Elements of Internal Marketing as predictors of Employee Satisfaction

by

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ABSTRACT

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Many factors can influence service quality, however the main determinant of customers' perceptions of service quality is often their interaction with service staff (Zeithaml & Bitner, 2009:351), resulting in the importance of employees in service delivery. Internal marketing (IM) acknowledges this, and is similar to other marketing activities within an organisation, which focuses on staff in order to enhance external performance (Papasolomou & Vrontis, 2006:179).

The aim of the present study has been to investigate the elements of IM as predictors of employee satisfaction and to determine the relative importance of various IM attributes and with this in mind the primary and secondary objectives driving this study were:

- to confirm the IM scale as used in the study by Jou *et al.* (2008:73) in a South African context;
- to determine how well the identified IM elements predict employee satisfaction by:

- determining if any of the identified IM elements are predictors of employee satisfaction;
- assessing the relative contribution to employee satisfaction of each of the IM elements found to be predictors; and
- investigating whether certain biographical factors, such as gender, tenure and level of customer interaction, also explain employee satisfaction

A literature study of IM theory pointed to a number of broad definitions of the concept, identifying IM as either a tool, an internal process or as a process supporting external activities. IM can also be a working mix of elements aimed at motivating employees (Papasolomou & Vrontis, 2006:178) toward inter-departmental co-ordination in order to achieve a more customer-orientated approach to service marketing.

This working mix of elements is known as the IM mix, being elements under the control of management that can be implemented in order to illicit desired responses from employees (Ahmed & Rafiq, 2002: 27). The IM mix elements put forward are varied and numerous, and there is much debate as to which of the elements constitute an IM mix.

Against the background of these disparate IM mix elements, it was necessary to reconfirm those elements pertinent to an IM programme in a South African context. It was found that job quality and reward together with empathy and consideration are significant predictors of IM and should therefore form the cornerstone of any IM programme.

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CHAPTER 1 INTRODUCTION AND BACKGROUND TO THE STUDY

1 INTRODUCTION

Service marketing has evolved into a highly competitive discipline, with professionals and academics alike recognising that many factors influence service quality and the ultimate success of service organisations. Due to the nature of services, often the main determinant of a customer's perception of service quality is their interaction with service staff (Zeithaml & Bitner, 2009:351), leading organisations to acknowledge the importance of employees in service delivery and quality. The influence that employee/customer interactions have on service quality has often been studied and it has been concluded that employees are responsible for service delivery and customer relationships. With this in mind, service organisations are less likely to provide high standards of service delivery if they do not ensure employee satisfaction (Gilmore, 2003:13). Garcia, Varela and Del Rio (2010:69) put forward that employee satisfaction and customer satisfaction are similar in that both require the provision of rewards to satisfy wants and needs and that in order to do so, organisations need to treat employees in much the same way as they would customers.

Internal marketing (IM) has, in recent years, embodied this philosophy and is defined by Papasolomou and Vrontis (2006:179) as any form of marketing within an organisation which focuses on staff and is the internal activities used in order to enhance external marketplace performance. Gounaris (2006:434) agree with leading IM authors, Ahmed and Rafiq (2002:457), in that IM can be used to improve service quality and external marketing campaigns, but that its effect on both concepts is mediated by IM's influence on employee satisfaction.

Previous research into IM has aimed at understanding the abstract concept of IM in terms of its definition, synthesis and extension (Rafiq & Ahmed, 2000:450), its linkage to relationship marketing and service quality (Barnes, Fox & Morris, 2004:595), the impact of IM on various service industries (Keller, Lynch, Ellinger, Ozment & Calatone, 2006:110: Hwang & Chi, 2005:285: Papasolomou & Vrontis, 2006:177), internal marketing orientation (Lings & Greenley, 2005:290), the link between internal marketing, organisational culture and job satisfaction (Shiu & Yu, 2010:793) and how to use IM to improve service quality (Tsai & Tang, 2008:1117). Although authors agree that there are links between job satisfaction and service quality (Shiu & Yu, 2010:793) and that IM has a relationship with job satisfaction (Yang & Coates, 2009; Gounaris, 2006; Chang & Chang, 2007) there are often overlapping IM constructs and authors cannot agree as to what constitutes IM. Elements such as jobs as products (Gounaris, 2006:436), place (Papasolomou & Vrontis, 2006:178; Barnes *et al.*, 2004:595), promotion or internal communication (Burmann & Zeplin, 2005:288; Rafiq & Ahmed, 2000:457), people (Papasolomou & Vrontis, 2006:178; Roberts-Lombard & Steyn, 2007:146: Gounaris, 2006:436), price (Keller *et al.*, 2006:117; Ahmed, Rafiq & Saad, 2003:1223), reward (Barnes *et al.,* 2004:599; Ahmed & Rafiq, 2002:1181; Gounaris, 2006:436; Burmann & Zeplin, 2005:295) and leadership (Burmann & Zeplin, 2005:292; Ahmed *et al.*, 2003: Gounaris, 2006:436) have all been studied by various authors. These elements are seemingly indiscriminately changed and adapted to suit individual studies and often broad IM elements are broken into numerous more specific constructs until one is faced with a veritable minefield of possible IM elements. This study will focus on the most prominent IM element, specifically those referred to in the study by Jou, Chou and Fu (2008:73).

2 PROBLEM STATEMENT AND RESEARCH OBJECTIVES

This section discusses the problem statement and subsequent research objectives that guide this study.

2.1 Problem statement

The main research problem in this study is the examination of IM elements as predictors of employee satisfaction. In academic literature authors have established links between IM and job satisfaction, but little attention has been paid to determining which of the disparate IM elements are most likely to have bearing on these constructs. Authors have used different IM scales, within limited contexts, all of which acknowledge that the construct of IM is not fully explored via the research they conducted (Keller *et al.*, 2006:123: Rafiq & Ahmed 2000:454: Lings & Greenley 2005:294, Papasolomou & Vrontis, 2006: 177). Studies have been conducted using these differing IM scales to test the relationship of IM to job satisfaction (Shiu & Yu, 2010: 793) but a clear gap arises when one considers the variations in IM scales and the limited testing of IM in conjunction with employee satisfaction in a service environment. Studies regarding IM have mainly been conducted in Europe and Asia and therefore there is also a gap in literature on the subject in terms of the South African environment.

The current study focuses on obtaining a better understanding of IM as a predictor of employee satisfaction within a South African context. The constructs have been empirically tested and verified in previous studies. The IM scale used by Jou, Chou and Fu (2008:73) in conjunction with an employee satisfaction scale as used by Yee, Yeung and Cheng (2008:664) may not only generate insight into the South African context, but could also provide valuable information in terms of the role of IM in service organisations.

The broad aim is to test the identified elements of IM and determine their ability to predict levels of employee satisfaction. No previous study focusing on the elements of IM as a predictor of employee satisfaction could be found in South Africa. In addition, previous studies have used disparate scales and IM models, none of which have been claimed to be the definitive model of IM (Shiu & Yu, 2010; Yang & Coates, 2009; Keller *et al.,* 2006:110: Hwang & Chi, 2005:285: Papasolomou & Vrontis, 2006:177).

Therefore the aim of the present study is to investigate the elements of IM as predictors of employee satisfaction and to determine the relative importance of various IM attributes in this relationship. The study will be conducted within a South African service organisation, namely UTi Distribution.

2.2 Research objectives

The study will be guided by two primary objectives, together with the listed secondary objectives:

- to confirm the IM scale as used in the study by Jou *et al.,* (2008:73) in a South African context;
- to determine how well the identified IM elements predict employee satisfaction by:
    - determining if any of the identified IM elements are predictors of employee satisfaction;
    - assessing the relative contribution to employee satisfaction of each of the IM element found to be predictors; and
    - investigating whether certain biographical factors, such as gender, tenure and level of customer interaction, also explain employee satisfaction

The following section discusses the importance and benefits of this study in terms of its contributions to IM knowledge and its contribution to understanding IM within a South African context.

3 THE IMPORTANCE AND BENEFITS OF THE STUDY

The results of this study provide insight for service marketers wanting to introduce IM programmes into their organisations, allowing managers to focus only on identified IM elements. This contribution adds to the literature in terms of identifying IM elements that organisations should focus on in better predicting employee satisfaction within a South African context. In so doing the study intends to identify which elements of IM an organisation should focus on to have maximum impact on employee satisfaction.

From a theoretical perspective, the research aims to make contributions to understanding IM as a theoretical construct. A substantial amount of research has been conducted on the topic of IM and its relation to employee satisfaction; however these studies mainly focus on service organisations within European and Asian countries. Therefore the first benefit of this study is to provide a better understanding of IM as a determinant of employee satisfaction within a South African context.

Secondly, the research aims to provide an understanding in terms of the elements of IM and the extent to which each of them explains employee satisfaction. These results can therefore provide input for future research on IM.

Thirdly, the study seeks to determine if biographical factors such as gender and tenure, which have a proven influence on employee satisfaction, have an influence on employee's evaluation of IM within a South African context. The study will also examine if

the level of customer interaction experienced by employees has any bearing of employee satisfaction

Finally, the study intends to determine the elements of IM as predictors of employee satisfaction.

The next section will review the assumptions on which the study is based, together will discussing certain delimitations of the study.

4 DELIMITATIONS AND ASSUMPTIONS

4.1 Delimitations

This study focuses on the relationship between IM and employee satisfaction amongst employees working in a distribution organisation within South Africa. The study excludes all other types of service industries as the focus is on an organisation within the distribution industry, particularly individuals employed in a specific national organisation dealing with freight distribution.

The study will focus on the employee's evaluation of IM and not on the implementation of such programmes. The study assumes that even if a formalised IM programme is not present within an organisation, the elements to be investigated are present in most organisations and therefore can provide insight in terms of the objectives of the study.

The influence of IM elements on employee satisfaction will be investigated. Other elements influencing employee satisfaction will be excluded, with the exception of some

biographical elements that may impact the influence of IM on employee satisfaction. Since the study is aimed at expanding knowledge within the service marketing field (not human-resources management), no in-depth empirical information on employee satisfaction will be collected. As the study will be utilising a global measurement scale as used by Yee, Yeung and Cheng (2008:264) that explains the employee satisfaction concept in its totality, it will not be investigating the varied sub-constructs associated with employee satisfaction.

Finally, the study will include the elements of IM as presented by Jou *et al.,* (2008:76). There may be other elements of IM relevant in employee satisfaction, but this study will focus on applying the scale presented by Jou *et al.,* (2008: 76).

4.2 Assumptions

This study makes certain assumptions about IM, the organisation used as a sample population and about the individual participants.

Firstly, the study presumes that elements of IM are present in all organisations even if a formalised IM programme has not been defined as such by that organisation. It is assumed that due to these elements being present, participants will be able to share their opinions on the elements despite the apparent lack of a clearly defined, active IM programme.

It is assumed that employees within the sample population have the ability to understand and complete a questionnaire without the help of the researcher and that participating individuals bear no bias in terms of the study.

The final assumption is that external economic factors will be excluded and will not greatly influence the interests of the individuals studied in terms of their perception of IM and job satisfaction although factors such as rising living costs may influence the importance that respondents place on some of the IM elements. The following section will review and define key terms associated with the study.

5 DEFINITION OF KEY TERMS

This study involves a number of key terms, namely *internal marketing, employee satisfaction, distribution organisation, service quality* and *service marketing.* The definitions of these concepts in terms of this study are set out below.

Internal marketing: The main definition to be used in this study is taken from the IM literature by Rafiq and Ahmed (2000:454) who state that IM is "a planned effort using a marketing-like approach to overcome organisational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees toward the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through process of creating motivated and satisfied employees".

Employee Satisfaction: Employee satisfaction can be described as the contentment or pleasurable emotional state experienced by an individual arising from positive feelings towards their job. Such positive feelings may arise from the employees identification with the organisation's goals and values (Ting, 2010:5), the rewards an employee receives as well as the employees interaction with co-workers, management, processes and the organisation in general (Garcia *et al.*, 2010:69).

Distribution Organisation: Distribution is defined as the path through which goods flow from vendor to consumer either directly or via intermediaries (Vogt, Pienaar & De Wit, 2002:36). An organisation that facilitates the process of making goods available from one business to another, via transportation throughout a defined geographical area, can therefore be defined as a distribution organisation.

Service Quality: Service quality is a critical element of customer perception which influences both the consumers' evaluation of a service as well as their satisfaction with the overall service delivery process (Zeithaml & Bitner, 2009:111). Gilmore (2003:23) states that providing service quality is the organisation's ability to meet or exceed customers' expectations, which are what consumers feel the organisation should offer to meet their needs.

Services Marketing: A service can be defined as an act, process or performance (Gilmore, 2003:4) whose output is intangible, generally consumed at the time of purchase (Zeithaml & Bitner, 2009:6) and resulting in no change of ownership (Ihlen, 2010:36). Services marketing can therefore be defined as the marketing actions undertaken to present a service to consumers with the aim of creating a desire within the consumer to use that service.

The following section provides a discussion on the research design and methodology used in this study.

6 RESEARCH DESIGN AND METHODOLOGY

The objective was to determine whether elements of IM are predictors of employee satisfaction. With the intention of gathering respondents' honest responses, self-administered questionnaires were used as the method of collecting data for this study.

The target population for the study is employees working for UTi Distribution. UTi Distribution is a group of companies throughout South Africa, specialising in freight movement locally and internationally. The population to be studied includes administrative, operational and customer contact employees within the company.

The sample frame refers to the complete list of all individuals within a population from which a sample will be drawn (Saunders, Lewis & Thornhill, 2007:208). The sample frame for this study was the employee list of all employees working for UTi Distribution at the time of the study in the Durban, Cape Town and Johannesburg branches, who were employed in administrative, operational and customer contact roles. These were the only employees included as they were deemed most likely to have been exposed to the content of the study and therefore likely to be able to respond to the questionnaire. Only employees employed on a full-time basis were included, as part-time or brokered employees may not be able to usefully comment on either the IM or employee satisfaction constructs to be studied. The sampling frame poses an issue in terms of being able to generalise findings, since the findings may only be applied to the population. From a practical view point however, it was necessary to limit the sample within the sample frame to increase the likelihood of usable data collection.

The target population for this study is therefore the employees working for UTi Distribution during the time of the study and the sample equates to the 417 individuals employed full-time within administrative, operational and customer contact roles. For the

data collection, all individuals within the identified sample frame were approached, resulting in a census (refer to Chapter 4). The sample size was largely determined by the identified sample frame, but was also influenced by the data requirements of the multiple regression analysis technique.

A self-administered questionnaire was used to collect data from respondents during this study. Questions were designed to gather data on internal marketing and employee satisfaction, as well as some biographical data (refer to Appendix A). No incentives for participation were offered to respondents. Data was collected over a six week period, between December 2011 and February 2012. Prior to data collection, permission was obtained from the management of UTi to distribute the questionnaire amongst its employees (refer to Appendix B).

The measurement approach for this study is a multiple-item rating scale, or more specifically a 7-point labeled Likert scale. Motivation for this choice is twofold, firstly it is the measurement approach used most commonly by authors measuring the constructs of internal marketing. Secondly, the constructs of employee satisfaction and internal marketing are abstract and difficult to measure without a multidimensional scale that has different sets of items (refer to Chapter 4).

The scales used in this study to measure internal marketing and employee satisfaction, were respectively developed by Jou *et al.* (2008:73) and Yee *et al.* (2008:664). The study by Jou *et al.,* (2008:73) was used as a measure for IM since the authors in this study felt that their scale offered a good measure of the construct IM. Although the study included only six IM elements, the authors noted that these are elements used most often when describing IM (Jou *et al., 2008:72),* which was also confirmed by the literature review. For the measurement of employee satisfaction, it was decided to utilise the scale presented by Yee *et al.* (2008:664), since this study provided a global scale by which to measure the construct. Since the focus of the study was not employee satisfaction, it was

necessary to use a scale that measured the construct successfully, with the least number of questions, and this was provided for by the scale in the study of Yee *et al.,* (2008:664). Scale points were labeled from 1 (Strongly Agree) to 7 (Strongly Disagree). In order to measure internal marketing the scale contained 26 items, with employee satisfaction being measured by 5 items. The questionnaire was pretested amongst twenty respondents from the target population.

The reliability of the scales used in this study was assessed by Cronbach's coefficient alpha. Worth noting is that the IM scale as used by Jou *et al.* (2008:73) showed reliability of 0.953, whilst the employee satisfaction scale used by Yee *et al.* (2008:664) had a Cronbach alpha of 0.857.

This study used multiple regression analysis to analyse data collected. Multiple regression is an analysis technique that is widely used for prediction and for the study of relationships between variables (Tharenau, Donohue & Cooper, 2007). The study intends to investigate a regression model having one dependent variable, that of employee satisfaction, with the six elements of IM as independent variables (refer to Chapter 4). The goal of this study is to investigate to what extent each of the elements of internal marketing predict employee satisfaction.

7 STRUCTURE OF THE DISSERTATION

The current chapter provides an introduction to the study followed by a brief discussion of internal marketing within service marketing, together with an overview of previous studies. Following this, the problem statement and research objectives were provided. A discussion of the importance and benefits of study was followed by the assumptions and delimitations associated with the study. The chapter then provided definitions of key

terms used. This was followed by a brief description of the research methodology followed. The chapter concluded with an overview of the structure of the dissertation.

Chapter 2 discusses service marketing as the broad platform for this study. The chapter focuses on understanding service and the characteristics that are unique to services. This is then followed by a discussion of the service marketing mix and service quality in particular. Finally the role of employees in service delivery is examined together with a discussion on employee satisfaction since this is the focus of the study. Finally the chapter addresses the creation of employee satisfaction and the dimensions of satisfaction.

Chapter 3 presents an overview of internal marketing with a focus on the definitions and development of the concept. Various models of the IM construct are examined. This is followed by a discussion regarding the applications of the construct. The chapter concludes with an investigation into the elements of an internal marketing mix.

Chapter 4 describes the study's research design and methodology. A description of the overall design is followed by the sampling and data collection techniques. The measurement scale used is described in detail. The chapter concludes with a discussion on the data analysis approach.

Chapter 5 provides information on the empirical findings. Firstly the descriptive statistics are presented, followed by the validity and reliability results of the measurement instrument. Finally the results of the multiple regression are discussed.

Chapter 6 outlines the conclusions of the study together with recommendations for future research. The chapter also identifies the limitations of the research.

CHAPTER 2 SERVICE MARKETING

1 INTRODUCTION

Service marketing provides the broad framework for this study. More specifically the focus of this study is the creation of employee satisfaction through internal marketing (IM) within a service organisation. IM is a powerful tool available to service organisations when wanting to improve service quality through employee satisfaction. Due to the nature of services, often the main determinant of a customer's perception of service quality is their interaction with service staff (Zeithaml & Bitner, 2009:351), leading organisations to acknowledge the importance of employees in service delivery and quality. It is therefore important to understand the broad concepts related to services as well as how the role of employees in a service environment is incorporated into service marketing literature. Chapter 2 aims to put service marketing into perspective. Although the literature included in this chapter is written from the final consumer's perspective, the concepts discussed are relevant within an individual business as well as for a business-to-business environment.

This chapter focuses on understanding a service together with the characteristics that are unique to services. This is followed by a discussion on the service marketing mix and service quality. Finally, the role of employees in service delivery is examined together with a discussion on employee satisfaction; the creation thereof and the dimensions of satisfaction.

2 SERVICES DEFINED

A service can be defined as all economic activities whose output is intangible, generally consumed at the time of production and purchase (Ihlen, 2010:36) which results in no change of ownership (Zeithaml & Bitner, 2009:6), but that satisfies a need by adding value to the consumer. A service, while being an economic activity that creates value, is also the application of specialised competencies for the benefit of another (Vargo & Lusch, 2004:326). Grönroos (2008:298) puts forward the idea that a service is not merely a market offering, but is rather a perspective on value creation whereby value is created for customers during the use of the service. Services therefore provide value-in-use, meaning that the true value of a service to a customer only becomes evident during its consumption and that the organisation can co-create value during the customer's use of the service.

It is important to note the distinct difference between 'a service' and 'customer service'. As defined, a service is that which an organisation offers for sale that is intangible in nature, where the value purchased by the customer is determined more by the experience received than by the item offered (Patil & Sonawane, 2010: 95). Customer service on the other hand is the actions provided by an organisation's employees in support of its core product/service (Zeithaml & Bitner, 2009:6). The difference between the two can be explained by comparing, for example, a distribution organisation - which offers freight movement service products to consumers, and a retailer selling clothes - both of whom provide customer support via a call centre. Both organisations offer customer service via customer care centers in support of their core products, namely freight movement services and clothes, however only the distribution organisation offers a service for sale.

A service is essentially a process to fulfill a customer's need, whereby inputs are transformed into value outputs, and this nature of a service is perhaps its most unique

characteristic. Moeller (2010:360) describes the service process as having three steps, namely facilities, transformation and usage. Facilities are the service organisation's resources which provide the foundation of the process. Transformation refers to the change that occurs when provider and customer resources are combined in the service process. Usage is the consumption of the result of the transformation. The process is either actively or passively supported by the service provider, respectively via either a full-service or self-service offering (Grönroos, 2008:301). In the case of a full service provider, the organisation has the opportunity to engage with the client during the usage of the service and thereby guides the customer to the optimal usage of the service offering. In the case of a self-service provider, the customer is expected to have the knowledge and ability to consume the service and obtain value for themselves (Grönroos, 2008:301). An example would be the necessary knowledge required to be able to withdraw cash from an ATM.

Since a service is considered different to a good, whilst both are products offered to the market, one needs to understand why services are considered different. The next section provides a discussion on the unique characteristics of a service

3 CHARACTERISTICS OF A SERVICE

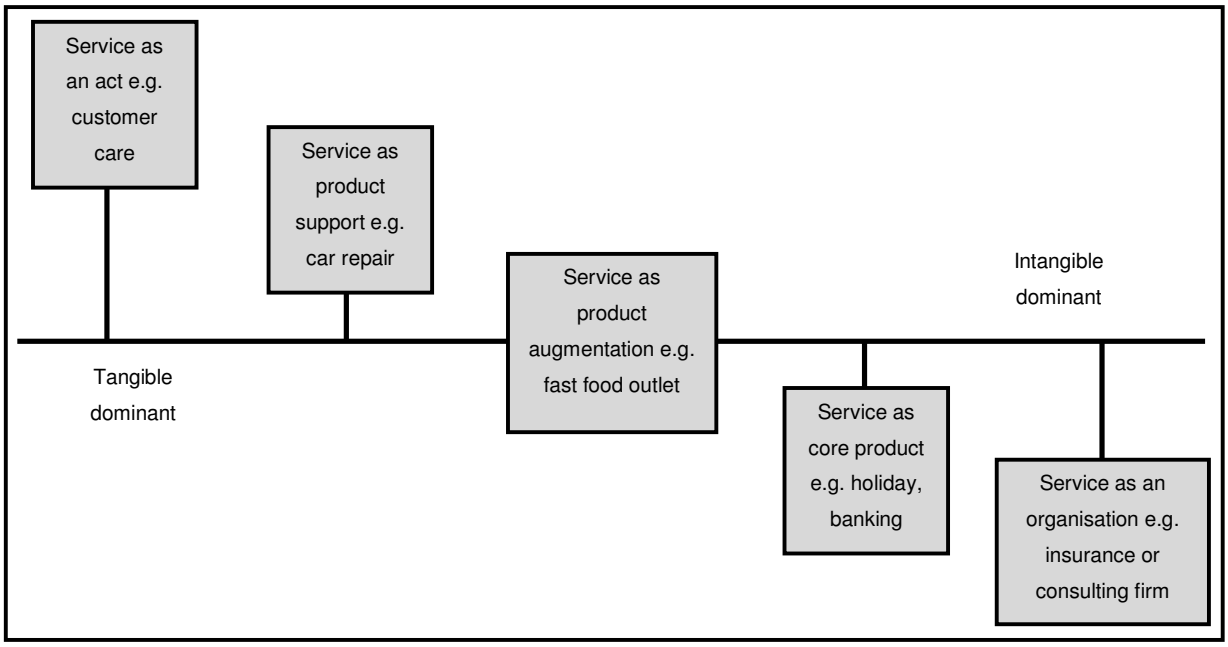
Since the earliest research into services, and when service marketing began in the 1950s and 1960s, authors have identified four widely accepted characteristics that consumers use when differentiating between a product and a service, namely intangibility, inseparability, heterogeneity and perishability. These characteristics are not only used to separate services from products, but also pose unique challenges to marketers. Each of the characteristics will be discussed below.

3.1 Intangibility

The tangibility spectrum is often referred to when attempting to define and understand services. The tangibility spectrum denotes the scope of services in terms of the amount of tangible components offered together with the service (Patil & Sonawane, 2010: 95). Figure 1 illustrates the range of the spectrum and where various types of organisations are placed. On the intangible dominant side of the spectrum one will find organisations in which the entire business is within the service sector, for example financial service brokers and medical aid companies. The next point on the spectrum refers to organisations in which the core product is a service, although these may be supported by a degree of tangible evidence. An example is a distribution organisation where customers purchase a transport service which is supported by tangible objects such as packaging (Zeithaml & Bitner, 2009:6).

A hybrid offering is in the middle of the spectrum, referring to an organisation that offers an intangible service and tangible products in equal parts (Hazdra, 2010:3). Thus the service is a product augmentation. Examples being restaurants where the product is the food sold but the service is equally important to the customer experience.

Figure 1: Tangibility spectrum



Source: Adapted from Zeithaml and Bitner (2009:6)

Moving towards the more tangible side of the spectrum, the core on offer is tangible products with service support. In such instances the customer service is often used as a differentiator in the market or to add value to a product, and is most likely delivered during or after point-of-sale (Hazdra, 2010:3). An example would be the sales and after-sale services offered by a car dealership.

The far side of the spectrum represents tangible dominant products that customers purchase for use. In such cases the service is an act and, supports the client should they require it. In most cases with such products, the service provision does not enhance the product but offers advice and support should the customer wish to interact with the products' manufacturer (Patil & Sonawane, 2010: 95). One can therefore conclude that most organisations offer a degree of service to customers whether as a type of product for sale or as a support for the core product.

Traditionally, intangibility has been the primary source of difference when classifying an offering as either a service or a product (Hazdra, 2010:3). In recent years, academics have begun to question intangibility as an overriding characteristic of services since essentially all goods have a service component and all services have some form of tangible evidence. Vargo and Lusch (2004:327) argue that the traditional service marketing implication of intangibility, namely that of having to "tangibilise" a service offering, is in fact an act of branding since it creates an image to which the consumer can associate. Branding in order to convey intangible benefits of an offering is not very different when dealing with services or goods. An example would be the association created by the Golden Arches of McDonalds and the Flying Lady of Rolls Royce; both are tangible evidence of the offering's intangible value, although one represents a service and the other a product.

Moeller (2010:326) states that resources from both the service provider and the consumer are required during the service delivery process, and that these are generally tangible, but that the transformation of these resources during the service delivery process is where the intangibility characteristic of services comes to the fore. The transformation of resources is the core service providing process and this transformation of resources is a performance promise, which is essentially intangible. For example, a distribution organisation is able, through its skill and equipment (organisational resource) and the client's presence at dispatch of their freight (customer resources), to promise a transformation (service offer). While the dispatch process may be tangible, the promise made in terms of the service offering is fully intangible. Since services are promises of resource transformation (Moeller, 2010:363), they are almost impossible to quantify in terms of physical performance, but rather rely on the nature of the performance of the act when being evaluated by customers. The intangibility of the service offering or promise leads to the likelihood that customers will use factors such as price and employee behaviour as cues when determining their satisfaction and therefore, one begins to understand the importance of employees in service delivery (Zeithaml & Bitner, 2009:6).

It can be concluded that although intangibility can be found in the production of goods and that brand association is an intangible aspect of all offerings to consumers, a service can still be identified through its intangible nature. This characteristic poses challenges to service marketers, regardless of the degree of tangible evidence associated with the service.

3.2 Inseparability

The second recognised characteristic of a service is that of inseparability which refers to the fact that services are sold first and then produced and consumed simultaneously (Ma, Pearson & Tadisina, 2005:1069). Inseparability therefore poses a problem in terms of limiting mass production of services, since both customers and employees are present during production, the service can only be provided to a finite number of customers at one time and the involvement of the customer may slow down the delivery process of that service (Zeithaml & Bitner, 2009:21). Vargo and Lusch (2004:330) point out, however, that many goods manufacturers are starting to limit the mass production of goods for economic and customer-orientated reasons. In terms of economic considerations, many producers limit production to suit the just-in-time philosophy of production in order to limit the amount of stock held, and in terms of customer orientation, many manufacturers are adopting an approach that allows clients to individualise their products or at least modify them. An example of this would be consumers who modify vehicles after purchase. This leads one to assume that while inseparability does pose problems in terms of mass production, this is not necessarily a purely service-orientated issue and in fact, the trend of mass production is to some extent being replaced by the customisation as allowed by service offerings in the manufacturing industry.

Unlike products, which are produced first, sold at a later stage and then consumed, sometimes for long periods after production, services tend to be used by customers concurrent to their production (Ma *et al.*, 2005:1069). For example, a motor vehicle is

produced, shipped and displayed for a period of time prior to its sale, after which it is then bought by a customer and used for years. A service offered by a distribution organisation, however can only be produced once it has been sold and customers essentially consume the service during its production. The challenge posed by the characteristic of inseparability of a service is that often the customer is present, if not involved, in the production of the service which allows the consumer to not only influence the service process but also to influence other consumers using the service at the same time (Zeithaml & Bitner, 2009:21). For example, a customer's experience of freight distribution services may be influenced by other customer's freight present during the shipment of their parcel as well as by themselves through their interaction with service staff. This then leads to another challenge of inseparability, namely that of employee interaction with customers. Due to the production and consumption of a service occurring simultaneously, employee interaction with the customer can influence the service experience in the greatest possible way and the employee may become the only tangible evidence the customer has of the service experience (Ihlen, 2010:36).

Recent arguments by Vargo and Lusch (2004:330), however, have stated that many services are in fact partially, if not fully, produced prior to consumption. This is evident if one considers examples of entertainment services such as films. In this case the film is produced months before consumption, but the act of watching the film (transforming the resources into a service that provides value) remains inseparable to consumer participation. Vargo and Lusch (2004:330) further argue, however, that instead of being an obstacle to service marketing, the aspect of inseparability should be used to the advantage of the service organisation, since much of what makes the service special is the fact that the consumers "live" through it.

Moeller (2010:364) also refers to customer resources as a necessary requirement for service delivery and states that since the transformation of a resource cannot occur without its presence, the real relevance of inseparability refers to the customer resource.

Although the author refers to the necessity of customer resources in the process of service delivery, often the resource supplied by the customer is their very presence (as in the example of the film given above). However in other service provisions, the customer supplies a resource to be used during transformation in order to experience the service offering. For example, a distribution organisation requires the client's parcel (customer resource) and not the client to be present in order to provide its promised service, whereas a restaurant requires the presence of the customer themselves to deliver a service.

Inseparability, whether in terms of consumer resources or service consumption remains a characteristic of services that can be used both as an identifier and as a tool during the design and marketing of a service offering.

3.3 Heterogeneity

Heterogeneity as the third characteristic of a service refers to the nature of services making them almost impossible to be delivered in a standardised manner, increasing the difficulties associated with quality control (Ma *et al.*, 2005:1069). Given the intangible, inseparable nature of services already discussed, it is clear that people (both employees and customers) are present during service delivery, increasing the likelihood that no service will be delivered in exactly the same way every time. The challenge posed by human intervention in each service encounter can to some measure be countered by customisation of services in that the service delivery process can be adapted to each client depending on their own needs (Ihlen, 2010:36). This can also, however, slow down the overall delivery process, increase the cost of delivery and increase uncertainty in customers regarding the consistency of service they are likely to receive in the future.

Moeller (2010:363) states that an alternative to customisation is its opposite, namely standardisation, whereby a service organisation tries to limit the variation in service delivery from its employees through intensive training or replacing certain interaction points with machines. An example of this would be minimising the involvement of cashiers in the delivery of bank services by replacing them with ATMs. Vargo and Lusch (2004:328) point out, however, that while heterogeneity does apply to services, it is not a unique characteristic, since there is human involvement in the manufacturing process of goods, which can also result in decreased standardisation.

Moeller (2010:363) refers to the fact that services require consumer resources, and that by their very nature, these resources will never be exactly the same every time. The author states that the heterogeneity of inputs will substantially affect service provision, regardless of the standardisation of the service process itself. For example, a standardised service offering provided by a university in terms of a course offered will be wholly affected by the participation of the students and indeed by each student's own perception and ability to complete the course work. A standard class may be presented but each student will experience it differently due to their own unique expectations. Service marketers may attempt to manage the heterogeneity of consumer inputs by segmenting the market and limiting access to the service to those clients with relatively similar inputs (Moeller, 2010:366). In terms of the above example of the university class, the admittance criteria could specify certain skills and qualifications in order to attempt to ensure that only students appropriately qualified attend the course. The only way to attempt to ensure a more standardised outcome from service delivery is to, together with a standardised service delivery process, manage the heterogeneity of the input resources supplied by clients.

Although in the manufacture of goods, a degree of heterogeneity is introduced through human involvement in the production process and by client specific customisation, a service is likely to have a higher degree of heterogeneity by the very fact that most

services are essentially human interactions (Zeithaml & Bitner, 2009:21). As discussed above, human interaction decreases the likelihood of standardisation and therefore it can be concluded that due to services relying so heavily of the human element of production, they remain more likely to be heterogeneous and can be identified on this basis.

3.4 Perishability

Perishability, as the fourth characteristic of services, refers to the fact that a service cannot be stored or reused which leads to challenges in terms of supply and demand (Zeithaml & Bitner, 2009:22). For example, a hairdresser cannot store haircuts for a busy time and a distribution organisation cannot reuse vehicle capacity on a truck that has already left to its destination. The primary challenge arising from the perishable nature of services is that of demand forecasting and inventory planning. For example, if there is a high demand for services, customers may have to wait too long, but if there is a greater supply than demand, costly resource wasting may occur. In terms of service management, organisations may utilise techniques to manage demand such as differential pricing and special promotions to create demand in non-peak times, while offering complementary services during peak times to occupy customers during waiting periods thereby maintaining customer satisfaction.

Moeller (2010:364) argues that services can however be stored in machines, knowledge and people, and that the value created from a service offering could last for years. For example, a hospital is a storage facility of skilled doctors, medical equipment and procedures, and the memory of a surgery could remain with a patient for years. Perishability may have more to do with the ability of the organisation to perform the service than with the service itself. Returning to the necessity of consumer resources in the service process, it becomes clear that without a customer resource, no service can be delivered, therefore rendering the ability to perform services perishable. Vargo and Lusch (2004:331) clearly alluded to this aspect of service perishability when they stated

that a service provider without customers cannot produce anything, and the potential of the service to be of value perishes if there is no customer demand. A hotel, for example has a store of beds, which in turn have the potential of being transformed, via the addition of customer resources, into a holiday, but without holidaymakers to make a reservation, the latent value potential of the service perishes. A further example of the perishability of latent value can be seen in distribution organisations, whereby the value offered to a potential client expires should a client not chose to send a parcel on a particular truck.

Service characteristics are clearly complicated and some authors are no longer in agreement with the traditional service characteristics (Vargo & Lusch, 2004; Moeller, 2010; Grönroos, 2008). However, each of the above discussed characteristics provides further insight into what constitutes a service, together with their unique challenges and advantages. Once all characteristics of a service are defined and understood, the question arises of how these characteristics influence the marketing of a service, and whether this is any different to the marketing of a product? The next section discusses service marketing and what constitutes a service marketing mix.

4 THE SERVICE MARKETING MIX

Before one can begin to understand the unique demands created when marketing a service, it is worth defining marketing in general terms. Marketing can be described as the total business system engaged in by an organisation to communicate, deliver and exchange want-satisfying offerings that have value to consumers (Zeithaml & Bitner, 2009:20). For the purpose of this study, the definition given by Pride and Ferrel (2012:4) of marketing being “the process of anticipating and satisfying customer needs through an efficient managerial process of planning and executing the conception, pricing, promotion and distribution of a particular product for the benefit of both the organisation and customer” will be used.

The above mentioned definition of marketing highlights that marketing is responsible to have efficient marketing activities to satisfy the needs of customers, which especially applies in the service industry. Given the characteristics of services as discussed previously, it becomes clear that the marketing of services is more complex than that of products.

Zeithaml and Bitner (2009:23) refer to an expanded service marketing mix, namely the inclusion of elements of people, physical evidence and process to the more traditional marketing mix elements of product, price, place and promotion. The traditional marketing mix with its four elements was first introduced into marketing theory in the 1960s and has since been widely used as the accepted standard on which to base marketing activities (Kandampully, 2012:145). The inclusion of the additional three elements was as a response to the unique challenges posed by services to the traditional mix, together with the acknowledgement that service marketing required a broader range of elements than those used in the traditional mix. In order to understand service marketing it becomes necessary to determine how the seven elements are different for services and how they can be used in the marketing of such.

Each of the seven Ps or elements of the marketing mix will be discussed in the next section to follow.

4.1 Product

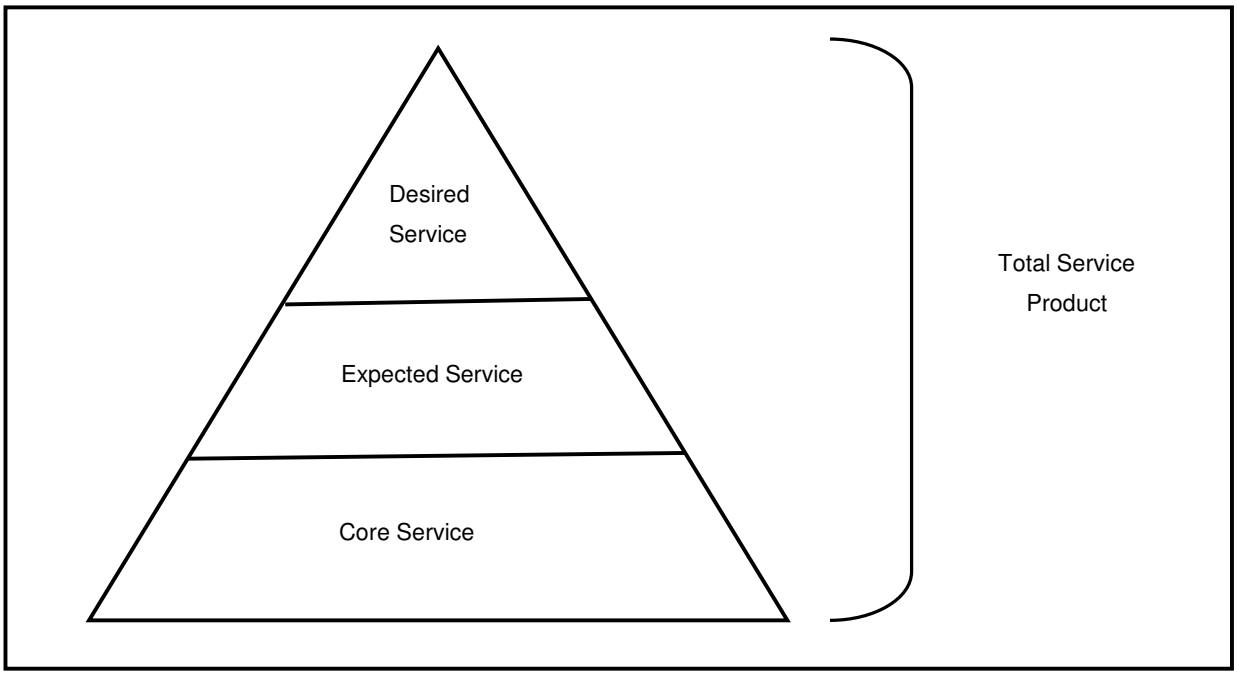
The product element of the traditional marketing mix refers to the features of the physical goods, their packaging, warranties and quality levels used by marketers to convey their value to customers (Zeithaml & Bitner, 2009:24). Kandampully (2012:152) states that the product element of the marketing mix is anything that can be offered to the market in

order to satisfy a need, and that when purchasing services, customers are buying the benefits or satisfaction offered by the service and not merely a product itself.

Pride and Ferrel (2012:377) explain that since a service is intangible, marketers may require tangible evidence to support the value created by a service in order to clearly define and present that value to the customer. Hazdra (2010:3) agrees and states that the tangible aspects presented by service marketers act as indicators of quality, and that via these tangible cues, the intangible benefit of the offering can be accessed. Defining a service benefit when dealing with the product element of service marketing poses challenges to marketers in that it may be difficult to measure the value of the service to customers. Customers may not fully understand the service's value and customer's requirements may change over time (Kapoor, Paul & Halder, 2011:74). The creation of service product levels is often referred to when attempting to create a service product that a customer deems as valuable.

The product levels used when defining the value of a service to customers are illustrated in Figure 2 and reflect the three levels of service required to create a total service product. The most fundamental level of service is that of core service, essentially the basic benefit that a customer expects when consuming the service product and the main provider of value for the customer (Kapoor *et al.*, 2011:77). The core service determines what a customer receives from an organisation and is the reason the service organisation exists in its most basic form. For example a consumer wishing to travel overseas, expects a core service of a safe overseas flight, transporting them from their origin to their destination. Within a distribution organisation, the core service expected by a client is the safe transportation of freight from origin to destination.

