is likely to meet with difficulties. Grassroots change is the only way

to ensure that process becomes firmly embedded. It is natural for people to resist change and by anticipating, identifying and welcoming resistance, we convert resistance into a perceived need for change.

Ideas may have to be sold to people who can authorize their implementation. This may make it easier to arouse subsequent motivation to implement ideas among those who have to do the job and make the chance of a successful implementation more likely.

Putting ideas into practice usually requires:

- (1) An ability to get people to accept ideas.
- (2) An ability to cope with difficult obstacles.
- (3) An ability to plan and manage time in an effective manner.
- (4) An ability to create the enthusiasm and motivation to follow through ideas.

Persuading people to view new ideas in a favourable light when they are not readily disposed to do so essentially involves influencing and changing attitudes. To do this it is first necessary to convince people that they need to be dissatisfied with the status quo. It is important to note that people may not readily recognise that they are dissatisfied with the current situation. One cannot assume that people will readily accept that a problem exists, even when it is blatantly obvious to an outside person. It may be necessary to:

- (1) Create an awareness of problems that exist and make people recognise that there is a need for change and a need to adopt the idea that is being put forward.
- (2) Point out to people the potential hazards and pitfalls of not accepting the need for change.
- (3) Stress the benefits of change to the individuals involved since they will only be motivated to accept and to adopt new ideas when they perceive and acknowledge that it is in their own best interest to do so.

## Conclusion

Many organisations have adopted employee development in order to achieve a "people" orientation that is conducive to the achievement of service quality and customer satisfaction. Many of the activities that are an integral part of the employee development

practice are geared towards the achievement of:

- High quality in the internal and external service interactions.
- Internal and external customer satisfaction.

The emphasis placed on the rigid rules and procedures in an organisation creates an environment that is not supportive to customer-oriented and high-quality service operations. The flexibility of the staff delivering the service to the internal/external customers is restricted by the rigidity and formality of the structure. If staff are governed by a pattern of rules that is intended to restrict and structure their behaviour it creates employee dissatisfaction, frustration, and low motivation that result to slow delivery and potential dissatisfaction in internal and external service encounters.

Internal communication is important integral part of employee development practice and is one of the core elements of implementing employee development. It is important to develop a formal, co-ordinated, and organisation-wide internal communication system that facilitates the implementation and practice of employee development. Employee development can be used to change the attitudes and behaviour of staff towards being more service and customer oriented and it is necessary to create awareness and understanding about employee development in a structured and consistent way. A lack of an internal communication system regarding employee development suggests that employee development information is not properly communicated to staff, which could hamper its effective implementation.

Trust, commitment and loyalty can be developed with the help of internal marketing and empowerment of employees can be facilitated. However, the kind of the information that is presented by management and the manner in which it is presented may be key determinants of whether employee development succeeds in the workplace.

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