Figure 2: Service product levels



Source: Adapted from Rao (2007:123)

The second service product level, namely that of expected service, is the minimum customer expectations that need to be met together with the delivery of the core service (Rao, 2007:123). Kapoor *et al.* (2011:77) refer to the service products required to fulfill the expected service level as the facilitating services, or the additional services required allowing the customer to use the core service. In the example of an airline, these would be the check-in counter and baggage handling functions of airline staff, since without these facilitating services the consumer would be unable to use the core service of air transportation. Facilitating services within a distribution organisation is, for example, provision of documentation in the form of a dispatch note, which is a document completed and attached to a parcel indicating the delivery address and contact person to whom the freight is to be delivered.

The final level of a service product is that of desired service, which Kapoor *et al.* (2011:123) describe as being the additional services required after the expected services have been supplied in order to fully satisfy the consumer. The core service may be consumed without the presence of these supporting services, but their presence increase the value created by the service and lead to higher customer satisfaction. Kapoor *et al.* (2011:123) further explain that the distinction between facilitating expected services and supporting desired services may become blurred. Supporting services are almost always the added-value services that create increased satisfaction, while facilitating services are those without which the core service cannot be utilised by the consumer (Rao, 2007:123). In the example of the airline, services such as in-flight entertainment and meals can be seen as supporting desired services since the presence of these greatly enhance the customer experience, but their absence would not preclude the delivery of the core service of transportation. In the freight industry, a supporting desired service would be a facility provided by the organisation that allows a client to track their parcel, allowing them to monitor its progress from point of origin to destination. Such a service is not necessary for the delivery of the parcel (or core service offering), but greatly enhances the customer's experience.

In terms of the product element of service marketing the main challenge, as discussed, arises from the intangibility of the product which leads marketers to create value for consumers through careful service product creation, fulfilling all levels of service required by consumers and justifying the price charged for such a service (Kapoor *et al.*, 2011:77).

4.2 Price

The pricing element of the service marketing mix refers to the financial medium by which consumers and service providers make exchanges (Kapoor *et al.*, 2011:78). A challenge facing service marketers in terms of the pricing of a service is linked to the challenge

posed by customers using price as an indication of value. In service industries, organisations fear that increasing value may decrease profit, in that the cost associated with value creation may either not warrant the price charged for the service, or alternatively drive prices up beyond the level that consumers are willing to pay. (Boshoff & Du Plessis, 2009:148) state that concerns regarding increased costs as a result of improving service quality are often unsubstantiated and that in most cases efforts to increase quality leads to increased productivity which in turn leads to decreased operational costs. This is then supported by increased revenues arising from the increased customer satisfaction resulting from the increased service quality.

Challenges associated with the pricing of services revolve around the fact that customers find it harder to compare services prices. This may be because they have inaccurate or limited reference prices for services and that pricing is used as an indication of quality, or that the financial of cost of a service is not the only cost experienced by customers (Zeithaml & Bitner, 2009:511).

Boshoff and Du Plessis (2009:144) state that customer's perception of value may differ from person to person as well as each time they utilise a service, which increases the likelihood that customers have increased difficulties in comparing prices of services than when comparing products. For example, the importance of a parcel reaching its destination on time, greatly increases the value placed on the service by the client, resulting in the comparing of prices being difficult, since one customer may be willing to pay a higher premium for a faster delivery to the same destination. The heterogeneity of services leads to customers having limited knowledge when comparing prices since services are offered in an infinite variety of service levels and combinations (Zeithaml & Bitner, 2009:515). An example would be comparing the costs of life insurance or medical aid, such service products are offered in a variety of types, features and benefits and since it is almost impossible to compare two exact offerings, accurate price comparison is difficult. With services such as medical aid, consumers are also likely to base cost

comparisons on personal preference and therefore recommendations regarding price and value between consumers is likely to be inaccurate. The variability of a service offering may also lead to increased inaccurate price comparisons since the type of service provided from customer to customer may differ due to customer requirements or customer perception of value (Boshoff & Du Plessis, 2009:146).

The inseparability of service production and consumption often renders service organisations unable to provide consumers with accurate and complete pricing prior to purchase (Zeithaml & Bitner, 2009:515). A service provider is able to provide estimated costs prior to purchase, but these almost always change, dependent on the range of services offered during consumption as well as the production requirements made of the service provider during the supply of the service. For example a quotation made to a customer by a distribution organisation based on information provided by the customer as to the dimensions and weight of the parcel, that later are found to be inaccurate – such differences in freight may result in prices changing after the service has taken place. In order to counteract the likelihood of inaccurate cost comparisons service marketers strive to increase consumer awareness of the value of the service offered, increase the homogeneity of the services provided and offer tangible evidence of the value of the service in order to provide cues aiding in value comparisons (Kapoor *et al.,*2011:78).

Consumers often use price as an indicator of service quality in that the higher the price of a service, the higher the value expected from that service (Boshoff & Du Plessis, 2009:147). Kapoor *et al.* (20011:78) agree with the assessment that price operates as an indication of quality, but warns of the danger of high pricing of a service as this also then increases the value expectation of the consumer, sometimes beyond that of which the organisation is willing to offer. According to Zeithaml and Bitner (2009:518), in the absence of branding cues, when quality is difficult to detect, when the service purchase is deemed as high-risk or when quality varies between service providers, customers will

use price as an indication of high quality. The pricing of a service is not only important due to its use in indicating quality, but is also the only aspect of the mix that actually generates profit for the organisation. Pricing can be used when positioning a service, but it is also the one aspect of the mix that competitors can easily emulate (Consumerpsychologist.com, 2008).

The price associated with services is, however, far more complex than the financial cost associated with purchasing the service. Boshoff and Du Plessis (2009:148) refer to the cost of being a consumer of the service, meaning the long term cost sacrifice associated with the purchase. Cost sacrifice or non-monetary costs refer to search time and psychological costs associated with the purchase and use of a specific service. These types of costs may at times be more important than the monetary cost associated with the purchase (Zeithaml & Bitner, 2009:516). The effort required from consumers to allocate and evaluate a service is greater than that for products and therefore requires a measure of both mental and time sacrifice from the consumer. Since services tend to require the participation of the consumer, the amount of time required from the service provider to deliver the service becomes a cost associated with the purchase (Boshoff & Du Plessis (2009:148). The psychological costs associated with services are linked to the fear and uncertainty customers may experience due to not understanding the service offered, fear of unexpected high costs and the mental effort required to select and use a service offered (Zeithaml & Bitner, 2009:516).

4.3 Place

In terms of service marketing, the place element refers to the distribution of services to consumers and how these services are made available (Kandampully, 2012:148). Often the distribution of a service *is* the service: for example the use of an ATM to withdraw money is the bank's way of distributing its services to consumers, but is in fact also the service being provided. Kapoor *et al.* (2011:80) are of the opinion that since there is no

physical distribution system when dealing with services, the environment in which the distribution takes place becomes important since it represents value and quality to consumers. When considering service marketing, place refers to among other things, intermediaries, outlets, and storage (Zeithaml & Bitner, 2009:24).

In terms of service delivery, one can identify three types of distribution channels, all of which pose unique challenges to service marketers in terms of operations and employee locations (Boshoff & Du Plessis, 2009:171). The first distribution channel that can be identified is that of a situation which requires the customer to go to the service provider, requiring the service provider to ensure that its location is both accessible and convenient for the consumer (Kandampully, 2012:148). Examples of this type of distribution include restaurants and hospitals. The second type of distribution of services involves the service provider going to the consumer, whereby the service location becomes less important than the people and equipment used to deliver that service (Kapoor *et al.,* 2011:80). Examples include gardening services, house maintenance or appliance repair. This type of channel is also associated with distribution organisations in that the organisation collects and delivers freight at the customer's location, requiring the organisation to provide the applicable documentation and vehicle in order to provide the service. The final channel of service delivery is that where there is no physical contact between the provider and consumer and usually involves the use of technology as a distribution medium (Boshoff & Du Plessis, 2009:171). In such cases, the service provider needs to educate consumers on the use of the distribution technology and faces the challenge of maintaining such technologies in much the same way as they would physical premises. Examples of services delivered via this means of distribution include electricity providers and, lately, all forms of on-line shopping.

Zeithaml and Bitner (2009:407) mention the function of the place element in service marketing as being able to provide function orientation to consumers, meaning that the

signage, layout and other visible aids educate consumers how to utilise and correctly function within the service delivery process.

4.4 Promotion

The promotion element within the service marketing mix is aimed at communicating to consumers the value created by the service, but since there is no physical product to promote, the communication largely revolves around image management and promotion (Boshoff & Du Plessis, 2009: 267). There are key communication differences when dealing with services as opposed to products, namely the absence of physical products and inventory, the importance of employees to service quality and the involvement of the consumer in the production of the service (Kapoor *et al.,* 2011:80).

In terms of the lack of a physical product when promoting a service, Zeithaml and Bitner (2009:486) conclude that advertising and promotion may be difficult since the service being promoted may be abstract and general. The authors state that abstract, general concepts such as “excellent health care” or “fun” are difficult to communicate but since they may be the essence of the service, marketers are required to present vivid imagery or narratives when communicating these to the consumer. In terms of lack of inventory, Rao (2007:116) states that a challenge facing service marketers is that of managing supply and demand as well as to stimulate use of one’s service over a longer period of time. Since the promotion of the service can often times not be separated from promotion of the service providers, communication within service industries fulfill the role of encouraging employee performance as well (Boshoff & Du Plessis, 2009:273). Service marketers should engage the consumer by showing how an employee facilitates service quality, and engage the employee through service messages communicating how service interactions with consumers should be conducted.

Within service industries, the need for internal communication that informs employees of expected service standards and strategies is important in ensuring that employees deliver on what is promised by external promotion (Kapoor *et al.,* 2011:80). An internal marketing programme guides internal communication relevant to external promotion, allowing the organisation to motivate employees towards the successful implementation of external marketing programmes. Zeithaml and Bitner (2009:489) agree and put forward that by showing employees within the service delivery process to consumers and other employees, service marketers were able to set service standards and communicate to the employees their importance to the process of service delivery.

Since the nature of services dictates that the consumer is almost always involved within the service delivery process, it is important that the service promotion includes elements of consumer education along with the promotion of the benefits of the service. Combining both education and benefits in service promotion ensures that a favourable outcome in terms of service delivery becomes linked to consumer behaviour in the consumer's mind (Boshoff & Du Plessis, 2009:273). Communication should emphasise what is capable by the service provider in order to ensure that the service is not made more attractive than it is. This will ensure that the consumer does not develop incorrect expectations in terms of service delivery from the promotion that they are exposed to (Zeithaml & Bitner, 2009:489). Kapoor *et al.* (2011:80) state that service promotion to customers should be easy to understand, creative and educational in order to maximise the retention of service messages.

4.5 People

The first element of the extended service marketing mix to be discussed is that of people. Kapoor *et al.* (2011:322) point out that people are inherent to the service delivery process since at the very least, employees facilitate service delivery, but in some instances the employee is the service. The authors also note, however, that employees are not the

only people involved in service delivery since consumers themselves are often present and participate in service delivery.

Kandampully (2012:151) concludes that since services are process performances, the service is not simply the delivery of the core offering but is a performance that requires front-line staff to go beyond simple process execution and “dramatise” the delivery in order to increase customer delight. Boshoff and Du Plessis (2009:170) state that service organisations should be mindful to not only manage employees and consumers through the service delivery process but also to balance the needs of both parties to ensure total satisfaction with the service process. Zeithaml and Bitner (2009:25) point out that all people participating in a service interaction provide cues to the consumer on which they may base their evaluation of service quality. Front-line service personnel deliver the core service offering and their interpersonal interactions with consumers provide the main contributor to consumer satisfaction (Kandampully, 2012:151). Internal marketing has an influence on the manner in which employee’s interact with customers in that it motivates employees towards a customer orientated approach to service delivery, increasing the likelihood that interactions between customers and employees create service value.

Although employees are vital to the creation of service value, one should be mindful of the fact that consumers themselves also have bearing on the service delivery process and that they should be managed in such a manner as to increase the likelihood of a successful service interaction (Zeithaml & Bitner, 2009:25). Boshoff and Du Plessis (2009:170) point out that employees and consumers in a service delivery situation have a direct influence on each other and often have conflicting needs, especially in terms of control. Control conflict arises from among other things, the employee feeling the need for control in order to deliver a high quality service, consumers wanting control since they are paying for the service and the organisation attempting to control both parties in order to maintain service standards. Service marketers need to manage situations of employee/consumer conflict by adopting strategies that allow employees a certain

measure of empowerment in terms of service delivery or educating consumers as to the limit of their control in terms of the service delivery process.

Employees are responsible for service delivery and customer relationships .Service organisations are less likely to be able to provide high standards of service delivery if it does not ensure employee satisfaction, which is an objective of any internal marketing programme. The foundation of people management in service industries is the recruitment and training of the correct people, who embody the service orientation subscribed by the organisation and empowering these employees to be able to provide high quality service to consumers without disadvantaging the organisation or other consumers (Zeithaml & Bitner, 2009:325).

4.6 Process

The element of process forms part of the extended service marketing mix and refers to how a service is delivered in terms of the actual procedure and activities (Kandampully, 2012:148). Zeithaml and Bitner (2009:25) refer to standardised or customised processes as a means of service delivery. For example, a “no frills” airline that offers low priced economy flights presents a certain image to consumers allowing them to make judgments of the service based on the displayed process, while in the same way a luxury airline targeting business travelers that allows for the meeting of individual needs in terms of meal selection and seating, provides cues through its process in terms of its service offering as well. The authors state that neither of these methods is superior, but that both types provide evidence to the client through the service process, on which they can base assumptions regarding the type and quality of service.

When referring to processes within service marketing, the term ‘service blueprint’ is often used. A service blueprint is the documented service process which provides marketers

with detailed knowledge of the service delivery from its inception to conclusion (Bitner, Ostrom & Morgan, 2008:4) so that each person involved within the process may have an objective view of the process in order to understand their role within it (Zeithaml & Bitner, 2009:233). In general, a service blueprint should describe each step in the service process in terms of time, identifying bottle necks and defining what the acceptable variations from standard process for each step is in order to allow for the measurement of each step in the service process (Bitner *et al.,* 2008:4).

Within the service process, there are critical incidents, or specific interactions between the service provider and the consumer that define the overall experience of the consumer when interacting with that provider (Kapoor *et al.,* 2011:322). Management and measurement of critical incidents within a process may be the most important factor in ensuring that the consumer experiences the process as favourable. This is due to the fact that regardless of the experience during the rest of the performance, if the critical incident fails, the consumer will experience the process negatively.

Service processing may make use of a tool referred to as the customer/employee script, which being an extension of the service blueprint, details the activities undertaken by both parties during the service delivery processes' critical incidents (Bitner *et al.,* 2008:4). This script attempts to predict the service encounter in order to ensure that the parties involved understand their roles within the process. Kapoor *et al.* (2011:322) agree and states that service marketers may gain control of the service process via the ritualising or scripting of interactions in order to manage any fluctuations from the ideal service process encounter. Scripting, however should be a guide for interactions, but still allow for employee empowerment since customers do not always interact with the organisation according to the mandated script, and employees who strictly adhere to a script, without the ability to adapt interactions, may create customer dissatisfaction. Since internal marketing aims to motivate employees towards a customer orientated approach to

service delivery, it may also increase the likelihood of employee's following a script, allowing the organisation to increase the quality of service delivered to customers.

The final, but often overlooked step within the service process is that of service recovery, referring to the process steps through which a service organisation manages and recovers from a service failure (Bitner *et al.,* 2008:6). Zeithaml and Bitner (2009:215) agree, but go a step further in explaining the recovery paradox, which states that a customer who experiences a service failure which is then resolved by an effective service recovery process, is likely to in fact be more satisfied than a consumer who experienced no failure at all. The authors describe service recovery as being more than a reactive process following complaints, but more as a process of satisfying the customer despite a failing in order to maintain a relationship with them. The discovery of the recovery process should however not encourage marketers to aim for failed service recovery in the place of correct service delivery but should highlight the importance of understanding recovery as part of a total service process (Zeithaml & Bitner, 2009:215). The importance of the process element within service marketing highlights that cooperation between the operational department and marketing department is essential, facilitating not only the efficient promotion of services, but the effective production of such.

4.7 Physical evidence

Physical evidence in terms of the service marketing mix refers to the tangible cues provided by the service organisation's physical facility that allows customers to evaluate the service before purchase and determine satisfaction after consumption (Zeithaml & Bitner, 2009:282). This element is closely related to that of place, however, while place refers to the method of distribution of a service within an environment, physical evidence refers to the cues provided from the environment itself (Kandampully, 2012:148).

Zeithaml and Bitner (2009:313) define physical evidence as the servicescape and refer to how different types of services make different use of physical evidence, evident in movie theatres or at sports stadiums. The servicescape is the physical facility in which services are delivered to consumers by employees. The authors state that in fully self-service processes such as ATMs, organisations use the servicescape as a market focused tool, attracting customers and increasing the ease-of-use of the facilities while in remote service processes such as consultants and mail order services, the servicescape is designed with employees' needs in mind.

Boshoff and Du Plessis (2009:249) divide physical evidence into two categories, namely essential and peripheral evidence. Essential evidence is described as being that evidence that cannot be owned by the consumer, but that is necessary for the delivery of the core service and represents the service organisation's key decisions in terms of design and layout of facility, equipment and ambience. Peripheral evidence refers to those tangible cues received by the customer as part of the service purchase (Kapoor *et al.,* 2011:322). This type of evidence has little value on its own, but enhances and gives the right to experience a service offering to the consumer. The difference between the types of evidence can be determined in an example of a hotel. The layout and ambience of the reception area, together with the room design are the essential evidence. The key-card, complimentary pens, drinks and chocolates provided in the room are periphery evidence that enhance the service experience, but whose absence would not prevent a client from consuming the core service of accommodation.

The roles of physical evidence are those of packaging, facilitating, socialising and differentiating. The packaging role of physical evidence refers to exterior and interior elements of the servicescape, which essentially "wraps" the service and presents a created image to customers (Boshoff & Du Plessis, 2009:249) The facilitating role is that of physical evidence being able to aid the performance of employees during the service delivery process as well as to assist consumers in their use of the service (Zeithaml &

Bitner, 2009:319). An example of the facilitation role of physical evidence is the design of an airport: clear signage, pleasant restrooms, comfortable places to sit and eat all provide the consumer with an experience that is likely to satisfy, while employees providing service in such an environment are also likely to be more motivated. The third role as mentioned by Boshoff and Du Plessis (2009:249) is that of socialising: referring to the ability of physical evidence to convey roles and behaviours between individuals during the service process. For example, the servicescape can denote which areas of a restaurant are for patrons and which for employees only, signage within an airport can, for example, communicate the direction in which travelers should move, and so forth. The final role of physical evidence is that of being a differentiator, which is the ability of physical evidence to signal the intended target market, position the service and portray distinctiveness from competitors (Zeithaml & Bitner, 2009:323). A basic example of physical evidence as a differentiator would be the design of restaurants within a mall. Some restaurants use muted colours, linen table clothes and silver cutlery, clearly indicating a different target market to one decorated in bright primary colours, with a bar that plays modern music.

As can be determined from the above discussion physical evidence serves as the tangible cues to manage and mitigate the service characteristic of intangibility by offering evidence of quality that the consumers can use to evaluate the service (Kapoor *et al.,* 2011:322). A distribution organisation, may for example provide packaging and documentation which not only guide the customer as to the use of the service, but provide physical evidence on which the customer may base their evaluation of the service quality.

Now that both services and service marketing have been discussed, there is a need to understand the creation and assessment of service quality. Section 5 addresses service quality as well as the gaps that arise when consumer expectations are not met by service organisations.

5 SERVICE QUALITY

Service quality is a critical element of customer perception which influences both the consumer's evaluation of a service as well as their satisfaction with the overall service delivery process (Zeithaml & Bitner, 2009:111). Gilmore (2003:23) states that providing service quality is the organisation's ability to meet or exceed customer expectations, which is what the consumer believes the organisation should offer to meet their needs. Service quality differs from the quality of goods, in that goods allow tangible measures of quality during production, which tend to remain uniform for each product produced. Services on the other hand, are subject to consumer's perceptions, and therefore the quality of a service is whatever the customer perceives it to be (Kapoor *et al.,* 2011:145).

Perceptions are linked to expectations, and since expectations differ from consumer to consumer, the perceived quality of a service may also differ dependent on the expectations of the consumer using the service (Zeithaml & Bitner, 2009:111). The authors state that for each service delivery encounter, a consumer will have a minimum criterion or adequate service expectation as well as desired expectation, which is their highest expectation of the service delivery process. Service organisations should aim to meet desired service expectations, while ensuring that at minimum they exceed the adequacy expectations of their customers. Such levels of service delivery would result in the service being delivered within the zone of tolerance, or the area of expectation between adequate and desired service quality (Zeithaml & Bitner, 2009:62).

Gilmore (2003:19) puts forward that service quality is perceived on two levels by consumers, namely that of technical quality and functional quality. The technical quality perceived by consumers refers to the outcome dimension of the service (Kapoor *et al.,* 2011:148), or what the consumer is left with once the delivery process is completed, and this dimension tends to be relatively easy for the consumer to assess. For example, a

hotel guest is provided a bed, an airline passenger will be transported and a distribution organisation's customer has their parcel delivered. Technical quality is the "what" of service delivery and is often what organisations use to assess quality, but it does not tell the whole story (Gilmore, 2003:19). Functional quality refers to how a consumer receives a service and encompasses availability, ambience, employee behaviour and so forth (Kapoor *et al.,* 2011:148). Linking to the above example, the functional quality aspects would be the décor of the hotel room, the ambience of the travel lounge and the professionalism of the employee delivering the parcel. The functional quality of a service cannot be evaluated as objectively as technical quality and is subject to consumer perception, with the result that service marketers may need to pay more attention to the management of functional as opposed to technical quality in order to ensure customer satisfaction. Zeithaml and Bitner (2009:111) state that the functional quality of a service is mostly influence by the three new elements of the service marketing mix, namely people, process and physical evidence, as all of these influence the "how" of service delivery.

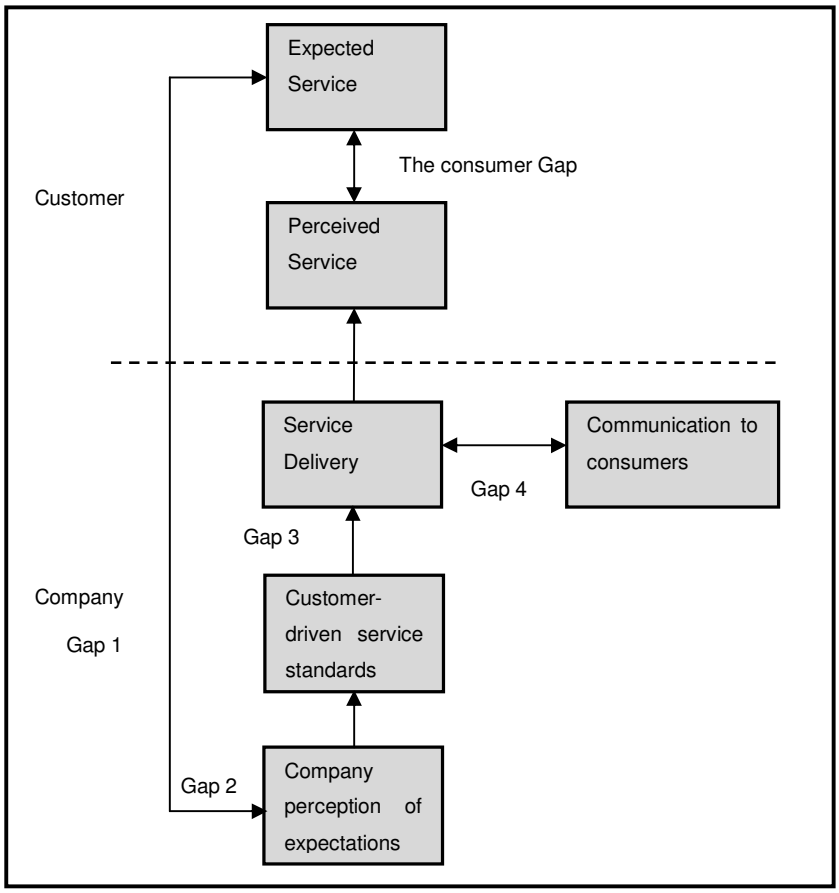
Early research conducted by Parasuraman, Zeithaml and Berry (1985:42) provided the groundwork for assessment of service quality, in that it identified the basis for the difference between assessing the quality of goods and services. The research determined that service quality is more difficult to evaluate that of the quality of goods. Service quality was found to lie in-between customers' expectations and an organisation's performance. A popular method for assessing service quality, called SERVQUAL was developed by Parasuraman *et al.* (1985), which put forward 10 dimensions for measuring service quality. These 10 dimensions have since been reduced to five dimensions, namely reliability, responsiveness, empathy, assurance and tangibles (Ravichandran, Mani, Kumar & Prabhakaran, 2010). This method of assessing service quality is based on the service gap model. The difference between expectations and performance resulted in so-called service quality gaps, which will be discussed below.

5.1 A gap model of service quality

A conceptual model of service quality reflects gaps between perceived service quality and the service quality that consumers receive (Boshoff & Du Plessis, 2009:35; Zeithaml & Bitner, 2009:532: Grönroos, 2008:101). The gaps are reflected in Figure 3 below and will briefly be discussed in order to determine how these gaps are to be managed in order to achieve service quality.

The focus of the gap model is the consumer gap, which is the difference between the customer's expectations and perceptions (Chen, Chang & Lai, 2009:222), which as previously discussed, is the main issue in terms of creating service quality in the minds of the consumer. The size of this gap depends on the other four service quality factors within an organisation as represented in Figure 3. The gap between expected service and perceived service will decrease if the organisation can decreasing the size of Gaps 1 to 4 in the Gaps model (Boshoff & Du Plessis, 2009:35).

Figure 3: Gap Model of service quality



Source: Adapted from Zeithaml and Bitner (2009:32)

Gap 1 represents the difference between the customer's expectations and the organisation's understanding of such expectations (Large & König, 2008:26). This gap is, however, not the sole responsibility of management, but includes employees who interact with consumers and who have the authority to make adjustments to the service delivery process (Chen *et al.*, 2009:222). When employees do not obtain accurate information regarding consumers' service expectations, and if they do not communicate the knowledge that they have to management (Boshoff & Du Plessis, 2009:35), this gap will be large. Another aspect to Gap 1, referred to by Zeithaml and Bitner (2009:33) is the lack of strategies within organisation's aimed at building long-term relationships with clients. When an organisation has strong client relationships, this gap tends to decrease in size. The final aspect linked to Gap 1 is that of service failure recovery, understanding

why and when consumers complain as well as empowering front-line staff to respond effectively to unfulfilled service promises (Zeithaml & Bitner, 2009:33). In summary, Gap 1 will decrease in size if management and employees are aware of consumer expectations and communicate this knowledge throughout the organisation, build long-term relationships with clients and effectively manage service failures (Boshoff & Du Plessis, 2009:38; Zeithaml & Bitner, 2009:33).

Gap 2 in Figure 3 occurs when the service organisation does not have the appropriate service quality designs and standards as a result of it having difficulty in translating consumer expectations into service offerings (Large & König, 2008:26). Gap 2 is influenced by Gap 1 because if there is an insufficient understanding of customer expectations no amount of translating these misunderstood expectations into service designs will result in service quality to customers. If however there is an understanding of expectations but these are incorrectly translated into service offerings, the perceived service quality will still be low. Management sets service standards in line with what they believe consumers require, which in turn instructs employees in the manner in which to deliver services (Boshoff & Du Plessis, 2009:40). Factors that contribute to this gap are the absence of customer-driven standards, poor service leadership and service design. In order to ensure that service standards set by management and delivered by employees reflect customer expectations appropriate physical evidence and a well-designed servicescape are necessary (Zeithaml & Bitner, 2009:35). Furthermore, beyond well-defined service standards, the environment and supporting evidence of the servicescape should be aligned to consumer expectations, not only increasing the likelihood of consumer satisfaction, but also guiding and facilitating the performance of employees in line with consumer expectations. Gap 2 will therefore decrease when management has the ability to translate consumer expectations into service designs with clear customer-defined standards that are supported by the appropriate servicescape that serve as guidelines for service delivery to employees.

The third gap illustrated in Figure 3 is that of employees not delivering to set service standards (Chen *et al.*, 2009:222). Even if customer-orientated service guidelines are set, these need to be supported by appropriate resources in terms of people and technology, which are measured in terms of performance adherence to set standards in order for the guidelines to have the desired effect on service quality (Zeithaml & Bitner, 2009:38). Employees that experience conflict in terms of their role and the service guidelines specified are less likely to behave according to such guidelines. Such conflict can arise when employees do not understand their roles, where the incorrect people are recruited to fulfill front-line roles or where reward and recognition are not linked to service guidelines (Boshoff & Du Plessis, 2009:35). A mismatch between service standards and delivery can also be the result of the use of intermediaries in the service delivery process as it is very difficult to enforce partners to adopt organisational processes (Chen *et al.*, 2009:235). This study also commented on the difficulty posed by the presence of customers during the service delivery process, since even if employees are totally compliant to service guidelines, the variability introduced by customer behaviour may influence the ultimate service quality evaluation. Grönroos (2008:104) puts forward that the cure to the service delivery gap is to minimise conflict in front-line employees, manage intermediaries and attempt to minimise the heterogeneity of customer inputs into the service delivery process.

The final gap represented in Figure 3 is that between customer communication and service delivery, and is a gap where promises do not match performance (Large & König, 2008:26). The first and most obvious cause of such a gap is that of over-promising to clients via external marketing. A less obvious cause is that of employees incorrectly promoting the service to consumers during the service delivery process (Zeithaml & Bitner, 2009:542). This is a process where employees interact with consumers and effectively market the service during service delivery as interactive marketing. The front-line employees need to be properly qualified and trained in terms of the service offering in order to ensure that they do not unrealistically raise consumer expectations during such interactions. Boshoff & Du Plessis (2009:51) state that ineffective horizontal

communication between operations and front-line staff may lead to front-line staff over-promising in terms of what operations is able to deliver, thereby raising consumer expectations to unattainable levels.

From the above discussion, it becomes clear that in most of the service quality gaps, employees play an integral, if not vital role, and therefore it becomes important to examine the role of employees in service delivery and service quality as well as how organisations can manage and inspire employees to higher standards of quality. The next section will elaborate on an employee's role in service delivery and how employee satisfaction impacts on service delivery.

6 THE ROLE OF EMPLOYEE SATISFACTION IN SERVICE DELIVERY AND SERVICE QUALITY

This chapter has thus far focused on what constitutes service marketing and how service quality is created within an organisation. From the discussions one can conclude that employees are a service organisation's most important asset, as the interaction between employees and customers is the focal point of the consumer's evaluation of the entire service process (Gracia, Cifre & Grou, 2010:277). Employees represent the organisation to customers and are critical to the success of the organisation's service offering as they interact directly with the organisation's clients (Mishra, 2010:185). Zeithaml and Bitner (2009:354) refer to the role of employees as being that of a boundary spanner, meaning that they provide a link between the consumer and the internal operations of the organisation and are not only vital in terms of providing the service, but in understanding and filtering information between the two.

Berry, Wall and Carbone (2006:49) state that while the technical quality of the delivery process can meet customer expectations, it is usually the human interactions between

employees and customers that exceed expectations and lead to customer satisfaction. The authors emphasise the importance of the interaction between staff and consumers by stating that although these interactions are the likely cause of delight, they also have the capability of undermining great service processes. If interaction with employees is unpleasant, regardless of the actual service delivery, a consumer will be dissatisfied with the service performance irrespective of the technical quality of the delivery. To exceed customer expectations the element of pleasant surprise is required and that the best opportunity available to service organisations to surprise consumers is during the interaction between clients and employees, referred to as “moments of truth” or critical incidents (Berry *et al*, 2006:49).

Moments of truth are instances of contact between consumers and the employees of a service organisation that provide consumers with the opportunity to form opinions about the service and service organisations. Each interaction between staff and consumers presents the organisation with an opportunity to prove its service quality and increase customer satisfaction (Zeithaml & Bitner, 2009:119). Each encounter adds to the overall perception of service quality and if a mixture of positive and negative encounters is experienced by a consumer, they will be left uncertain of service quality.

The interaction between employee and consumers during service delivery (or moments of truth) are the single greatest opportunity service organisations have to customise their service offering in terms of customer requirements in order to delight (Gracia *et al.*, 2010:277). The customisation of services by employees operates on two dimensions, interpersonal adaptive behaviour and service offering adaption. Interpersonal adaptive behaviour refers to actions that go beyond the mental or physical skill of the employee needed in service delivery by encompassing the interpersonal communication elements required during a client interaction (Zeithaml & Bitner, 2009:355). This refers, for example, to the employee mirroring the client’s gestures and facial expressions as well as adapting tone of voice and language to the customer’s needs. The dimension of

service-offer adaption refers to the employee's ability to "tailor-make" or create a unique service offering per client (Gracia *et al.*, 2010:277). This can, for example, be as simple as a hair dresser offering an assortment of refreshments to a client, or as complex as a broker tailor-making a financial service to a client's specific needs.

6.1 Employee satisfaction

Employee satisfaction and performance have been linked, in that the more satisfied an employee is with his/her job, the more likely he/she is to convey this satisfaction, via high performance, to consumers (Yee *et al.*, 2008:653). Employee satisfaction or job satisfaction refers to the feelings employees have towards their job, either overall, or in terms of specific work-related factors (Garcia *et al.*, 2010:69). These feelings are not only determined by the nature of the job since individuals' expectations and perceptions influence their overall satisfaction.

The foundation of research into employee satisfaction is the Herzberg's two-factor theory which was first published in 1959, which adapted Maslow's hierarchy of needs to the work environment. Maslow's theory put forward that satisfaction arose from need fulfillment (Lu, While & Barriball, 2005:211), whilst Herzberg's model separates satisfaction and dissatisfaction, stating that the two constructs were not necessarily related. He identified factors that caused dissatisfaction, naming these hygiene factors, and those factors which cause satisfaction, which he named motivational factors (Abuiyada & Chou, 2012:134).

Herzberg further found that employee satisfaction and dissatisfaction were not opposites of each other, declaring that the opposite of either construct is neutrality. He concluded that hygiene factors like salary, supervision, working environment and company policies were external to the employee and thus controlled by someone else. His motivating

factors, such as achievement, growth and recognition were internal to the employee and reflected the content of the job (Abuiyada & Chou, 2012:134). Through research over the years, it has been concluded, in support of Herzberg, that satisfaction is not created via hygiene factors, but that by focusing on motivator factors an employee will experience a higher job satisfaction in general.

There is much debate over how to increase employee satisfaction with various authors citing, among other things, empowerment and autonomy (Akbar, Yousaf, Haq & Hunjra, 2010: 680; Hsu & Wang, 2008:355; Gu & Siu, 2009:561), job characteristics and work environment (Kim, 2009:1070: Castro & Martins, 2010:1), extrinsic reward, supervisory support, and fairness (Hsu & Wang, 2008:355; Ahmed, Nawaz, Iqbal, Ali, Shaukat & Usman., 2010:72) as factors that increase the likelihood of satisfied employees.

Whilst reward has traditionally been viewed as the main determinant of employee satisfaction, the above mentioned research has identified various dimensions, beyond reward, that contribute to employee satisfaction.

6.2 Dimensions of employee satisfaction

Traditionally employee satisfaction was viewed as the result of congruence between rewards offered by an organisation and the employee's desire for such rewards. However in recent years, acknowledgement has been given to the fact that satisfaction is not necessarily created solely through reward (Gu & Siu, 2009:561). Lu *et al.* (2005:211) put forward five broad categories that together with reward have significant influence on employee satisfaction. These categories with be briefly discussed below.

6.2.1 Management satisfaction

The importance of management and leadership in terms of employee satisfaction is due to the fact that if employees feel that they are not being led effectively, the likelihood of dissatisfaction increases (Leimbach, 2006:2). Employee satisfaction is influenced by leadership due to management having a large impact on both the employee's performance and his/her ultimate career (Gu & Siu, 2009:564). Employee satisfaction in terms of management has been shown to be based on management concern, showing understanding, considering employee suggestions and being accessible to employees; all of which form part of an employee's relationship with their immediate superior (Garcia *et al.*, 2010:69). Satisfaction in terms of management is, however, not limited to the employee's immediate superior and can be largely influenced by higher management as these individuals are the representation of the organisation's most intrinsic aspects, and as such portray the organisation in the strongest possible way to its employees. Management has a profound influence on employees' attitudes and behaviours due to their ability to both express the organisations vision and create a shared identity within the organisation that employee can associate with (Wieske, Ahearne, Lam & van Dick, 2008:7). This creation of an organisational identity presents employees with the opportunity to closely identify with the organisation and create satisfaction due to the feeling of "belonging".

6.2.2 Colleague satisfaction

The people an employee interacts with on a daily basis have an influence on their satisfaction through the creation of competition amongst team member and the interest shown by colleagues in each other's achievements (Gu & Siu, 2009:564). The value of relationships an employee has at work not only increases the feelings of pleasure they associate with work, but also increases the likelihood of good performance since colleagues not only strive to not disappoint each other, but are also more likely to operate

as a team (Leimbach, 2006:2). The satisfaction created by colleagues can operate independently of satisfaction with the organisation and as such may sometimes be beyond the organisation's control. Factors such as personality clashes or personal conflicts may negatively impact on employee satisfaction, but the organisation can do little, except encouraging good relationships amongst colleagues to mitigate such dissatisfaction factors (Gu & Siu, 2009:565).

6.2.3 Work group satisfaction

Employees can only gain success and satisfaction from a job if they strive to make the environment in which they operate more productive through cooperation with employees in other departments (Gu & Siu, 2009:565). Satisfaction from work groups is closely linked to the concept of the value chain in that value for employees is created with each interaction with other departments, thereby resulting in both successful completion of task and increased employee satisfaction.

Whilst the previous discussion focused on how colleagues in an employee's immediate department influence satisfaction, interactions with all levels and departments within an organisation have bearing on an employee's satisfaction since each interaction with other departments can add to an employee's well-being (Lu et *al.*, 2005:211). The knowledge that colleagues beyond an employee's immediate department are fulfilled by their work and that an employee is appreciated throughout the organisation are both powerful influences in terms of an employee's satisfaction (Leimbach, 2006:2).

6.2.4 Job satisfaction

In many studies the terms *employee* and *job satisfaction* are used interchangeably, however the concept of job satisfaction can also be viewed as a dimension of employee

satisfaction that refers to the job itself (Gu & Siu, 2009:565). Satisfaction arising from a job refers to the feelings an employee has about their job description and the tasks that they are required to complete on a daily basis. Leimbach (2006:2) states that in order for an employee to achieve job satisfaction, they need to gain value from their day-to-day activities and have a sense of accomplishment in terms of the work they complete.

6.2.5 Physical environmental satisfaction

The physical environment falls within the hygiene factors in Herzberg's theory, and although it was posited that satisfaction is not necessarily created through the presence of a good working environment, the absence of such an environment is sure to result in dissatisfaction (Abuiyada & Chou, 2012:135). Working conditions in terms of the physical environment refer to, amongst others, space, cleanliness and layout, which greatly increase the likelihood of employee satisfaction (Lu *et al.*, 2005:211). The physical environment in which tasks are completed contribute to satisfaction in that a pleasant and efficient environment encourages productivity and successful completion of work, both which are necessary for satisfaction (Gu & Siu, 2009:565).

6.2.6 Material benefits satisfaction

Satisfaction derived from remuneration is the most complicated element in terms of employees, since it is often beyond the organisation's control as to whether material benefits offered satisfy needs (Garcia *et al.*, 2010:69). Each individual employee may have different requirements and expectations in terms of the amount of remuneration necessary to meet their needs, and organisations should be cautious when attempting to create employee satisfaction through remuneration.

From the above discussion on the role of the employee in the service delivery process, one can conclude that employees have a large impact on the quality perception of consumers and can, in-fact, be the difference between delight and dissatisfaction (Berry et *al.*, 2006:49). The attention now turns to how to encourage and ensure consistent, consumer-orientated behaviour from employees and this will be addressed in Chapter 3.

7 CONCLUSION

This chapter defined services and its characteristics as well as considering what constitutes a service marketing mix. Thereafter the creation of service quality was discussed. Noteworthy in this chapter is the importance of employees in the delivery of services in that the characteristics of a service requires employee interaction and that the creation of service quality relies heavily on the "moments of truth" experienced when customers come into contact with employees.

The chapter concluded with a focus on the role of employees in service marketing mainly because this study focuses on creating employee satisfaction in order to motivate employees toward service quality.

Chapter 3 will discuss internal marketing and will focus on defining this concept as well as investigate IM models, the many roles of IM and the IM mix.

CHAPTER 3 INTERNAL MARKETING

1 INTRODUCTION

Internal marketing (IM) has, in recent years, been viewed as an element that has an important influence on employee satisfaction and therefore on service quality. The interaction of employees with customers can influence service quality and customer satisfaction to such an extent that it has become important for service organisations to focus on ways to influence and manage such interactions (Garcia *et al*., 2010:69). In service industries employees represent the organisation to customers through their interactions with them, and therefore these service encounters become the representation of the organisation to the consumer.

This chapter focuses on defining internal marketing followed by a discussion into the development of the concept. Thereafter models of IM are presented and discussed, followed by the applications of IM. The chapter concludes with a detailed discussion of the internal marketing mix.

2 DEFINING INTERNAL MARKETING

According to Ahmed and Rafiq (2002:454), IM is a tool used to create motivated and customer-orientated employees by using marketing tools to satisfy employee needs, and by treating both the organisation and the jobs it offers as products. The authors put forward their work on IM in the earlier years of the new millennium and their work has since been replicated, quoted and supported by various authors. The definition set forward by Ahmed and Rafiq (2002:454) is supported by Keller, Lynch, Ellinger, Osment and Calantone (2006:110) who concur that IM is the adoption of marketing-like tools to develop elements within the organisation with the aim of meeting employee needs

(Papasolomou, 2006:195). When an employee receives a higher quality of 'product' (job), they are more likely to translate this into a high quality service product (Jou, Chou & Fu, 2008:67). Another view of IM refers to the marketing actions undertaken by an organisation when focusing on satisfying its internal customers or employees through job products (Gounaris, 2006:436).

Other IM definitions see IM as an internal process of initiating, maintaining and developing relationships between employees, their management and the organisation for the purpose of creating superior value for customers (Gapp & Merrilees, 2006:163). This view is upheld in literature by Roberts-Lombard and Steyn (2007:147) and Ahmed and Rafiq (2002:454) who agree that IM is a process whereby internal relationships are built with the aim of creating value. Gapp and Merrilees (2006:163) view IM as being an appropriate method for the communication of an organisation's brand internally. They describe IM as a concept based on the belief that, with a service value chain, a firm's internal customers (employees) can be motivated to strive toward customer consciousness, market orientation and sales-mindedness through the application of accepted external marketing approaches.

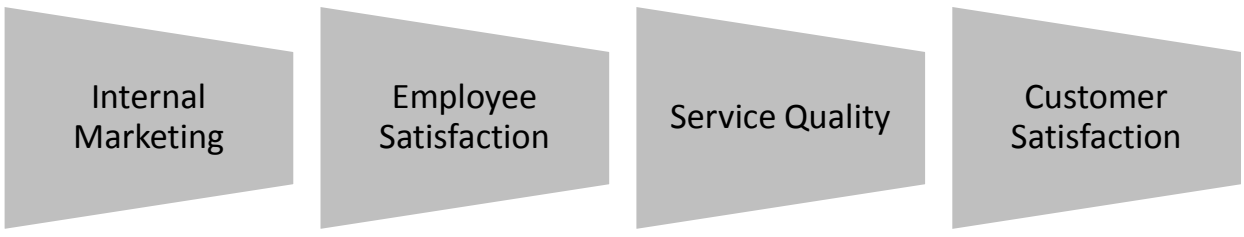
IM can also be viewed as a process that supports external marketing efforts. Aurand, Gorchel and Bishop (2005:165) posit that IM is necessary to close the gap between what organisations say to external customers and what is believed or practiced by internal employees. This view is supported by Papasolomou and Vrontis (2006:179) who define IM as any form of marketing within an organisation which focuses on staff and is the internal activities used in order to enhance external marketplace performance.

From the literature, it can be seen that there are a number of competing yet similar definitions of IM. Key areas from the definitions are identified by Ahmed and Rafiq (2002:9) and many are supported by various other authors indicated below:

- employee satisfaction and motivation (Bell, Menguc & Stefani, 2004:113; Gounaris, 2006:436)
- service quality and customer satisfaction (Gapp & Merrilees, 2006:163; Ahmed & Rafiq, 2002:9; Papasolomou & Vrontis, 2006:179)
- marketing-like techniques (Keller *et al.,* 2006:110; Gounaris, 2006:436)
- inter-functional coordination and integration (Keller *et al.,* 2006:110; Papasolomou & Vrontis, 2006:179)
- implementation of strategies and change management (Papasolomou & Vrontis, 2006:179)

Gounaris (2006:434), Ahmed and Rafiq (2002:457) and Barnes, Fox and Morris (2004:600) agree that IM as a tool or an internal process, can be used to improve service quality and external marketing campaigns, but that its effect on such concepts is mediated by IM's influence on employee satisfaction. This creates the linkage between IM and employee satisfaction and is shown in Figure 4. Although the below figure includes customer satisfaction, the focus of this study remains employee satisfaction.

Figure 4: Linking internal marketing and employee satisfaction



Source: Adapted from Gounaris (2006:434), Ahmed and Rafiq (2002:457) and Barnes, Fox and Morris (2004:600)

It should be clear from the discussion that definitions of internal marketing are often broad, contradictory and sometimes even confusing. The IM concept has been defined as, amongst other things, a tool, an internal process and as a process supporting external activities. When defining IM, it is thus important to understand all the aspects of IM.

For the purpose of this study, the definition of IM as provided by Ahmed and Rafiq (2002:10), and supported by various authors previously mentioned, will be used:

"IM is planned effort using a marketing-like approach to overcome organisational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees toward the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through process of creating motivated and customer-orientated employees".

Once IM is defined, it becomes necessary to examine its developments as a concept from a focus on employee satisfaction through to the realisation that whilst the concept remains rooted in creating employee satisfaction in a service environment, it has evolved to incorporate both customer orientation and change management.

3 THE DEVELOPMENT OF INTERNAL MARKETING AS A CONCEPT

In the 1980s, the concept of IM was first introduced as a solution for service organisations facing the problem of continuously delivering high service quality. Since the inception of the concept, the nature of business has evolved to such an extent that both manufacturing and service organisations are now realising the importance of efficient customer service through motivated employees (Simberova, 2007:470).

Ahmed and Rafiq (2002:4) explain that the concept of IM followed three distinct, yet intertwined development phases, namely the employee satisfaction phase, the customer orientation phase and the strategy implementation/change management phase. In the following section, these developmental phases are discussed.

3.1 Employee satisfaction

The root of this stage in the development of IM as a concept lies within service quality (Ahmed & Rafiq, 2002:4). Service organisations focus on consistently delivering high service quality, but these services are offered by employees, and employees are not always consistent. This brought to the fore the problem of how to ensure that service quality delivered by employees is of a consistently high quality. The solution to this was proposed as being employee motivation and satisfaction. Berry, Wall and Carbone (2006:45) support this by putting forward the concept of employees as internal customers whose job products satisfy their needs.

The premise for this stage in the development of IM was that in the marketing of services, much of what the customer buys is human acts of performances. Therefore, in order for an organisation to have satisfied clients who receive consistently high service quality, an organisation must have satisfied employees (Ahmed & Rafiq, 2002:4). This then leads to the people aspect of IM, namely the recruiting, training, retention and motivation of the high quality employees (Burmann & Zeplin, 2005:293; Papasolomou & Vrontis, 2006:190). It was thought that by treating employees as customers, especially those with direct contact to clients, that service quality would increase as these front-line employees would be more likely to be customer conscious if their needs were met (Gounaris, 2006:434).

Although the idea of treating employees as customers is appealing, it is not without problems. Ahmed and Rafiq (2002:5) felt that the problems with this concept were that the job product 'sold' to internal customers may be unwanted by them, and that unlike in the external market, employees rarely have a choice in terms of products offered and may even be coerced into accepting these. For example, when an organisation institutes a new type of service delivery, it may involve longer working hours, training requirements and increased commitment from staff. The employees often have no option but to accept the new conditions as these are part of their employment requirements. This may lead to negative feelings towards the new programme and have the opposite reaction to what was intended by the organisation.

Papasolomou and Vrontis (2006:195) also contend that the financial implications of having satisfied employees may be substantial and that not all organisations were prepared to invest so heavily in an idea that may only bring results in the long term. For example, in order to satisfy employees, salaries may need to be increased, working environments rebuilt and training heavily invested in, with return on investment only being shown in the long term.

There are also questions raised as to whether the idea of employees as customers elevates them above the external customers, thereby making a company lose sight of its original objectives of high quality service and customer orientation (Ahmed & Rafiq, 2002:5), which lead to the next phase in IM development.

3.2 Customer orientation

The second stage in IM development was to recognise that satisfied employees are not enough, but that these employees should also be sales-minded or customer-centric. Customer orientation is created by an organisational culture that most effectively creates

employee behaviour that leads to superior customer service value (Simberova, 2007:471). A customer-orientated organisational climate is created when an organisation clearly indicates that high quality customer service is important to the organisation and rewards behaviour that upholds this premise. Barnes *et al.* (2004:598) put forward that in order to create customer-focused employees, an adequate reward and motivational system must be in place for those employees who contribute positively to the organisation's service quality.

The idea was also introduced that it is not sufficient that only front-line staff are motivated and sales-minded, but that all support or back-room staff should also know the importance of being customer-conscious. The role of support staff in terms of customer orientation is that they create an environment of organisational support (Papasolomou & Vrontis, 2006:189). Each individual strives to achieve service quality in every internal interaction, thereby enabling employees to more efficiently do their jobs of delivering high quality service to customers (Bell *et al.*, 2004:115). It was in this stage that inter-departmental coordination or the service value chain was included in the IM concept. As stated, a service value chain links employee satisfaction and the value provided to customers in that each interaction between the two adds to the total service experience received by customers (Zeithmal & Bitner, 2009:354).

The customer orientation stage in IM development saw the introduction of marketing-like activities being used internally as a method of creating customer consciousness within employees. Keller *et al.* (2006:110) describe the use of marketing activities internally as having the aim of attracting and retaining employees, in much the same way as organisations marketing themselves in order to attract customers. The main premise in this stage of IM development was that the concept of IM was working towards a mix of marketing-like activities that aim to motivate employees (Papasolomou & Vrontis, 2006:178) and toward inter-departmental co-ordination (Rafiq & Ahmed, 2000:457) in order to achieve a more customer-orientated approach.

3.3 Broadening the internal marketing concept

The beginning of this phase in the development of IM was characterised by various authors recognising the value of IM as a vehicle for change management and strategy implementation (Aurand *et al.,* 2005:167; Barnes *et al.,* 2004:575). Barnes *et al.* (2004:594) refer to the increased demands placed on employees by the ever-changing nature of modern business and discuss how IM can be used as a tool to communicate changing requirements, values and objectives to employees in a way that will motivate them to comply to such changes. As a vehicle for strategy implementation, Aurand *et al.* (2005:164) posit that IM can be used to gain employee consensus with strategy and therefore encourage employees to act consistently in ways that support the strategic direction of the organisation.

Ahmed and Rafiq (2002:7) state that if strategies are to be implemented effectively, IM should be used as a general tool in the implementation of any such organisational strategy and not just as a vehicle for employee motivation. The authors suggested the premise that IM is therefore the planned effort, through the use of marketing-like tools, to overcome resistance to change and to align and motivate all employees toward any strategic direction.

The development phases of IM as discussed, originated with employee satisfaction, moving through to a broadened concept of strategy management but it remains a vehicle for engaging employees within service organisations in a manner that encourages high performance. Although the concept has evolved, it is rooted in the service marketing concept of creating service quality through satisfied employees and therefore this should remain the primary objective of any IM programme. In order for an IM initiative to achieve its strategic and customer-orientated goals, it needs to firstly satisfy its employee

satisfaction goals and thereby create a platform for more advanced concepts associated with IM.

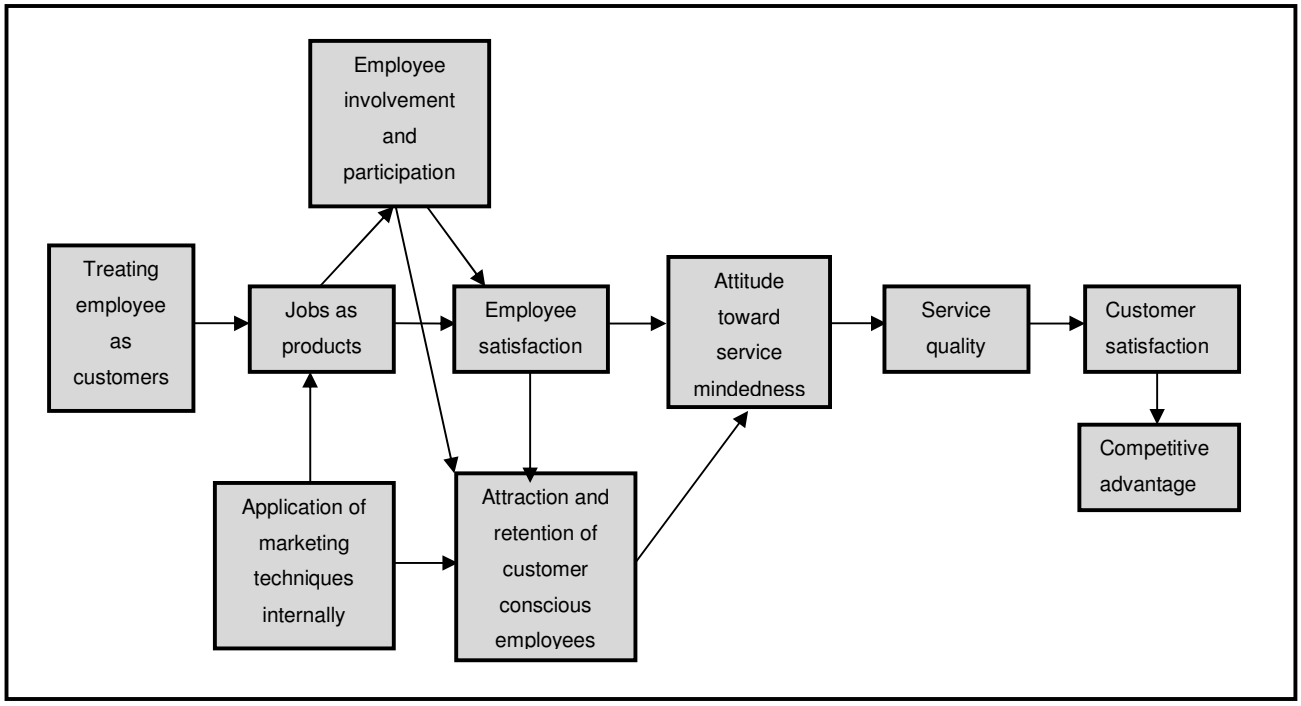
Understanding how IM developed and defining IM begins to indicate the complexities of the concept and therefore the next section aims to discuss the various models of IM in order to further understand the concept in totality.

4 MODELS OF INTERNAL MARKETING

Two early IM authors created models of IM that were respectively based on the first and second phases of IM development. The models of Berry (2002:60) and Grönroos (in Ahmed & Rafiq, 2002:11) have since been referenced extensively by other authors and have been used as the basis of most IM research (Keller *et al.,* 2006; Naude, Desai & Murphy, 2003; Barnes *et al*., 2004; Rafiq & Ahmed, 2000; Papasolomou & Vrontis, 2006). Since these models have been used so extensively, it is important to review each of them.

Berry (2002:63) was one of the original authors to suggest that IM could be used to improve service quality. His model, as shown in Figure 5, is based on the fundamental assumption that by treating employees as customers employees will become service minded, leading to better service quality (Ahmed & Rafiq, 2002:11). Although the below model leads ultimately to customer satisfaction, the focus of this study remains employee satisfaction.

Figure 5: Berry's model of IM



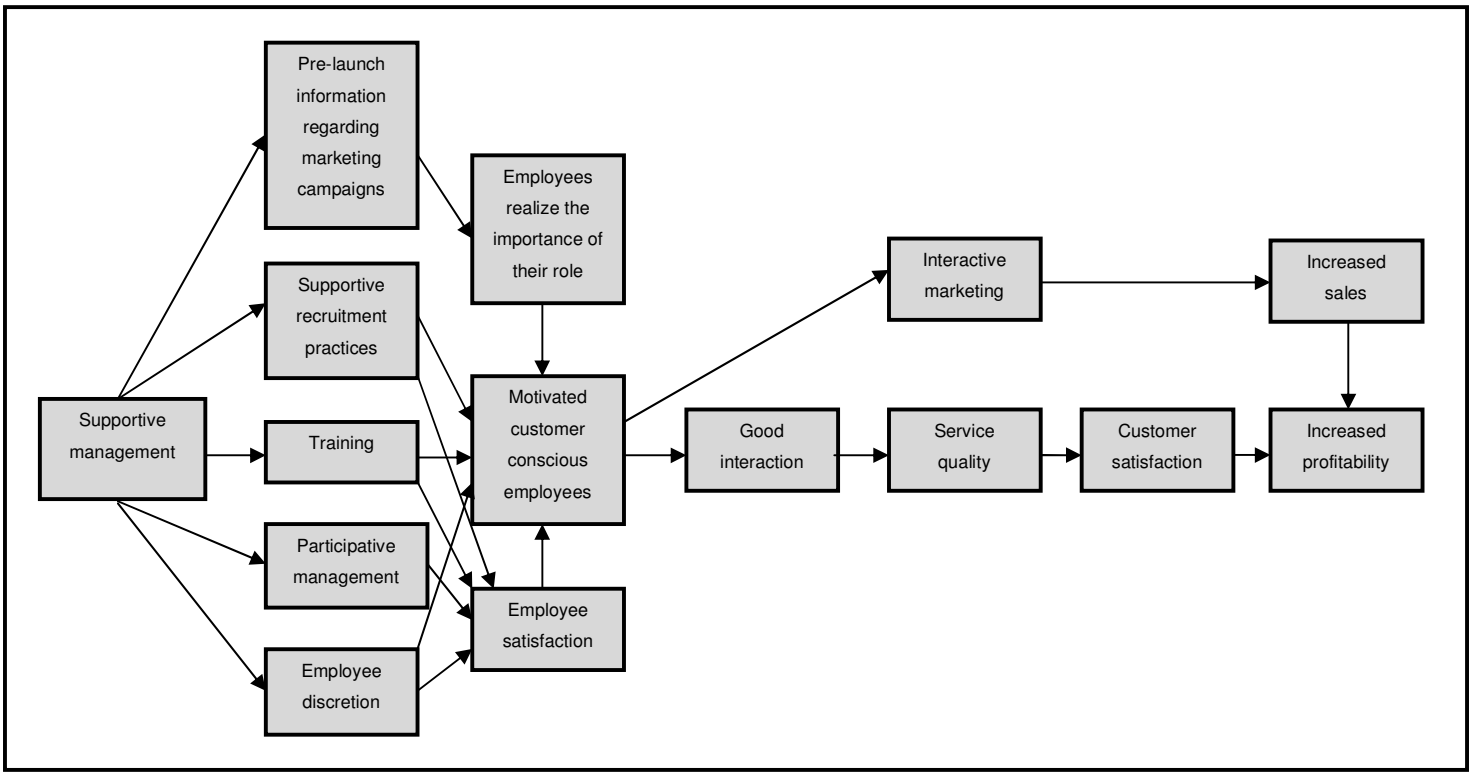
Source: Adapted from Ahmed and Rafiq (2002:20)

Berry (2002:61) proposed that treating employees as customers requires jobs to be treated and designed as any other product the organisation is offering. Papasolomou and Vrontis (2006:179) agree and posit that if an organisation offers employees job products in which roles and expectations are clearly defined, the likelihood of high service quality increases. The treating of jobs as products requires a new involvement from the Human resources (HR) department and involves the application of marketing-like techniques to attract and retain employees (Aurand *et al.,* 2005:163). The model does, however, lack mechanisms other than a marketing-like approach that can be used to motivate and satisfy employees.

Grönroos's model (in Ahmed & Rafiq, 2002:11), as shown in Figure 6, is based on the second phase (customer orientation) of IM development and includes the idea that

employees need to be customer conscious so that they can take advantage of customer interactions in order to offer better service (Simberova, 2007:471).

Figure 6: Grönroos's model of IM

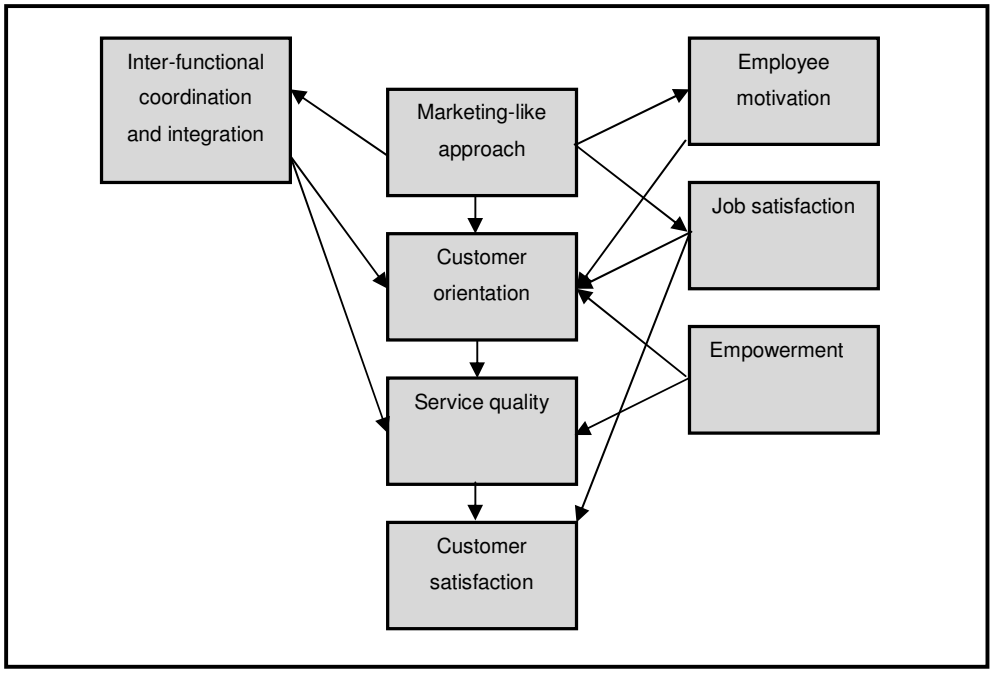


Source: Adapted from Ahmed and Rafiq (2002:16)

In order to cultivate customer-conscious employees, supportive recruitment and training practices need to be adopted. Employees' empowerment is included in this model as this can lead to increased job satisfaction, improved levels of service delivery and increased employee retention (Roberts-Lombard & Steyn, 2007:149). The model includes the need for employees to be informed and persuaded about external marketing campaigns before these are launched so that they understand their roles in the service delivery process as promised by such campaigns. Conversely to the previous model, this one excludes the marketing-like approach to motivation entirely.

Through extensive research and the combination of the previous two models of IM, authors Ahmed and Rafiq (2002:20) have created a model, as per Figure 7, that is applicable to the current view of IM. The authors have based their model on the works of Berry (2002:59) and Grönroos (in Ahmed & Rafiq, 2002:11), but have adapted these to compensate for shortcomings in these models as they perceive them to be. Ahmed and Rafiq (2002:19) are of the opinion that their model is more complete and researchable as it uses customer orientation as central to the model, with the marketing-like approach directly influencing customer orientation with the aim of increasing service quality and ultimately customer satisfaction. This study suggests that although the model ends with customer satisfaction, this is also indicative of increased profits as they posit that increased customer satisfaction will increase return purchase which results in higher revenue generation for the organisation.

Figure 7: Rafiq and Ahmed – a model for IM



Source: Adapted from Ahmed and Rafiq (2002:20)

The link between employee satisfaction and customer satisfaction was introduced in the initial phases of IM literature by Gounaris (2006:434) who stated that by treating employees as customers, their job satisfaction would increase. This will, in turn increase the likelihood that they will deliver service quality and create customer satisfaction. Ahmed and Rafiq (2002:21) however, state that employees are often able to separate their feelings about their jobs from the actual performance of the jobs and therefore the authors have not linked job satisfaction and service quality directly to each other but rather indirectly through customer orientation (Ahmed & Rafiq, 2002:21).

The concept of customer orientation was introduced in the second phase of IM development and Simberova (2007:471) put forward that customer orientation is created when an organisation creates a service culture and rewards employees who prescribe to this behaviour. Inter-departmental co-ordination is central to more recent IM literature with Keller *et al.* (2006:114) indicating that the internal supply chain necessary for achieving customer satisfaction will not succeed if such co-ordination does not exist. Empowerment has been included in the model by the authors as, in order for front-line employees to successfully deliver high service quality, they need some latitude over service tasks (Ahmed & Rafiq, 2002:21).

The model as presented by Ahmed and Rafiq (2002:20) highlights the importance of IM through its impact of customer orientation, employee motivation and job satisfaction. Central to employee attitudes and inter-functional coordination is the use of marketing-like tools when creating an effective service organisation through employee satisfaction. The use of marketing-like activities as tools for IM is grounded in literature with authors agreeing that the use of traditional marketing tools with an internal focus is the basis for IM in all its applications (Keller *et al.,* 2006:110; Gounaris, 2006:436, Ahmed & Rafiq, 2002:15).

Up to this point, IM as a concept has been defined and models discussed. Section 5 will discuss the various applications of IM and how the concept does not function in isolation but is a powerful tool throughout the organisation

5 APPLICATIONS OF INTERNAL MARKETING

As defined, IM is a planned effort, often in the form of an organisational programme that uses a marketing-like approach to motivate employees towards customer satisfaction (Ahmed & Rafiq, 2002;10). As a tool for amongst other things, overcoming resistance to change, motivating employee and increasing inter-functional co-ordination, IM has various applications throughout the organisation. Some of these applications will be discussed below.

5.1 Internal marketing and HR management

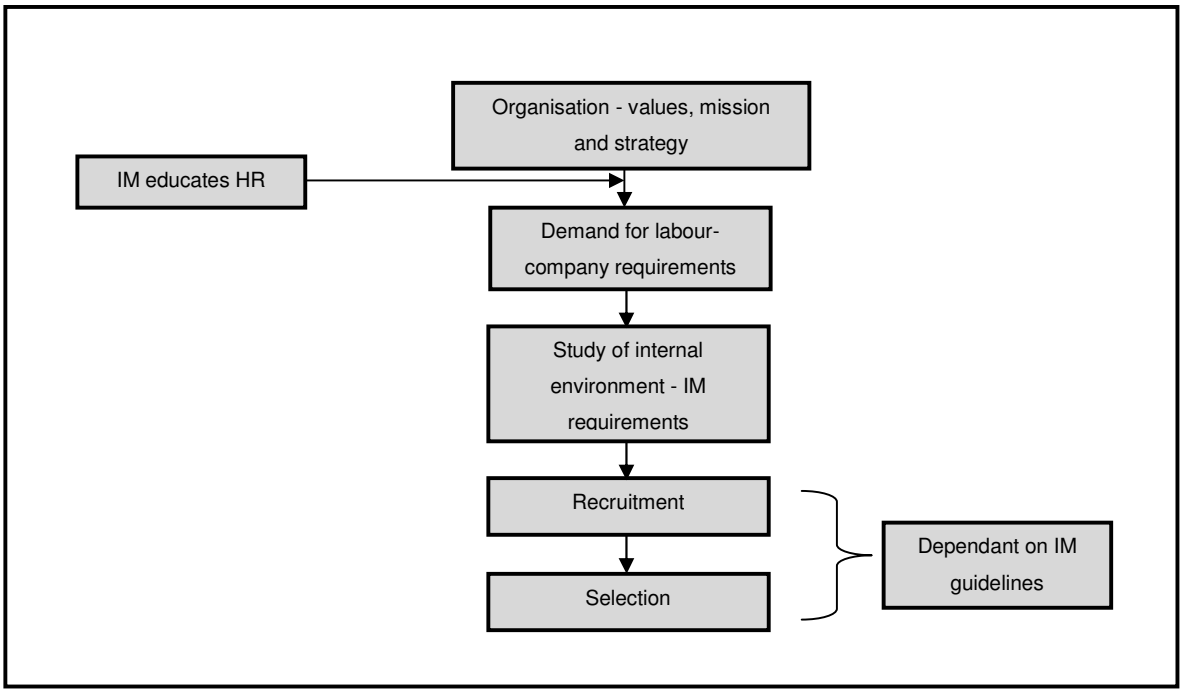
As more is known about the impact that well-trained, informed and motivated employees have on service quality, it is becoming increasingly important that HR practioners become involved in core business processes (Aurand *et al.,* 2005:163). IM is not just communication; it also encompasses functions traditionally under the control of HR, namely recruitment and training.

The first step of an effective IM programme is to educate HR practioners in terms of their role and significance to the IM programme as well as the importance of them including such knowledge into their recruitment and training processes (Aurand *et al.,* 2005:163).

The HR planning process, that of systematically reviewing human resource requirements to anticipate the needs of the organisation so as to ensure the required skill and

organisational fit are available when needed, is guided by the IM programme (Niemand & Bennett, 2002:258). Figure 8 shows the HR process and indicates how it is influenced by IM. Firstly the communication of the organisation values, mission and strategy is directed by the IM programme. The demand for labour stems from internal operational requirements but the study of the internal environment is molded by IM in terms of cultural and role fit. Both selection and recruitment, while remaining an HR role, are influenced by IM.

Figure 8: The HR process as influenced by IM



Source: Adapted from Niemand and Bennett (2002:259)

IM programmes often require training of employees in terms of new roles, responsibilities and organisation values. Training allows organisations to shape employees' attitudes and behaviours in line with required standards as identified by the IM programme. Ahmed, Rafiq and Saad (2003:1222) emphasise the importance of employee training as it allows an opportunity for employees to identify with organisational goals and to advance within their own careers. HR practitioners should therefore be fully aware of the organisation's

IM goals so that all training conducted sends congruent messages aligned with the IM values (Burmann & Zeplin, 2005:293).

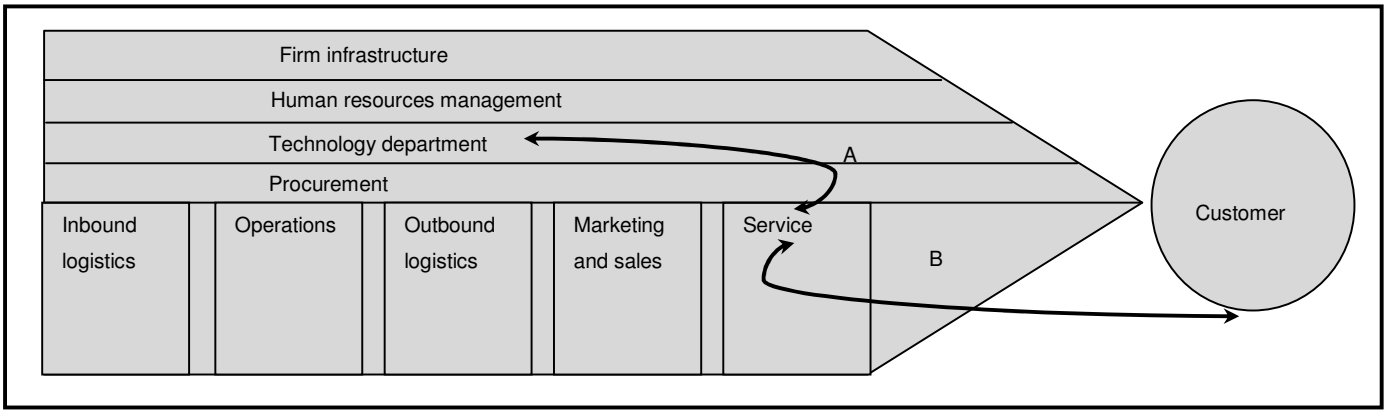
The next section will discuss IM and quality management to explain further how IM fits into the TQM framework.

5.2 Internal marketing and total quality management

Total quality management (TQM) is a business philosophy and set of principles that provide guidelines for a continually improving organisation (Niemand & Bennett, 2002:158). Both IM and TQM have evolved as a response to the current business environment that is characterised by the ever changing nature of competition and the increasing importance of customer needs (Barnes *et al.,* 2004:594). The aim of TQM is to create a sustainable environment of continuous improvement and IM facilitates the creation of quality by increasing employee commitment to quality throughout the internal value exchange process.

An internal value chain can be created from IM literature that is a close replica of the type of value creation models used in TQM. In Figure 9 below, it can be seen that each department can act as either a supplier or customer depending on the role that they play in an interaction. In TQM quality is created through the co-ordination and continuous improvement of all business activities (Ahmed & Rafiq, 2002:94).

Figure 9: IM internal interactions, adapted from a TQM framework



Source: Adapted from Niemand & Bennett (2002:158)

In terms of TQM, point A (in Figure 9) - between the technology department and the service department - requires an interaction to increase quality in terms of the service that the technology department offers the service department. When one looks at interaction A in terms on IM, a further step is added as per interaction B, whereby the quality created by interaction A, directly influences the quality received by the customer through interaction B. According to Niemand and Bennett (2002:158), TQM and IM work hand in hand in terms of service industries. For example, if a receptionist is friendly and promises a hotel guest the world when they check into a hotel, a perception of quality is created – this is TQM. If, however the receptionist is friendly and promises a guest service in line with the organisation's values, this is the work of a joint IM and TQM programme. In this scenario, the principles of TQM are operating through IM, allowing the hotel's departments to work together to offer superior quality that is in line with the organisational values.

The next section discusses how IM can foster a culture of innovation in an organisation.

5.3 Internal marketing and innovation

Innovation is the ability to conceive and implement new business ideas that reflect the needs of the market in such a way that competitive advantage is increased (Niemand & Bennett, 2002:122). IM plays a role in innovation in terms of organisational culture, structures and processes, integration and people (Ahmed & Rafiq, 2002:156).

Corporate culture refers to the shared values within an organisation that influences employee behaviour (Burmann & Zeplin, 2005:293). IM is a vehicle whereby management can foster a culture of innovation and provide the tools through which innovation success stories and role models are created and communicated throughout the organisation (Ahmed & Rafiq, 2002:157).

IM can be used to examine the structures, processes and contexts of an organisation and determine whether these hinder or foster a culture of innovation (Ahmed & Rafiq, 2002:158). Traditional hierarchical structure of organisations is often a hindrance to innovation as employees have little or no awareness of the strategy. However, by restructuring the organisation together with an IM programme that clarifies roles and internalises strategy, an organisation is likely to create a context in which innovation is fostered.

Innovation in an organisation is dependent on all relevant departments working together to achieve a common goal. This type of integration requires inter-functional co-ordination which is the relationship between departments within organisations (Keller *et al.*, 2006:114). An organisation exists as a system made up of various sub-systems and IM works as a vehicle to bring these disparate sub-systems together into a cohesive whole (Ahmed & Rafiq, 2002:168). Companies whose departments not only communicate with each other, but also have an understanding of each other's roles in terms of service

quality, are likely to benefit from a steady stream of cohesive innovations. This stream will create higher service quality and strengthen the internal relationships between departments.

Another principle of IM is employee empowerment, building on the idea that by allowing employees some latitude in terms of their tasks, they are more likely to be innovative (Roberts-Lombard & Steyn, 2007:149). An IM programme educates employees as to their role in the overall organisational strategy. By giving employee's added duties and the freedom to conduct these duties, organisations encourage personal growth which often results in increased motivation, employee satisfaction and innovation (Bergh & Theron, 2000:169).

IM can be a vehicle used to disseminate knowledge and learning throughout an organisation, and this is discussed in more detail in the next section.

5.4 Internal marketing, knowledge management and learning

The knowledge era was born in the 1970s with the rise of computerised work environments. This means that although processes are more automated, the knowledge held by the workforce became a source of competitive advantage as it is human experience and ability that creates the potential for action (Ahmed & Rafiq, 2002:173). IM creates a platform for knowledge management in that it encourages continual learning by employees. A learning organisation is one that practices double loop learning: whereby if a problem is detected, it is corrected in a way that challenges the organisation's deep rooted norms which often allows for great leaps in improvement (Robbins, 2001:559).

Lings and Greenley (2005:292) state that within IM, knowledge generation has three main uses, namely that of information generation, dissemination and responsiveness. The role that IM has in information generation is referred to by the authors as the exchange of value, taking into account personal situations, market conditions and organisational influences in order to create new ideas. The dissemination of information is facilitated by IM programmes in that employees are more aware of the actions of the organisation and how their actions have an influence. They are therefore likely to utilise new information in ways that benefit the organisation (Barnes *et al.*, 2004:599). A well-constructed IM programme aids in the internalisation of corporate values which leads to dedicated and motivated employees willing to be responsive to new knowledge and to use this in order to render a higher level of service quality to customers (Burmann & Zeplin, 2005:293).

Building a successful organisation with the capacity for long term competitive advantage requires leveraging the collective knowledge base of the organisation and the fostering of a learning organisation (Ahmed & Rafiq, 2002:208). Knowledge management is about harnessing and using the latent potential of all employees and IM is capable of creating a commonly shared and clearly understood knowledge language that encourages and fosters the sharing of ideas.

The next section discusses how an IM programme can be used as a tool to motivate employees towards the goals of external marketing initiatives.

5.5 Internal marketing, branding and external marketing programmes

Traditionally, branding was an exercise conducted in order to promote the organisation and its products or services to external customers in the hope that this would encourage purchases. Branding is a name, term, sign or symbol that identifies the seller of a product or service and serves to differentiate it from competitors (Papasolomou & Vrontis, 2006:180). In terms of IM, branding moves away from being aimed solely at customers and becomes a strategy developed by an organisation to market themselves to current and prospective employees in way that conveys the organisation's values and aligns their internal processes with their external brand (Punjaisri & Wilson, 2007:60).

Internal or corporate branding is a means for the organisation to clearly define its values, align these to its external messages and communicate this throughout the organisation. IM is a means for building or strengthening the corporate brand through its emphasis on employee satisfaction and on the creation of customer-orientated cultures (Papasolomou & Vrontis, 2006:181). IM is essentially the process whereby the promises made to external customers are believed by internal customers. For example, a service agent whose company advertises that they care about the environment is hardly likely to convey this message honestly and enthusiastically to customer if the organisations internal policies do not encourage recycling. Conversely, however, if the organisation fosters a "green" culture internally amongst its employees, the service agent is more likely to believe the advertised message and reinforce this during interactions with clients.

Piercy and Morgon (1991) are amongst the few researchers to examine IM as having a role in terms of external marketing, and it is therefore valuable to examine the conclusions as set out in this study. Piercy and Morgan (1991:82) discuss what they term as the IM gap, being the difference between what an organisation advertises to external customers and what is known by internal employees. The study found that often much

money and effort is put into constructing external marketing programmes, but that the vital step of educating and enthusing employees to support such programmes is overlooked.

The communication and distribution aspects of a marketing planning model encompass the way in which information about the marketing campaign is disseminated among employees and which platforms are used to do so. Communication focuses on using internal media to inform and persuade employees about a campaign (Piercy & Morgan, 1991:82). Human resources play a role in the distribution of the communication through training and reward systems instituted around the external marketing campaign.

A successful IM programme increases the employee's commitment to, identification with, and loyalty to the corporate brand (Punjaisri & Wilson, 2007:60). This increases the effectiveness of external marketing campaigns by increasing and encouraging employees to internalise the brand promise and deliver this in a manner congruent with the external brand promise (Papasolomu & Vrontis, 2006:182).

From the preceding discussion IM is seen as an organisational tool used in increasing service quality by increasing employee satisfaction. The model as presented by Ahmed and Rafiq (2002:20) provides a clear view of how the concept operates in terms of guiding a customer orientation towards customer satisfaction and increased profit. The application of an IM programme not only creates increased service quality but plays a valuable role in terms of HR management (Aurand *et al*., 2005:163), TQM (Robbins, 2001:15), innovation (Ahmed & Rafiq, 2002:156), knowledge management (Burmann & Zeplin, 2005:287) and external marketing programmes (Piercy & Morgan, 1991:82).

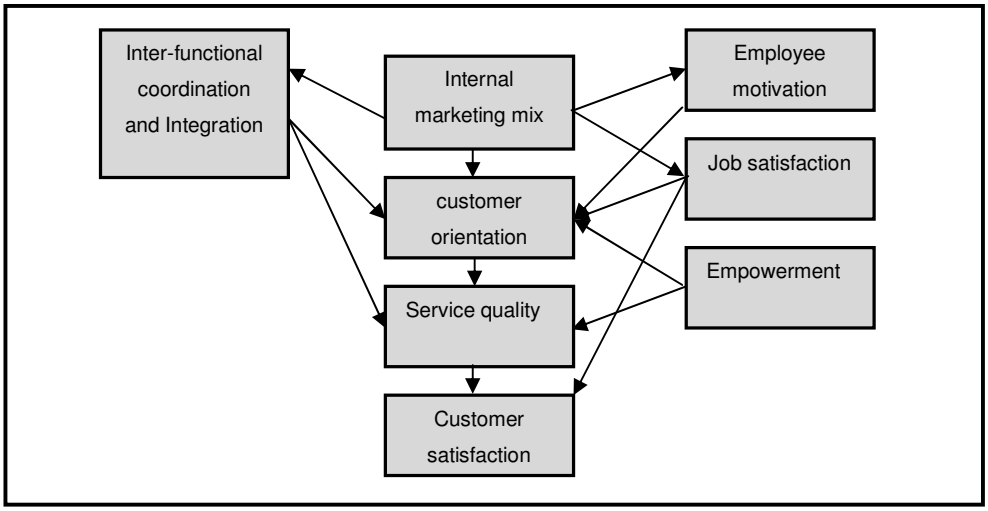
Since the applications of an IM programme in terms of service marketing have been established, it becomes important to consider what makes up an IM programme and how

these function in relation to each other when creating employee satisfaction. An IM programme takes the form of the IM mix, which in turn is made up of various IM elements. The following section will investigate the elements involved in creating an IM mix, what their relation is to each other and which combination of elements can be used to create an IM mix for an effective IM programme.

6 THE INTERNAL MARKETING MIX

Following on the discussion of IM, its definition and applications, it becomes important to understand what constitutes an IM programme. Moving from IM as an abstract construct to a more practical concept, IM can be seen as a working mix of elements that aim to motivate employees (Papasolomou & Vrontis, 2006:178) toward inter-departmental co-ordination (Rafiq & Ahmed, 2000:457) in order to achieve a more customer-orientated approach to service marketing. This working mix of elements is known as the IM mix, which is a number of elements under the control of management that can be combined and applied as an IM programme in order to illicit the desired responses from the target audience, being employees (Ahmed & Rafiq, 2002: 27). From this, the model of IM as introduced previously in Figure 7, can be adapted as seen in Figure 13, by substituting the marketing-like activities with the concept of an IM mix.

Figure 10: The IM mix as part of the IM model



Source: Adapted from Ahmed and Rafiq (2002:20)

There is much debate as to the elements that constitute an IM mix and authors cannot agree as to what constitutes IM with elements such as jobs as products (Gounaris, 2006:436), place (Papasolomou & Vrontis, 2006:178; Barnes *et al.*, 2004:595), promotion or internal communication (Burmann & Zeplin, 2005:288; Rafiq & Ahmed, 2000:457; Piercy & Morgan, 1991:85), people (Papasolomou & Vrontis, 2006:178; Roberts-Lombard & Steyn, 2007:146; Gounaris, 2006:436), price (Keller *et al.*, 2006:117; Ahmed *et al.*, 2003:1223), reward (Barnes *et al.,* 2004:599; Ahmed & Rafiq, 2002:1181; Gounaris, 2006:436; Burmann & Zeplin, 2005:295) and leadership (Burmann & Zeplin, 2005:292; Ahmed *et al.*, 2003; Gounaris, 2006:436).

The IM mix elements put forward are varied and numerous, and often have no correlation to each other, although in some cases similar elements are used inter-changeably by different authors. These elements are not mutually exclusive, often overlap and act co-dependently of each other. What constitutes an IM mix is a veritable minefield, however some of the most common elements will be discussed below. Refer to Table 1 for a summary of some of the elements mentioned by different authors.

Table 1: A summary of the elements of the IM mix

Ahmed, Rafiq and Saad (2003)	Barnes, Fox and Morris (2004)	Burmann and Zeplin (2005)	Gounaris (2006)	Keller, Lynch, Ellinger, Ozment and Calantone (2006)	Papasolomou and Vrontis (2006)	Piercy and Morgan (1991)	Ahmed and Rafiq (2002)	Jou, Chou and Fu (2008)
Organisational structure	Knowledge management	Corporate culture, mission, vision and values	Labour market conditions and job descriptions	Internal job products	Employee as customer	Product	Product	Job quality and reward
Physical Evidence	Communication	Infrastructure and resources	Segmenting the internal market	Internal place	Service quality standards	Place	Price	Upward communication
Inter-functional coordination	Training and staff retention	Behavioural guidelines	Identification of exchange value	Internal price	Training and education	Price	Place	Value and information sharing
Operational Process	Reward	Communication	Communication	Internal promotion	Reward system	Communication	Promotion	Empathy and consideration
Internal communication	Leadership and management	HR activities	Training			Distribution	Participants	Benchmarking
Training and development		Reward System	Remuneration system				Tangible Evidence	Promotional activities
Strategic Reward and incentive system		Management and employee relationships	Management concern				Process	
Senior Leadership								
Empowerment								

Table 1 indicated elements considered by various authors as being part of an IM mix to be used in an IM programme. These elements tend to be disparate although broad overlaps can be seen. In terms of elements focusing on actual jobs, the next four elements to be discussed may provide some overlap, but are also considered by some authors as being standalone elements in the IM mix.

6.1 Jobs as product for employees as customers

The product concept of the IM mix stems from the logic of viewing employees as customers. As customers, employees require products to satisfy their needs in order to be motivated and deliver high service quality (Papasolomou & Vrontis, 2006:179). The people who therefore "buy" the organisation's jobs are not very different from external customers, and marketing-like tools can be used to attract and retain these employees (Keller *et al.,* 2006:110). Viewing jobs offered by an organisation as products refers to the importance of looking at jobs not only from the point of view of the tasks they entail, but also from the perspective of employees and what they need in terms of fulfillment, remuneration and empowerment (Ahmed & Rafiq, 2002:28). When deciding on a job offering, organisations should be mindful of the requirements of prospective employees in terms of role, function, description, remuneration, advancement and satisfaction offered by the job product.

6.2 Labour market conditions and benchmarking

Labour market conditions refer to the nature of the demand for jobs in the potential employee pool. Market demand can influence job offerings in terms of salary, working conditions, roles and requirements. Grobler *et al.* (2002:139) argue that the labour market often base their decisions regarding job offers on their perceptions of salary offers, and that they hardly ever consider the secondary benefits offered by an

organisation unless these are clearly stated in the offer. This means that when advertising available positions an organisation should be mindful of marketing themselves in terms of their value statement and corporate culture in order to obtain a competitive advantage in a market where salary offers tend to be somewhat homogenous. Gounaris (2006:442) reiterates this by stating that organisations should garner a deep understanding of the labour market by benchmarking offers against competitors. Such benchmarking allows organisations to formulate job offerings not only to suit organisational requirements, but also to match them to labour market demand in a way that is not only utile to the labour market, but also attractive.

6.3 Job descriptions as behavioural guidelines

Job descriptions are a written compilation of the roles, duties, specifications and conditions of a certain job (Grobler *et al.*, 2002:89). Job descriptions allow organisations to introduce job products effectively and attractively to the labour market. Job descriptions also allow organisations to market job products to new recruits and current employees in terms of role requirements, job functions, future advancement possibilities and satisfaction offered by the job. One of the most basic functions of a job description in terms of IM is to clarify the role of the employee in terms of the larger organisational objectives. Roles are defined as the set of expectations regarding the behavior and performance of an individual occupying a certain position (Bergh & Theron, 2000:291). In order to employ customer conscious employees, which is one of the starting points of IM, job descriptions should not only clearly define the operational requirements of front-line jobs, but also detail the expectations in terms of service quality and customer orientation. By marketing jobs internally as products to employees internal service standards can be set and achieved. Papasolomou and Vrontis (2006:179) posit that if organisations clearly define internal service expectations and equip employees to reach service standards through well constructed job products, the likelihood of meeting such internal standards is increased. These authors found that by clearly defining individual job roles, and tying personal roles to organisational goals, individual employees are able

to see how their contribution influences organisational goals and service quality and are therefore likely to gain job satisfaction.

6.4 Empowerment

Jobs as products are one of the fundamental tools in employee satisfaction. Dabholkar and Abston (2007:2) define job satisfaction as employee's overall positive evaluation of the job situation and in terms of job products refer to autonomy as being an aspect with great influence on satisfaction in the work place. Autonomy or empowerment in terms of job products deals with the extent to which the jobs offered to employees allows and encourages independence and discretion within the confines of the work situation (Roberts-Lombard & Steyn, 2007:149).

Ahmed and Rafiq (2002:71) discuss two types of discretion that should be included and considered when formulating jobs as products, namely routine and creative discretion. Routine discretion is allowed when job products are formulated in such a way that the job description allows for a number of alternatives for each possible action within a certain job. An example would be a sales person having the ability to recommend different organisational services to a client without having to consult a superior. Routine discretion is the most basic form of empowerment and requires training in terms of the organisation's offerings and systems in order to allow the freedom of choice within the confines of the organisational setting. Creative discretion is the more traditional form of empowerment, whereby employees are encouraged and rewarded for developing alternatives in terms of their tasks. This type of discretion is not specified by the job product but is created by empowerment factors included in job descriptions (Dabholkar & Abston, 2007:4).

The delegation of authority closes links to the concept of empowerment as dealt with in terms of job products, but also refers to the manner in which decisions are made in the organisation (Bergh & Theron, 2000:293). Niemand and Bennett (2002:107) refer to decentralised and centralised authority as having an influence on the manner in which employees function and posit that the more decentralised an organisation's authority is, the more likely they are to be able to institute an IM programme effectively.

Elements dealing with the job itself have been discussed in the above sections. The next sections cover the organisation, the culture, the environment and processes within an organisation. These elements again may overlap to a certain extent, could be combined into one element, or alternatively be used as three separate elements of the mix within an IM programme.

6.5 Organisational structure, departmentalisation and inter-departmental coordination

Organisational structure refers to the way in which an organisation operates, how tasks are allocated, what the reporting lines are as well as the patterns of interaction to be followed. It encompasses division of labour, delegation of authority and departmentalisation (Bergh & Theron, 2000:293). Ahmed *et al.* (2003:1223) state that organisational structure influences IM as it can either facilitate or hinder the ease at which an IM programme is instituted. The division of labour is associated with the previous discussion of job products, as this describes the extent to which roles are specialised and focused. IM facilitates the description of job roles through job products and introduces the concept of internal co-ordination of these specialised roles so that they all function together to form a coherent system to deliver service quality (Gounaris, 2006:441).

The term departmentalisation refers to the grouping of related work functions into independent units that have little interaction with the whole. The more departmentalised an organisation is, the more the conditions for customer-orientation and inter-departmental co-ordination are decreased (Niemand & Bennett, 2002:108). Papasolomou (2006:207) found that the more rigid and bureaucratic an organisation is, the more difficult it is to effectively institute an IM programme. Burmann and Zeplin (2005:281) state that some challenges arise when considering all organisational departments for inclusion in IM programmes. Firstly, departments vastly removed from customer contact may fail to see the need for such a programme. This can be overcome by describing the internal supply chain in order to clearly indicate where such departments fall within value creation and how their functions contribute to the final customer service delivery. Secondly, many organisations outsource functions, with the result that employees operating within such outsourced functions have little connection to the organisation and therefore view IM programmes as irrelevant to them. Burmann and Zeplin (2005:287) emphasises that external partners may not identify with the organisation and suggest that wherever possible, front-line functions should not be outsourced to external partners in order to ensure that customers are dealing with employees who believe in the organisation. Organisational structure can influence service quality through IM as it facilitates the flow of information, the relationship between departments and the operating philosophy of the organisation as a whole (Keller *et al.*, 2006:115).

6.6 Corporate culture

Corporate culture refers to the totality of assumptions, values and norms that are shared by an organisation's members that determine their perceptions, interpretation patterns, thinking, decision making and behaviour (Burmann & Zeplin, 2005:293). An organisation wanting to institute an IM programme will most likely have a service corporate culture, being a culture where the appreciation of good service to both internal and external customers is considered a norm (Zeithaml & Bitner, 2009:373). Corporate culture is the

starting point of any IM programme as it influences the acceptance of employees to change, the willingness of employees to accept new organisational philosophies and is the driving force behind the adoption of customer-orientation within an organisation.

The mission, vision and values that an organisation prescribes to can be introduced and promoted through an IM programme. Burmann and Zeplin (2005:294) describe the mission and vision of an organisation as the verbalisation of the organisation/brand identity. The authors posit that an organisation should carefully consider its mission and vision statements and ensure that these are meaningful, comprehensible and appealing to all employees. The statements should accurately represent the organisation and its philosophy, and also be memorable. The values an organisation prescribes to describe the accepted behaviour of employees when operating within the organisation. Burmann and Zeplin (2005:287) are of the opinion that by linking desired IM outcomes to organisational values, employees are more likely to internalise behaviours driven by the IM programme.

6.7 Internal place: the environment

The environment or the internal place, both physical and social, influences the IM mix in terms of the implementation of the mix, as well as employee job satisfaction. Utilising and adapting environmental cues within the organisation as part of an IM programme aid in the job product element as well as the promotional element of the mix. The physical environment, in which employees work and interact, influences job/personal satisfaction and comfort (Bergh & Theron, 2000:191). Physical environment encompasses workplace design, lighting, background noise, colour scheme and space used and the design of these is often termed ergonomics (Grobler *et al,* 2002:120). The authors argue that the importance of ergonomics to a successful IM programme is often overlooked. When ergonomic factors are well designed, employee satisfaction does not necessarily increase, but when subjected to poor working conditions, employees are

almost always dissatisfied, regardless of other factors. A well-designed physical work environment that is both comfortable and facilitates work flow and fosters successful performance. Therefore the organisation invests in its own goals as well as in its employee's satisfaction (Ahmed *et al.,* 2003:1223).

The social organisational environment refers to the relationships between co-workers and supervisors, on both a formal and informal level. The social environment at work presents employees with the opportunity for social contact, creates a sense of belonging and shared experience and allows for the development of social skills (Bergh & Theron, 2000:220). Although social relationships cannot be mandated by organisations, creating an environment that fosters social interaction between co-workers encourages mutual respect, understanding, team work and camaraderie between employees (Burmann & Zeplin, 2005:294). The socialisation aspect of an employee's work place development is crucial to them internalising organisation norms, adopting behavioural practices becoming part of the team and adopting the corporate culture, all of which increase employee satisfaction (Bergh & Theron, 2000:303).

6.8 Process, infrastructure and resources

Process in terms of IM refers to the way the employee receives the products as presented via an IM programme (Ahmed & Rafiq, 2002:35). The experience of receiving the IM product is created by the operational systems, procedures and flow of activities that allow for the organisation to interact with its employees (Zeithaml & Bitner, 2009:25).

Gilmore (2003:12) states that no amount of attention and effort from the IM programme will result in employee satisfaction if there is poor process formulation in place. The author argues that the process element of the IM mix requires an understanding of

operational requirements in order to ensure that the changes or behaviours required from the programme are supported by effective organisational process. An example of this would be an IM programme that encourages customer-orientation from front-line staff. If these employees are not supported by all other departments and if operational processes do not facilitate the customer service orientation, employees are less likely to conform to the requirements as laid out by the programme.

The processes required by an IM programme should be considered in terms of both their complexity and their divergence (Zeithaml & Bitner, 2009: 249). The complexity of a process refers to its nature and steps. The more complex the processes required by an IM programme, the more attention should be given to them to ensure that they are correctly documented, mapped and communicated to employees (Ahmed & Rafiq, 2002:35). Divergence refers to the latitude or variability allowed to employees in terms of the steps within the process. This is closely linked to empowerment; the higher the divergence allowed within the process, the more empowered employees are likely to feel. Divergence can however be a double-edged sword in that the higher the divergence allowed within processes, the less likely the organisation is to achieve standardisation (Gilmore, 2003:12).

Although processes within themselves form an important part of any IM programme, the management and implementation of processes also has bearing on their usefulness. Gilmore (2003:12) states that during the implementation of an IM programme, processes should be mapped in order to determine their ownership patterns. Ownership pattern refers to determining which employee or group of employees bears responsibility for the process. This allows for the development of job products in line with required processes and facilitates the empowerment of employees (Grönroos, 2008:316). The perception of the IM process is an important factor in the overall perception of the IM programme because often employees cannot differentiate between the outcomes of a programme and the processes it involves. For example, in order to

render high quality customer service a call centre agent is required to ask certain client identification questions before they may continue to assist the customer in terms of an IM programme that aims at offering security to clients as part of its customer orientation. If this process is cumbersome and ill-conceived, the employee will perceive the IM outcomes to be such and are less likely to appreciate the goals of the IM programme.

The next section will discuss the element of price as part of the IM mix.

6.9 Price

Internal price in terms of the IM mix is defined by Keller *et al.* (2006:117) as the cost to employees for gaining new knowledge and adopting new behaviours. Bergh and Thereon (2000:207) explain that the cost-reward relationship present in the business world as influencing employee satisfaction because employees are likely to form ties to organisations where they receive emotional happiness, involvement, minimum stress and suitable monetary rewards in exchange for the work they do. In this sense the rewards offered by the organisation offset the costs experienced by the employees.

The introduction of an IM programme often results in change regarding employee behaviour and therefore it becomes important to decrease the perceived cost of such new behaviours by offsetting them against benefits. Ahmed and Rafiq (2002:28) refer to the psychological costs of adopting new behaviours and the opportunity costs associated with forgoing other tasks to adhere to a new programme as being deterrents to the adoption of an IM programme by employees. In order to minimise the influence of such costs, the benefits of adopting an IM programme need to be clearly defined and the fears of employees allayed by providing them with sufficient motivation and information to comply with the IM requirements. An example of this would be a front-line employee who is required to attend a course in customer service. The perceived

cost of such training, for example time away from family, time away from other tasks and the cost of changing behaviour needs to be offset against advantages to the employee such as reward for increased service quality. Price is therefore what organisations ask employees to "pay" when they "buy into" an IM programme.

The price element of IM can also be linked to job products. When designing job products the organisation must be mindful of the labour market conditions. In terms of market demand, the organisation needs to consider the cost of accepting job products experienced by employees. In such instances, price encompasses remuneration, working hours and non-financial rewards. Gounaris (2006:436) discusses identifying the exchange of value for employees, referring to the satisfaction derived by employees, either monetary or intrinsic, which counter-acts any cost to the employees when delivering value to the organisation. Grobler *et al.* (2002:382) emphasises the importance of offering both extrinsic rewards, such as salary and benefits, as well as intrinsic rewards, those of achieving personal goals, career advancement and job autonomy, when attempting to offset the cost of job products to the labour market.

Another aspect of price to be considered when incorporating it into an IM mix is the increased cost to the organisation. Papasolomou (2006:195) mentions that organisational management is often resistant to IM programmes, and such programmes are seen by management as not important to the bottom-line. Management may be of the opinion that such programmes are simply attempts by marketers to extend their influence within the organisation. Ahmed *et al.* (2003) state that the financial cost of satisfying employees through an IM programme can be great and that this cost needs to be offset by advantages to the organisation that make sense to management not involved in marketing or human resources. Examples of increased costs to the organisation include training costs - this includes time away from work as well as the actual cost of training venues and facilitators. Such costs need to be offset by a

measurable increase in the behaviours learnt through training and also a measurable increase in revenue or customer satisfaction as a direct result of the training.

The following four sections discuss various IM elements that are people focused, ranging from communication to leadership styles. The mix elements can either be used in an IM programme separately, or can be combined, depending on the organisational needs.

6.10 Internal communication/promotion

Barnes *et al.* (2004:599) put forward the idea that the lack of internal communication results in employees having a disjointed view of the organisation and their place in it. The study states that by adopting an open communication policy within the organisation, employees will be more aware of the objectives of the organisation and how their actions influence the success or failure of ventures entered into by the organisation. Informal communications between departments encourage knowledge transfer and social relationships between differing employees, which in turn foster the effectiveness of the internal supply chain.

Burmann and Zeplin (2005:291) state that internal communication is comprised of three forms that need to be aligned to successfully institute an IM programme: central, cascade and lateral communication. Firstly, central communication - being the communication that is driven by a central department with the purpose of delivering powerful messages regarding IM programmes. In this form of communication, messages are sent via the “push” principle and are often in the form of mass media such as newsletters, intranet communication and in-house posters (Niemand & Bennett, 2002:285). Such communication should be supported by media using the “pull” principle or upward communication in order to allow for feedback to reach the central

communication department. Central communication is useful for creating awareness and distributing up-to-date information regarding the IM programme.

Secondly, cascade communication - which is communication generated at the top of the organisation which moves down the organisational hierarchy. This type of communication suits the dissemination of information that requires management support, although this type of communication can be time consuming (Robbins, 2001:288). Information that is passed on by direct management is advantageous in convincing sceptical employees and gains credence as it is seen to be coming from individuals within the organisation who hold positions of authority. Such communication therefore requires so-called IM champions, individuals within management that take responsibility for the dissemination of IM information within their relative departments (Niemand & Bennett, 2002:286).

Lastly, Burmann and Zeplin (2005:291) describe lateral communication as being integral to the success of an IM programme. Lateral communication describes the informal communication of information between employees regardless of position or department (Niemand & Bennett, 2002:285). This form of communication is often the most powerful and IM promoters should take care to use the informal communication networks or “grapevines” within the organisation to convey information. The grapevine is a useful tool when disseminating IM communication as it is not controlled by management and is often perceived by employees as a more accurate source of information than cascade communications (Robbins, 2001:291). A challenge when using such communication is that it is difficult to control the speed and accuracy of information conveyed through informal networks and therefore IM practioners should pay special attention to the type of content they introduce into lateral communication networks in order to maximise its usefulness.

Ahmed and Rafiq (2002:31) refer to the traditional marketing communication techniques of advertising and personal selling as being important IM promotion tools. Advertising in the context of IM refers to the use of intranets, company posters and newsletters to convey information on the organisation, its values and the services it offers. An example of internal advertising would be the use of the company intranet and posters to advertise a new service offered, supply information of training to be held and to link this all to the company values in order to define the employee's role clearly (Burmann & Zeplin, 2005:291). Personal selling, in terms of IM, refers to the time spent by managers and employees in communication regarding all aspects of an IM programme.

6.11 Management and employee relationships: empathy and consideration

Gounaris (2006:437) posits that the stronger the manager-employee relationship, the more likely the employee is to believe the communication transmitted by the manager. Good relationships between employees and management allow for the free flow of feedback and also increase the trust employees have in the organisation. If the so-called IM champion is trusted by the employees, the success of the champion's endeavours surrounding the IM programme is increased. Employee-management relationships also influence employee satisfaction and therefore have a bearing on the success of IM programmes (Ahmed *et al.*, 2003:1222). Niemand and Bennett (2002:287) state that the benefits of strong manager-employee communication is that it allows an opportunity for the employees to ask questions and gain a common understanding regarding the information provided by the manager.

6.12 HR activities: recruitment, orientation and training

Recruitment operates as the starting point of any organisation wanting to instill customer orientation within its employees. Grobler *et al.* (2002:90) declare that employees are the key organisational resource and that through clear and attractive job descriptions, qualified applicants are attracted to an organisation. This links to the use of jobs as products in that by designing job products to suit the labour market, the best candidate will become available for recruitment. Recruitment is described as an organisation branding exercise that should be a definite part of an IM programme (Burmann & Zeplin, 2005:27). Once a clear IM programme is designed, selection of employees should be done based on organisation-candidate fit. Burmann and Zeplin (2005:293) argue that not all individuals are naturally disposed to suit all types of organisational cultures and orientations. Through a structured and specific selection programme, organisations can ensure that candidates employed have a so-called “fit” with the organisation and are therefore more likely to perform in line with organisational goals.

Once appropriate candidates are recruited into the organisation, the IM programme takes on a very real role in the formation of such recruits’ perceptions about an organisation. Niemand and Bennett (2002:265) put forward new recruit orientation as being the driving force behind the recruit’s socialisation process and that, as such, orientation programmes should convey the organisation’s identity, culture, values and expectations. Orientation programmes should educate the new recruit regarding an overall view of the organisation, establish relationships with co-workers, identify the basic responsibilities of the job, create a sense of belonging, introduce organisational goals and emphasise the importance of their role in attaining these (Grobler *et al.*, 2002:208). The benefits of an IM driven orientation programme are higher employee satisfaction, increased association with organisational goals and values and increased customer satisfaction through the increased commitment of employees to customer orientation (Burmann & Zeplin, 2005:293; Grobler *et al.*, 2002:208).

The challenge of introducing an IM programme into an organisation is that existing employees may be resistant to, or may lack the skills required to perform within the new requirements of such a programme. Papasolomou and Vrontis (2006:190) state that education and training of existing employees with regard to IM programmes help them to understand the value of such a programme and also to place themselves and their roles within the over-arching aims of the IM programme. Training allows organisations to shape employees' attitudes and behaviour in line with required standards as identified by the IM programme. Burmann and Zeplin (2005:288) link employee satisfaction and training in that in the later stages of an individual's employment, training provides inspiration to recommit to organisational objectives and also provides a platform for succession in an individual's career path. Ahmed *et al.* (2003:15) emphasise the importance of employee development in terms of it being an opportunity to allow employees to identify with organisational goals and advance within their own careers. Training and development are linked to employee retention and that by retaining experienced, dedicated employees an organisation creates IM champions. This view is supported by Burmann and Zeplin (2005:292) who put forward the idea that IM champions foster the IM culture and pass on this knowledge to new recruits within the organisation.

6.13 Leadership

Various authors agree that leadership is a driving force behind any IM programme (Gounaris, 2006:437; Burmann & Zeplin, 2005:292; Ahmed *et al.*, 2003:1223). Individuals who function as IM champions drive the adoption of IM programmes in a powerful way. Such IM champions act as role models in terms of expected behaviour and outcomes and are responsible for the so called "corporate lore" that is passed on to new employees. Corporate lore encompasses traditions, culture, values and behaviours accepted within the organisation. IM champions should be senior members within the organisation as such individuals have the respect of other employees and are therefore more likely to encourage employees to emulate their actions.

Burmann and Zeplin (2005:292) suggest that internal brand leadership adds credibility to any IM communication generated by other means. They distinguish between two levels of internal leadership as being macro and micro level leadership. Macro leadership refers to the role that the organisation's CEO and executives fulfill within the IM programme. These individuals are largely responsible for the external brand as well as any IM efforts undertaken by the organisation. Employees will only take IM seriously if it is supported by the words and actions of the CEO and executives and as such IM needs to start at the very top of an organisation. On a micro level, each employee in a management role within the organisation needs to act as an IM role model. Employees learn behaviours and attitudes by observing superiors and emulating their behaviour.

Burmann and Zeplin (2005:293) suggest that transformational leadership is the most effective style of leadership in terms of IM. Transformational leadership is defined by the authors as a leader's behaviour that influences the value system and aspirations of individual employees and encourages them to forsake self-interest for the sake of the organisation. Robbins (2001:329) supports the view of transformational leadership being the type of leadership that inspires employees, but argues that this leadership style is built on the back of sound transactional leadership. With this leaders not only inspire employees but guide them in the direction of established IM goals through the clarification of roles and objectives. Once clear IM goals are set by leadership, employees require a charismatic leader that provides vision, communicates high expectations and gives employees personal attention (Robbins, 2001: 330).

Gounaris (2006:437) emphasises another aspect of leadership that influences IM as that of responsiveness to internal-intelligence. Internal-intelligence includes designing jobs to meet the needs of employees, adjusting remuneration schemes accordingly, considering employee needs and offering them training in order to develop skills all with the aim of increasing job satisfaction. The use of internal intelligence is a form of participative management and as such is leadership that encourages employee

feedback, and then uses such feedback as part of a decision-making process, thus including employees (Robbins, 2001:194).

The final element that can be incorporated into an IM mix as part of an IM programme is reward, which will be discussed in the next section.

6.14 Reward

Rewarding employees is considered to be a fundamental requirement to the success of any IM programme. Ahmed *et al.* (2003:1222) considers two different types of incentives to operate within reward as an IM mix element. Firstly, strategic rewards motivate behaviours, actions and accomplishments that help advance the organisation toward specific business goals. Secondly, incentive systems, such as the basic payment system used by the organisation to reward the business activities, behaviours and values that management wants to encourage.

Bergh and Theron (2000:209) state that an employee is motivated to perform well because of some reward, monetary or intrinsic, that the person expects to receive as a result of performing well. The authors indicate that reward systems condition and motivate employees to exchange some expected level of work for the promised rewards as offered by the organisation. Primarily the objectives of a reward system are to attract and retain good employees (Grobler *et al.,* 2002:382). By linking rewards to outcomes of an IM programme, it can be assumed that such rewards will energise, direct and maintain the actions and behaviours required for the success of such a programme. Robbins (2001:170) refers to the expectancy theory when dealing with employee rewards. The expectancy theory states that the strength of an employee's tendency to act in a certain way depends on the strength of that employee's expectation that the behavior will illicit rewards that are attractive to the employee. This reinforces Bergh and

Theron's (2000:209) previously stated argument that an employee is motivated to perform in line with required behaviours if such behaviour will illicit rewards that the employee values.

Papasolomou and Vrontis (2006:191) conclude that by aligning corporate and individual goals through a formal reward system, organisations instill confidence in employees that their efforts into achieving IM objectives will be reflected in performance appraisals. Improved performance appraisals will create a benefit for the employee in the form of a reward. Organisations should utilise both tangible and intangible reward systems for reaching organisational goals created by IM programmes. An intangible or intrinsic reward is, for example, managerial recognition or promotion. Examples of tangible rewards include prizes, bonuses and commissions. Research indicates that employees place emphasis on monetary rewards, but also aspire to rewards of recognition (Papasolomou & Vrontis, 2006:191). It is important that organisation do not place too much emphasis on the rewards of front-line employees, although it may be easier to quantify the customer service standards of such employees. The appropriate way is to reward all support staff for achieving set IM standards. Robbins (2000:72) states that reward systems can also operate as a tool to decrease the amount of dissonance employees experience when presented with new behaviours, this being particularly true in terms of IM when such programmes are presented to support staff. Employees not directly involved with customers may fail to see how their functions influence customer value and therefore may be resistant to programmes that require additional effort from them. This internal dissonance will decrease if reward systems are introduced that focus on appraising required behaviours and rewarding customer-orientated behaviour.

Zeithaml and Bitner (2009:375) warn against implementing reward systems that value organisational metrics over customer-orientation. An example would be a system that rewards the number of service calls a customer care agent makes within a day. This type of reward metric encourages quantity over quality and opposes values prescribed

by an IM programme. By rewarding such behavior, one not only creates internal conflict within employees but increases resistance to the premises laid out by an IM programme. Reward systems should motivate employees to adopt the behaviour required from an IM programme and therefore should be created with both operational and customer-orientation goals in mind (Ahmed & Rafiq, 2002:35).

The elements of the IM mix, although varied and numerous, constitute aspects of organisational life under the control of management that can be combined and implemented in order to guide employee behaviour. The mix as discussed, is not finite and by no means complete, however the commonality of the above elements within literature provide support for their inclusion into any IM programme. For the purpose of this study however, the elements as given by Jou *et al.* (2008) with be considered as part of an IM mix, whilst acknowledging that this combination of list may not be complete or superior to any other combination of elements in an IM mix. To be used in this study are empathy and consideration, benchmarking, job quality and reward, upward communication, value and information sharing and promotional activities (Jou *et al.,* 2008).

7 CONCLUSION

IM has developed as a concept whereby organisations strive to create satisfied employees who are committed to organisational values of consumer orientation. Within service marketing a link between employee satisfaction and service quality is created. Employee satisfaction can be a direct product of an IM programme, made up of a mix of the above discussed IM elements. IM is a planned effort on the part of an organisation whereby a marketing-like approach is used internally to align, motivate and integrate satisfied employees towards the delivery of customer satisfaction and service quality.

This chapter has explored internal marketing and mapped its evolution from a young concept through to a maturing discipline incorporating all aspects of business. The literature presented in the chapter has highlighted the myriad of concepts associated with the creation of an IM programme and provided some insight into the complexities associated with such programmes. The chapter concluded with an examination of the various elements that could be included into an internal marketing mix.

The next chapter will describe the research design and methodology used in the study. A description of the overall design is followed by the sampling and data collection techniques. The measurement scale used is described in detail. The chapter concludes with the data analysis approach.

CHAPTER 4 CONCEPTUAL FRAMEWORK, RESEARCH DESIGN AND METHODOLOGY

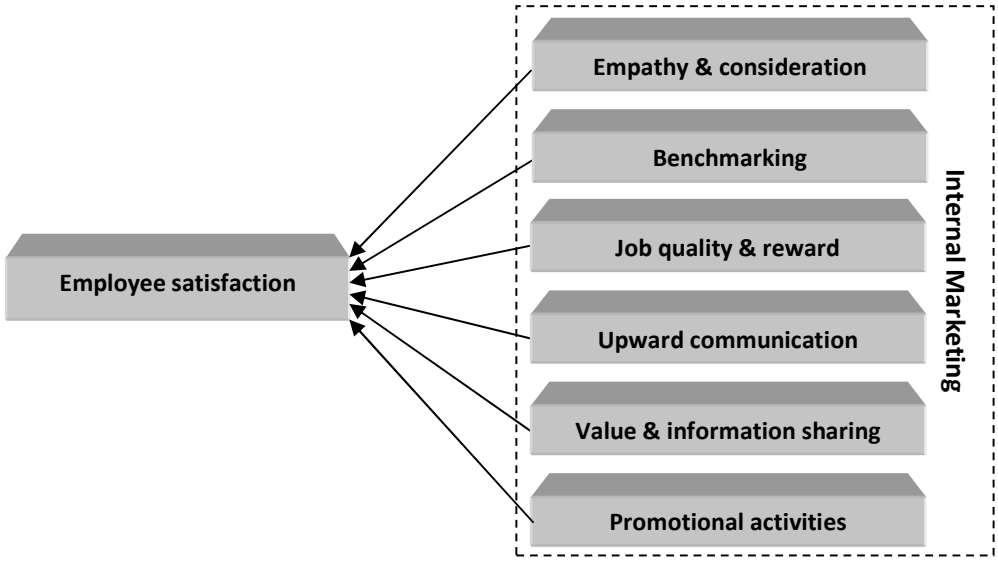
1 INTRODUCTION

This chapter provides the conceptual framework and definitions of the different elements of IM measured as predictors of employee satisfaction used in this study. In addition, the chapter also supplies motivation for the hypotheses tested. The main part of the chapter focuses on the research design and method used in this study. Firstly, the research design is classified, while the next section deals with the sampling technique. The sampling section includes a discussion on the target population and the sample size used in this study. Following the sampling discussion there is a focus on the data collection method, questionnaire design and pre-testing. The measures and scales employed in this study are then discussed. This is followed by discussion on the reliability and validity of the research as well a brief discussion on the research ethics guiding this study. The final section of the chapter includes a section on the analytical technique used.

2 THE CONCEPTUAL FRAMEWORK FOR THE STUDY

The study has empirically investigated the elements of IM as predictors of employee satisfaction. These relationships are reflected in Figure 14. This section aims to discuss the elements of IM as predictors of employee satisfaction. It is important to note that the relationships depicted in Figure 14 were treated as correlational, since the relationships were deemed to exist together, but not necessarily displaying a cause-effect type relationship. The elements of IM included in the conceptual framework were identified from the scale used in the study of Jou *et al.* (2008). The scale items will be discussed later in the chapter.

Figure 11: The conceptual framework tested in this study



Source: Adapted from Jou *et al. (2008)*

The next section will discuss each identified element briefly in order to investigate all elements of the conceptual framework.

3 THE CONSTRUCTS AS MEASURED IN THIS STUDY

This study focused on the six elements of IM as identified by Jou *et al.* (2008) in order to investigate the elements as predictors of employee satisfaction. The study by Jou *et al.* (2008) was used in this study due to the authors stating that their measure provides a solid basis for investigating IM as a concept. The authors further posit that although their measure includes only six elements of the IM mix, these are the elements most supported in literature and therefore are most likely to form part of a complete IM mix.

The study will be guided by two primary objectives, together with the listed secondary objectives:

- to confirm the IM scale as used in the study by Jou *et al.* (2008:73) in a South African context;
- to determine how well the identified IM elements predict employee satisfaction by:
    - determining if any of the identified IM elements are predictors of employee satisfaction;
    - assessing the relative contribution to employee satisfaction of each of the IM element found to be predictors; and
    - investigating whether certain biographical factors, such as gender, tenure and level of customer interaction, also explain employee satisfaction

The next section contains a brief discussion on the supporting literature of each element. After the elements are discussed, biographical factors included in this study as well as a brief discussion on employee satisfaction will follow.

3.1 Empathy and consideration

Empathy and consideration in terms of an employee/management relationship refers to that feeling employees experience when their wants and needs are taken into account, and such employee-management relationships can influence employee satisfaction (Ahmed, Rafiq & Saad, 2003:1222).

Gounaris (2006:437) posits that the stronger the manager-employee relationship, the more likely the employee is to believe communication transmitted by the manager. Good relationships between employees and management allow for the free flow of feedback and also increase the trust employees have in the organisation. Niemand and Bennett (2002:287) found that the benefit of strong manager-employee relationships, based on empathy and consideration, is that it allows an opportunity for the employees

to ask questions and gain a common understanding regarding the information provided by the manager, which in turn is likely to have an influence on that employee's satisfaction.

From this discussion the following hypothesis is formulated:

H_0: Empathy and consideration are not positive predictors of employee satisfaction

H_1: Empathy and consideration are positive predictors of employee satisfaction

3.2 Benchmarking

Benchmarking as an element of IM refers to an organisation periodically making comparisons between itself and the market in order to measure its offerings in terms of job profiles and salaries. Market demand can influence job offerings in terms of salary, working conditions, roles and requirements. Grobler *et al.* (2002:139) argue that the labour market often base their decisions regarding job offers on their perceptions of salary offers, and that they hardly ever consider the secondary benefits offered by an organisation unless these are clearly stated in the offer.

Gounaris (2006:442) states that organisations should garner a deep understanding of the labour market by benchmarking offers against competitors. Such benchmarking allows organisations to formulate job offerings not only to suit organisational requirements, but also to match them to labour market demand in a way that is not only utile to the labour market but also attractive.

Based on the above, it is hypothesised that:

H_0: Benchmarking is not a positive predictor of employee satisfaction

H_2: Benchmarking is a positive predictor of employee satisfaction

3.3 Job quality and reward

Job quality is a result of the product concept of the IM mix which stems from the logic of viewing employees as customers. Viewing jobs offered by an organisation as products for internal customers refers to the importance of considering jobs not only from the point of view of the tasks they entail but also from the perspective of employees and what they need in terms of fulfillment, remuneration and empowerment (Ahmed & Rafiq, 2002:28). Papasolomou and Vrontis (2006:179) posit that if organisations clearly define quality expectations and equip employees to reach service standards through well constructed job products, the likelihood of meeting internal standards is increased. The authors found that by clearly defining individual job roles, and tying personal roles to organisational goals, individual employees are able to see how their contribution influences organisational goals and service quality and are therefore likely to gain employee satisfaction.

Rewarding employees is considered to be a fundamental requirement to the success of any IM programme. Ahmed *et al.* (2003:1222) considers two different types of rewards to operate within this IM mix element. Firstly, strategic rewards that motivate behaviours, actions and accomplishments that help advance the organisation toward specific business goals. Secondly, incentive systems, such as the basic payment system used by the organisation to reward the business activities, behaviours and values that management wants to encourage. Bergh and Theron (2000:209) state that an employee is motivated to perform well because of some reward, monetary or intrinsic, that the person expects to receive as a result of performing well. The authors

put forward the idea that reward systems condition and motivate employees to exchange some expected level of work for the promised rewards as offered by the organisation, which in turn creates employee satisfaction.

From the above, the following hypothesis is put forward:

H_0: Job quality and reward are not positive predictors of employee satisfaction

H_3: Job quality and reward are positive predictors of employee satisfaction

3.4 Upward communication

Communication is central to all IM programmes and their ability to influence employee satisfaction. Communication that is driven by a central department with the purpose of delivering powerful messages regarding IM programmes is the starting point. In this form of communication, messages are sent via the “push” principle and are often in the form of mass media such as newsletters, intranet communication and in-house posters (Niemand & Bennett, 2002:285). Such communication, however, should be supported by media using the “pull” principle or upward communication in order to allow for feedback to reach the central communication department. Upward communication allows employees to supply feedback, ask questions and garner an understanding of the organisation and their role in it. This flow of information, both push and pull, increases an employee’s commitment to, identification with and loyalty to an organisation. The employee is likely to internalise such messages, alter behaviour to mach organisational expectations, and in doing so become more satisfied with their role (Punjaisri & Wilson, 2007:60). This leads to the following hypothesis:

H_0: Upward communication is not a positive predictor of employee satisfaction

H_4: Upward communication is a positive predictor of employee satisfaction

3.5 Value and information sharing

Knowledge held by an organisations' workforce can became a source of competitive advantage as it is this vessel of human experience and ability that creates the potential for action (Ahmed & Rafiq, 2002:173). IM creates a platform for information sharing in that it encourages continual learning by employees. Building a successful organisation with the capacity for long term competitive advantage requires leveraging the collective value and information base of the organisation and the fostering of a learning organisation (Ahmed & Rafiq, 2002:208). This continual information exchange leads to an organisation that not only increases its knowledge base, but one that develops its employees through training and value sharing, which in turn increases employee satisfaction (Papasolomou & Vrontis, 2006:190). It is therefore hypothesised that:

H_0: Value and information sharing are not positive predictors of employee satisfaction

H_5: Value and information sharing are positive predictors of employee satisfaction

3.6 Promotional activities

Promotional activities are a means for the organisation to clearly define its values, align these to its external messages and communicate this throughout the organisation. Promotional activities encompass the utilisation of all communication channels within an organisation with the purpose of conveying a congruent message to all employees. IM is a means for building or strengthening the corporate brand through its emphasis on

employee satisfaction and on the creation of customer-orientated cultures (Papasolomou & Vrontis, 2006:181). IM is essentially the process whereby the promises made to external customers are believed and supported by internal customers. A successful promotional programme increases the extent to which a message is conveyed as well as the likelihood that it will build organisational awareness and increase motivation and satisfaction amongst employees (Papasolomu & Vrontis, 2006:182).

From the discussion the following hypothesis is postulated:

H_6: Promotional activities are not positive predictors of employee satisfaction

H_6: Promotional activities are positive predictors of employee satisfaction

3.7 Biographical factors

Some studies (Keller *et al.*, 2006:123; Rafiq & Ahmed 2002:454; Papasolomou & Vrontis, 2006: 177) indicated the possibility of certain biographical factors having an influence on employee satisfaction together with IM. Factors such as gender of the employee and length of service to the organisation (tenure) were found to have an impact on employee satisfaction (Vlosky & Aguilar, 2009:1). The authors further found that the level of client interaction by an employee sometimes influences the exposure to an IM programme.. Administrative staff, although having limited interaction with external clients, provides service to other departments or internal clients. Despite this, front line employees who interact with external clients are likely to have a greater exposure to IM programmes and thus the influence of IM on employee satisfaction may be mitigated by the department in which an employee is employed. As such, the following hypotheses are formulated:

H_0: Gender is not a positive predictor of employee satisfaction

H_7: Gender is a positive predictor of employee satisfaction

H_0: Tenure is not a positive predictor of employee satisfaction

H_8: Tenure is a positive predictor of employee satisfaction

H_0: Level of client interaction is not a positive predictor of employee satisfaction

H_9: Level of client interaction is a positive predictor of employee satisfaction

3.8 Employee satisfaction

Employee satisfaction or job satisfaction refers to the feelings employees have towards their job, either overall, or in terms of specific work-related factors (Garcia, Varela & Del Rio, 2010:69). Traditionally employee satisfaction was viewed as the result of congruence between rewards offered by an organisation and the employee's desire for such rewards. However in recent years, acknowledgement has been given to the fact that satisfaction is not necessarily created solely through reward (Gu & Siu, 2009:561). IM has an important influence on employee satisfaction and therefore on service quality (Lu *et al.,* 2005:211). The interaction of employees with customers can influence service quality and customer satisfaction to such an extent that it has become important for service organisations to focus on ways to influence and manage such interactions (Garcia *et al.*, 2010:69).

In this study, employee satisfaction is measured in order to be able to determine how well the discussed elements predict employee satisfaction.

This section identified the conceptual framework and hypotheses for this study. The constructs identified include empathy and consideration, benchmarking, job quality and reward, upward communication, value and information sharing and promotional activities. Now that a conceptual framework for the study has been put forward, the research design will be examined.

4 RESEARCH METHOD

The research method used in this study is survey research. Survey research is defined by Leedy and Ormond (2005:183) as any research that involves gathering information about groups of individuals regarding certain characteristics, attitudes or experiences by means of tabulating and analysing their response to certain questions. It allows researchers to collect structured data from a large population (Saunders & Lewis, 2012:115). Responses are collected through structured questionnaires containing close-ended questions that produce numeric data. Tharenou, Donohue and Cooper (2007:319) comment on the versatility of survey research in terms of primary data collection, in that information regarding abstract concepts such as perception and attitude can be gathered with accuracy and ease. This study investigated the elements of IM as predictors of employee satisfaction by replicating the research conducted by Jou *et al.,* (2008:73) and Yee *et al.* (2008:664) all of whom utilised survey research as the research design

Survey research is appropriate to the research problem of this study as the method allows the researcher to make inferences about a population based on the responses of a sample. As stated by Saunders, Lewis and Thornhill (2007:138), survey research is a popular research strategy as it allows for comparison of data and the results are easy to explain and understand. The data collected by the research will render comparable

results which will allow the researcher to study theories regarding IM in terms of different populations and/or IM elements.

The research philosophy adopted for this study was that of interpretivism. This philosophy relates to the study of a phenomenon in its natural environment and has a goal of understanding differences in humans in their various roles within greater organisational complexities (Saunders & Lewis, 2012:106). This philosophy was adopted since this study desired to understand IM as a predictor of employee satisfaction, and was therefore concerned with complexities of employee satisfaction in service marketing. The following characteristics can be used to classify research based on certain descriptors:

- Formal Study – According to Cooper and Schindler (2003:146), a study can be regarded as conducting formal research when it begins with a research question and involves precise procedures in an attempt to answer the question posed. The aim of this study is to investigate elements of IM as predictors of employee satisfaction and as a result the research can be considered to be formal.
- Basic research - Saunders *et al.* (2007:7) describe basic research as research conducted to increase the academic knowledge of a subject and not to guide any managerial decision making. This study aims to increase the knowledge of IM and although employees from a real organisation will be used in terms of the population, the results of the study are not intended to influence the specific organisation's decision making in any way.
- Interrogation/Communication - A study can be considered to be an interrogation/communication study when the researcher questions subjects in order to collect responses from them (Cooper & Schindler, 2003:147). Since the researcher used self-administered questionnaires to collect responses it is appropriate to classify this study as an interrogation/communication design.

- Ex post facto designs – This descriptor refers to the researcher's ability to manipulate or control the variables in the study (Tharenou *et al.*, 2007:378). Since this is not experimental research in which variables are manipulated, the study constitutes ex post facto research since the researcher has no control over the variables being studied and can only report on them. This study does not aim to conduct experiments in terms of IM, but rather to explain the elements of IM as determinants of IM and therefore this study meets the criteria of an ex post facto design.
- Descriptive research – Saunders and Lewis (2012:111) defined descriptive research as being research that aims to identify characteristics of the research subjects or explore correlations between the subjects. This type of research aims to find answers to the questions of *who, what, when* and *where.* The current study aims to describe the relationship between IM and employee satisfaction and any correlations between the two constructs.
- Cross-sectional research – According to Tharenoa *et al.* (2007:378) cross-sectional research is conducted once and presents a "snap-shot" of the events measured at that specific time. This study meets this requirement as respondents were only required to complete the survey once. The purpose of the study was not to determine whether respondents' behaviours or responses changed over time as would have been the case in longitudinal research.
- Primary data – This descriptor refers to data collected specifically for the research to be conducted by a study with a specific goal in mind (Saunders *et al.* 2007:607). This study produces primary data since questionnaires were completed in order to satisfy the research question in terms of IM and employee satisfaction.

Saunders and Lewis (2012:116) warn that for survey research to render usable and accurate results, careful consideration should be given to sampling. The next section discusses the importance of sampling as well as the sampling technique identified for this particular study.

5 SAMPLING

Tharenou *et al.,* (2007:397) state that the basic idea of sampling is that by selecting some elements of a population, one can make inferences about the population as a whole. Saunders and Lewis (2012:133) are of the opinion that sampling should be used when it is impractical for researchers to survey the entire population or when budget or time constraints disallow a census. For the purpose of this study, a sample frame was selected and a census executed. In this study, the sampling frame was identified and then all respondents within the frame were approached to complete the questionnaires as and when they were available. There was no statistical basis for the selection of respondents, they were simply targeted due to their availability and ease of contact for the researcher. This form of sampling lends itself to bias since the only respondents included are those easily available, but this study targeted the entire identified sample frame and therefore the bias is relatively limited. Since the population to be studied is relatively small, the researcher will utilise the entire population as the sample frame for the study in order to collect a sufficient amount data.

5.1 Target population

A target population refers to the totality of individuals that form part of a designated group. The designations define which individuals are to be included or excluded in the population. The target population for this study is employees working for UTi Distribution, a group of companies throughout South Africa, specialising in freight movement locally and internationally.

A sample frame refers to the complete list of all individuals within a population from which a sample will be drawn (Saunders & Lewis, 2012:116). The sample frame for this

study was the employee list of all employees working for UTi Distribution at the time of the study in the Durban, Cape Town and Johannesburg branches.

The sampling frame poses an issue in terms of being able to generalise findings, since the findings may only be applicable to the identified population. From a practical view point however, it was necessary to limit the sample frame to increase the likelihood of usable data collection. This was done by only including individuals who were employed in administrative, operational and customer contact roles. This decision was made as these employees were deemed most likely to have been exposed to the content of the study and therefore likely to be able to respond to the questionnaire. Furthermore, only employees employed on a full-time basis were included, as part-time or brokered employee were not considered to be able to usefully comment on either IM or employee satisfaction.

The target population for this study was therefore the full-time administrative, operational and customer contact employees working for UTi Distribution during the time of the study, and resulted in a sample frame of 417 individuals.

5.2 Sample size

In order to be able to make generalisations regarding a population based on a sample, that sample needs to be sufficiently large (Saunders & Lewis, 2012:116). Cooper and Schindler (2003:190) describe variances within the population, desire for precision and the number of subgroups as factors that influence sample size. Leedy and Ormrod (2005:207) put forward a rule of thumb whereby a population of around 500 should have a sample of 50%. The sample frame targeted in this study was just greater than 400 and therefore the sample size would at minimum be 200.

According to Tharenou *et al.* (2007:3046) multiple regression analysis is a statistical technique whereby the relationship between one dependent variable and a number of independent variables is examined. This technique allows researchers to determine how well a set of variables can predict an outcome (Pallant, 2010:148). In this study, the dependant variable is employee satisfaction, whilst the predictors, or independent variables, are the six elements of IM (refer to Figure 14). This study used standard multiple regression analysis as this technique is used when all predictors (the six elements of IM) are entered concurrently into the analysis (Pallant, 2010:149). Each variable is evaluated in terms of its predictive power over and above that offered by all the other independent variables.

According to Tabachnick and Fidell (in Pallant, 2010:149) when using multiple regression analysis, the formula to calculate sample size takes into account the number of independent variables included in the study.

The formula put forward is:

$N \geq 50 + 8m$ (m=number of independent variables)

In order to effectively use the multiple regression technique, according to the presented formula, the minimum number of respondents within the sample for this study is $50 + 8(6) = 98$.

The recommended sample sizes of between 98 and 200 according to the sample frame and analysis technique, may render useable results. However, in order to decrease the likelihood of unusable data and to increase the chances of success, the entire identified sample frame of 417 employees was included, with a target of 300 completed responses. The targeted number of responses aims at garnering sufficient data to

maintain the accuracy of the conclusions drawn from the responses, and includes a small margin of anticipated incomplete responses.

Once a sample has been drawn from the population, attention turns to appropriate methods of data collection in term of survey research. Interviews and questionnaires may be used to collect data when using a survey research method. The next section will discuss data collection in terms of a number of aspects.

6 DATA COLLECTION

Leedy and Ormrod (2005:184) mention interviews and questionnaires as data collection methods for survey research. Due to geographical spread and time constraints, this study utilised questionnaires and not interviews to collect data from the sample. The characteristics of the sample population to be studied include employee satisfaction and opinions towards IM. The characteristics are abstract in nature and the questionnaire was designed with the aim of uncovering the attitudes of respondents towards these elements through questions linked to each IM construct under study.

6.1 Data collection process

Access to the target population often poses a problem to researchers. Saunders *et al.* (2007:165) describe physical access to the target population, interest in the research by the "gatekeeper" who controls access to the population and organisational situation as possible problems faced by researchers wanting access to specific target population. These obstacles are overcome in this study as the researcher has full access to UTi Distribution, the organisation to be used for data collection. The research is reliant on the organisation to provide detailed information regarding the target population. In order

to counteract any organisational resistance that may arise, the researcher will present a business case to the organisation, outlining the value of the research to them in terms of their current strategy.

Non-response bias is a concern, as previous organisational surveys conducted by UTi Africa have rendered few responses due to employees not completing the surveys. The researcher intended to overcome this by presenting a detailed motivation to the managers of the various target departments requesting managers to encourage employees to participate. Respondents were made aware that UTi senior management endorsed the study. Participation in the study was encouraged by informing the respondents that the study was for academic purposes. Participants were assured that individual responses will remain anonymous and not be given to departmental management. The researcher anticipated a certain degree of non-response, but intended to increase responses by distributing the questionnaires at departmental meetings, when respondents are in attendance. Respondents could return completed questionnaires by placing them in a survey box within the office to maintain the anonymity and voluntary nature of the data collection.

The credibility of the research was established by high level managers within the organisation who supported the researcher and the intended study. These managers became champions for the research within the different branches, thereby providing support and encouragement during data collection.

Self-administered questionnaires were used to collect data from the sample. Saunders *et al.* (2007:356) state that such questionnaires are completed by the respondents themselves without assistance from the researcher and they can be administered via paper-based questionnaires handed to respondents or via electronic distribution. The

primary data collection technique for this study was paper-based questionnaires distributed to individuals within the target population.

Although paper-based surveys have a higher cost than electronic data collection (Saunders & Lewis, 2012:116), for this research, it was deemed the most practical as it allowed for a more controlled collection of data. By utilising organisational meetings, the researcher was able to intercept respondents successfully. The organisation to be studied often conducts its own internal research utilising electronic data collection and it has found that its employees typically exhibit a low response rate to this type of data collection. To counteract this, respondents were given questionnaires during routine organisational meetings and asked to complete and return the questionnaires in their own time. The researcher aimed to decrease the likelihood of non-response with this method. For departments outside of Gauteng, a similar method of data collection was followed, however the researcher was not present, but relied on departmental managers to distribute and collect questionnaires. The anonymity of respondents hopefully decreased the problem on non-response as it was clearly be communicated to all respondents that they will in no way be identifiable. The disadvantages presented in terms of low response rate and biases were hopefully counteracted by the support given to the study by senior management in the organisation.

6.2 Pretesting

Pre-testing is a technique used whereby the data collection instrument is tested for any weaknesses by allowing a small number of the target population to respond and comment on the questionnaire (Saunders & Lewis, 2012:149). The aim of the pre-test is to refine the questionnaire in order to minimise any difficulties that the respondents may have with the questionnaire during data collection (Saunders *et al.,* 2007:210). Leedy and Ormrod (2005:192) state that pretesting also allows researchers to determine the

type of responses they are likely to get during actual data collection allowing the researcher to judge the expected quality of the “real” responses.

The study was subjected to two methods of pre-testing as mentioned by Cooper and Schindler (2003:390) namely, researcher and collaborative pretests. In terms of researcher pretests, the questionnaire was assessed by fellow researchers and statisticians, and this phase of pre-testing resulted in a re-draft of the instrument. The re-drafting included the correction of minor spelling errors, increasing the size of the font used and adjusting the layout slightly. Collaborative pretesting refers to members of the target population completing the questionnaire whilst aware that the data is being collected for the purpose of a pretest and during which the researcher asks probing questions to uncover any issues or difficulties the respondents may be having with the questionnaire (Saunders & Lewis, 2012:148).

The collaborative pretesting of the questionnaire was conducted with 20 respondents from the target population. After the pre-test some minor changes in accordance with pre-test results were made (see details on the changes below).

As per Cooper and Schindler (2003:389) the following features where examined during pre-testing:

- Participant interest – pre-testing allows the researcher to determine the participant’s reaction to both the questionnaire and to the intended study as a whole. During pre-testing respondents expressed interest in the research study and were eager to deliver their opinions in terms of the questions asked in the survey.
- Meaning – Although the survey design was taken from the work of previous authors, both prior studies were conducted in different service organisation to the

current study. It was therefore necessary to determine whether the meaning of the questions was clear to the current target population. During pre-testing no issues arose in terms of the questionnaire wording although some purely grammatical errors were identified and corrected.

- Question transformation – This aspect of pre-testing determines whether the questions included in the survey have the same meaning to respondents as was intended by the researcher. During the pre-test, respondents prescribe appropriate meanings to the questions included and showed an understanding of the overall research topic.
- Continuity and flow – since the survey research in this study was conducted through self-administered questionnaires, the questions should read easily and the instructions should be clear. No issues arose in terms of flow and continuity during pre-testing
- Length and timing – The time required for a respondent to complete the questionnaire, as well as the actual length of the instrument could influence responses and should be tested. During the pre-test respondents were told the questionnaire would take 15 minutes to complete and this proved accurate for 16 out of the 20 respondents. For the final study an additional 5 minutes was added to the suggested time. Two respondents commented that the questionnaire was too long, but a decision was made that the added length in time did not justify changing the content of the questionnaire.

7 MEASURES

The study intended to measure respondents' perceptions of IM and their satisfaction in terms of their jobs. Measures (scales) for each construct have been taken from previous studies. This study will replicate the work done by Jou *et al.* (2008:73) in conjunction with parts of the study by Yee *et al.* (2008:664).

Measurement in terms of research is the method of assigning numeric values to responses according to certain rules, which allows abstract concepts, such as IM and employee satisfaction to be quantified. This study intends to use nominal and hybrid scale with interval properties. Nominal scales are used where it is impossible to numerically rank a category (Saunders *et al.,* 2007:409). Nominal scales will be used to tag the department in which the respondent is employed as well as their gender and length of tenure. A hybrid scale with interval properties has intervals between units representing the characteristic to be measured and allows for statistical analysis that requires mathematical calculation (Leedy and Ormrod, 2005:27). Hybrid scale with interval properties were used for the measurement of IM and employee satisfaction.

A scale is a range on which concepts such as IM or employee satisfaction can be measured by combining scores to a number of questions giving ratings by respondents (Saunders *et al.,* 2007:409). A variety of scale types exist from simple category scales offering respondent's two choices, often yes or no, to complex summated rating scales. A summated rating scale is defined by Cooper and Schindler (2003:253) as being a scale consisting of statements describing a positive or negative attitude towards an object. Respondents are asked to record their agreement or disagreement towards the object in question and each response is allocated a numeric value. The most commonly used summated scale is a Likert scale (Tharenou *et al.,* 2007), which was used in this study to measure respondents' attitudes towards IM and employee satisfaction.

7.1 The questionnaire

Cooper and Schindler (2003:339) define a questionnaire as a "defined list of questions created with the intention of gathering responses from individuals to the same set of questions in a predetermined order". The questionnaire design of this study relied on replicating the questions used in the studies of Jou *et al.* (2008:73) in conjunction with parts of the study by Yee *et al.* (2008:664). This minimised the time spent on

determining actual questions to be included as well as how these were to be worded, as these were dictated by the previous studies. Time was however spent on the structure of the questionnaire and sequence of the questions. Cooper and Schindler (2003:361) list three types of measurement questions, namely administrative, classification and target questions. This study did not make use of administrative questions since the purpose of these is to identify the respondent, interviewer and conditions, and this information was not needed for this study. Questionnaires have been numbered to aid with administration. Classification questions are used to gather biographical grouping data and this questionnaire contained questions regarding the respondent's gender, length of tenure and department. Target questions are those used to investigate the topic of the specific study (Saunders & Lewis, 2012:142), this questionnaire used structured target questions that presented respondents with a fixed set of choices on a Likert scale.

The introduction to the questionnaire is important as this can either encourage or discourage participation. This part of the questionnaire needs to give respondents a sense of the importance of the research and the value that their participation will add (Tharnou *et al*., 2007). As per the above, the questionnaire contains both target and classification questions. A correctly constructed questionnaire generally asks potentially sensitive classification questions at the end of the list, in order to decrease the risk of alienating respondents by asking personal questions to soon. The questionnaire was presented with a cover letter which served as both an introduction to the researcher and the study as well as the informed consent notification. Section A of the questionnaire began by preparing the respondents for the questions to follow by providing an introduction to the topic as well as instructions to complete the questionnaire. This section also included target questions pertaining to the topic being studied. Section B was the last section of the questionnaire and contained the 3 classification questions.

The survey included 34 questions, three of which inquired as to the respondent's biographic information and 31 about the attitudes towards IM and employee satisfaction. All questions, with the exception of the three biographic queries, are replications of the questions used in the studies of Jou *et al.* (2008:73) and parts of the study by Yee *et al.* (2008:664)

In Table 2 below, each construct to be measured is matched to a measurement scale used by the above-mentioned authors. Each measurement scale as presented by the previous studies is linked to the question numbers within the suggested questionnaire. The scales for both IM and employee satisfaction used a 7-point likert scale: with IM and employee satisfaction being measured as 1 (Strongly agree) to 7(Strongly Disagree).

Table 2: Construct measurement and questionnaire replication

Section	Construct	Factors	Author and measurement	Correlating question number in questionnaire
A	Employee satisfaction		Yee, Yeung and Cheng (2008:664)	Q7, Q14, Q20, Q25, Q31
	Internal Marketing	Empathy and consideration	Jou, Chou and Fu (2008:73)	Q1, Q8, Q15, Q21, Q26
		Benchmarking		Q2, Q9
		Job quality and reward		Q3, Q10, Q16, Q22, Q27, Q28
		Upward Communication		Q4, Q11, Q17
		Value and Information sharing		Q5, Q12,Q18, Q23, Q29, Q30
		Promotional activities		Q6, Q13,Q19, Q24
B	Biographic	Gender, department, tenure	***n/a***	Q 32, Q33, Q34

Once the questionnaire was constructed in order to successfully measure the constructs as required by the study, it became important to determine if the measure was reliable.

7.2 Reliability and validity

The reliability of the research was determined utilising Cronbach's coefficient alpha. Cronbach's coefficient alpha measures how correlated each item is to the other items in the scale (Tharnou *et al.*, 2007). As mentioned, the questionnaire to be used in this study is a replication of previous work (summarised in Table 2). The Cronbach alpha of the IM scale as used by Jou *et al.* (2008:73) is 0.953, whilst the employee satisfaction scale used by Yee *et al.* (2008:664) has a Cronbach alpha of 0.857. Authors Jou *et al.* (2008:73) state that the IM scale utilised in their study is a reliable measure of IM and indicate that an item analysis was conducted on the scale. The authors however, fail to include detailed results of this analysis and therefore an item analysis will be conducted on the overall scale (and subscales) in order to confirm the reliability of the measure within this study's context. In an item analysis a total score is calculated for each item in the scale which is then analysed to determine which items best discriminate between high scores and low scores (Tharenou *et al.*, 2007). A mean score is calculated for each item amongst both high and low scores and this is then tested for significant variance in order to determine which items are to be included in the final scale. Whilst the researcher is confident the scale is reliable, an item analysis will further support this and also determine whether the scale remains reliable within a South African context.

Validity is defined by Saunders and Lewis (2012:127) as the extent to which the instrument measures what it is supposed to measure. This study will use face-value validity, which indicates that a pre-test will be conducted whereby members of the target population will read the questionnaire and comment on language, interest, flow, length, and so forth. This information will be used to make adjustments to the final questionnaire. The content validity of a questionnaire refers to its ability to provide

adequate coverage of the topics to be investigated (Saunders *et al.*, 2007:366) and since all scales have been successfully used by other authors to measure the intended constructs, one can expect the content validity to be acceptable. However, since authors Jou *et al.* (2008:73) fail to include details of their factor analysis in their study, a confirmatory factor analysis (CFA) will be conducted on the IM model. A CFA will allow the researcher to confirm the fit of the data to the IM model as presented by the authors. In a CFA, an existing model is tested in order to confirm its fit to the data collected and thereby its validity in measuring its intended construct (Tharenou *et al.*, 2007). Although the researcher is confident that the scale is valid, a CFA will confirm its validity within a South African context.

The next section will briefly discuss the data analysis technique used in this study.

8 DATA ANALYSIS

The study used multiple regression analysis to determine the level of prediction between IM and employee satisfaction.

In order to examine the level of prediction between employee satisfaction as the dependent variable, and the elements of IM as independent variables, the statistical method used in this study is multiple regression analysis. Multiple regression analysis is a statistical technique used to assess the strength of a relationship between one dependent variable and multiple independent variables (Saunders *et al.*, 2007:442). A multiple regression analysis requires one dependent variable and at minimum two independent variables, and the analysis is conducted in order to use the independent variables to predict the dependent variable (Fields, 2005:157). The statistical method of multiple regression is applicable to this study, as the objective of the study is to

investigate the predictive relationship between a dependent variable (employee satisfaction) and multiple independent variables (the six elements of IM).

According to Pallant (2010:148), multiple regression analysis can be used to address a number of issues. Firstly, it can identify how well a set of variables is able to predict a certain outcome. Multiple regression analysis can provide information about a model as a whole and also the relative contribution of each variable to that model. The technique can identify which variable in a set is the best predictor of an outcome as well as to determine whether a particular variable is able to predict and outcome when the other variables are controlled.

A multiple regression is an extension of a linear regression equation and the basic formula for the regression is (Cooper & Schindler, 2003: 614):

$$\Upsilon' = \beta_0 + \beta_1 \mathrm{X}_1 + \beta_2 \mathrm{X}_2 \ldots\ldots \beta_n \mathrm{X}_n + \varepsilon$$

Where:

Y = the dependent variable

β_0 = a constant, the value of Y when all X values are zero

B = the coefficient assigned to each independent variable

X = the independent variable

n = the number of independent variables

ε = an error term

The above equation contains unknown values (the B-values) which are called regression coefficients. Theses coefficients indicate the individual contribution of each independent variable to the dependent variable within the model (Fields, 2005:192).

Researchers often face ethical problems with regard to access, privacy and consent (Saunders & Lewis, 2012:74) and therefore these issues are covered in the following section.

9 RESEARCH ETHICS

Research ethics are defined by Leedy and Ormrod (2005:101) as issues relating to formulation of research problems, research design, access to respondents, collecting of data and the reporting of findings in a moral and responsible way. Ethical considerations in terms of this study include access and permission from the organisation involved, informed consent, data collection ethics and reporting.

Saunders *et al.* (2007:178) discuss the issues of access to respondents in terms of permission from the organisation to be studied, relationship with the gatekeeper and pressure to participate on an individual level. In terms of this study, permission has been obtained from UTi South Africa to use its employees as respondents as well as to use its intranet as a vehicle for collecting data (refer to Appendix B for letter of permission granting access to UTi South Africa).

Informed consent refers to the participant giving consent to participate in the research freely based on full knowledge about the use of the information and their participative rights (Leedy & Ormrod, 2005:101). In terms of the questionnaire, the front page of the document would involve respondents signing that they agree to participation in the

survey and are fully aware of their rights. They also agree to the information recorded being used for academic purposes and acknowledge that they are under no obligation to participate in the study. Please refer to Appendix C for a copy of the informed consent.

Ethics during data collection encompass the right of the participant to decline to take part at any point during data collection, the researcher's objectivity as well as the anonymity of respondents (Saunders & Lewis, 2012:76). All targeted individuals were able to decline to respond at any stage of the survey and since the questionnaire will be self-administered, the researcher was unable to influence respondents in terms or participation or responses. Anonymity was assured in the disclaimer and was ensured as no identifying characteristics were requested in the questionnaire. Each response was recorded according to a number and this will be in no way linked back to individuals.

Ethical considerations in terms on reporting encompass selectivity when analysing data and confidentiality (Saunders & Lewis, 2012:81). All complete responses will be used when analysing data in order to ensure an honest representation of data received. No reference will be made to individuals when reporting on findings. The use of the organisational name in terms of the final document will be done according to permission received by the organisation. (Refer to Appendix B).

Formal approval for this study was obtained from the Research Ethics Committee of the Faculty of Economic and Management Sciences at the University of Pretoria in September 2011 (Refer to Appendix D).

10 CONCLUSION

This chapter has discussed the conceptual framework, research design and methodology employed in the current research. Sampling techniques and pre-testing were also covered. The sample size and target population were defined and the survey method discussed. The chapter also briefly covered the research ethics guiding this study as well as the reliability and validity of the research.

CHAPTER 5 EMPIRICAL FINDINGS OF THE STUDY

1 INTRODUCTION

Once data has been collected in a study it is important to present the evidence amassed from data to attempt to answer the research questions posed in a study (Leedy & Ormrod, 2005:285). The empirical findings of this study intend to provide evidence for the conclusions that will be drawn from the data collected to address the objectives of this study.

Chapter 5 includes three key sections. Firstly, the reliability and validity of the measures used in this study will be discussed. The next section will provide insight into the descriptive statistics of the data collected. The third section and final section will discuss the empirical findings of the multiple regression analysis and hypotheses.

2 REALISATION OF THE STUDY SAMPLE

As mentioned in Chapter 4, data was collected by means of self-administered questionnaires distributed during organisational meetings at UTi Distribution. Questionnaires were completed by full-time administrative, operational and customer contact employees between December 2011 and February 2012.

During data collection, a total of 417 questionnaires were distributed. Of these, a total of 326 questionnaires were returned to the researcher, which equates to a response rate of 78%. Of the 326 questionnaires returned, six questionnaires were rejected due to a clear pattern being identified within the responses, meaning that respondents selected the same response throughout the questionnaire indicating that a true response was

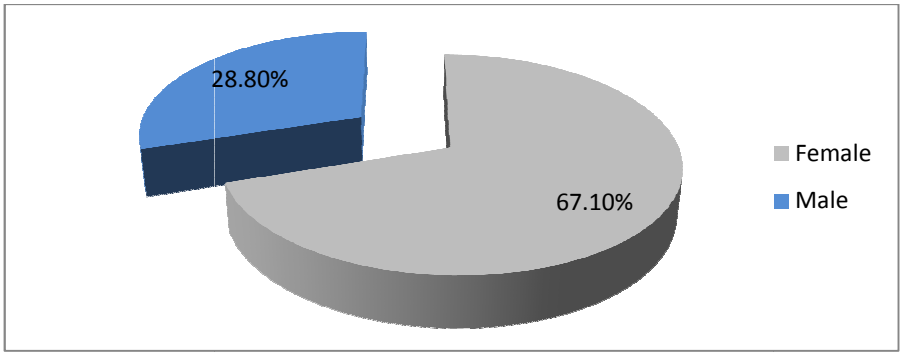
unlikely to have been given. A further four were rejected due to incomplete responses. It was identified that the four respondents who did not complete the questionnaire failed to turn over the paper-based questionnaire as each of the respondents only completed Questions 1 to 20 on the front page of the questionnaire. As a result, a total of 316 completed questionnaires were available to use for data analysis.

3 BIOGRAPHICAL PROFILE OF RESPONDENTS

This section provides a profile of the individuals surveyed for this study by setting out percentages of the biographical characteristics of the respondents. For an extensive discussion regarding the sampling method used in this study, see Section 4 in Chapter 4.

Figure 15 shows the gender split of the respondent profile, followed by a table representing the departments in which each respondent works. All results are reported based on valid percentages, indicating the number of complete responses per question.

Figure 12: Gender profile of respondents (n=303)



The sample consisted of more female (67%) than male respondents (29%), with 13 respondents not indicating their gender. This spread reflects the current biographic profile of organisation in which the study was conducted, as the majority of employees are females within the departments studied in the organisation.

Table 3: Department in which respondents work (n=296)

Department	Frequency	Percentage
Sales	62	21
Credit Control	31	10.5
Contact Centre	71	24.0
International	21	7.1
Operations	60	20.3
IT	19	6.4
Management	3	1.0
Reception	5	1.7
HR	1	0.3
Procurement	3	1.0
Data Capture	14	4.7
Marketing	6	2.0

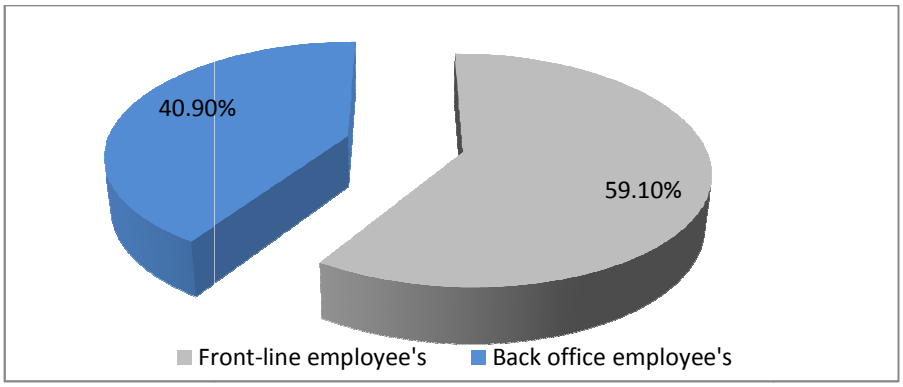
The above departments were grouped into two main functions to simplify the presentation of the results, namely front line and back office employees. A total of 20 respondents did not indicate the department in which they are employed. This categorisation is based on the amount of interaction an employee in a department would typically have with the organisation's clients and is fairly representative of the population studied. The respondents were grouped as per Table 4 below.

Table 4: Department grouping – front line or back office employees

Front line employees	Back office employees
Sales	International
Credit Control	Operations
Contact Centre	IT
Reception	Management
Marketing	HR
	Procurement
	Data Capture

By grouping the departments into front line and back office employee's, the respondents can be represented by using Figure 16 to illustrate the split in terms of front and back office employees.

Figure 13: Department classification (n=296)



The sample was split relatively equitably between front-line employees (59%) and those employed in back office functions (41%), which is indicative of the organisation's structure. Twenty respondents did not indicate the department in which they work.

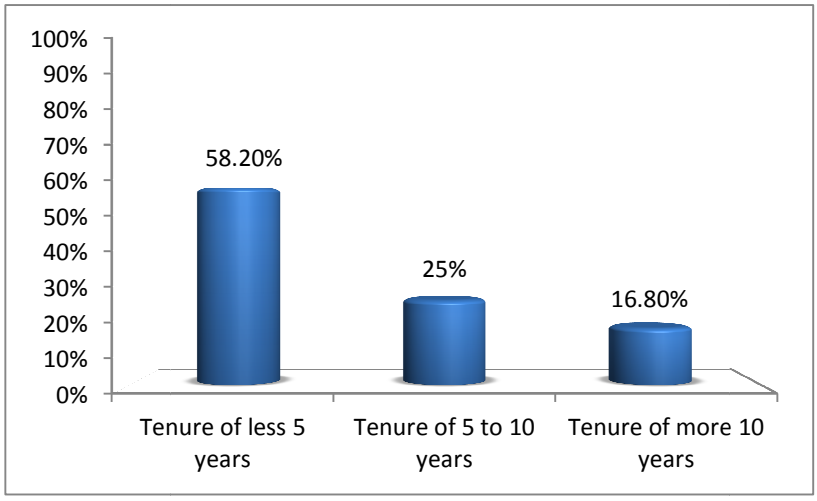
Respondents were asked to indicate their tenure with the organisation and this is reported in Table 5 below.

Table 5: Respondents tenure (n=297)

Tenure	Frequency	Percentage
1 month up to and including 60 months	173	58.2
61 months up to and including 120 months	71	23.9
121 months up to and including 180 months	30	9.5
More than 180 months	23	7.3
Length of service unknown	3.5	1.1

More than half of the respondents have been employed with the organisation for 5 years or less (58.2%), with 16.8% of all respondents having been employed for longer than 10 years, as can be seen in Figure 17. The remaining 23.9% of respondents had been employed for longer than 5 years, but less than 10 years. As much as 19 respondents failed to indicate their length of service.

Figure 14: Tenure (n=297)



Before presenting the descriptive and inferential statistics for the study, it is necessary to determine the reliability and validity of the measurement constructs, which is briefly discussed in the section below.

4 RELIABILITY ASSESSMENT

Reliability can be defined as the extent to which any questionnaire, test or measurement can produce the same results on repeated occasions (Miller, 2011:1). The reliability of a measure is the consistency with which the instrument measures an object over time in the same conditions (Prieto & Delgado, 2010:67). For example, a scale weighing a bag of apples that does not vary a great deal in successive measurements, carried out on the same bag in similar conditions, can be considered a reliable measure for the weight of the bag.

When evaluating reliability, any of the three perspectives identified below can be considered (Cooper & Schindler, 2003:238)

- Equivalence - refers to the amount of agreement between two instruments measured at the same point in time and considers how many errors occur during studies of different samples when using the same instrument (Cooper & Schindler, 2003:238). This method focuses on parallel forms where alternatives of the same measure are administrated to the response group. The higher the degree of correlation between the two forms, the more equivalent they are deemed to be (Miller, 2011:1);
- Stability – occurs when consistent scores are obtained from repeated testing of the same respondents with the same instrument (Cooper & Schindler, 2003:238). This is assessed with the test-retest procedure and is estimated with correlations between time 1 and time 2. This perspective of reliability is based on two assumptions, firstly that the characteristic being measured does not change over

time. The second assumption is that the period between the two tests is sufficient long for respondents not to recall previous responses that could skew the second test results (Miller, 2011:2); and

- Internal Consistency – referring to the extent to which the items on the instrument are measuring the dimension, or that the instrument consistently measures the same construct (Miller, 2011:2). This approach to reliability uses one administration of the instrument to determine homogeneity among the items tested (Cooper & Schindler, 2003:239). Internal consistency can be estimated using either Split-Half, Kuder-Richardson formula 20 (KR20) or Cronbach's alpha coefficients.

Of the three perspectives mentioned above, only internal consistency can be conducted after only one test administration. Since this study is concerned with the scale's ability to consistently measure the study's underlying construct, and is a cross-sectional study, internal consistency will be used as the reliability estimate for this study. Internal consistency will be discussed in more detail below.

4.1 Internal consistency

Internal consistency measures whether respondents to a measurement instrument have responded consistently across either all the items within the instrument, or to a sub-group of questions within the questionnaire (Saunder, Lewis & Thornhill, 2007:367). As mentioned, internal consistency is a measure of reliability aiming to determine the homogeneity among the items tested (Cooper & Schindler, 2003: 239).

Internal consistency thus allows researchers to understand and interpret composite scores of a scale's items, since it determines the consistency of responses to a certain sub-set of questions aimed at measuring a certain construct (Streiner, 2003:100). Therefore, a higher internal consistency score is preferable.

Cronbach's alpha was used as the reliability measurement for this study. This decision was made for two reasons. Firstly, the constructs in this study used Likert scales which are suitable for Cronbach's alpha testing. Secondly, previous researchers who used the scales selected for this IM study also used Cronbach's alpha to measure the reliabilities in their studies (Jou *et al.,* 2008; Yee *et al.,* 2008). Section 4.2 provides a discussion of Cronbach's alpha as applied to the current study at hand.

4.2 Cronbach's alpha

Cronbach's coefficient alpha is a measure of internal consistency that measures the degree to which an instrument can produce scores that are replicable (Leech, Onwuegbuzie & O'Conner, 2011:115). Alpha is a summary-statistic estimate of reliability of responses to items within a questionnaire based on the single administration of the instrument and describes the sample's response pattern (Helms, Henze, Sass & Mifsud, 2006:633).

As mentioned, Cronbach's alpha is the method used to determine the reliability of continuous item-response scales such as Likert scales (Leech *et al*., 2011, 116) and as such was used to provide evidence of the reliability in this study. Cronbach's alpha reliability coefficients range from zero to one, with 0.70 generally being considered the lowest acceptable reliability score (Helms *et al.,* 2006:633).

The formula for Cronbach's alpha is indicated below, where *k* refers to the number of items (Leech *et al*., 2011:117):

$$\propto = \frac{k}{k-1}\left(1 - \frac{\Sigma\, Item\, Variance}{Variance\ of\ Instrument\ Scores}\right)$$

The formula for Cronbach's alpha shows that by holding all factors constant, the smaller the sum of the item variances, the larger the resulting coefficient alpha (Leech *et al.*, 2011:117).

Table 6 shows the Cronbach alpha values for each of the IM constructs as well as for employee satisfaction.

Table 6: The Cronbach alpha values for the elements of internal marketing and employee satisfaction

Variable	Alpha
Job quality and reward	0.890
Empathy and consideration	0.843
Value and information sharing	0.833
Employee Satisfaction	0.818
Benchmarking	0.809
Promotional activities	0.761
Upward communication	0.760

The Cronbach's alpha reliability coefficients for the scales measuring job quality and reward, empathy and consideration, value and information sharing, employee satisfaction and benchmarking are all larger than 0.80. Promotional activities and upward communication scored 0.761 and 0.760 respectively, both of which are also larger than the acceptable minimum of 0.70, and therefore all 7 sub-scales are considered to have acceptable levels of internal consistency (Helms *et al.,* 2006:633).

The next step in reporting the research findings is to determine the validity of the constructs, which is discussed in the next section.

5 VALIDITY

The validity of a measurement instrument refers to the extent to which the instrument does in fact measure what it is supposed to measure (Leedy & Ormrod, 2005:92). Validity is said to have two main types, namely internal and external validity. External validity refers to the research findings' ability to be generalised across respondents, settings and time. Section 4 is concerned with the internal validity of the study, which according to Cooper and Schindler (2003: 231) can be classified into four main types, namely face, content, criterion and construct validity.

Face validity is the extent to which the instrument measures what it is supposed to measure (Leedy & Ormrod, 2005:92). This type of validity relies on subjective judgment and is therefore not very reliable evidence that an instrument is valid. Closely linked to face validity is content validity. Content validity is the extent to which the measurement instrument provides appropriate and adequate coverage of the research question (Saunders *et al.,* 2007:367*)*. This study followed the recommended method of carefully reviewing available literature on the topic in order to determine that the instrument used provided adequate coverage of the topic. Criterion validity involves the predictive ability of the instrument. This means that if an instrument is measuring a certain behaviour, the criterion validity would refer to the extent to which the instrument actually predicts the behaviour measured (Cooper & Schindler, 2003:233).

The final type of validity is that of construct validity, referring to the extent to which the instruments' measurement questions actually measure the constructs they were intended to measure (Leedy & Ormrod, 2005:92). Confirmatory factor analysis can be

performed to validate the measurements used in a study (Hamdan, Badrullah, & Shahid, 2011:1098). If a measurement scale has been previously used (as is the case with this study), then a testable prior measurement model can reasonably be presumed to exist, and therefore, a confirmatory approach is the preferred analysis technique (Levine, Hullett, Turner, & Lapinski, 2006:310). The results of the confirmatory factor analysis are discussed below.

5.1 Confirmatory factor analysis

This study used a confirmatory factor analysis (CFA) to assess each construct's validity. A confirmatory factor analysis is a version of a factor analysis where specific relations between variables that underlie data are tested and is used to test whether the measures of a construct are consistent with the understanding of the construct (Fields, 2005: 726). The CFA for this study used the method of least squares, which allows for a line of best fit to be determined in cases where the data does not follow a multivariate normal distribution (Cooper & Schindler, 2003: 584). In order to obtain robust estimates all variables were specified as categorical. The measures of fit are reported in Table 7.

Table 7: Measures of fit

Chi-square/df	(1088.322/413) p<0.0000
Bentler-Bonett non-normed fit index	0.961
Comparative fit index (CFI)	0.965
Bollen's (IFI) fit index	0.966
Root mean-square error of approximation (RMSEA)	0.036

The first measure of fit (chi-square) in Table 7 indicates a significance value ($p<0.0000$) with regard to the chi-square value relative to the degrees of freedom, which indicates that the observed and estimated matrices differ. Statistical significance indicates the probability that this difference is due to sampling variation. In this study, a non-significant chi-square value with associated degrees of freedom was sought. The chi-square criterion is, however, sensitive to sample size. If the sample size increases (generally above 200), the chi-square test has a tendency to indicate a significant probability level (Schumacker & Lomax, 1996:125). Because the chi-square test is sensitive to sample size (the sample size for the current study is 316) and can lead to a rejection of a model differing in a trivial way from the data for large sample sizes, it is prudent also to examine other measures of fit (Bagozzi & Heatherton, 1994:45; Baumgartner & Homburg, 1996:149; Ferrara, 2000:106). Thus, a comparison of the Bentler-Bonett non-normed fit index, comparative fit index and Bollens fit index were also performed to assess the validity of the constructs.

Bentler and Bonett's non-normed fit index is a widely used measure of goodness of fit for the analysis of covariance structures. Hu and Bentler (1999:1) have suggested a non-normed fit index of ≥ 0.95 as the threshold. The comparative fit index (CFI) takes sample size into account and has a proposed cut-off value of close to 0.95 (Hu & Bentler, 1999:1). Bollen's incremental fit index (IFI) also represents comparisons between the estimated model and the null model and similarly recommends a cut-off value of 0.95 or higher (Hu & Bentler, 1999:1). From Table 7 it is clear that the remainder of the fit indices are above 0.95, showing confidence that the model has an acceptable degree of fit.

The root mean square error of approximation (RMSEA) analyses the discrepancies between the hypothesised model and the data as a measure of misfit (Fields, 2005:322). The RMSEA ranges from zero to one, where smaller results (closer to zero) indicates a higher degree of fit. Different RMSEA cut-off values have been suggested:

some consider values below 0.05 to indicate a very good fit (Spangenberg & Theron, 2002:19); others indicate that values between 0.05 and 0.08 are indicative of acceptable fit (Baumgartner & Homburg, 1996:152; Hair *et al*., 1998:656). The results of RMSEA for this study indicated a value of 0.036, indicating a very good fit, which confirm the validity of the constructs.

The CFA results thus validated the constructs used in the measurement instrument of this study (for the full CFA results, refer to Appendix E). The next section reports on the descriptive statistics of the study.

6 DESCRIPTIVE STATISTICS

Descriptive statistics describe the general nature of the data gathered (Leedy & Ormrod, 2005:33). The reporting of descriptive statistics allows for the describing and comparing of variables numerically to enable certain conclusions to be reached in terms of the data gathered (Saunders *et al*, 2007:433).

This section focuses on the descriptive statistics of the study at hand.

6.1 Descriptive statistics of the scale items

This section reports the responses of each question included in the questionnaire. These will be reported by grouping the questions together into sub-scales that represent the six elements of IM and employee satisfaction. The scales used 7-point likert scales ranging from 1 (Strongly Agree) to 7 (Strongly Disagree). The mean for each question will be reported purely as a centre of gravity to aid in ranking the data. The total number of responses (n) reported in the tables equates to the valid number of responses per

question. Also, the percentages reported in the tables are the valid percentage of the responses per question.

Table 8: Descriptive statistics per question for the construct employee satisfaction

Questions on employee satisfaction			Strongly agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly disagree	Mean
7	I am satisfied with the salaries offered by my company	n	14	30	56	57	57	29	69	4.52
		%	4.5	9.6	17.9	18.3	18.3	9.3	22.1	
14	I am satisfied with the promotion opportunities offered by this company	n	23	27	62	86	49	16	51	4.09
		%	7.3	8.6	19.8	27.4	15.6	5.1	16.2	
20	I am satisfied with the nature of my job	n	56	61	76	55	23	17	28	3.23
		%	17.7	19.3	24.1	17.4	7.3	5.4	8.8	
25	I am satisfied with the relationships I have with my fellow workers in this organisation	n	75	60	113	26	36	4	7	2.68
		%	24.1	19.3	36.2	8.4	8.4	1.3	2.3	
31	I am satisfied with the supervision of my supervisor	n	77	48	85	54	17	13	17	2.97
		%	24.7	15.4	27.3	17.4	5.5	4.2	5.5	

From Table 8 it is evident that questions relating to salaries (Question 7) and promotion opportunities (Question 14) have the highest mean responses of 4.52 and 4.09 respectively (showing disagreement). Almost half the respondents (49.7%) responded negatively to Question 7 regarding satisfaction with salaries. On the other hand, opinions were not quite as negative towards promotion opportunities (Question 14) with only 26.9% responding negatively. Questions 25 and 31 dealt with satisfaction with co-workers and supervisors, and these questions had the lowest mean scores (and thus stronger agreement) in terms of employee satisfaction of (2.68 and 2.97 respectively). In both the afore-mentioned questions, more than 65% of respondents indicated strong agreement and therefore satisfaction. Interestingly, the lowest mean value (2.68) in the study related to respondents' satisfaction with their relationships with fellow-workers.

Table 9: Descriptive statistics per question for the construct empathy and consideration

	Questions on empathy and consideration		Strongly agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly agree	Mean
1	My direct supervisor always discusses our future career developments in this company with us	n*	50	49	97	38	38	22	21	3.38
		%**	15.9	15.5	30.8	12.1	12.1	6.9	6.7	
8	My direct supervisor tries to understand what his/her subordinates think about the way he/she leads	n*	32	44	83	73	35	22	24	3.58
		%	10.2	14.1	26.5	23.3	11.2	7.0	7.7	
15	My direct supervisor often pays attention to the family life of his/her subordinates	n*	48	37	84	54	44	23	25	3.47
		%	15.2	11.8	26.7	17.1	14.0	7.3	7.9	
21	My direct supervisor makes efforts to become fully familiar with his/her subordinates work performance	n*	68	59	102	46	17	13	7	2.79
		%	21.8	18.9	32.7	14.7	5.5	4.2	2.2	
26	My direct supervisor makes voluntary effort to know whether we encounter problems at work	n*	57	44	99	47	32	16	16	3.16
		%	18.3	14.2	31.8	15.2	10.3	5.1	5.1	

With the exception of Question 21 in Table 9, all questions within the empathy and consideration construct had a mean value of greater than 3, which indicates that, on average, respondents feel some disagreement with regard to the role of their direct supervisor in terms of empathy and consideration. In fact, this sub-scale also shows some of the lowest mean values compared to some of the other sub-constructs. For Question 21, more than 70% of respondents indicated their agreement with regard to supervisors making an effort to becoming familiar with subordinates' work performance.

Table 10: Descriptive statistics per question for the construct benchmarking

	Questions on benchmarking		Strongly agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly agree	Mean
2	My company regularly investigates and collects information on what salaries are provided by companies in the same industry as ours	n*	18	13	34	91	57	39	61	4.64
		%	5.7	4.1	10.9	29.1	18.2	12.5	19.5	
9	My company regularly investigates and collects information on what fringe benefits are provided by companies in the same industry as ours	n*	12	21	36	111	51	35	49	4.47
		%	3.8	6.7	11.4	35.2	16.2	11.1	15.6	

The two questions pertaining to benchmarking in Table 10 exhibit relative high mean scores (mean response greater than 4) compared to the mean values of other IM constructs. For Question 2 pertaining to salary benchmarking, just over 50% of respondents disagreed (on different levels) that their company regularly investigates and collects information on salaries in the same industry. This notion is slightly lower for the benchmarking on fringe benefits with 32.9% responding negatively. Interestingly, the highest reported mean value (4.64) in this study is with salary benchmarking (Question 2) followed by satisfaction regarding salary (Question 7).

Table 11: Descriptive statistics per question for the construct job quality and reward

	Questions on job quality and reward		Strongly agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly agree	Mean
3	My company tries to make our work content interesting	n*	34	45	96	61	34	20	22	3.56
		%	10.9	14.4	30.8	19.5	10.9	6.4	7.1	
10	My company offers good fringe benefits	n*	16	27	43	86	47	29	65	4.49
		%	5.1	8.6	13.7	27.5	15.0	9.3	20.8	
16	My company offers many opportunities for promotion	n*	30	21	52	87	60	20	43	4.10
		%	9.6	6.7	16.6	27.8	19.2	6.4	13.7	
22	My company respects its employees	n*	50	42	89	66	34	7	20	3.28
		%	16.2	13.7	28.9	21.4	11.0	2.3	6.5	
27	My company is kind to its employees	n*	36	31	86	78	38	17	24	3.61
		%	11.6	10.0	27.7	25.2	12.3	5.5	7.7	
28	My company tries its best to give us a comfortable work environment	n*	50	41	87	57	36	19	19	3.35
		%	16.2	13.3	28.2	18.4	11.7	6.1	6.1	

Table 11 shows the mean values greater than 3 for all questions, which indicates an average neutral to slight disagreement by the respondents with regard to job quality and reward. Question 10 regarding company benefits has the highest mean score of 4.49, with the highest percentage (45.1%) of respondents responding negatively, followed by Question 16 where 39.3% of respondents responded negatively regarding promotion opportunities. At least 57.7% of respondents agreed (on different levels) that their company tries its best to give them a comfortable work environment (Question 28). For

most questions, larger groups of respondents vary between being neutral or somewhat in agreement with job quality and reward.

Table 12: Descriptive statistics per question for the construct upward communication

	Questions on upward communication		Strongly agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly agree	Mean
4	When we have any thoughts on our company's actions or our work, we can always express those opinions officially to our branch manager via email or a suggestion box	n*	58	48	80	63	35	12	19	3.27
		%	18.4	15.3	25.4	20.0	11.1	3.8	6.0	
11	My company provides us with good official channels of appeal	n*	20	41	82	86	43	16	23	3.69
		%	6.4	13.2	26.4	27.7	13.8	5.1	7.4	
17	My company has sufficient channels of vertical communication	n*	31	44	86	83	39	13	15	3.48
		%	10.0	14.1	27.7	26.7	12.5	4.2	4.8	

Table 12 reports respondents' perceptions on upward communication. This construct shows lower mean values compared to some of the other IM constructs. Worth noting is that the majority of respondents range between slightly agreeing and neither agreeing nor disagreeing with regard to all the items on the company's upward communication. Almost two-thirds (59%) of respondents agree (on different levels) that they feel they can express their opinions officially (Question 4).

Table 13: Descriptive statistics per question for the construct value and information sharing

	Questions on value and information sharing		Strongly agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly agree	Mean
5	My branch manager often utilises branch meetings to deliver to us work related corporate policies	n*	46	39	85	63	39	18	26	3.63
		%	14.6	12.3	26.9	19.9	12.4	5.7	8.2	
12	We often can gain understanding on our companies policies and activities through participating in formal meetings such as department or divisional feedback sessions	n*	39	52	107	61	29	14	14	3.28
		%	12.3	16.5	33.9	19.3	9.2	4.4	4.4	
18	My company often announces new policies to us by means of explanatory seminars	n*	27	33	79	55	62	27	31	3.91
		%	8.6	10.5	25.2	17.5	19.7	8.6	9.9	
23	My company often uses educational training to express to us its corporate values and goals	n*	69	47	106	45	27	9	9	2.9
		%	22.1	15.0	34.0	14.4	8.7	2.9	2.9	
29	My company uses regular meetings that honour high-performance employees to send out messages to us	n*	38	42	90	62	42	17	20	3.49
		%	12.2	13.5	28.9	19.9	13.5	5.5	6.4	
30	My company often holds branch contests in an attempt to improve employee performance	n*	26	30	54	64	59	41	37	4.23
		%	8.4	9.6	17.4	20.6	19	13.2	11.8	

Table 13 exhibits the number, percentages and mean scores for value and information sharing. The majority of respondents agree with the value and information sharing practices by the company. The strongest agreement amongst respondents (over 70% of respondents) is with regard to the educational training the company uses to express its corporate values and goals, which is also reflected in the low mean value of 2.9 (Question 23). This agreement is, however, not shared for the branch contests the company holds to improve employee performance as almost half of the respondents disagreed on one level or another (Question 30). It is also not shared by the majority with regard to announcing new policies by means of explanatory seminars.

Table 14: Descriptive statistics per question for the construct promotional activities

	Questions on promotional activities		Strongly agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly agree	Mean
6	My direct supervisor always gives us a feeling that we should work our best for him/her	n*	66	58	98	37	24	11	22	3.04
		%	20.8	18.4	31.0	11.7	7.6	3.5	7.0	
13	My company often supports employees in their informal organisation such as social clubs in an attempt to raise all employees commitment to the company	n*	29	26	54	71	68	24	42	4.15
		%	9.2	8.3	17.2	22.6	21.7	7.6	13.4	
19	My company often tries to raise our commitment to this organisation through various activities, such as live video links and company events	n*	34	47	78	66	40	23	28	3.70
		%	10.8	14.89	24.7	20.9	12.6	7.3	8.9	
24	My company often holds organisation-wide events to increase chances of interaction between its employees	n*	25	32	69	63	59	29	35	4.06
		%	8.0	10.3	22.1	20.2	18.9	9.3	11.2	

Table 14 shows that one of the higher strongly agreements in the study (20.9%) is with the feeling that the direct supervisor creates for employees to give their best (Question 6). With regard to company's support towards, for example social clubs, the responses vary between somewhat agreement and somewhat disagreement (Question 13). This is also the case with organisation-wide events, where approximately one-fifth somewhat agree, almost one-fifth somewhat disagree and one-fifth is neutral.

To summarise the constructs discussed above, it is worthwhile to present the means and standard deviations of the main constructs (or sub-constructs). Since this study used a labelled Likert-type scale to collect data, which produced a hybrid level of measurement with interval properties (Cooper & Schindler, 2003 253) it is common practice, to at minimum, report the mean and standard deviation of data collected using a hybrid scale with interval properties. A composite (total) score was calculated for each scale, in order to prepare the data from this study for the follow-up analysis by creating a single variable for each of the constructs. In total, seven composite scores

were calculated; one for each of the six elements of IM as well as one for the employee satisfaction construct and these are presented in Table 15.

Table 15: The means and standard deviations of the composite scores representing the main constructs in the study (n=283)

Variable	Mean(M)	Standard Deviation (SD)
Benchmarking	4.532	1.498
Job quality and reward	3.741	1.325
Promotional activities	3.698	1.310
Value and information sharing	3.580	1.198
Employee satisfaction	3.470	1.260
Upward communication	3.465	1.271
Empathy and consideration	3.281	1.277

Notes: Scale values range from 1 (strongly agree) to 7 (strongly disagree): the lower the mean score, the higher the level of agreement associated with the particular construct

Table 15 shows that six of the composite scores fell below the midpoint of 4, indicating that, on average, respondents felt more positive towards these six elements. The highest mean value calculated on the total score (M=4.532, SD=1.498) is associated with the construct benchmarking. Since this construct 9s above the scale midpoint of 4, it indicates that respondents showed lower levels of agreement with the items in this construct. The lowest mean value is associated with empathy and consideration (M= 3.281, SD=1.277), suggesting a higher level of agreement associated with this construct. This is in line with the percentages reported in Table 9.

The focus of the final section of descriptive statistics is on the correlation between the total scale scores in the study, and is discussed below.

6.2 Correlation between the constructs

In order to determine the strength of the relationship between two quantifiable variables, a Pearson's product moment correlation coefficient can be conducted (Saunders *et al.,* 2007:606). This statistical test reveals the magnitude and direction of a relationship between variables and typically varies between +1 to -1. (Cooper & Schindler, 2003:570). The sign, either + or – (positive or negative) indicates the direction of the relationship, whilst the number signifies the strength of the relationship (Saunders *et al.,* 2007:452). The nearer the value is to 1, the stronger the relationship however, a 0 value indicates that no relationship exists at all (Cooper & Schindler, 2003:571).

Table 16 below indicates the Pearson's product moment correlation for the relationship the IM elements have with each other and with employee satisfaction. According to Saunders *et al.* (2007:451) the relationship can either be strong (with values between 0.7 and 1.0), medium (values between 0.3 and 0.7) or weak (with values smaller than 0.3).

Table 16: Pearson's product moment correlations between employee satisfaction and IM elements

	Employee satisfaction	Empathy and consideration	Benchmarking	Job quality and reward	Upward communicatio	Value and information	Promotional activities
Employee satisfaction							
Empathy and consideration	**0.768**						
Benchmarking	**0.583**	0.459					
Job quality and reward	**0.847**	0.642	0.651				
Upward communication	**0.727**	0.597	0.505	0.777			
Value and information sharing	**0.710**	0.635	0.531	0.775	0.689		
Promotional activities	**0.714**	0.685	0.536	0.774	0.656	0.792	

The correlation coefficients (indicated in bold print, in Table 16) refer to the correlations between employee satisfaction and the six elements of IM. Given the focus of the study, the correlations between IM and employee satisfaction is of particular importance. All the correlations between employee satisfaction and the elements of IM are positive and statistically significant at a 1% level of significance. The strongest correlation is between employee satisfaction, and job quality and reward (r = 0.847) followed by the correlations between employee satisfaction and empathy and consideration (r= 0.768) as well as employee satisfaction and upward communication (r = 0.727).

Based on the correlations reported in Table 16, one would expect to find positive regression coefficients when conducting a multiple regression analysis with employee satisfaction as the dependent variable and each of the elements of IM as independent variables. The next section contains the inferential statistics used in this study which will allow for conclusions regarding the objectives of the study to be made.

7 INFERENTIAL STATISTICS

In order to test the hypotheses stated in Chapter 4, multiple regression analysis was used. This section provides a background on multiple regression analysis and presents the results for this study.

7.1 Multiple regression analysis

In order to examine the relationship between employee satisfaction as the dependent variable, and the elements of IM as independent variables, the statistical method used in this study is multiple regression analysis. Multiple regression analysis is a statistical

technique used to assess the strength of a relationship between one dependent variable and multiple independent variables (Saunders *et al.*, 2007:442). Multiple regression analysis is based on a number of assumptions, which need to be considered in order for the technique to be successful. These assumptions will be discussed in the next section.

7.2 The underlying assumptions of multiple regression analysis

In order for results from a multiple regression analysis to be applicable to a wider population, certain assumptions have to be met. The assumptions to be met include (Fields, 2005:169; Pallant, 2010:150):

- *Variable types* – Variables should be either quantitative or empirical, should be measured at an interval level and should be unbounded. An unbounded variable is one where there are no constraints on the variability of the outcome (Fields, 2005:169). In this study, the assumption was met by using a scale that measures the variables at a hybrid level with interval properties (see Appendix A for an example of the measurement instrument).
- *Non*-zero *variance* - The predictors should have some variance in value, or in other words, they should not have a variance of zero (Fields, 2005:169). The data in this study showed variance between the predictors.
- *No perfect multicollinearity* – Multicollinearity refers to a situation where two or more independent variables are correlated (Cooper & Schindler, 2003:617). In multiple regression analysis it is important that no perfect linear relationship (or correlation) is present between two or more predictors (Fields, 2005:170). For this study, the collinearity diagnostics show that, as expected, none of the predictors were collinear.
- *Predictors are uncorrelated with external variables* – Variables not included in the regression model which influence the outcome variable are the external variables

referred to here (Fields, 2005:170). Such variables should be avoided as they render the analysis results as unreliable due to their influence on the outcome variable.

- *Homoscedasticity* – When residuals for the predictors have equal variances, they are referred to as being homoscedastic (Fields, 2005:170). Opposite to this is heteroscedasticity, where the variances are unequal, violating the assumption. For this study, the residuals showed homoscedasticity.
- *Independent errors* – This assumption concerns whether two adjacent residuals are correlated (Fields, 2005:170). For this study, the residuals in the outcome did not show a relationship with one another
- *Normally distributed errors* – This refers to the importance of the residuals or errors in the outcome being normally distributed with a mean of zero (Pallant, 2010:151). This means that the difference between the observed data and the model are most frequently near zero, which was the case for the residuals in this study.
- *Independence* – It is assumed that the values of the outcome variable should all come from separate entities with no dependence on each other (Fields, 2005:170).
- *Linearity* – This assumption requires the mean values of the outcome variable for each increment of the predictor to lie along a straight line, indicating a linear relationship (Fields, 2005:170). Such a linear relationship allows for the generalisability of the findings and was supported in this study.

When any of the above assumptions are not met, the regression model cannot accurately be generalised to the population (Fields, 2005:170). If, however, the assumptions are met, an unbiased regression model allows one to draw 'on average' conclusions regarding the population based on the model. The results for the multiple regression analysis should be presented in order to evaluate the data against the assumptions. The assumptions were tested as part of the regression analysis conducted in the study and are discussed in the next section.

7.3 The multiple regression analysis results for this study

A multiple regression analysis, followed by a step-wise multiple regression was conducted on the data in this study in order to gather the necessary diagnostic information. The dependent variable was employee satisfaction, whilst the six elements of IM, together with three biographical variables, were the independent variables. The findings will be reported below and the assumptions discussed in the previous section commented on where applicable. The results of the regression analysis are shown in Table 17.

Table 17: Regression model summary.

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	0.911	0.830	0.825	0.527

a. Predictors: (constant) Length of time employed at UTi, empathy and consideration, gender, department, benchmarking, upward communication, promotional activities, value and information sharing, job quality and reward

b. Dependent variable: Employee satisfaction

The R-value in Table 17 represents the multiple correlation coefficient, which shows the correlation between the predictors and the dependent variable (Fields, 2005:187). R^2 represents the measure of how much variability in outcome can be accounted for by the predictors in the model as a group taken together (Cooper & Schindler, 2003:580).

Table 17 identified the R-value as 0.911, which suggests that 91.1% is the value of the multiple correlation coefficient between the predictors and the dependent variable. The squared multiple correlation coefficient, R^2-value, shows that percentage variance in the dependent variable that can be explained by the predictors, which as per the table, is 0.830. This meets the assumption of non-zero variance based on the fact that the R^2 value the variance in the predictor values, which in this case is not equal to zero. The

third value, that of the adjusted R^2-value, can be used to determine how well the model can be generalised, where ideally the adjusted R2-value should be the same or close to the R^2-value (Fields, 2005:188). Table 17 shows a difference in the model of 0.005 (0.830 – 0.825) which is small and means that if the model were applied to the population, it would account for 0.5% less variance in outcome.

In addition, the ANOVA table shown in Table 18 contains an analysis of variance which tests the fit of the model to the overall data (Fields, 2005:189). The significance or p-value should be smaller than 0.05 in order to be statistically significant (Cooper & Schindler, 2003:589).

Table 18: The ANOVA table

Model	Sum of Squares	df	Mean square	F	Sig (p-value)
Regression	371.544	9	41.283	148.592	0.000
Residual	75.846	273	0.278		
Total	447.391	282			

a. Dependent variable: Employee satisfaction

b. Predictors: (Constant), Length of time employed at UTi, empathy and consideration, gender, department, benchmarking, upward communication, promotional activities, value and information sharing, job quality and reward

SPSS only displays the first three decimal values for the p-value. In Table 18 the p-value is shown as 0.000 which is less than 0.05 indicating the model has a significant fit to the overall data. The sum of squares value represents the improvement in prediction due to the fitting of a linear line to the data over a mean estimate (Fields, 2005:190). The df value indicates degree of freedom, referring to the difference between the covariances and the actual number of coefficients in the model (Cooper & Schindler, 2003:628). The df in the above is 273. The mean square is calculated by dividing the sum of squares by the degree of freedom (Fields, 2005:190). The F-ratio is 148.92, which is highly significant ($p<0.001$) and this means the model significantly improves the ability to predict the outcome variable.

Fields (2005:191) suggests that following the reporting of the multiple regression summary data and ANOVA table it is necessary to investigate the coefficients of the model. The b-value, or unstandardised coefficient demonstrates the contribution of each independent variable to the model individually (Cooper & Schindler, 2003:581). The b-value indicates how much the dependent variable (employee satisfaction) will increase if a specific predictor (IM element) is increased while the others are held constant. Positive values suggest a positive relationship between employee satisfaction and the predictors, whilst a negative value indicates a negative relationship (Fields, 2005:192). Each b-value is associated with the results of a t-test which indicates the significance of the b-value. In order for the b-value to be significant, the p-value should be less than 0.05 (Fields, 2005:193).

Table 19 below includes the b and beta values of each independent variable in the model. The b-value represents the relationship between employee satisfaction and each of the independent variables. The b-value shows the degree to which each independent variable influences the outcome when the effects of all others are held constant (Fields, 2005:192). The beta value is the standardised version of the b-value and indicates the number of standard deviations that the outcome would change as a result of a single standard deviation in the predictor. (Fields, 2005:193). The standardised beta values are directly comparable and therefore allow one to make inferences regarding the relative importance of each predictor to the model.

Table 19: Coefficients of the regression model

Model	Unstandardised coefficients		Standardised coefficients	t	Sig.
	B	Std.error	Beta		
(Constant)	-0.037	0.117		-0.316	0.754
Empathy and consideration	**0.356**	**0.036**	**0.361**	**9.910**	**0.000**
Benchmarking	0.009	0.028	0.011	0.331	0.741
Job quality and reward	**0.548**	**0.051**	**0.577**	**10.705**	**0.000**
Upward communication	0.037	0.042	0.037	0.863	0.389
Value and information sharing	-0.026	0.051	-0.024	-0.504	0.615
Promotional activities	0.034	0.044	0.035	0.765	0.445
Gender	0.146	0.076	0.054	1.923	0.056
Department	-0.001	0.073	-0.001	-0.020	0.984
Tenure	0.101	0.065	0.040	1.568	0.118

a. Dependent variable: Employee satisfaction

In Table 19, the significance of each variable in the model is presented in the column labelled Sig. These values allow for conclusions to be made regarding the hypotheses given in Chapter 4. Of the nine hypotheses stated, only two can be accepted based on their p-values. Highlighted in bold print in Table 19 are the predictors *empathy and consideration*, and *job quality and reward*, which are shown to be significant predictors of employee satisfaction. These two predictors are regarded as such due to the fact that they both show a positive relationship to the outcome, as well as p-values of less than 0.05 (Fields, 2005:193). Thus, there is support for the following hypotheses:

H_1: Empathy and consideration are positive predictors of employee satisfaction

H_3: Job quality and reward are positive predictors of employee satisfaction

The other six hypotheses cannot be accepted (supporting the null hypothesis), since the elements did not show significance.

Job quality and reward has a t-value of 10.705, indicating that it has a greater contribution to the outcome employee satisfaction than empathy and consideration (t=9.910) has. It is also worth noting that gender as a predictor has a p-value of 0.056, which places it just outside of the specified level of significance ($\alpha = 0.05$).

Based on the initial multiple regression analysis, two hypotheses were accepted. An objective of the study was to determine which elements of IM predicted employee satisfaction. Once it was found that two predictors, namely empathy and consideration, and job quality and reward were identified as having a significant prediction on the outcome employee satisfaction, a step-wise regression was subsequently conducted to determine the relative contribution of each of these elements.

7.4 Step-wise regression analysis results for this study

In a step-wise regression decisions regarding the order in which predictors are entered into the model are based on a mathematical criterion (Fields, 2005:160). The independent variable which most explains the dependent variable is added first, with subsequent variables added based on their incremental contribution over the first variable (Cooper & Schindler, 2003:615). All independent variables are required to meet the criterion for entering the equation, in this case, having a p-value of less than 0.05.

Table 20: Step-wise regression model summary

Model	R	R Square	Adjusted R Square	Std. Error of the estimate	Durbin-Watson
1	0.861	0.742	0.741	0.641	1.933
2	0.909	0.826	0.825	0.528	

a. Predictors: (constant), Job quality and reward

b. Predictors: (constant), Job quality and reward, Empathy and consideration

c. Dependent variable: Employee satisfaction

In Table 20 in the column labelled “R” represent the values of the multiple correlation coefficients between the outcome, employee satisfaction, and the predictors. The R^2-value represents how much variability in employee satisfaction can be accounted for by the predictors (Fields, 2005:187). When only job quality and reward was used as a predictor, the R^2-value was 0.742, which means that job quality and reward can account for 74.2% variation in employee satisfaction. However, when the other predictor, empathy and consideration, was added in model 2, this value increased to 0.826 or 82.6% variance in employee satisfaction. Therefore, if job quality and reward account for 74.2% of the variance in employee satisfaction, empathy and consideration only accounts for an additional 8.4% variation. These two predictors together explain more than 80% of the variance in employee satisfaction. The adjusted R^2 indicates how well the model can be generalised and ideally this value should be as near to the R^2 value as possible (Fields, 2005:188). In both models 1 and 2 the difference between the values is 0.1% (0.742-0.741 and 0.826-0.825 respectively) indicating that if these models were derived from the population rather than the sample it would account for approximately 0.1% variance in outcome. The Durbin-Watson statistic indicates whether the assumption of independent errors is tenable, with any value less than 1 or greater than 3 causing concern (Fields, 2005:189). The closer the value is to two, the better, and in this case the value of 1.933 is so close to two that the assumption was met.

Table 21 below contains the analysis of variances that tests if the model is significantly better at predicting employee satisfaction than using the mean. Specifically the F-ratio which shows the ratio of improvement in prediction that results from fitting the model (Fields, 2005:190).

Table 21: The step-wise regression ANOVA

Model		Sum of Squares	df	Mean square	F	Sig (p-value)
1	Regression	331.961	1	331.961	808.117	0.000
	Residual	115.430	281	0.411		
	Total	447.391	282			
2	Regression	369.462	2	184.731	663.740	0.000
	Residual	77.929	280	0.278		
	Total	447.391	282			

a. Dependent variable: Employee satisfaction

b. Predictors: (Constant), Job quality and reward

c. Predictors: (Constant), Job quality and reward, empathy and consideration

The df value represents the degrees of freedom and the residual value is equal to the number of observations (283) minus the number of coefficients in the regression model (Field, 2005;190). From Table 21 it can be seen that the first model has two coefficients (one for the constant and one of the predictor), with the second model having three (one for the constant and two predictors). Therefore, model 1 has 281 degrees of freedom whereas model 2 has 280. The F-ratio is then calculated and indicates the ratio of improvement in prediction that results from fitting the model (Fields, 2005:189). For the initial model the F-value is 808.117 which is unlikely to have happened by chance ($p < 0.001$). The F-value for the second model is 663.740, indicating that the second model significantly improved the ability to predict employee satisfaction, but the first model does so even better because the F-value is more significant.

Following on from the summary statistics of the step-wise regression, it is necessary to report the coefficients of the model (refer to Table 22). The b-value gives an indication of the relationship between employee satisfaction and each of the two predictors whereby it indicates how much the employee satisfaction will increase if a specific predictor (either empathy and consideration, or job quality and reward) is increased while the other is held constant (Cooper & Schindler, 2003:581). Positive values suggest a positive relationship between employee satisfaction and the predictors, whilst

a negative value indicates a negative relationship (Fields, 2005:192). In order for the b-value to be significant, the p-value should be less than 0.05 (Fields, 2005:193).

Table 22: Coefficients of the step-wise regression

Model		Unstandardised coefficients		Standardised coefficients	t	Sig.
		B	Std.error	Beta		
1	(Constant)	0.408	0.114		3.569	0.000
	Job quality and reward	0.819	0.029	0.861	28.427	0.000
2	(Constant)	0.058	0.099		0.586	0.558
	Job quality and reward	0.581	0.031	0.612	18.574	0.000
	Empathy and consideration	0.377	0.032	0.382	11.608	0.000

a. Dependent variable: Employee satisfaction

Multiple regression model equations have several unknown quantities or b-values and from Table 22, one can interpret both models into regression equations. If one replaces the b-values in model one, the equation is:

$$\text{Employee satisfaction} = B_0 + B_{1\text{Job quality and reward}}$$
$$= 0.408 + 0.819$$

This model can be interpreted to mean that for every increase of one unit in job quality and reward, employee satisfaction would increase by 0.819.

The second model represented in Table 22 has a regression equation as per the below:

$$\text{Employee satisfaction} = B_0 + B_{1\text{Job quality and reward}} + B_{2\text{Empathy and consideration}}$$
$$= 0.058 + 0.581 + 0.377$$

The above equation includes the predictor empathy and consideration, whose inclusion decreases the impact the job quality and reward has on employee satisfaction. For every increase of one unit in job quality and reward, assuming the effects of empathy and consideration are held constant, employee satisfaction will increase by 0.581 units. Likewise, should the effects of job quality and reward be held constant, a single unit increase in empathy and consideration would result in a 0.377 increase in employee satisfaction.

In order for the b-value to have a significant contribution to the model, a significant level of less than 0.05 is required. In Table 22, for model 1, job quality and reward contributes significantly to the model ($p<0.001$). When more than one predictor is present, it is useful to consider the magnitude of the t-value in conjunction with the significance when considering overall contribution to the model (Fields, 2005:193). The smaller the significance value and the greater the t-value, the greater the contribution of the predictor. For model 2, job quality and reward ($t=18.574$, $p<0.001$) and empathy and consideration ($t=11.608$, $p<0.001$) are both significant predictors of employee satisfaction. From the t-values however, one can conclude that job quality and reward has a greater impact on the outcome than empathy and consideration.

7.4.1 Excluded variables

Excluded variables are those not entered into the step-wise regression model. Table 23 contains the variables excluded from the first model, where the outcome (employee satisfaction) had only one predictor, namely job quality and reward. As can be seen from the values highlighted in bold print in Table 23, five excluded predictors showed a significant contribution ($p<0.05$), namely those of empathy and consideration, upward communication, value and information sharing, promotional activities and gender.

Table 23: Excluded variables in Model 1

Model	Beta in	t	Sig.	Partial Correlation	Collinearity Statistics		
					Tolerance	VIF	Minimum Tolerance
Empathy and consideration	**0.382**	**11.608**	**0.000**	**0.570**	**0.574**	**1.744**	**0.574**
Benchmarking	0.030	0.750	0.454	0.045	0.581	1.722	0.581
Upward communication	**0.123**	**2.488**	**0.013**	**0.147**	**0.366**	**2.729**	**0.366**
Value and Information sharing	**0.150**	**3.176**	**0.002**	**0.186**	**0.399**	**2.509**	**0.399**
Promotional activities	**0.191**	**4.308**	**0.000**	**0.249**	**0.439**	**2.276**	**0.439**
Gender	**0.094**	**3.134**	**0.002**	**0.184**	**1.000**	**1.000**	**1.000**
Department	0.049	1.579	0.115	0.094	0.955	1.047	0.955
Tenure	0.026	0.860	0.390	0.051	0.987	1.014	0.987

a. Dependent variable: Employee satisfaction

b. Predictors in the model: (Constant), job quality and reward

In a step-wise regression, predictors with significant contribution are entered according to their t-value, with the highest value entered first (Fields, 2005:195). From Table 23, it is clear that empathy and consideration (t=11.608) should be entered first into the next model. Table 24 below shows the excluded variables once empathy and consideration is added as a predictor with job quality and reward into model 2.

Table 24: Excluded variables in Model 2

Model	Beta in	t	Sig.	Partial Correlation	Collinearity Statistics		
					Tolerance	VIF	Minimum Tolerance
Benchmarking	0.005	0.157	0.875	0.009	0.578	1.729	0.421
Upward communication	0.040	0.945	0.345	0.057	0.355	2.819	0.319
Value and Information sharing	0.017	0.417	0.677	0.025	0.364	2.744	0.359
Promotional activities	0.030	0.735	0.463	0.044	0.376	2.657	0.376
Gender	**0.048**	**1.906**	**0.058**	**0.133**	**0.974**	**1.027**	**0.559**
Department	0.023	0.895	0.371	0.054	0.948	1.055	0.567
Tenure	0.034	1.371	0.171	0.082	0.986	1.014	0.567

a. Dependent variable: Employee satisfaction

b. Predictors in the model: (Constant), job quality and reward, empathy and consideration

Once empathy and consideration is added as a predictor, the significance of all other factors become greater than 0.05, indicating a lower than acceptable level of significance and therefore no further predictors are added to the step-wise model. Highlighted in bold print in Table 24 is the predictor *gender*, which has a significance of 0.058. This p-value shows relatively strong evidence of the role gender plays in the outcome of employee satisfaction and it should therefore not be completely disregarded as an influencer. One suggestion at this point would be to include gender in future studies.

7.4.2 Assessing multicollinearity

Multicollinearity is present within a regression model when there is a strong correlation between two or more predictors (Fields, 2005:170). Multicollinearity in essence indentifies whether a variable is measuring the same variance which makes it more difficult to assess the individual contribution of a predictor. According to Fields (2005:196), one should interpret the Variance inflation Factor (VF) and the tolerance values of the model. VF-values of larger than 10 and the tolerance value of less than 0.1 indicate potential issues with multicollinearity.

As can be seen from Tables 23 and 24, as expected, none of the VF-values are greater than 10 and none of the tolerance values pose any cause for concern. Table 25 below represents the collinearity diagnostics for the model, including the eigenvalues. In order to detect collinearity one should identify any large variances proportions on the same small eigenvalues (Fields, 2005:196).

Table 25: Collinearity diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	Job quality and reward	Empathy and consideration
1	1	1.943	1.000	0.03	0.03	
	2	0.057	5.827	0.97	0.97	
2	1	2.888	1.000	0.01	0.01	0.01
	2	0.071	6.398	0.91	0.05	0.32
	3	0.041	8.393	0.08	0.94	0.67

From Table 25 it is clear that in model 2, both job quality and reward and empathy and consideration have the majority of their variance (94% and 67% respectively) associated with eigenvalue 3, which seems to indicate some dependence between these variables although not enough to cause concern.

7.5 CONCLUSION

The findings of the study answer the research objectives as posed in Chapter 1. The objective of confirming the IM scale as used in the study by Jou *et al.* (2008:73) was through the Cronbach's alpha and CFA conducted, the scale was found to be reliable and valid. It was then found that only two elements, namely empathy and consideration and job quality and reward are predictors of employee satisfaction. Once this was determined, the relative contribution of each element was tested. It was further found, through a step-wise regression that job quality and reward account for 74.2% of the variance in employee satisfaction whilst empathy and consideration only accounts for an additional 8.4% variation. It was also found that together these two elements account for more than 80% of variance in employee satisfaction. The final objective of the study was to investigate whether certain biographical factors also explain employee satisfaction. It was found that neither tenure nor department in which an employee works have a significant impact on employee satisfaction. In terms of gender, it was found that the p-value of 0.056 technically placed this variable just outside the specified level of significance. However, the role of gender should not be completely disregarded

since the p-value still translates to strong evidence (Albright, Winston & Zappe, 2008:503).

The next chapter will discuss the implications of this study's findings as well as make recommendations for future researchers.

CHAPTER 6 CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS OF THE STUDY

1 INTRODUCTION

This chapter aims to present the conclusions of the study and to make recommendations. The first section restates the main purpose of the study, followed by a brief discussion on the importance of the study. Section three presents the main findings and conclusions of the study. The chapter ends by noting the limitations and discussing avenues for future research.

2 MAIN PURPOSE OF THE STUDY

The main purpose of this study was to obtain a better understanding of IM as a predictor of employee satisfaction within a South African context. The constructs have been empirically tested in this study by replicating previous studies of Jou *et al.* (2008:73) and Yee *et al.* (2008: 664). The aim of the study was to investigate the elements of IM as predictors of employee satisfaction and to determine the relative importance of various IM attributes in this relationship. The first objective of this study was to confirm the IM scale as used by Jou *et al.* (2008) in a South African context, and through the Cronbach's alpha and CFA conducted the scale was found to be reliable and valid. In terms of the secondary objective of determining how well identified elements predict employee satisfaction it was found that only two of the identified elements are significant predictors of employee satisfaction. The findings show that job quality and reward has by far the greatest contribution to employee satisfaction. In addition, none of the biographical factors considered in this study were predictors of employee satisfaction.

3 THE IMPORTANCE OF THE STUDY

There are three main contributions in terms of the empirical importance of this study. Firstly, the study attempts to provide a better understanding of IM as a determinant of employee satisfaction within a South African context. Secondly, the research aims to contribute to the existing body of knowledge on the topic by investigating whether certain elements of IM have a greater bearing on employee satisfaction than others, evidence supporting these elements as part of any IM programme is strengthened. The study found that two elements, namely job quality and reward and empathy and consideration predicted employee satisfaction, with job quality and reward having the greatest bearing on employee satisfaction. Thirdly, the study seeks to determine if biographical factors such as tenure and gender, which have a proven influence on employee satisfaction, have an influence on employee's evaluation of IM within a South African context. It was found that the biographical factors included in this study had no predictive influence on employee satisfaction.

The study also makes important conceptual contributions to IM literature with the identification of only two IM elements that actually contribute to employee satisfaction. This has the implication that marketers may have to relook at what they consider to be IM elements as part of an IM mix, when wishing to increase employee satisfaction within a South African context. The results of this study provide a different view of IM elements and what should constitute an IM mix.

Practically the results of this study are important in that they identify the main predictors of employee satisfaction within a South African context are identified. More specifically, the study has empirically validated the IM predictors of employee satisfaction with a service organisation in South Africa. No such research has been conducted within a South African context, making this study the first in the country to research the elements

of IM as predictors of employee satisfaction in the service industry in a South African environment.

A number of studies have applied disparate IM scales, in particular contexts, all of which acknowledge that the construct of IM is not fully explored via the research they conducted (Keller *et al.*, 2006:123: Rafiq & Ahmed 2002:454: Lings & Greenley 2005:294, Papasolomou & Vrontis, 2006: 177). Authors admit that there is no consensus as to which elements constitute an IM model and according to Jou, Chou and Fu (2008:73) continuous study on the topic can more clearly identify which IM elements contribute the most to employee satisfaction from within an IM programme.

The next section summarises the main findings of this study.

4 A SUMMARY OF THE MAIN FINDINGS OF THE STUDY

The two primary objectives that guided this study were to reconfirm the IM scale as used in the study by Jou *et al.* (2008:73) as well as to determine how well the identified IM elements predict employee satisfaction.

The first objective of reconfirming the IM scale as used by Jou *et al.* (2008:73) was met through the results of the confirmatory factor analysis (CFA) for validity purposes. As can be seen in Table 4 of Chapter 6, the Chi-square probability value is 0.000, indicating a fit between the data and the expected distribution. The fit indices indicated in Table 5 of Chapter 6 are all above 0.95 and therefore there is confidence that the model has a good degree of fit. The results of the CFA allowed the study to reconfirm that the IM scale used by Jou *et al.* (2008:73) was valid and could be used in this study.

The second primary objective that aimed to determine whether the identified IM elements and biographical factors predict employee satisfaction was tested by means of 9 hypotheses, the results of which are shown in Table 28.

Table 26: The results of the hypotheses tested in this study

Hypothesis	**Summary of result**
H_1: Empathy and consideration are positive predictors of employee satisfaction	H_1 was accepted
H_2: Benchmarking is a positive predictor of employee satisfaction	H_2 was not accepted
H_3: Job quality and reward are positive predictors of employee satisfaction	H_3 was accepted
H_4: Upward communication is a positive predictor of employee satisfaction	H_4 was not accepted
H_5: Value and information sharing are positive predictors of employee satisfaction	H_5 was not accepted
H_6: Promotional activities are positive predictors of employee satisfaction	H_6 was not accepted
H_7: Gender is a positive predictor of employee satisfaction	H_7 was not accepted
H_8: Tenure is a positive predictor of employee satisfaction	H_8 was not accepted
H_9: Level of client interaction is a positive predictor of employee satisfaction	H_9 was not accepted

From the table it is evident that of the six IM elements included in the study, only two, job quality and reward and empathy and consideration could be considered to have a significant ability to predict employee satisfaction. These two predictors both show a positive relationship to employee satisfaction, together with having p-values of less than 0.05, as can be seen in Table 21 in Chapter 5. Of the three biographical factors included, none were considered to have a significant ability to predict employee satisfaction.

As mentioned, the secondary objective determined the relative contribution of the IM elements to employee satisfaction. Once it had been determined that only job quality and reward as well as empathy and consideration showed a significant ability to predict employee satisfaction, the relative contribution of these two elements to employee satisfaction could be determined. Table 22 in Chapter 5, shows that the two predictors

together, explain more than 80% of variance in employee satisfaction. Job quality and reward was found to have the strongest contribution to the outcome with 74.2% of the variance in employee satisfaction being explained by this predictor. Empathy and consideration account for an additional 8.4% variation, which although small when compared to the other significant predictor, does add enough variation to be considered when predicting employee satisfaction.

A further secondary objective was set namely to determine whether certain biographical factors, such as gender, level of customer interaction in the department and tenure, explain employee satisfaction together with IM. Table 21 indicates that none of the biographical factors (together with the IM elements) showed any significant ability to predict employee satisfaction. The length of service (or tenure) has a significance of 0.118, with the department in which the respondent works had a significance of 0.984, both well above the required p-value of 0.05 and therefore not having a significant impact of employee satisfaction together with IM. Gender, however, has a p-value of 0.056, technically placing it just outside of the range of specified significance. This signals that gender could play a role on IM in terms of its outcome on employee satisfaction.

In the next section, the findings of the current study are related to the literature on IM.

5 RELATING THE FINDINGS TO LITERATURE

In order to relate the current study's findings to results obtained from previous studies a comparison to previous results is necessary.

In Table 1 in Chapter 3, the work of nine authors was considered in order to determine the elements that constitute the IM mix. These authors had various disparate conclusions as to which IM elements were considered the most relevant. At least there is agreement over the factors of leadership (Ahmed *et al.,* 2003; Gounaris, 2006, Jou *et al.,* 2008), job products (Burmann & Zeplin, 2004; Keller *et al.,* 2006) and reward (Ahmed *et al*., 2003; Barnes *et al.,* 2004; Jou *et al.,* 2008; Gounaris, 2006).

Whilst authors agree to some extent that leadership or management concern is a vital part of an IM programme, the current study has emphasised empathy and consideration on behalf of the leadership of an organisation to have importance to an IM programme. Other aspects of leadership, cannot however be discounted, and should continue to be present alongside the concept of empathy and consideration. The concept of job quality and reward showed the highest level of significance in predicting employee satisfaction in this study, which is in line with previous works (Burmann & Zeplin, 2004; Keller, Lynch, Ozment, Ellinger & Calantone, 2006; Ahmed *et al*., 2003; Barnes, Fox & Morrison, 2004; Jou *et al*.2008; Gounaris, 2006). This study, in contrast to previous studies, found conclusive evidence that the element of job quality and reward is the single most important contributor to employee satisfaction via an IM programme.

Previous studies have implied that biographical factors such as tenure, gender and amount of customer interaction influence the impact of IM on employee satisfaction. Of the biographical variables, the results suggest that only gender may impact on the

influence of IM on satisfaction. The managerial implications of these findings will be discussed next.

6 MANAGERIAL IMPLICATIONS OF THE STUDY

This section details the benefits that managers within service organisations can gain by considering the implications of elements of IM as predictors of employee satisfaction. Understanding what drives employee satisfaction is important within any service organisation, as employees represent the organisation to customers. Employees are critical to the success of the organisation's service offering as they are the people with direct contact to the organisation's clients (Mishra, 2010:185). An IM programme as a tool is used to create motivated and customer-orientated employees by using marketing tactics to satisfy employee needs, and by treating both the organisation and the jobs it offers as products (Ahmed & Rafiq, 2002:454). There is a plethora of literature regarding what constitutes an IM programme and a better understanding of what elements within such a programme create the highest degree of satisfaction could be reflected in more effective IM strategies.

The results of the multiple regression analysis indicated that two IM factors, namely empathy and consideration and job quality and reward as being significant predictors of employee satisfaction. The step-wise regression found that job quality and reward had the highest significance when compared to other elements of IM, although empathy and consideration also contributed to the outcome to some extent.

The first suggestion is for management to focus their attention in terms of an IM programme on job quality and reward as a significant predictor of IM. The scale used by Jou *et al.,* (2008) to measure the construct job quality and reward used the following items:

- My company tries to make our work content interesting
- My company offers good fringe benefits
- My company offers many opportunities for promotion
- My company respects its employees
- My company is kind to its employees
- My company tries its best to give us a comfortable work environment

Therefore, it is advisable that management focus their IM strategies on shaping the perception of employees with regards to the above aspects of job quality and reward. The descriptive statistics associated with the above construct indicated that most respondents tend to be either neutral or negative regarding aspects of the construct, which adds weight to the idea that management should focus effort on improving employee's perceptions regarding the quality of jobs and the rewards associated with them. A reward scheme linked to job performance specifically rewarding behaviour in line with the objectives of an IM programme is one way for management to improve perceptions of reward. By creating specific job descriptions that provide clear direction to employees, management could improve the perception of job quality. A comfortable work environment and up-to-date technology could also increase the perceived job quality.

In addition, empathy and consideration was found to have a slight significance on employee satisfaction. The following items were used in the scale by Jou *et al.* (2008) when measuring empathy and consideration as a predictor of employee satisfaction:

- My direct supervisor always discusses our future career developments in this company with us
- My direct supervisor tries to understand what his/her subordinates think about the way he/she leads
- My direct supervisor often pays attention to the family life of his/her subordinates

- My direct supervisors makes efforts to become fully familiar with his/her subordinates work performance
- My direct supervisor makes voluntary efforts to know whether we encounter problems at work

Management is therefore advised to include supervisor training into their IM programme with the objective of increasing the empathy and consideration supervisors show to subordinates. IM programmes should be formulated to increase employee awareness regarding the role of supervisors, as well as increase the knowledge of supervisors regarding what is expected of them when managing staff. Training programmes providing formal accreditation to supervisors, presented in a fun, interactive manner that focus on leadership could guide supervisors in terms of increasing empathy and consideration.

The findings showed that that four of the IM elements tested were insignificant in terms of their impact of employee satisfaction. These elements were benchmarking, upward communication, value and information sharing, and promotional activities. This is in contrast to the findings of Jou *et al.* (2008) who found all six elements to be significant. Promotion as an element of the IM mix is further supported by the studies of Keller *et al.* (2006) and Ahmed and Rafiq (2002), while information sharing was included in the IM mix by Gounaris (2006). Despite these differences with previous studies, the current study's findings signal to management (at least in the sample organisation) that there is no need to place a high degree of importance on the IM elements that were insignificant. Limiting the IM elements can lead to savings in terms of resources in that less money needs to be allocated to, for example, promotional activities to staff as an IM element. The message from the research findings is clear in that the focus should rather be on those IM elements that have a significant influence on employee satisfaction. Managers should, however, be mindful that the insignificance of the abovementioned four elements may be limited to the sample studied, and therefore it

may be worth considering the findings of other studies before excluding them totally from an IM programme.

Finally, it is suggested that managers should keep in mind that gender may have an impact on IM with regard to employee satisfaction. Thus, when designing IM programmes, with emphasis on job quality and reward, and empathy and consideration, organisations should be sensitive that there may be a difference in the response to such elements between genders. This translates that for example, females may place more emphasis on the element of empathy and consideration than males, or that males may prefer rewards that speak to their egos, such as public recognition. Such differences may require nuances in an IM programme to accommodate gender differences, whilst still achieving the overall objectives.

The limitations of the current study are discussed in the next section.

7 LIMITATIONS OF THE STUDY

This study contains several limitations related to the constructs and population. Firstly, the constructs of IM as measured by Jou *et al.* (2008:76) were investigated and tested empirically in this study. There are a myriad of elements related to IM in literature, but the study focused on the six as presented by the study of Jou *et al.* (2008:76). This omitted any other possible elements of IM as determinants of employee satisfaction from being tested empirically. The study also did not consider other influences beyond elements of IM that may impact on employee satisfaction. The study did not gather in-depth information on employee satisfaction because the focus of the study was in the service marketing field and not within the HR discipline.

Secondly, this study focused on the relationship between IM and employee satisfaction amongst employees working in a distribution organisation within South Africa. The study excludes all other types of service industries by focusing on an organisation within the distribution industry only, particularly individuals employed in a specific national organisation dealing with freight distribution. Since the sample was limited to one organisation, within one service industry, it is therefore not representative of all service organisations.

Some recommendations for further research will be discussed in the final section.

8 RECOMMENDATIONS FOR FUTURE RESEARCH

The descriptive statistics in Chapter 5 highlighted the unequal representation of both genders in the sample selected for this study. As mentioned before, the influence of gender was found to be just outside of the range of significance and there is a strong possibility that future studies may find support for gender influences. Therefore, it is suggested that future researchers include gender to determine the effect of gender as a predictor of employee satisfaction together with IM.

The inferential statistics of this study found that job quality and reward as an element of an IM programme was by far the most significant predictor of employee satisfaction. It is therefore recommended that further investigation is conducted in terms of this construct in order to fully understand the predictive ability of this element of IM in terms of employee satisfaction. It is further recommended that future research delves into this construct in order to understand the two sub constructs (job quality and reward) measured as one in this study. This may shed light on the predictive ability of each element and its separate contribution to IM. Future researchers may also want to investigate what constitutes job quality, as well as to study the predictive ability in terms

of employee satisfaction of various types of rewards. Studies could also attempt to determine whether employees will ever be satisfied with rewards, or if this is an aspect of organisation behaviour that will always result in a measure of dissatisfaction despite programmes such as IM.

Since the sample used in this study was drawn from only one service organisation and is therefore not representative of all service organisations it is recommended that elements that did not show significant prediction in this study be replicated using a more representative sample in other industries to confirm the results of this study.

Ideally future studies should monitor an IM programme over time, to determine whether an increased focus by an organisation on IM results in changes in employee satisfaction (thus longitudinal studies are recommended). Future research in terms of an expanded sample, including service organisations from various industries could allow for further generalisation in terms of the results and possible comparisons.

Future studies could delve into the relationship between IM and its applications as mentioned in Chapter 3. For example a study could investigate IM as part of TQM, or study the role of IM in change management. The impact of IM on the success on external branding initiatives could also be studied to determine whether the successes of such initiatives are increased, when supported by an IM programme.

Future research could expand on this study by including the link between employee satisfaction and the creation of service quality to confirm the importance of satisfied employees in delivering value to clients. This could emphasise the importance of IM t service quality, providing service marketers with valuable information regarding IM elements that contribute to service quality through employee satisfaction.

To explain the ability of all IM elements (not only those included in this study) to predict employee satisfaction within a South African context, further research is required. Such research could increase the understanding of the relationship between employee satisfaction and elements of IM, and ultimately reveal how such elements could predict employee satisfaction within a South African context. This could benefit organisations in allowing them to implement focused IM programmes containing elements that have the highest predictability of employee satisfaction, in order to get the highest advantage from such programmes.

9 CONCLUSION

Many factors can influence service quality, however the main determinant of customers' perceptions of service quality are often their interactions with service staff (Zeithaml & Bitner, 2009:351), resulting in the importance of employees in service delivery. IM acknowledges this and therefore focuses on staff in order to enhance external performance (Papasolomou & Vrontis, 2006:179). A literature study of IM theory pointed to a number of broad definitions of the concept, identifying IM as either a tool, an internal process or as a process supporting external activities. IM can also be a working mix of elements aimed at motivating employees (Papasolomou & Vrontis, 2006:178) toward inter-departmental co-ordination in order to achieve a more customer-orientated approach to service marketing.

This working mix of elements is also known as the IM mix, being elements under the control of management that can be implemented in order to illicit desired responses from employees (Ahmed & Rafiq, 2002: 27). The IM mix elements put forward are varied and numerous, and there is much debate as to the elements that constitute an IM

mix. Against the background of these disparate IM mix elements, it was necessary to reconfirm those elements pertinent to an IM programme in a South African context.

The aim of the present study was to investigate the elements of IM as predictors of employee satisfaction and to determine the relative importance of various IM elements. The scale used by Jou *et al.* (2008) was confirmed in terms of reliability and validity. The multiple regression analysis determined that none of the biographical factors included in this study served as significant predictors of employee satisfaction. The analysis further found that only two of the six IM elements included had a significant impact on employee satisfaction. These two elements were empathy and consideration, and job quality and reward. The use of a step-wise regression allowed the relative contribution of these two elements to be determined. Findings showed that job quality and reward accounted for 74.2% of the variance in employee satisfaction, with empathy accounting for an additional 8.4% variation. These two predictors together explain more than 80% of the variance in employee satisfaction. The results of the study partially contradicted previous studies, since it found that only two elements of IM have positive predictive value on employee satisfaction.

These findings provided insight into IM in a South African context. It provides information to service marketers who intend to introduce IM programmes in their organisations. The results of the study also serve to improve marketing activities, allowing managers to focus on the IM elements of empathy and consideration, and job quality and reward in order to achieve the maximum impact on employee satisfaction.

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APPENDIX A

- **Data collection instrument -**

Survey on Internal Marketing and Employee Satisfaction

Section A

Employees have different *experiences* during the course of their work at UTi South Africa. A number of statements below describe different experiences that you may have encountered during your current working life at your organisation. Please base your responses on your current department, supervisor or colleagues.

*Please read each statement **carefully** and then **draw a cross (X)** in the appropriate block to indicate the extent to which you agree or disagree with each statement (where 1=strongly agree; 2=somewhat agree; 3=agree; 4=neither agree nor disagree; 5=disagree; 6=somewhat disagree; 7=strongly disagree).*

Question	STATEMENT	Strongly Agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly disagree
1	My direct supervisor always discusses our future career development in this company with us	1	2	3	4	5	6	7
2	My company regularly investigates and collects information on what salaries are provided by companies in the same industry as ours	1	2	3	4	5	6	7
3	My company tries to make our work content interesting	1	2	3	4	5	6	7
4	When we have any thought on our company's action or our work, we can always express those opinions officially to our branch manager via email or a suggestion box	1	2	3	4	5	6	7
5	My branch manager often utilises branch meetings to deliver to us work related corporate policies	1	2	3	4	5	6	7
6	My direct supervisor always gives us a feeling that we should work our best for him/her	1	2	3	4	5	6	7
7	I am satisfied with the salaries offered by my company	1	2	3	4	5	6	7
8	My direct supervisor tries to understand what his/her subordinates think about the way he/she leads	1	2	3	4	5	6	7
9	My company regularly investigates and collects information on what fringe benefits are provided by companies in the same industry as ours	1	2	3	4	5	6	7
10	My company offers good fringe benefits	1	2	3	4	5	6	7
11	My company provides us with good official channels of appeal	1	2	3	4	5	6	7
12	We often can gain understanding on our company's policies and activities through participating in formal meetings such as department or divisional feedback sessions	1	2	3	4	5	6	7
13	My company often supports employees in their informal organisation such as social clubs in an attempt to raise all employees commitment to the company	1	2	3	4	5	6	7
14	I am satisfied with the promotion opportunities offered by this company	1	2	3	4	5	6	7
15	My direct supervisor often pays attention to the family life of his/her subordinates	1	2	3	4	5	6	7
16	My company offers many opportunities for promotion	1	2	3	4	5	6	7
17	My company has sufficient channels of vertical communication	1	2	3	4	5	6	7
18	My company often announces new policies to us by means of explanatory seminars	1	2	3	4	5	6	7
19	My company often tries to raise our commitment to this organisation through various activities, such as live video links and company events	1	2	3	4	5	6	7
20	I am satisfied with the nature of my job	1	2	3	4	5	6	7
21	My direct supervisor makes efforts to become fully familiar with his/her subordinates work performance	1	2	3	4	5	6	7

Question	STATEMENT	Strongly Agree	Somewhat agree	Agree	Neither agree nor disagree	Disagree	Somewhat disagree	Strongly disagree
22	My company respects its employees	1	2	3	4	5	6	7
23	My company often uses educational training to express to us its corporate values and goals	1	2	3	4	5	6	7
24	My company often holds organisation-wide events to increase chances of interaction between its employees	1	2	3	4	5	6	7
25	I am satisfied with the relationships I have with my fellow workers in this organisation	1	2	3	4	5	6	7
26	My direct supervisor makes voluntary effort to know whether we encounter problems at work	1	2	3	4	5	6	7
27	My company is kind to its employees	1	2	3	4	5	6	7
28	My company tries its best to give us a comfortable work environment	1	2	3	4	5	6	7
29	My company uses regular meetings that honour high-performance employees to send out messages to us	1	2	3	4	5	6	7
30	My company often holds branch contest in an attempt to improve employee performance	1	2	3	4	5	6	7
31	I am satisfied with the supervision of my supervisor	1	2	3	4	5	6	7

Section B

This section is for research classification purposes only and will be treated as confidential.

Please read Questions 32 and 33 and then draw a cross (X) in the appropriate block.

Question 32: Please indicate your gender

Female [1]	Male [2]

Question 33: Please indicate the department in which you work

Sales	[1]
Credit Control	[2]
Contact Centre	[3]
International	[4]
Operations	[5]
IT	[6]
Other (please specify) _____	[7]

Finally, please read the following question and ***respond by writing the appropriate number on the lines provided.***

Question 34: The length of time you have been employed at UTi is _____ year/s _____month/s

Thank you for completing the survey.
We appreciate your assistance.

APPENDIX B

- **Letter of Permission: UTi Distribution-**

UTi

UTi South Africa (Pty) Ltd
Cnr [illegible] Rd
and [illegible] Rd
Centurion
P O Box 63
The Reeds
0061
Tel: (012) 673 2000
Fax: (012) 673 [illegible]
Contact Centre:
0861 80 30 80
www.[illegible]

24 July 2011

To Whom It May Concern:

I hereby give permission to Sarah Lubbe (student number: 22015567) to conducted research for her study currently titled "THE RELATIONSHIP BETWEEN INTERNAL MARKETING, JOB SATISFACTION AND SERVICE QUALITY: a SURVYE AMONGST EMPLOYEES IN A SOUTH AFRICAN ORGANISATION" to complete a Masters Degree in Marketing through the University of Pretoria.

She may use our organisation to conduct her study and the results may be used for academic purposes. If the article is to be used for none academic purposes or is to be published in any form, reapplication for use of the UTi name and brand will have to be applied for.

George van der Merwe

Managing Director: UTi Sun Couriers

APPENDIX C

- **Informed Consent-**

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

FFaculty of Economic and Management Sciences

Dear Respondent

Request to participate in an academic research study by the University of Pretoria

Mrs Sarah Lubbe (22015567) is currently in the process of completing her MCom (Marketing Management) degree at the Department of Marketing and Communication Management at the University of Pretoria. The purpose of the study is to determine the elements of internal marketing as predictors of employee satisfaction. You are hereby invited to participate in Mrs Lubbe's research study.

Please note the following:

- This study involves an anonymous survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified in person based on the answers you give.
- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than10 minutes of your time.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- Please contact Mrs Sarah Lubbe (research student) or myself, Prof Y. Jordaan (yolanda.jordaan@up.ac.za), if you have any questions or comments regarding the study.

Your participation will be greatly appreciated.

Prof Yolanda Jordaan

Study supervisor **Date:**

Research conducted by:

Mrs. S. Lubbe (22015567)

Cell: 082 301 0522

INFORMED CONSENT

Please sign below to indicate that:

- You give your consent to participate in the study on a voluntary basis.
- You have read and understand the information provided above.

Respondent's signature **Date:**

APPENDIX D

- **Ethics Committee Approval-**

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

FACULTY OF ECONOMIC AND
MANAGEMENT SCIENCES

RESEARCH ETHICS COMMITTEE

Tel: +27 12 420-2306
E-mail: anske.grobler@up.ac.za

2 September 2011

Prof Y Jordaan
Department of Marketing and
Communication Management

Dear Professor Jordaan

Project:	***Elements of internal marketing as predictors of employee satisfaction***
Researcher:	**SM Lubbe**
Supervisor:	**Prof Y Jordaan**
Department:	**Marketing and Communication Management**
Student No:	**22015567**

Thank you for the application you submitted to the Committee for Research Ethics, Faculty of Economic and Management Sciences.

I have pleasure in informing you that the Committee formally approved the above study on 31 August 2011. The approval is subject to the candidate abiding by the principles and parameters set out in her application and research proposal in the actual execution of the research.

The Committee requests you to convey this approval to Mrs Lubbe.

We wish you success with the project.

Sincerely

PROF BA LUBBE
ACTING CHAIR
COMMITTEE FOR RESEARCH ETHICS

APPENDIX E

- **Confirmatory Factor Analysis Results-**

```
EQS, A STRUCTURAL EQUATION PROGRAM            MULTIVARIATE SOFTWARE,
INC.
COPYRIGHT BY P.M. BENTLER                       VERSION 6.1 (C)1985-
2008(B94)
Licensee: Dr L Fletcher

  PROGRAM CONTROL INFORMATION

   1  /TITLE
   2  Model built by EQS 6 for Windows
   3  /SPECIFICATIONS
   4  DATA='C:\Users\User\Documents\Own Statintern Consultations\
      Lubbe Sarah T11086\T1
   5  1086 Lubbe Factors All Cases.ESS';
   6  VARIABLES=31; CASES=310;
   7  METHOD=LS; ANALYSIS=COVARIANCE; MATRIX=RAW;
   8  CATEGORY=V1,V2,V3,V4,V5,V6,V7,V8,V9,V10,
   9  V11,V12,V13,V14,V15,V16,V17,V18,V19,V20,
  10  V21,V22,V23,V24,V25,V26,V27,V28,V29,V30,
  11  V31;
  12  /LABELS
  13  V1=V1; V2=V2; V3=V3; V4=V4; V5=V5;
  14  V6=V6; V7=V7; V8=V8; V9=V9; V10=V10;
  15  V11=V11; V12=V12; V13=V13; V14=V14; V15=V15;
  16  V16=V16; V17=V17; V18=V18; V19=V19; V20=V20;
  17  V21=V21; V22=V22; V23=V23; V24=V24; V25=V25;
  18  V26=V26; V27=V27; V28=V28; V29=V29; V30=V30;
  19  V31=V31;
  20  /EQUATIONS
  21  V1 =   1F1 + E1;
  22  V2 =   *F1 + E2;
  23  V3 =   *F1 + E3;
  24  V4 =   *F1 + E4;
  25  V5 =   *F1 + E5;
  26  V6 =   1F2 + E6;
  27  V7 =   *F2 + E7;
  28  V8 =   *F2 + E8;
  29  V9 =   *F2 + E9;
  30  V10 =   *F2 + E10;
  31  V11 =   1F3 + E11;
  32  V12 =   *F3 + E12;
  33  V13 =   1F4 + E13;
  34  V14 =   *F4 + E14;
  35  V15 =   *F4 + E15;
  36  V16 =   *F4 + E16;
  37  V17 =   *F4 + E17;
  38  V18 =   *F4 + E18;
  39  V19 =   1F5 + E19;
  40  V20 =   *F5 + E20;
```

```
41  V21 =    *F5 + E21;
42  V22 =    1F6 + E22;
43  V23 =    *F6 + E23;
44  V24 =    *F6 + E24;
45  V25 =    *F6 + E25;
46  V26 =    *F6 + E26;
47  V27 =    *F6 + E27;
48  V28 =    1F7 + E28;

49  V29 =    *F7 + E29;
50  V30 =    *F7 + E30;
51  V31 =    *F7 + E31;
52  /VARIANCES
53   F1 = *;
54   F2 = *;
55   F3 = *;
56   F4 = *;
57   F5 = *;
58   F6 = *;
59   F7 = *;
60   E1 = *;
61   E2 = *;
62   E3 = *;
63   E4 = *;
64   E5 = *;
65   E6 = *;
66   E7 = *;
67   E8 = *;
68   E9 = *;
69   E10 = *;
70   E11 = *;
71   E12 = *;
72   E13 = *;
73   E14 = *;
74   E15 = *;
75   E16 = *;
76   E17 = *;
77   E18 = *;
78   E19 = *;
79   E20 = *;
80   E21 = *;
81   E22 = *;
82   E23 = *;
83   E24 = *;
84   E25 = *;
85   E26 = *;
86   E27 = *;
87   E28 = *;
88   E29 = *;
89   E30 = *;
90   E31 = *;
91  /COVARIANCES
92  F1,F2 = *;
93  F1,F3 = *;
```

```
  94  F2,F3 = *;
  95  F1,F4 = *;
  96  F2,F4 = *;
  97  F3,F4 = *;
  98  F1,F5 = *;
  99  F2,F5 = *;
 100  F3,F5 = *;
 101  F4,F5 = *;
 102  F1,F6 = *;
 103  F2,F6 = *;
 104  F3,F6 = *;
 105  F4,F6 = *;
 106  F5,F6 = *;
 107  F1,F7 = *;

 108  F2,F7 = *;
 109  F3,F7 = *;
 110  F4,F7 = *;
 111  F5,F7 = *;
 112  F6,F7 = *;
 113  /PRINT
 114  FIT=ALL;
 115  TABLE=EQUATION;
 116  /END


     116 RECORDS OF INPUT MODEL FILE WERE READ

*** NOTE *** CATEGORICAL VARIABLES REQUIRE CORRELATION STRUCTURE.
             SPECIFICATION CHANGED TO ANALYSIS=CORRELATION.


   DATA   IS   READ   FROM   C:\Users\User\Documents\Own   Statintern
Consultations\Lubbe Sarah T11086\T11086 Lubbe Factors All Cases.ESS
   THERE ARE  32 VARIABLES AND   317 CASES
   IT IS A RAW DATA ESS FILE


  YOUR MODEL HAS SPECIFIED CATEGORICAL VARIABLES

       TOTAL NUMBER OF VARIABLES ARE        31

       NUMBER OF CONTINUOUS VARIABLES ARE    0

       NUMBER OF DISCRETE   VARIABLES ARE   31


       INFORMATION ON DISCRETE VARIABLES

  VARIABLE
 NO.    NAME   CATEGORIES

   1     V1        8
   2     V2        8
```

3	V3	7
4	V4	8
5	V5	8
6	V6	8
7	V7	8
8	V8	8
9	V9	8
10	V10	8
11	V11	8
12	V12	8
13	V13	8
14	V14	8
15	V15	8
16	V16	8
17	V17	8
18	V18	8
19	V19	8
20	V20	8
21	V21	8
22	V22	7
23	V23	7
24	V24	8
25	V25	8
26	V26	8
27	V27	8
28	V28	7
29	V29	8
30	V30	7
31	V31	8

RESULTS OF POLYCHORIC PARTITION

VARIABLE NO.	NAME	AVERAGE THRESHOLDS					
1	V1	-1.9689	-1.4427	-.9422	-.3948	.0571	.5211 .8046
2	V2	-2.0873	-1.3136	-.8966	-.3215	.3376	.7834 .9885
3	V3	-.9263	-.3434	.2451	.7279	1.0056	1.3056
4	V4	-1.9402	-.6550	-.1501	.7438	1.0721	1.5876 1.8337
5	V5	-1.9300	-.6476	-.2530	.4206	.9613	1.2377 1.5399
6	V6	-2.1790	-.9491	-.4604	.2850	.6165	1.0401 1.4505

7	V7	-2.0301	-1.1551	-.6470	.0294	.6173	1.0163
1.4128							
8	V8	-2.1593	-.9740	-.5908	.0879	.5265	.9920
1.3792							
9	V9	-1.9897	-.7308	-.2327	.5793	1.0681	1.3904
1.8375							
10	V10	-1.9366	-.8312	-.4273	.3411	.7752	1.2029
1.5614							
11	V11	-2.0422	-1.3851	-1.1121	-.6906	.0540	.5220
.8853							
12	V12	-2.1732	-1.5510	-1.1096	-.6712	.2129	.6579
1.0128							
13	V13	-1.9697	-1.1180	-.6004	.1608	.6685	1.0826
1.4599							
14	V14	-2.0257	-1.4180	-.9624	-.5087	.1583	.5515
.8344							
15	V15	-2.0223	-1.1875	-.8752	-.3695	.2822	.8352
1.0916							
16	V16	-1.7958	-.8779	-.4678	.2252	.7973	1.2660
1.4725							
17	V17	-1.8856	-1.0629	-.6901	.0108	.6434	1.0748
1.3880							
18	V18	-1.8349	-.8883	-.4748	.1967	.6894	1.1139
1.4950							
19	V19	-2.1711	-.8631	-.4063	.2115	.7684	1.2371
1.5398							
20	V20	-1.9211	-1.3135	-.7619	-.0758	.6177	1.1097
1.4356							
21	V21	-1.9098	-1.1443	-.6342	.0711	.7567	1.2881
1.6001							
22	V22	-1.0467	-.6148	.0841	.5978	1.0309	1.3450
23	V23	-1.1414	-.5572	.2810	.8346	1.2402	1.6090
24	V24	-2.0982	-1.2460	-.7858	-.1159	.3109	.8957
1.2836							
25	V25	-1.9931	-.7193	-.3162	.5177	.9793	1.4291
1.7656							

26	V26	-1.9312	-1.0607	-.5891	.1282	.6328	1.1270
1.4718							
27	V27	-1.9391	-1.2181	-.8072	-.3009	.1958	.6972
1.1704							
28	V28	-.8193	-.3003	.4679	.8415	1.1819	1.4408
29	V29	-2.0902	-1.2144	-.8598	-.3437	.2117	.8017
1.1183							
30	V30	-1.2143	-.6459	-.0125	.5237	.9553	1.3280
31	V31	-1.9906	-1.2471	-.7960	-.1800	.2935	.8340
1.2147							

POLYCHORIC CORRELATION MATRIX BETWEEN DISCRETE VARIABLES

	V1	V2	V3	V4	V5
V1	1.000				
V2	.547	1.000			
V3	.407	.474	1.000		
V4	.312	.345	.520	1.000	
V5	.231	.318	.497	.445	1.000
V6	.328	.345	.364	.285	.348
V7	.315	.374	.387	.318	.467
V8	.327	.453	.432	.339	.494
V9	.274	.334	.521	.455	.610
V10	.292	.389	.484	.490	.626
V11	.581	.467	.365	.289	.209
V12	.485	.400	.282	.191	.219
V13	.450	.449	.454	.295	.357
V14	.562	.499	.343	.245	.240
V15	.550	.679	.499	.330	.346
V16	.400	.410	.547	.443	.454
V17	.441	.493	.576	.486	.469
V18	.379	.396	.496	.483	.476
V19	.332	.286	.401	.298	.271
V20	.484	.522	.497	.339	.312
V21	.383	.468	.477	.357	.301
V22	.328	.348	.351	.324	.383
V23	.308	.315	.507	.356	.376
V24	.276	.409	.388	.211	.255
V25	.189	.323	.390	.402	.418
V26	.363	.457	.450	.392	.512
V27	.424	.403	.383	.383	.431
V28	.306	.327	.370	.317	.398
V29	.428	.529	.398	.299	.355
V30	.360	.447	.501	.318	.387
V31	.375	.421	.400	.368	.376

	V6	V7	V8	V9	V10

V6	1.000				
V7	.378	1.000			
V8	.312	.463	1.000		
V9	.334	.443	.491	1.000	
V10	.373	.533	.518	.556	1.000
V11	.370	.292	.260	.208	.315
V12	.259	.316	.270	.172	.225
V13	.427	.330	.315	.312	.285
V14	.170	.346	.303	.223	.284
V15	.343	.344	.358	.305	.375
V16	.340	.266	.308	.409	.403
V17	.315	.354	.374	.423	.454
V18	.314	.286	.343	.385	.400
V19	.387	.281	.251	.246	.221
V20	.318	.376	.334	.331	.377
V21	.263	.259	.268	.259	.270
V22	.330	.334	.281	.279	.308
V23	.302	.296	.347	.362	.360
V24	.295	.286	.301	.274	.301
V25	.284	.208	.302	.404	.379
V26	.373	.366	.348	.425	.440
V27	.291	.304	.290	.319	.412
V28	.373	.440	.403	.422	.468
V29	.284	.351	.351	.299	.394
V30	.394	.330	.358	.326	.406
V31	.346	.304	.339	.346	.399

	V11	V12	V13	V14	V15
V11	1.000				
V12	.605	1.000			
V13	.420	.329	1.000		
V14	.453	.535	.320	1.000	
V15	.459	.463	.429	.533	1.000
V16	.342	.267	.414	.322	.447
V17	.428	.412	.477	.393	.515
V18	.383	.378	.424	.332	.419
V19	.256	.230	.434	.261	.232
V20	.435	.392	.403	.483	.448
V21	.349	.301	.367	.419	.514
V22	.337	.359	.410	.268	.378
V23	.243	.236	.437	.277	.338
V24	.340	.305	.362	.261	.399
V25	.136	.164	.322	.204	.307
V26	.313	.325	.462	.281	.438
V27	.430	.426	.329	.442	.460
V28	.263	.216	.339	.201	.258
V29	.337	.408	.333	.406	.527
V30	.334	.302	.439	.280	.445
V31	.406	.396	.383	.369	.485

	V16	V17	V18	V19	V20
V16	1.000				

V17	.640	1.000			
V18	.592	.694	1.000		
V19	.451	.385	.350	1.000	
V20	.436	.469	.403	.379	1.000
V21	.468	.447	.459	.357	.461
V22	.387	.401	.348	.380	.359
V23	.437	.401	.390	.477	.374
V24	.331	.436	.359	.255	.328
V25	.502	.445	.454	.357	.298
V26	.512	.609	.571	.353	.357
V27	.469	.552	.495	.306	.347
V28	.234	.310	.299	.221	.273
V29	.442	.468	.399	.258	.399
V30	.496	.486	.451	.391	.441
V31	.513	.548	.508	.298	.326

	V21	V22	V23	V24	V25
V21	1.000				
V22	.359	1.000			
V23	.388	.449	1.000		
V24	.339	.318	.422	1.000	
V25	.330	.325	.424	.305	1.000
V26	.427	.436	.492	.469	.469
V27	.379	.409	.376	.325	.362
V28	.202	.392	.315	.208	.222
V29	.428	.391	.427	.351	.323
V30	.441	.407	.489	.479	.465
V31	.394	.413	.380	.383	.463

	V26	V27	V28	V29	V30
V26	1.000				
V27	.561	1.000			
V28	.300	.270	1.000		
V29	.439	.504	.304	1.000	
V30	.511	.435	.299	.507	1.000
V31	.500	.606	.292	.476	.475

	V31
V31	1.000

SAMPLE STATISTICS BASED ON COMPLETE CASES

*** NOTE *** CATEGORICAL VARIABLES LISTED ABOVE ARE INDICATORS OF LATENT
CONTINUOUS VARIABLES. THEIR UNIVARIATE AND JOINT STATISTICS
MAY NOT BE MEANINGFUL.

UNIVARIATE STATISTICS

VARIABLE	V1	V2	V3	V4	V5
MEAN	4.4548	4.1290	3.2903	2.6613	2.9387
SKEWNESS (G1)	-.1592	.0842	.6101	.7139	.6453
KURTOSIS (G2)	-.8827	-.6503	-.4803	.4777	-.0763
STANDARD DEV.	1.8668	1.7707	1.7988	1.4453	1.7008

VARIABLE	V6	V7	V8	V9	V10
MEAN	3.3581	3.5935	3.5548	2.8129	3.1645
SKEWNESS (G1)	.4790	.3000	.2894	.6398	.4592
KURTOSIS (G2)	-.5631	-.4288	-.6883	.2121	-.2824
STANDARD DEV.	1.7397	1.6729	1.7650	1.4977	1.6785

VARIABLE	V11	V12	V13	V14	V15
MEAN	4.5839	4.4516	3.4645	4.4387	4.0935
SKEWNESS (G1)	-.3398	-.0636	.3878	-.1303	-.0755
KURTOSIS (G2)	-.3737	-.4042	-.3050	-.7578	-.5586
STANDARD DEV.	1.7323	1.6018	1.6596	1.8154	1.7720

VARIABLE	V16	V17	V18	V19	V20
MEAN	3.2226	3.5645	3.3097	3.2323	3.6774
SKEWNESS (G1)	.3767	.2091	.3263	.4377	.2146
KURTOSIS (G2)	-.1860	-.2995	-.4727	-.3818	-.1103
STANDARD DEV.	1.6872	1.6897	1.7407	1.6618	1.5804

VARIABLE	V21	V22	V23	V24	V25
MEAN	3.4226	3.5258	3.2774	3.9032	2.8903
SKEWNESS (G1)	.2421	.3745	.5685	.0889	.5480
KURTOSIS (G2)	-.0319	-.5365	.0658	-.6953	.0599
STANDARD DEV.	1.5388	1.7230	1.5096	1.7190	1.5310

VARIABLE	V26	V27	V28	V29	V30
MEAN	3.4581	4.1129	3.0484	4.1226	3.6677
SKEWNESS (G1)	.2949	-.1582	.7730	-.0913	.3256
KURTOSIS (G2)	-.3597	-.7426	-.0154	-.6570	-.6237
STANDARD DEV.	1.6692	1.8196	1.6936	1.7675	1.7055

VARIABLE	V31
MEAN	3.9710
SKEWNESS (G1)	.0122
KURTOSIS (G2)	-.6822
STANDARD DEV.	1.7615

MULTIVARIATE KURTOSIS

MARDIA'S COEFFICIENT (G2,P) = 310.1400
NORMALIZED ESTIMATE = 60.3609

ELLIPTICAL THEORY KURTOSIS ESTIMATES

MARDIA-BASED KAPPA = .3032 MEAN SCALED UNIVARIATE KURTOSIS = -.1229

MARDIA-BASED KAPPA IS USED IN COMPUTATION. KAPPA= .3032

CASE NUMBERS WITH LARGEST CONTRIBUTION TO NORMALIZED MULTIVARIATE KURTOSIS:

CASE NUMBER	107	108	171	198	268
ESTIMATE	3330.2239	1530.4854	1309.4728	1983.9517	1491.4338

CORRELATION MATRIX TO BE ANALYZED: 31 VARIABLES (SELECTED FROM 32 VARIABLES)

BASED ON 310 CASES.

POLYCHORIC/POLYSERIAL CORRELATIONS BASED ON LEE, POON, BENTLER (1995).

	V1	V2	V3	V4	V5
V1	1.000				
V2	.547	1.000			
V3	.407	.474	1.000		
V4	.312	.345	.520	1.000	
V5	.231	.318	.497	.445	1.000
V6	.328	.345	.364	.285	.348
V7	.315	.374	.387	.318	.467
V8	.327	.453	.432	.339	.494
V9	.274	.334	.521	.455	.610
V10	.292	.389	.484	.490	.626
V11	.581	.467	.365	.289	.209
V12	.485	.400	.282	.191	.219
V13	.450	.449	.454	.295	.357
V14	.562	.499	.343	.245	.240
V15	.550	.679	.499	.330	.346
V16	.400	.410	.547	.443	.454
V17	.441	.493	.576	.486	.469
V18	.379	.396	.496	.483	.476
V19	.332	.286	.401	.298	.271
V20	.484	.522	.497	.339	.312
V21	.383	.468	.477	.357	.301
V22	.328	.348	.351	.324	.383
V23	.308	.315	.507	.356	.376
V24	.276	.409	.388	.211	.255
V25	.189	.323	.390	.402	.418
V26	.363	.457	.450	.392	.512
V27	.424	.403	.383	.383	.431
V28	.306	.327	.370	.317	.398
V29	.428	.529	.398	.299	.355
V30	.360	.447	.501	.318	.387
V31	.375	.421	.400	.368	.376

	V6	V7	V8	V9	V10
V6	1.000				
V7	.378	1.000			
V8	.312	.463	1.000		
V9	.334	.443	.491	1.000	
V10	.373	.533	.518	.556	1.000
V11	.370	.292	.260	.208	.315
V12	.259	.316	.270	.172	.225
V13	.427	.330	.315	.312	.285
V14	.170	.346	.303	.223	.284
V15	.343	.344	.358	.305	.375
V16	.340	.266	.308	.409	.403
V17	.315	.354	.374	.423	.454
V18	.314	.286	.343	.385	.400
V19	.387	.281	.251	.246	.221

V20	.318	.376	.334	.331	.377
V21	.263	.259	.268	.259	.270
V22	.330	.334	.281	.279	.308
V23	.302	.296	.347	.362	.360
V24	.295	.286	.301	.274	.301
V25	.284	.208	.302	.404	.379
V26	.373	.366	.348	.425	.440
V27	.291	.304	.290	.319	.412
V28	.373	.440	.403	.422	.468
V29	.284	.351	.351	.299	.394
V30	.394	.330	.358	.326	.406
V31	.346	.304	.339	.346	.399

	V11	V12	V13	V14	V15
V11	1.000				
V12	.605	1.000			
V13	.420	.329	1.000		
V14	.453	.535	.320	1.000	
V15	.459	.463	.429	.533	1.000
V16	.342	.267	.414	.322	.447
V17	.428	.412	.477	.393	.515
V18	.383	.378	.424	.332	.419
V19	.256	.230	.434	.261	.232
V20	.435	.392	.403	.483	.448
V21	.349	.301	.367	.419	.514
V22	.337	.359	.410	.268	.378
V23	.243	.236	.437	.277	.338
V24	.340	.305	.362	.261	.399
V25	.136	.164	.322	.204	.307
V26	.313	.325	.462	.281	.438
V27	.430	.426	.329	.442	.460
V28	.263	.216	.339	.201	.258
V29	.337	.408	.333	.406	.527
V30	.334	.302	.439	.280	.445
V31	.406	.396	.383	.369	.485

	V16	V17	V18	V19	V20
V16	1.000				
V17	.640	1.000			
V18	.592	.694	1.000		
V19	.451	.385	.350	1.000	
V20	.436	.469	.403	.379	1.000
V21	.468	.447	.459	.357	.461
V22	.387	.401	.348	.380	.359
V23	.437	.401	.390	.477	.374
V24	.331	.436	.359	.255	.328
V25	.502	.445	.454	.357	.298
V26	.512	.609	.571	.353	.357
V27	.469	.552	.495	.306	.347
V28	.234	.310	.299	.221	.273
V29	.442	.468	.399	.258	.399
V30	.496	.486	.451	.391	.441

V31	.513	.548	.508	.298	.326

	V21	V22	V23	V24	V25
V21	1.000				
V22	.359	1.000			
V23	.388	.449	1.000		
V24	.339	.318	.422	1.000	
V25	.330	.325	.424	.305	1.000
V26	.427	.436	.492	.469	.469
V27	.379	.409	.376	.325	.362
V28	.202	.392	.315	.208	.222
V29	.428	.391	.427	.351	.323
V30	.441	.407	.489	.479	.465
V31	.394	.413	.380	.383	.463

	V26	V27	V28	V29	V30
V26	1.000				
V27	.561	1.000			
V28	.300	.270	1.000		
V29	.439	.504	.304	1.000	
V30	.511	.435	.299	.507	1.000
V31	.500	.606	.292	.476	.475

	V31
V31	1.000

BENTLER-WEEKS STRUCTURAL REPRESENTATION:

NUMBER OF DEPENDENT VARIABLES = 31
DEPENDENT V'S : 1 2 3 4 5 6 7 8 9
10
DEPENDENT V'S : 11 12 13 14 15 16 17 18 19
20
DEPENDENT V'S : 21 22 23 24 25 26 27 28 29
30
DEPENDENT V'S : 31

NUMBER OF INDEPENDENT VARIABLES = 38
INDEPENDENT F'S : 1 2 3 4 5 6 7
INDEPENDENT E'S : 1 2 3 4 5 6 7 8
9 10
INDEPENDENT E'S : 11 12 13 14 15 16 17 18
19 20
INDEPENDENT E'S : 21 22 23 24 25 26 27 28
29 30
INDEPENDENT E'S : 31

NUMBER OF FREE PARAMETERS = 83
NUMBER OF FIXED NONZERO PARAMETERS = 38

*** WARNING MESSAGES ABOVE, IF ANY, REFER TO THE MODEL PROVIDED.
CALCULATIONS FOR INDEPENDENCE MODEL NOW BEGIN.

*** WARNING MESSAGES ABOVE, IF ANY, REFER TO INDEPENDENCE MODEL.
CALCULATIONS FOR USER'S MODEL NOW BEGIN.

3RD STAGE OF COMPUTATION REQUIRED 413734 WORDS OF MEMORY.
PROGRAM ALLOCATED 2000000 WORDS

DETERMINANT OF INPUT MATRIX IS .53117D-07

PARAMETER ESTIMATES APPEAR IN ORDER,
NO SPECIAL PROBLEMS WERE ENCOUNTERED DURING OPTIMIZATION.

RESIDUAL COVARIANCE MATRIX (S-SIGMA) :

	V1	V2	V3	V4	V5
V1	.000				
V2	.130	.000			
V3	-.030	-.011	.000		
V4	-.039	-.045	.111	.000	
V5	-.152	-.107	.052	.086	.000
V6	-.019	-.041	-.040	-.041	-.006
V7	-.057	-.039	-.045	-.030	.088
V8	-.055	.030	-.011	-.018	.105
V9	-.117	-.101	.065	.088	.211
V10	-.136	-.087	-.015	.089	.188
V11	.234	.081	-.039	-.036	-.145
V12	.164	.044	-.091	-.109	-.108
V13	.059	.015	.000	-.071	-.042
V14	.212	.110	-.064	-.083	-.117
V15	.116	.197	-.005	-.077	-.097
V16	-.037	-.076	.038	.033	.008
V17	-.040	-.042	.016	.035	-.022
V18	-.058	-.090	-.012	.074	.031
V19	.009	-.073	.025	-.005	-.058
V20	.087	.081	.035	-.034	-.093
V21	.001	.043	.033	-.001	-.089
V22	-.007	-.024	-.039	.009	.041
V23	-.045	-.078	.096	.025	.016
V24	-.036	.062	.025	-.081	-.064
V25	-.131	-.034	.017	.101	.091
V26	-.047	.002	-.027	.008	.094
V27	.042	-.022	-.061	.025	.041
V28	.017	.005	.033	.046	.103
V29	.050	.109	-.042	-.055	-.031
V30	-.037	.005	.040	-.054	-.018
V31	-.020	-.017	-.059	-.002	-.026

	V6	V7	V8	V9	V10
V6	.000				
V7	-.011	.000			
V8	-.087	.037	.000		
V9	-.075	.005	.042	.000	
V10	-.075	.055	.027	.052	.000
V11	.119	.024	-.015	-.074	.006
V12	.027	.068	.016	-.089	-.061
V13	.145	.029	.006	-.005	-.063
V14	-.082	.076	.026	-.062	-.027
V15	.030	.010	.015	-.047	-.011
V16	.025	-.072	-.038	.054	.013
V17	-.033	-.017	-.007	.032	.026
V18	-.001	-.051	-.002	.029	.012
V19	.153	.032	-.005	-.017	-.067
V20	.031	.069	.019	.007	.023
V21	-.013	-.036	-.034	-.052	-.071
V22	.050	.034	-.027	-.038	-.038
V23	.006	-.020	.022	.029	-.005
V24	.033	.006	.014	-.020	-.022
V25	.015	-.080	.007	.101	.047
V26	.030	-.001	-.029	.038	.017
V27	-.029	-.039	-.061	-.042	.017
V28	.116	.165	.121	.132	.151
V29	-.051	-.007	-.017	-.079	-.019
V30	.042	-.047	-.028	-.071	-.028
V31	-.004	-.070	-.044	-.049	-.032

	V11	V12	V13	V14	V15
V11	.000				
V12	.000	.000			
V13	.035	-.027	.000		
V14	.109	.216	-.040	.000	
V15	.032	.068	-.017	.134	.000
V16	-.088	-.131	-.036	-.081	-.052
V17	-.045	-.026	-.017	-.050	-.034
V18	-.047	-.019	-.025	-.070	-.079
V19	-.046	-.049	.100	-.039	-.140
V20	.063	.048	-.009	.115	-.009
V21	-.007	-.029	-.028	.065	.075
V22	.039	.084	.054	-.052	-.017
V23	-.071	-.055	.062	-.060	-.079
V24	.063	.049	.030	-.037	.030
V25	-.149	-.100	-.019	-.101	-.072
V26	-.052	-.012	.026	-.110	-.047
V27	.090	.112	-.077	.078	.009
V28	-.012	-.038	.041	-.065	-.072
V29	-.022	.075	-.055	.058	.096
V30	-.044	-.047	.031	-.085	-.008
V31	.031	.049	-.022	.006	.035

	V16	V17	V18	V19	V20
V16	.000				
V17	.086	.000			
V18	.090	.141	.000		
V19	.076	-.027	-.024	.000	
V20	-.025	-.038	-.057	-.003	.000
V21	.026	-.040	.017	-.010	.011
V22	-.012	-.038	-.051	.085	-.003
V23	.016	-.062	-.031	.166	-.007
V24	-.041	.027	-.012	-.019	-.009
V25	.120	.025	.073	.075	-.048
V26	.024	.072	.083	-.008	-.086
V27	.015	.051	.041	-.030	-.066
V28	-.099	-.056	-.034	-.018	-.021
V29	.007	-.010	-.035	-.054	.016
V30	.040	-.016	-.005	.063	.038
V31	.060	.049	.055	-.028	-.074

	V21	V22	V23	V24	V25
V21	.000				
V22	.011	.000			
V23	.021	.057	.000		
V24	.015	-.029	.057	.000	
V25	-.002	-.031	.048	-.027	.000
V26	.001	-.019	.012	.045	.033
V27	-.018	-.015	-.071	-.070	-.044
V28	-.081	.087	-.008	-.077	-.071
V29	.060	-.008	.006	-.021	-.059
V30	.054	-.013	.047	.088	.064
V31	.009	-.004	-.059	-.005	.065

	V26	V27	V28	V29	V30
V26	.000				
V27	.043	.000			
V28	-.075	-.079	.000		
V29	-.049	.049	-.024	.000	
V30	-.002	-.043	-.046	.057	.000
V31	-.009	.131	-.050	.029	.005

	V31
V31	.000

AVERAGE ABSOLUTE RESIDUAL = .0467

AVERAGE OFF-DIAGONAL ABSOLUTE RESIDUAL = .0498

LEAST SQUARES SOLUTION (NORMAL DISTRIBUTION THEORY)

STANDARDIZED RESIDUAL MATRIX:

	V1	V2	V3	V4	V5
V1	.000				
V2	.130	.000			
V3	-.030	-.011	.000		
V4	-.039	-.045	.111	.000	
V5	-.152	-.107	.052	.086	.000
V6	-.019	-.041	-.040	-.041	-.006
V7	-.057	-.039	-.045	-.030	.088
V8	-.055	.030	-.011	-.018	.105
V9	-.117	-.101	.065	.088	.211
V10	-.136	-.087	-.015	.089	.188
V11	.234	.081	-.039	-.036	-.145
V12	.164	.044	-.091	-.109	-.108
V13	.059	.015	.000	-.071	-.042
V14	.212	.110	-.064	-.083	-.117
V15	.116	.197	-.005	-.077	-.097
V16	-.037	-.076	.038	.033	.008
V17	-.040	-.042	.016	.035	-.022
V18	-.058	-.090	-.012	.074	.031
V19	.009	-.073	.025	-.005	-.058
V20	.087	.081	.035	-.034	-.093
V21	.001	.043	.033	-.001	-.089
V22	-.007	-.024	-.039	.009	.041
V23	-.045	-.078	.096	.025	.016
V24	-.036	.062	.025	-.081	-.064
V25	-.131	-.034	.017	.101	.091
V26	-.047	.002	-.027	.008	.094
V27	.042	-.022	-.061	.025	.041
V28	.017	.005	.033	.046	.103
V29	.050	.109	-.042	-.055	-.031
V30	-.037	.005	.040	-.054	-.018
V31	-.020	-.017	-.059	-.002	-.026

	V6	V7	V8	V9	V10
V6	.000				
V7	-.011	.000			
V8	-.087	.037	.000		
V9	-.075	.005	.042	.000	
V10	-.075	.055	.027	.052	.000
V11	.119	.024	-.015	-.074	.006
V12	.027	.068	.016	-.089	-.061
V13	.145	.029	.006	-.005	-.063
V14	-.082	.076	.026	-.062	-.027
V15	.030	.010	.015	-.047	-.011
V16	.025	-.072	-.038	.054	.013
V17	-.033	-.017	-.007	.032	.026
V18	-.001	-.051	-.002	.029	.012
V19	.153	.032	-.005	-.017	-.067
V20	.031	.069	.019	.007	.023

V21	-.013	-.036	-.034	-.052	-.071
V22	.050	.034	-.027	-.038	-.038
V23	.006	-.020	.022	.029	-.005
V24	.033	.006	.014	-.020	-.022
V25	.015	-.080	.007	.101	.047
V26	.030	-.001	-.029	.038	.017
V27	-.029	-.039	-.061	-.042	.017
V28	.116	.165	.121	.132	.151
V29	-.051	-.007	-.017	-.079	-.019
V30	.042	-.047	-.028	-.071	-.028
V31	-.004	-.070	-.044	-.049	-.032

	V11	V12	V13	V14	V15
V11	.000				
V12	.000	.000			
V13	.035	-.027	.000		
V14	.109	.216	-.040	.000	
V15	.032	.068	-.017	.134	.000
V16	-.088	-.131	-.036	-.081	-.052
V17	-.045	-.026	-.017	-.050	-.034
V18	-.047	-.019	-.025	-.070	-.079
V19	-.046	-.049	.100	-.039	-.140
V20	.063	.048	-.009	.115	-.009
V21	-.007	-.029	-.028	.065	.075
V22	.039	.084	.054	-.052	-.017
V23	-.071	-.055	.062	-.060	-.079
V24	.063	.049	.030	-.037	.030
V25	-.149	-.100	-.019	-.101	-.072
V26	-.052	-.012	.026	-.110	-.047
V27	.090	.112	-.077	.078	.009
V28	-.012	-.038	.041	-.065	-.072
V29	-.022	.075	-.055	.058	.096
V30	-.044	-.047	.031	-.085	-.008
V31	.031	.049	-.022	.006	.035

	V16	V17	V18	V19	V20
V16	.000				
V17	.086	.000			
V18	.090	.141	.000		
V19	.076	-.027	-.024	.000	
V20	-.025	-.038	-.057	-.003	.000
V21	.026	-.040	.017	-.010	.011
V22	-.012	-.038	-.051	.085	-.003
V23	.016	-.062	-.031	.166	-.007
V24	-.041	.027	-.012	-.019	-.009
V25	.120	.025	.073	.075	-.048
V26	.024	.072	.083	-.008	-.086
V27	.015	.051	.041	-.030	-.066
V28	-.099	-.056	-.034	-.018	-.021
V29	.007	-.010	-.035	-.054	.016
V30	.040	-.016	-.005	.063	.038
V31	.060	.049	.055	-.028	-.074

	V21	V22	V23	V24	V25
V21	.000				
V22	.011	.000			
V23	.021	.057	.000		
V24	.015	-.029	.057	.000	
V25	-.002	-.031	.048	-.027	.000
V26	.001	-.019	.012	.045	.033
V27	-.018	-.015	-.071	-.070	-.044
V28	-.081	.087	-.008	-.077	-.071
V29	.060	-.008	.006	-.021	-.059
V30	.054	-.013	.047	.088	.064
V31	.009	-.004	-.059	-.005	.065

	V26	V27	V28	V29	V30
V26	.000				
V27	.043	.000			
V28	-.075	-.079	.000		
V29	-.049	.049	-.024	.000	
V30	-.002	-.043	-.046	.057	.000
V31	-.009	.131	-.050	.029	.005

	V31
V31	.000

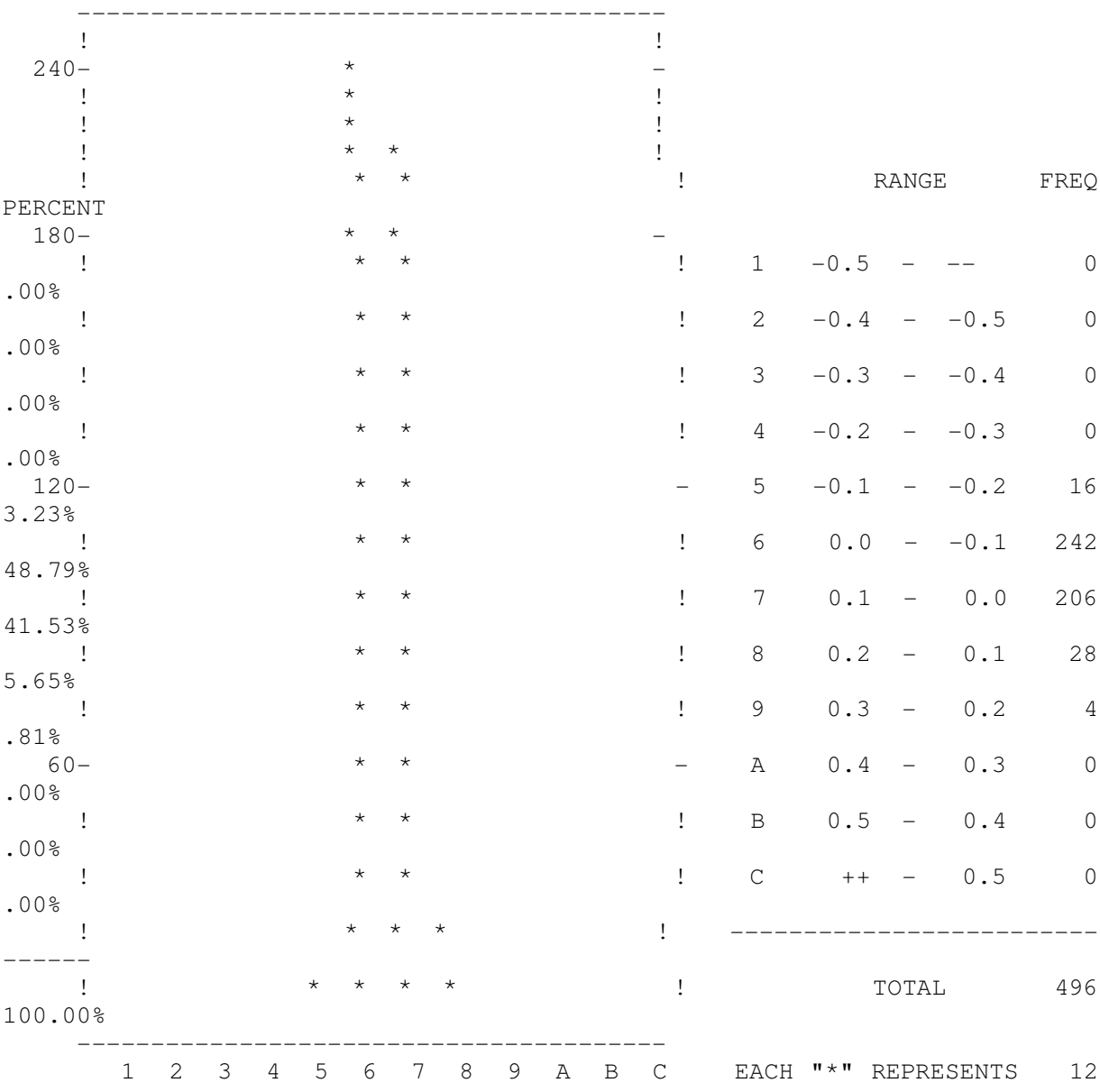
AVERAGE ABSOLUTE STANDARDIZED RESIDUAL = .0467

AVERAGE OFF-DIAGONAL ABSOLUTE STANDARDIZED RESIDUAL = .0498

LARGEST STANDARDIZED RESIDUALS:

NO.	PARAMETER	ESTIMATE	NO.	PARAMETER	ESTIMATE
1	V11, V1	.234	11	V5, V1	-.152
2	V14, V12	.216	12	V28, V10	.151
3	V14, V1	.212	13	V25, V11	-.149
4	V9, V5	.211	14	V13, V6	.145
5	V15, V2	.197	15	V11, V5	-.145
6	V10, V5	.188	16	V18, V17	.141
7	V23, V19	.166	17	V19, V15	-.140
8	V28, V7	.165	18	V10, V1	-.136
9	V12, V1	.164	19	V15, V14	.134
10	V19, V6	.153	20	V28, V9	.132

DISTRIBUTION OF STANDARDIZED RESIDUALS



MODEL CORRELATION MATRIX FOR MEASURED AND LATENT VARIABLES

	V1	V2	V3	V4	V5
V1	1.000				
V2	.417	1.000			
V3	.436	.485	1.000		
V4	.352	.391	.409	1.000	
V5	.383	.425	.445	.359	1.000
V6	.348	.386	.404	.326	.355

V7	.372	.413	.432	.348	.379
V8	.381	.423	.443	.357	.389
V9	.392	.435	.455	.367	.399
V10	.429	.476	.498	.402	.437
V11	.347	.385	.403	.325	.354
V12	.321	.357	.373	.301	.327
V13	.391	.434	.454	.366	.399
V14	.350	.389	.407	.328	.357
V15	.434	.482	.504	.407	.443
V16	.438	.486	.509	.410	.446
V17	.482	.535	.560	.451	.491
V18	.437	.486	.508	.410	.446
V19	.323	.359	.376	.303	.330
V20	.397	.441	.462	.372	.405
V21	.382	.424	.444	.358	.389
V22	.335	.372	.390	.314	.342
V23	.353	.393	.411	.331	.360
V24	.312	.347	.363	.293	.319
V25	.321	.356	.373	.301	.327
V26	.410	.456	.477	.384	.418
V27	.382	.425	.444	.358	.390
V28	.290	.322	.337	.272	.296
V29	.378	.420	.440	.354	.386
V30	.397	.441	.462	.372	.405
V31	.395	.438	.459	.370	.402
F1	.613	.681	.712	.574	.625
F2	.577	.641	.670	.540	.588
F3	.429	.477	.499	.402	.438
F4	.617	.685	.717	.578	.629
F5	.580	.644	.674	.544	.592
F6	.550	.611	.639	.515	.561
F7	.578	.642	.672	.541	.589

	V6	V7	V8	V9	V10
V6	1.000				
V7	.389	1.000			
V8	.398	.426	1.000		
V9	.409	.438	.449	1.000	
V10	.448	.479	.491	.504	1.000
V11	.251	.268	.275	.282	.309
V12	.232	.248	.254	.261	.286
V13	.282	.301	.309	.318	.348
V14	.253	.270	.277	.285	.311
V15	.313	.335	.343	.353	.386
V16	.316	.338	.346	.356	.389
V17	.347	.371	.381	.391	.428
V18	.315	.337	.346	.355	.389
V19	.234	.250	.256	.263	.288
V20	.287	.307	.315	.324	.354
V21	.276	.295	.302	.311	.340
V22	.281	.300	.308	.316	.346
V23	.296	.317	.325	.334	.365
V24	.262	.280	.287	.295	.323

V25	.269	.287	.295	.303	.331
V26	.344	.367	.377	.387	.424
V27	.320	.342	.351	.361	.395
V28	.257	.275	.282	.290	.317
V29	.336	.359	.368	.378	.414
V30	.352	.377	.386	.397	.434
V31	.350	.374	.384	.394	.431
F1	.568	.607	.622	.639	.699
F2	.603	.644	.661	.679	.743
F3	.310	.331	.340	.349	.382
F4	.445	.476	.488	.501	.549
F5	.419	.448	.460	.472	.517
F6	.461	.492	.505	.519	.568
F7	.513	.548	.562	.577	.632

	V11	V12	V13	V14	V15
V11	1.000				
V12	.605	1.000			
V13	.384	.356	1.000		
V14	.344	.319	.359	1.000	
V15	.427	.395	.446	.399	1.000
V16	.430	.398	.449	.403	.499
V17	.473	.438	.494	.443	.549
V18	.430	.398	.449	.402	.498
V19	.302	.280	.335	.300	.372
V20	.371	.344	.412	.369	.457
V21	.357	.330	.395	.354	.439
V22	.298	.276	.356	.319	.396
V23	.314	.291	.376	.337	.417
V24	.278	.257	.332	.297	.369
V25	.285	.264	.341	.305	.378
V26	.365	.337	.436	.391	.484
V27	.340	.314	.406	.364	.451
V28	.275	.255	.297	.266	.330
V29	.359	.333	.388	.348	.431
V30	.377	.349	.408	.365	.453
V31	.375	.347	.405	.363	.450
F1	.566	.524	.638	.572	.708
F2	.416	.385	.468	.419	.519
F3	.808	.748	.475	.426	.528
F4	.607	.561	.633	.567	.703
F5	.542	.502	.601	.538	.667
F6	.489	.452	.584	.523	.649
F7	.549	.508	.593	.531	.658

	V16	V17	V18	V19	V20
V16	1.000				
V17	.554	1.000			
V18	.503	.553	1.000		
V19	.375	.412	.374	1.000	
V20	.461	.507	.460	.382	1.000
V21	.443	.487	.442	.367	.451

V22	.399	.439	.398	.295	.362
V23	.421	.463	.420	.311	.382
V24	.372	.409	.371	.274	.337
V25	.382	.420	.381	.282	.346
V26	.488	.537	.488	.360	.443
V27	.455	.501	.454	.336	.413
V28	.333	.366	.333	.239	.294
V29	.435	.478	.434	.312	.384
V30	.457	.502	.456	.328	.403
V31	.453	.499	.453	.326	.400
F1	.714	.786	.713	.528	.649
F2	.524	.576	.523	.388	.477
F3	.532	.586	.532	.374	.460
F4	.709	.780	.708	.529	.650
F5	.673	.740	.672	.557	.685
F6	.654	.720	.653	.483	.594
F7	.664	.731	.663	.477	.586

	V21	V22	V23	V24	V25
V21	1.000				
V22	.348	1.000			
V23	.367	.392	1.000		
V24	.324	.346	.365	1.000	
V25	.333	.356	.375	.331	1.000
V26	.426	.455	.480	.424	.435
V27	.397	.424	.447	.395	.406
V28	.282	.306	.322	.285	.293
V29	.368	.399	.421	.372	.382
V30	.387	.419	.442	.391	.401
V31	.384	.416	.439	.388	.398
F1	.623	.547	.577	.510	.523
F2	.458	.466	.491	.434	.446
F3	.441	.369	.389	.343	.353
F4	.624	.562	.593	.524	.538
F5	.658	.529	.557	.492	.506
F6	.570	.610	.643	.568	.583
F7	.563	.610	.643	.568	.583

	V26	V27	V28	V29	V30
V26	1.000				
V27	.519	1.000			
V28	.374	.349	1.000		
V29	.488	.455	.328	1.000	
V30	.513	.478	.345	.450	1.000
V31	.510	.475	.343	.447	.469
F1	.669	.624	.473	.617	.648
F2	.570	.531	.426	.557	.585
F3	.451	.420	.341	.444	.467
F4	.688	.641	.469	.613	.644
F5	.647	.603	.429	.560	.588
F6	.746	.695	.502	.655	.688
F7	.746	.695	.502	.655	.688

	V31	F1	F2	F3	F4
V31	1.000				
F1	.644	1.000			
F2	.581	.941	1.000		
F3	.464	.701	.514	1.000	
F4	.639	1.007	.738	.751	1.000
F5	.584	.947	.696	.671	.948
F6	.683	.897	.764	.605	.922
F7	.683	.943	.850	.679	.936

	F5	F6	F7
F5	1.000		
F6	.867	1.000	
F7	.855	1.000	1.000

GOODNESS OF FIT SUMMARY FOR METHOD = LS

INDEPENDENCE MODEL CHI-SQUARE = 5175.990 ON 465 DEGREES OF FREEDOM

INDEPENDENCE AIC = 4245.990 INDEPENDENCE CAIC = 2043.484
MODEL AIC = 262.322 MODEL CAIC = -1693.882

CHI-SQUARE = 1088.322 BASED ON 413 DEGREES OF FREEDOM
PROBABILITY VALUE FOR THE CHI-SQUARE STATISTIC IS .00000

FIT INDICES

BENTLER-BONETT NORMED FIT INDEX = .888
BENTLER-BONETT NON-NORMED FIT INDEX = .961
COMPARATIVE FIT INDEX (CFI) = .965
BOLLEN'S (IFI) FIT INDEX = .966
MCDONALD'S (MFI) FIT INDEX = .767
JORESKOG-SORBOM'S GFI FIT INDEX = .651
JORESKOG-SORBOM'S AGFI FIT INDEX = .581
ROOT MEAN-SQUARE RESIDUAL (RMR) = .061
STANDARDIZED RMR = .061
ROOT MEAN-SQUARE ERROR OF APPROXIMATION (RMSEA) = .036
90% CONFIDENCE INTERVAL OF RMSEA (.029, .043)

RELIABILITY COEFFICIENTS

CRONBACH'S ALPHA = .950
RELIABILITY COEFFICIENT RHO = .955

STANDARDIZED FACTOR LOADINGS FOR THE FACTOR THAT GENERATES
MAXIMAL RELIABILITY FOR THE UNIT-WEIGHT COMPOSITE
BASED ON THE MODEL (RHO):

V1	V2	V3	V4	V5	V6
.615	.683	.715	.576	.627	.523
V7	V8	V9	V10	V11	V12
.559	.573	.589	.644	.588	.544
V13	V14	V15	V16	V17	V18
.618	.554	.687	.692	.762	.692
V19	V20	V21	V22	V23	V24
.515	.633	.608	.579	.611	.540
V25	V26	V27	V28	V29	V30
.554	.709	.660	.492	.642	.674
V31					
.669					

ITERATIVE SUMMARY

ITERATION	PARAMETER ABS CHANGE	ALPHA	FUNCTION
1	.282875	1.00000	24.14183
2	.111701	1.00000	2.54411
3	.029057	1.00000	1.88346
4	.001374	1.00000	1.87075
5	.000340	1.00000	1.87073

*** WARNING *** WITH CATEGORICAL DATA, NORMAL THEORY RESULTS WITHOUT CORRECTION
SHOULD NOT BE TRUSTED.

MEASUREMENT EQUATIONS WITH STANDARD ERRORS AND TEST STATISTICS
STATISTICS SIGNIFICANT AT THE 5% LEVEL ARE MARKED WITH @.

V1	=V1	=	1.000 F1	+	1.000 E1	
V2	=V2	=	1.111*F1	+	1.000 E2	
			.024			
			46.129@			
V3	=V3	=	1.162*F1	+	1.000 E3	
			.026			
			44.556@			
V4	=V4	=	.937*F1	+	1.000 E4	
			.019			
			49.006@			
V5	=V5	=	1.020*F1	+	1.000 E5	
			.021			
			48.044@			
V6	=V6	=	1.000 F2	+	1.000 E6	
V7	=V7	=	1.069*F2	+	1.000 E7	
			.026			
			41.219@			
V8	=V8	=	1.096*F2	+	1.000 E8	
			.027			
			40.924@			
V9	=V9	=	1.126*F2	+	1.000 E9	
			.028			
			40.537@			
V10	=V10	=	1.232*F2	+	1.000 E10	
			.032			
			38.702@			
V11	=V11	=	1.000 F3	+	1.000 E11	
V12	=V12	=	.926*F3	+	1.000 E12	
			.025			
			36.923@			

```
V13    =V13 =          1.000 F4     +        1.000 E13


V14    =V14 =            .896*F4    +        1.000 E14
                         .018
                       48.619@

V15    =V15 =           1.110*F4    +        1.000 E15
                         .025
                       45.269@

V16    =V16 =           1.120*F4    +        1.000 E16
                         .025
                       44.997@

V17    =V17 =           1.232*F4    +        1.000 E17
                         .030
                       40.744@

V18    =V18 =           1.118*F4    +        1.000 E18
                         .025
                       45.038@

V19    =V19 =           1.000 F5    +        1.000 E19


V20    =V20 =           1.229*F5    +        1.000 E20
                         .027
                       46.154@

V21    =V21 =           1.181*F5    +        1.000 E21
                         .025
                       46.865@

V22    =V22 =           1.000 F6    +        1.000 E22


V23    =V23 =           1.054*F6    +        1.000 E23
                         .022
                       47.091@

V24    =V24 =             .932*F6   +        1.000 E24
                         .019
                       48.143@


V25    =V25 =             .957*F6   +        1.000 E25
                         .020
                       48.027@
```

```
V26    =V26 =          1.224*F6     +        1.000 E26
                         .028
                       43.362@

V27    =V27 =          1.140*F6     +        1.000 E27
                         .025
                       45.563@

V28    =V28 =          1.000 F7     +        1.000 E28


V29    =V29 =          1.305*F7     +        1.000 E29
                         .027
                       48.417@

V30    =V30 =          1.371*F7     +        1.000 E30
                         .029
                       47.216@

V31    =V31 =          1.362*F7     +        1.000 E31
                         .029
                       47.405@
```

VARIANCES OF INDEPENDENT VARIABLES

STATISTICS SIGNIFICANT AT THE 5% LEVEL ARE MARKED WITH @.

V			F	
I F1	-	F1		.375*I
I				.030 I
I				12.421@I
I				I
I F2	-	F2		.363*I
I				.019 I
I				19.182@I
I				I
I F3	-	F3		.653*I
I				.113 I
I				5.794@I
I				I
I F4	-	F4		.401*I
I				.021 I
I				18.685@I
I				I
I F5	-	F5		.311*I
I				.036 I
I				8.647@I
I				I
I F6	-	F6		.372*I

```
I                                .019 I
I                              19.909@I
I                                   I
I F7  -   F7                     .252*I
I                                .023 I
I                              11.165@I
I                                   I
```

VARIANCES OF INDEPENDENT VARIABLES

STATISTICS SIGNIFICANT AT THE 5% LEVEL ARE MARKED WITH @.

		E	D
E1	V1	.625*	
E2	V2	.537*	
E3	V3	.493*	
E4	V4	.670*	
E5	V5	.610*	
E6	V6	.637*	
E7	V7	.585*	
E8	V8	.563*	
E9	V9	.539*	
E10	V10	.448*	
E11	V11	.347*	
E12	V12	.440*	

```
E13 -  V13                .599*I                              I
                          ^    I                              I
                               I                              I
                               I                              I
```

```
E14 -  V14              .678*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E15 -  V15              .505*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E16 -  V16              .497*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E17 -  V17              .391*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E18 -  V18              .498*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E19 -  V19              .689*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E20 -  V20              .531*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E21 -  V21              .567*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E22 -  V22              .628*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E23 -  V23              .587*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E24 -  V24              .677*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E25 -  V25              .660*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E26 -  V26              .443*I                                  I
                        ^    I                                  I
                             I                                  I
                             I                                  I
E27 -  V27              .517*I                                  I
                        ^    I                                  I
```

		I	I
		I	I
E28 -	V28	.748*I	I
		^ I	I
		I	I
		I	I
E29 -	V29	.571*I	I
		^ I	I
		I	I
		I	I
E30 -	V30	.527*I	I
		^ I	I
		I	I
		I	I
E31 -	V31	.534*I	I
		^ I	I
		I	I
		I	I

^ STANDARD ERRORS ARE NOT CALCULATED FOR
PARAMETERS WHICH ARE FUNCTIONS OF OTHER PARAMETERS.

COVARIANCES AMONG INDEPENDENT VARIABLES

STATISTICS SIGNIFICANT AT THE 5% LEVEL ARE MARKED WITH @.

V			F	
	I F2	-	F2	.348*I
	I F1	-	F1	.015 I
	I			22.852@I
	I			I
	I F3	-	F3	.347*I
	I F1	-	F1	.025 I
	I			14.084@I
	I			I
	I F4	-	F4	.391*I
	I F1	-	F1	.017 I
	I			22.826@I
	I			I
	I F5	-	F5	.323*I
	I F1	-	F1	.020 I
	I			16.538@I
	I			I
	I F6	-	F6	.335*I
	I F1	-	F1	.015 I
	I			22.978@I
	I			I
	I F7	-	F7	.290*I
	I F1	-	F1	.016 I
	I			17.655@I
	I			I
	I F3	-	F3	.251*I

```
I F2  -   F2              .017 I
I                       14.845@I
I                              I
I F4  -   F4              .282*I
I F2  -   F2              .012 I
I                       24.307@I
I                              I
I F5  -   F5              .234*I
I F2  -   F2              .013 I
I                       17.401@I
I                              I
I F6  -   F6              .281*I
I F2  -   F2              .011 I
I                       26.248@I
I                              I
I F7  -   F7              .257*I
I F2  -   F2              .012 I
I                       21.569@I
I                              I
I F4  -   F4              .384*I
I F3  -   F3              .021 I
I                       18.642@I
I                              I
I F5  -   F5              .302*I
I F3  -   F3              .025 I
I                       12.273@I
I                              I
I F6  -   F6              .298*I
I F3  -   F3              .018 I
I                       16.679@I
I                              I
I F7  -   F7              .275*I
I F3  -   F3              .021 I
I                       13.229@I
I                              I
I F5  -   F5              .335*I
I F4  -   F4              .016 I
I                       20.744@I
I                              I
I F6  -   F6              .356*I
I F4  -   F4              .013 I
I                       27.980@I
I                              I
I F7  -   F7              .297*I
I F4  -   F4              .014 I
I                       21.841@I
I                              I
I F6  -   F6              .295*I
I F5  -   F5              .014 I
I                       20.467@I
I                              I
I F7  -   F7              .239*I
I F5  -   F5              .016 I
I                       14.728@I
```

```
                         I                              I
                         I F7   -    F7             .306*I
                         I F6   -    F6             .013 I
                         I                        23.412@I
                         I                              I
)

  STANDARDIZED SOLUTION:                                        R-
SQUARED

   V1          =V1      =        .613   F1        +   .790   E1
.375
   V2          =V2      =        .681*F1          +   .733   E2
.463
   V3          =V3      =        .712*F1          +   .702   E3
.507
   V4          =V4      =        .574*F1          +   .819   E4
.330
   V5          =V5      =        .625*F1          +   .781   E5
.390
   V6          =V6      =        .603   F2        +   .798   E6
.363
   V7          =V7      =        .644*F2          +   .765   E7
.415
   V8          =V8      =        .661*F2          +   .751   E8
.437
   V9          =V9      =        .679*F2          +   .734   E9
.461
   V10         =V10     =        .743*F2          +   .669   E10
.552
   V11         =V11     =        .808   F3        +   .589   E11
.653
   V12         =V12     =        .748*F3          +   .664   E12
.560
   V13         =V13     =        .633   F4        +   .774   E13
.401
   V14         =V14     =        .567*F4          +   .823   E14
.322
   V15         =V15     =        .703*F4          +   .711   E15
.495
   V16         =V16     =        .709*F4          +   .705   E16
.503
   V17         =V17     =        .780*F4          +   .625   E17
.609
   V18         =V18     =        .708*F4          +   .706   E18
.502
   V19         =V19     =        .557   F5        +   .830   E19
.311
   V20         =V20     =        .685*F5          +   .729   E20
.469
   V21         =V21     =        .658*F5          +   .753   E21
.433
```

```
   V22          =V22    =          .610    F6              +    .793    E22
.372
   V23          =V23    =            .643*F6               +    .766    E23
.413
   V24          =V24    =            .568*F6               +    .823    E24
.323
   V25          =V25    =            .583*F6               +    .812    E25
.340
   V26          =V26    =            .746*F6               +    .666    E26
.557
   V27          =V27    =            .695*F6               +    .719    E27
.483
   V28          =V28    =          .502    F7              +    .865    E28
.252
   V29          =V29    =            .655*F7               +    .756    E29
.429
   V30          =V30    =            .688*F7               +    .726    E30
.473
   V31          =V31    =            .683*F7               +    .731    E31
.466
```

CORRELATIONS AMONG INDEPENDENT VARIABLES

V			F
I F2	-	F2	.941*I
I F1	-	F1	I
I			I
I F3	-	F3	.701*I
I F1	-	F1	I
I			I
I F4	-	F4	1.007*I
I F1	-	F1	I
I			I
I F5	-	F5	.947*I
I F1	-	F1	I
I			I
I F6	-	F6	.897*I
I F1	-	F1	I
I			I
I F7	-	F7	.943*I
I F1	-	F1	I
I			I
I F3	-	F3	.514*I
I F2	-	F2	I
I			I
I F4	-	F4	.738*I
I F2	-	F2	I
I			I
I F5	-	F5	.696*I
I F2	-	F2	I
I			I

```
I F6  -   F6                .764*I
I F2  -   F2                     I
I                                I
I F7  -   F7                .850*I
I F2  -   F2                     I
I                                I
I F4  -   F4                .751*I
I F3  -   F3                     I
I                                I
I F5  -   F5                .671*I
I F3  -   F3                     I
I                                I
I F6  -   F6                .605*I
I F3  -   F3                     I
I                                I
I F7  -   F7                .679*I
I F3  -   F3                     I
I                                I
I F5  -   F5                .948*I
I F4  -   F4                     I
I                                I
I F6  -   F6                .922*I
I F4  -   F4                     I
I                                I
I F7  -   F7                .936*I
I F4  -   F4                     I
I                                I
I F6  -   F6                .867*I
I F5  -   F5                     I
I                                I
I F7  -   F7                .855*I
I F5  -   F5                     I
I                                I
I F7  -   F7               1.000*I
I F6  -   F6                     I
I                                I
```

```
 ------------------------------------------------------------------------
------
                          E N D    O F    M E T H O D
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1
  Execution begins at 08:01:01
  Execution ends   at 08:01:04
  Elapsed time =       3.00 seconds
```